المركز المصري للدراسات الاقتصادية
The Egyptian Center for Economic Studies

Financial Markets Snapshot

Issue 31
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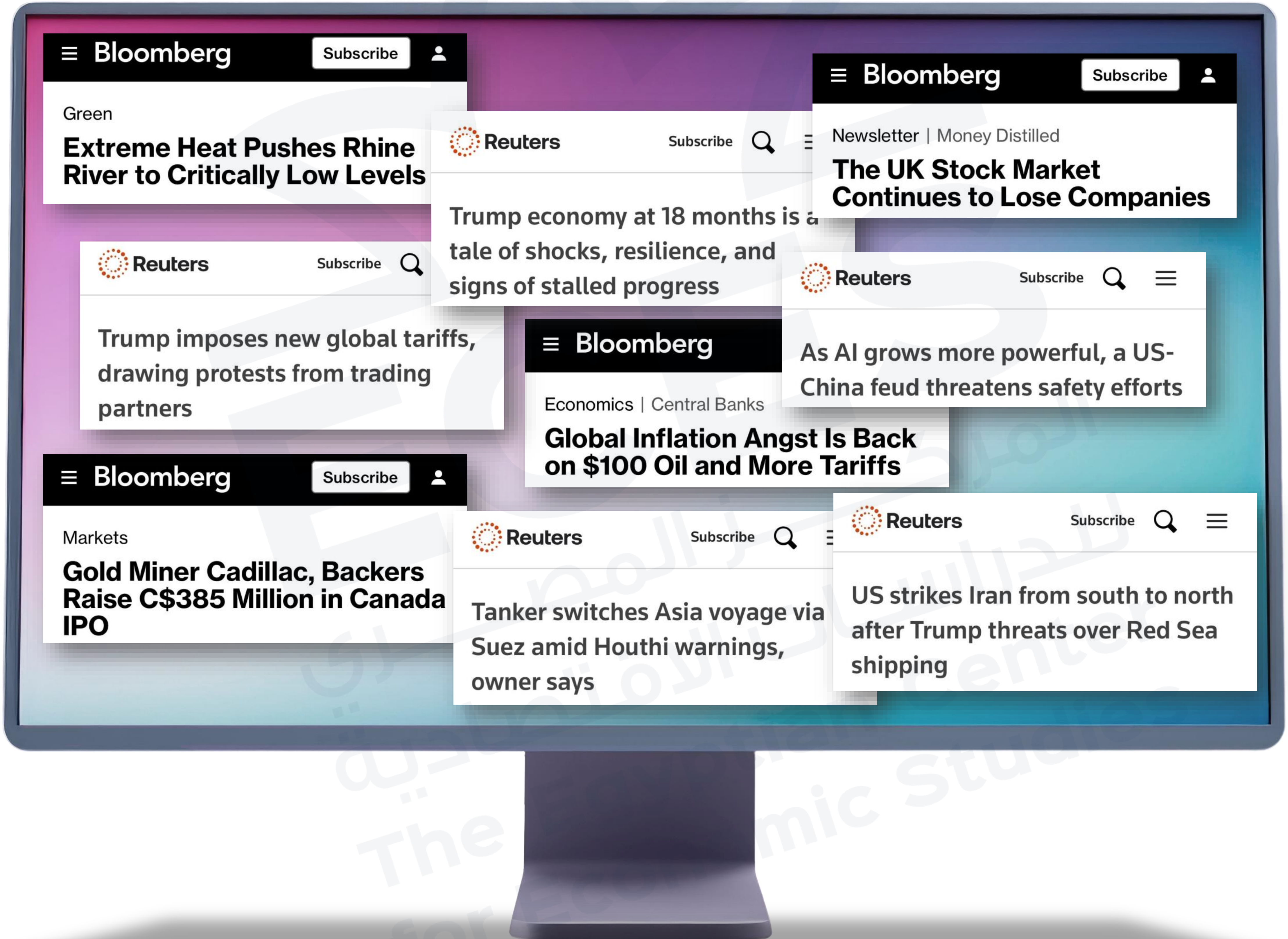
About The Report

- The report explores the linkages between global, emerging and local financial markets, trying to examine the changes taking place in the global markets, and how they reflect on emerging markets, which in turn have implications on the local Egyptian economy and its financial markets. The cascading impact is one of the most prevalent characteristics of financial markets.
- The report targets economic policy makers, the business community, financial institutions, economic actors and the public in general, thus, the report uses simple terminology and tries to explain different economic and financial terms in layman's terms as much as possible.
- The report is descriptive, aiming at plotting the current state of the Egyptian economy as a result of the different financial market dynamics. It is not in any way prospective, thus no future forecasts are provided for the different economic indicators. The report is not prescriptive either, thus no policy advice is provided to policy makers or economic actors.
- The report is issued on a monthly basis and tries to highlight the changes across the different markets and across the different indicators and their interlinks.
- Data in the report is presented mainly in rates such as inflation rates or interest rates or in an indexed format, with base points at 100 to ease comparison and analysis across different countries and indicators.

Latest News – Key Headlines



Analysis – Key Takeaways

Global Markets

- Commodity markets witnessed broadly weaker performance over the past month, with most commodity prices declining amid easing supply concerns and improving market adaptation to ongoing geopolitical developments, yet such declines are unsustainable by nature
- Global inflation dynamics eased over the past month, with inflationary pressures moderating across most major economies. Against this backdrop, major Central banks maintained a cautious wait-and-see stance, keeping policy rates unchanged.
- Global equity markets witnessed some turbulence over the past month. On one hand, resilient investor sentiment and solid corporate earnings are supporting the markets. While fears of geopolitical conflicts and AI bubble are weighting down on the markets.
- Sovereign bond markets came under renewed upward pressure over the past month as investors reassessed inflation prospects and the expected path of monetary policy. At the same time, sovereign risk perceptions remained broadly stable.

Emerging Markets

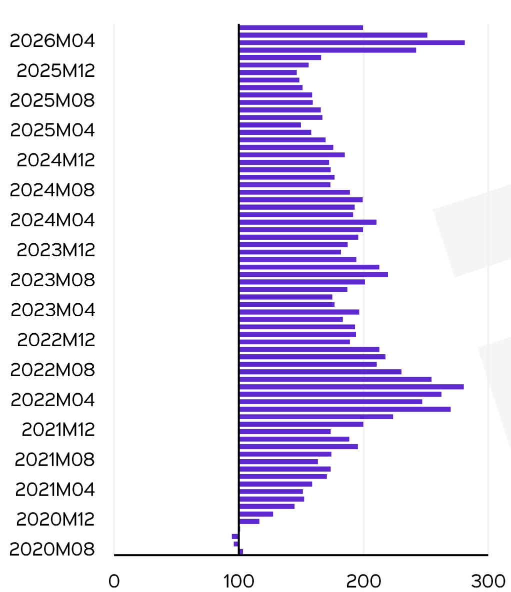
- Inflation trends across emerging markets remained mixed over the past month, reflecting divergent domestic inflation dynamics and country-specific economic conditions. Yet the general trend has been rising inflationary pressures across most emerging economies.
- Monetary policy across emerging markets remained broadly cautious over the past month, as most Central banks maintaining policy rates unchanged amid persistent inflationary pressures and continued uncertainty surrounding global financial conditions.
- Emerging markets currencies showed broadly weaker performance against the US Dollar over the past month.
- Emerging markets equities have witnessed obvious turbulence over the past month, affected by inflationary pressures, global geopolitics and uncertainty in global markets as well as declines in global equity markets.
- Sovereign bond markets across emerging economies came under renewed pressure over the past month, as both borrowing costs and sovereign risk premiums increased amid persistent inflation concerns and continued global uncertainty.

Egyptian Local Market

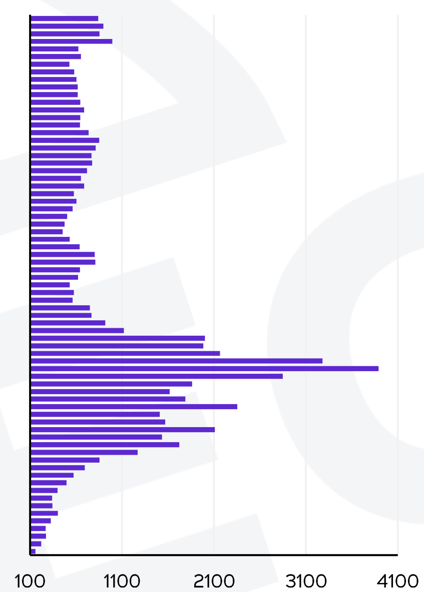
- Egypt external financing conditions remained under pressure over the past month, reflected into rising borrowing requirements and higher financing costs, amid regional uncertainties and high debt burden.
- The continued external pressures and ongoing geopolitical tensions had their toll on Egypt growth rate. On the other hand, inflation rate slowed down, while money supply continued to grow, resulting into a wait-and-see stance by the Central bank, mirroring other emerging markets.
- Despite continued pressures on Egypt's external position, particularly from rising external debt and debt service obligations, some external sector indicators showed gradual improvement over the past month, supported by stronger remittance inflows and improving external liquidity.

Commodity markets witnessed broadly weaker performance over the past month, with most commodity prices declining amid easing supply concerns and improving market adaptation to ongoing geopolitical developments, yet such declines are unsustainable by nature. Energy and precious metals led the downward movement, while agricultural commodities showed mixed but generally softer performance. Energy prices continued to soften, as crude oil and natural gas prices declined, reflecting reduced supply concerns and improving market sentiment. Meanwhile, gold prices continued to retreat as easing safe-haven demand and expectations of relatively tight US monetary policy weighed on investor demand.

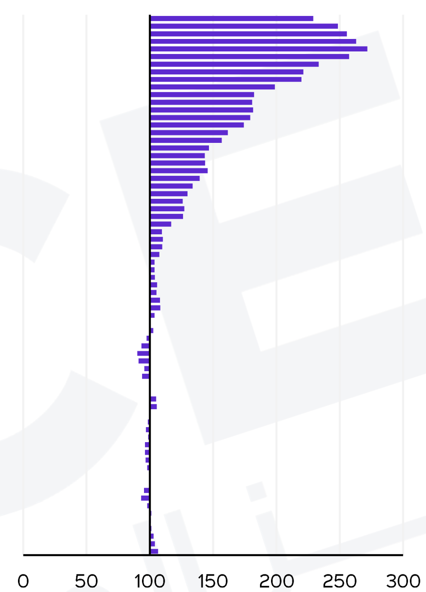
Crude Oil, Brent



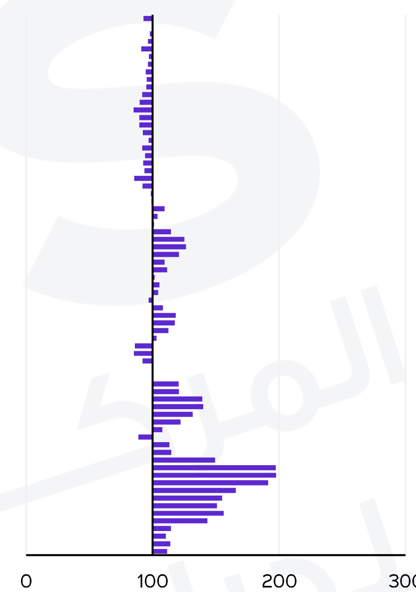
Natural Gas



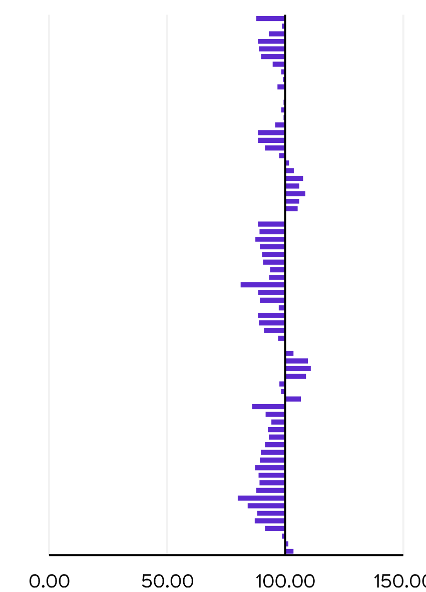
Gold



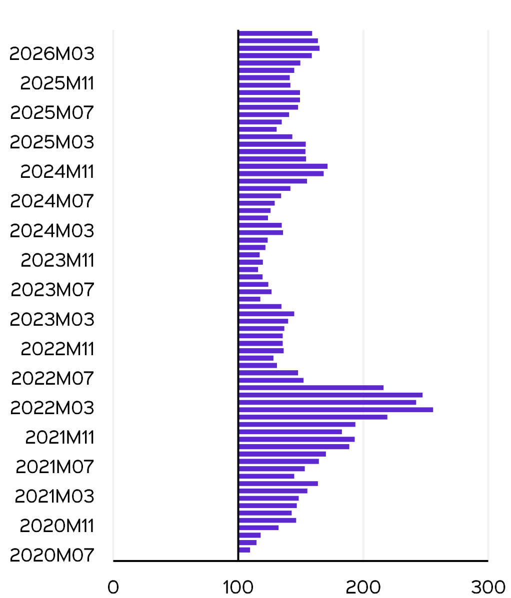
Iron ore



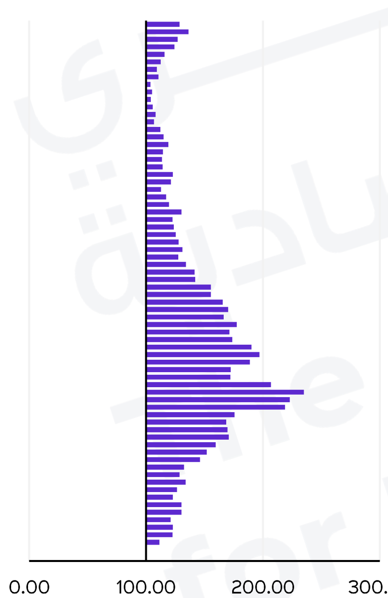
Tea



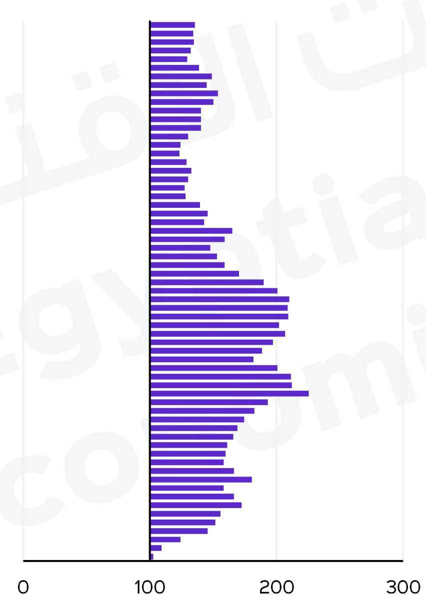
Palm oil



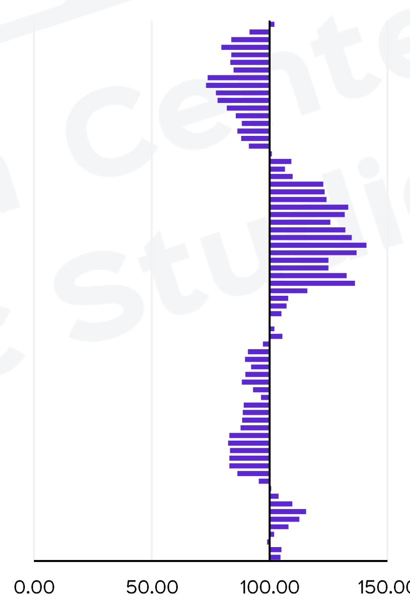
Wheat



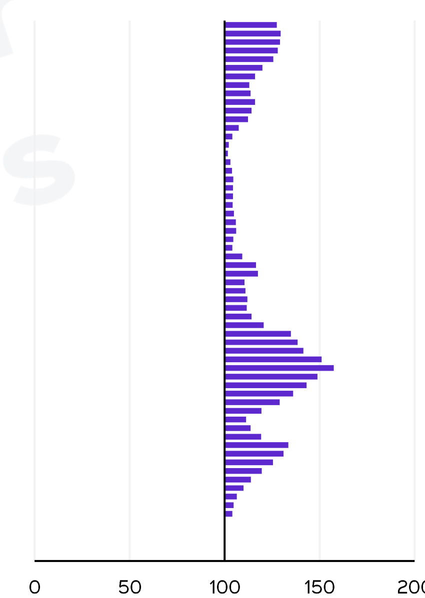
Maize



Rice

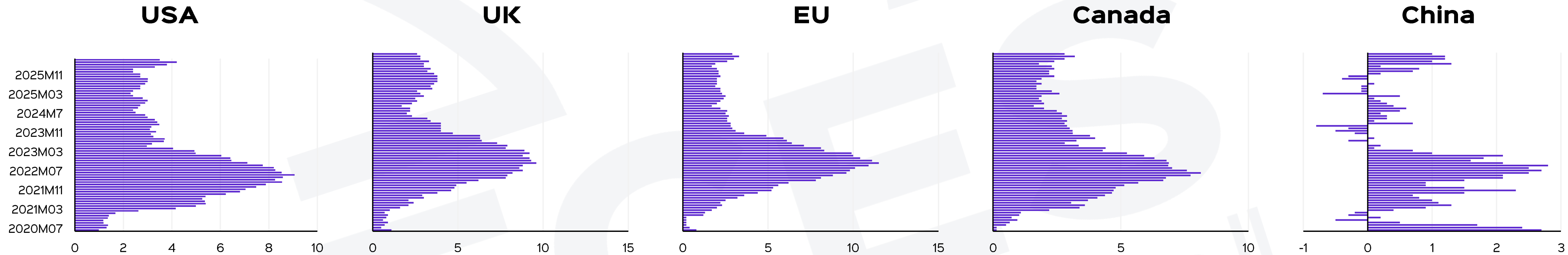


Bovine meat

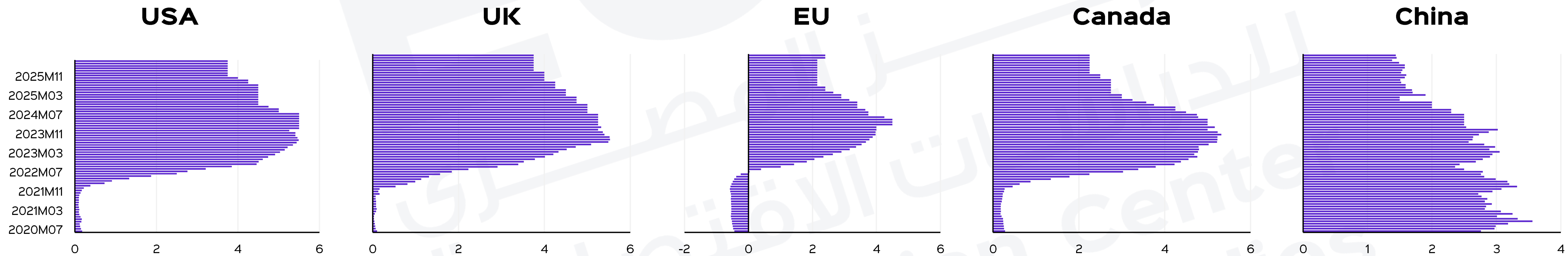


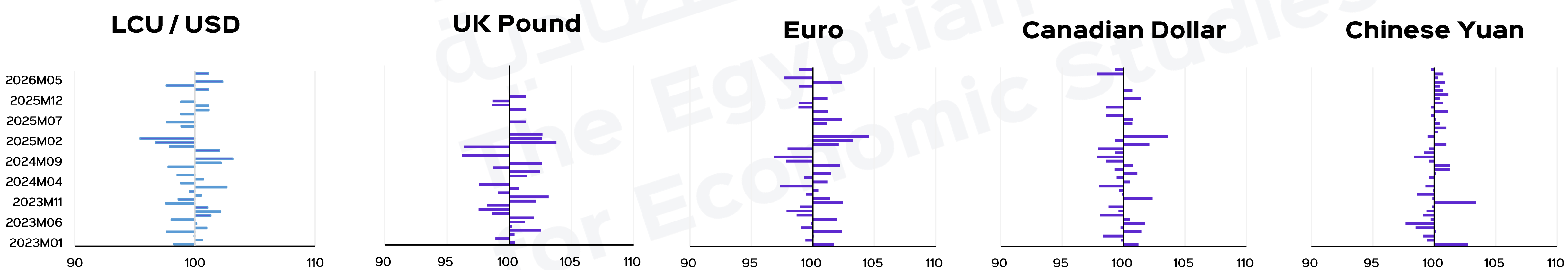
Global inflation dynamics eased over the past month, with inflationary pressures moderating across most major economies. Against this backdrop, major Central banks maintained a cautious wait-and-see stance, keeping policy rates unchanged. Inflation rates declined across the major economies, signaling a gradual easing in price pressures. Meanwhile, policy rates remained unchanged following the latest easing measures by major Central banks. Currency markets, however, reflected continued strength in the US Dollar, with most major currencies recording slightly weaker performance against it amid resilient US economic conditions and sustained investor demand for dollar-denominated assets as safe heaven at a time of uncertainty.

Inflation Rate



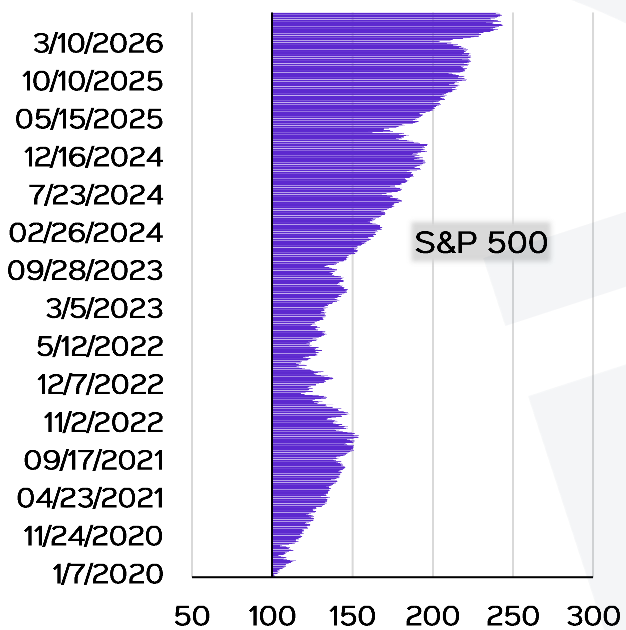
Policy Rate



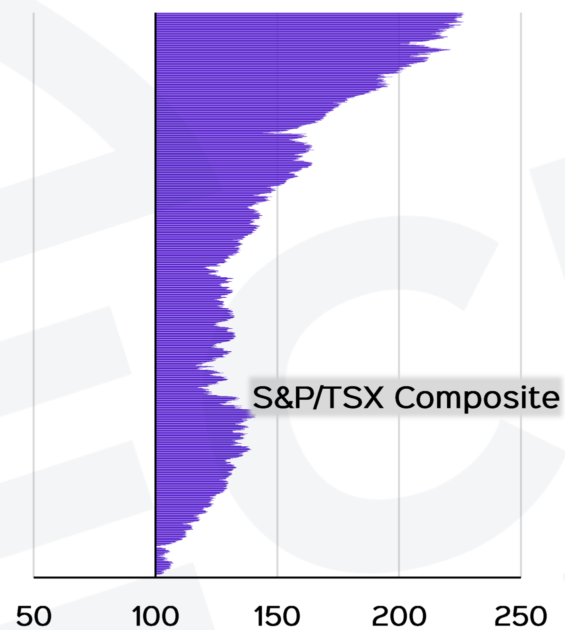


Global equity markets witnessed some turbulence over the past month. On one hand, resilient investor sentiment and solid corporate earnings are supporting the markets. While fears of geopolitical conflicts and AI bubble are weighting down on the markets. Most major equity markets maintained their upward momentum despite continued geopolitical and economic uncertainties. US, Canadian, and European equities continued to move higher, reflecting stronger market confidence and favorable corporate performance. Meanwhile, concerns over geopolitical conflicts and fears of resuming tensions in the Middle East are weighting down on the markets, coupled with the ongoing fears of an AI bubble.

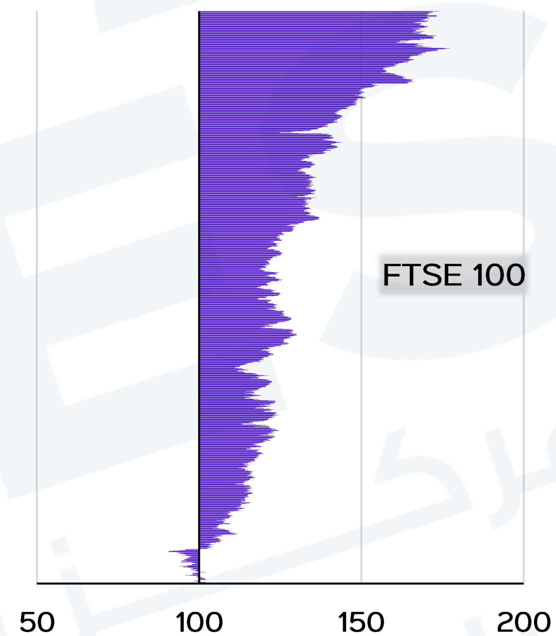
USA



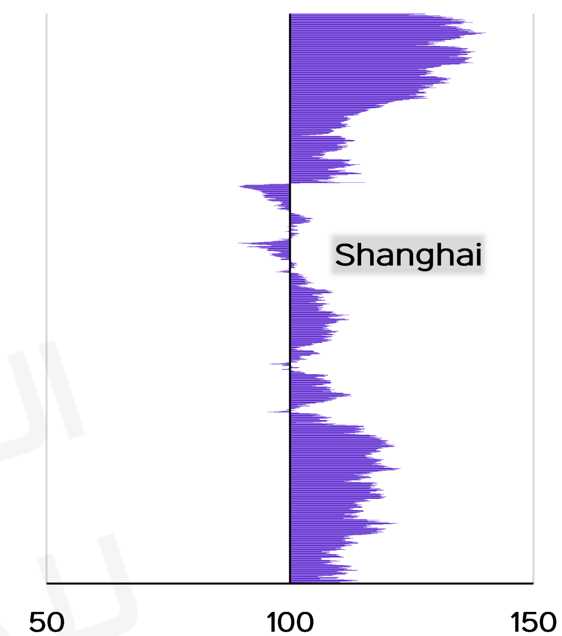
Canada



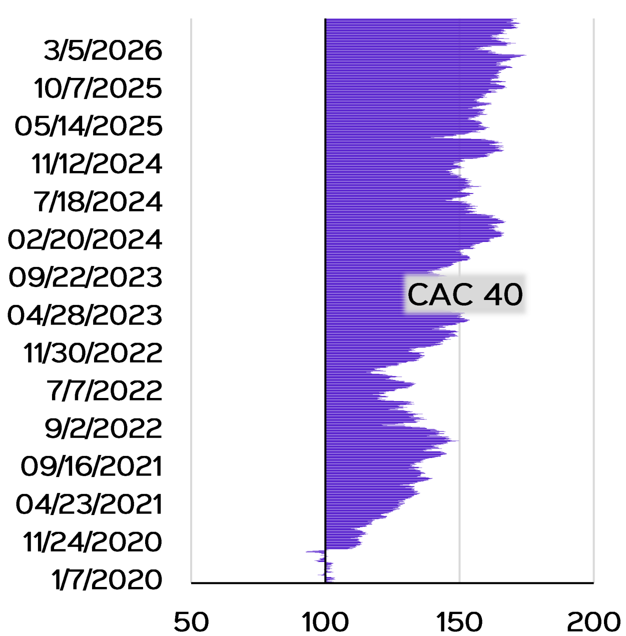
UK



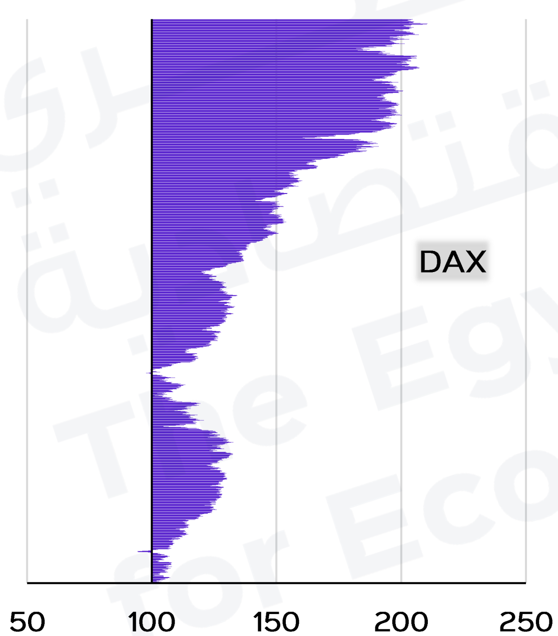
China



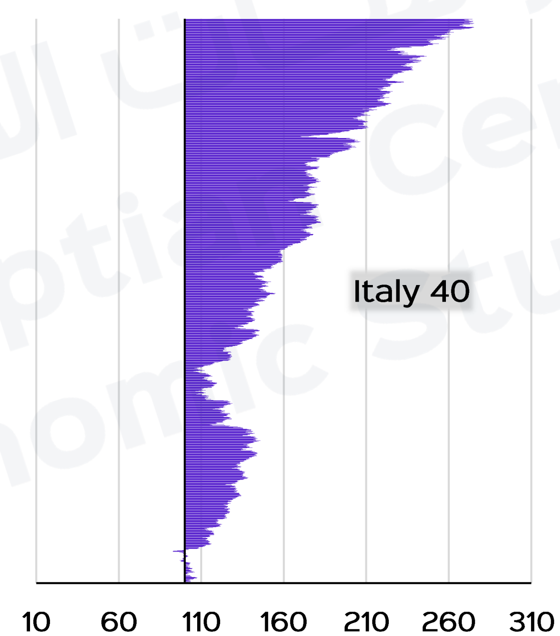
France



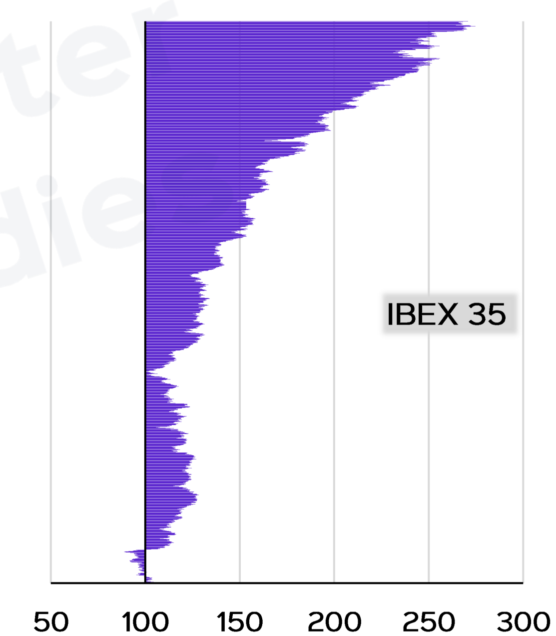
Germany



Italy

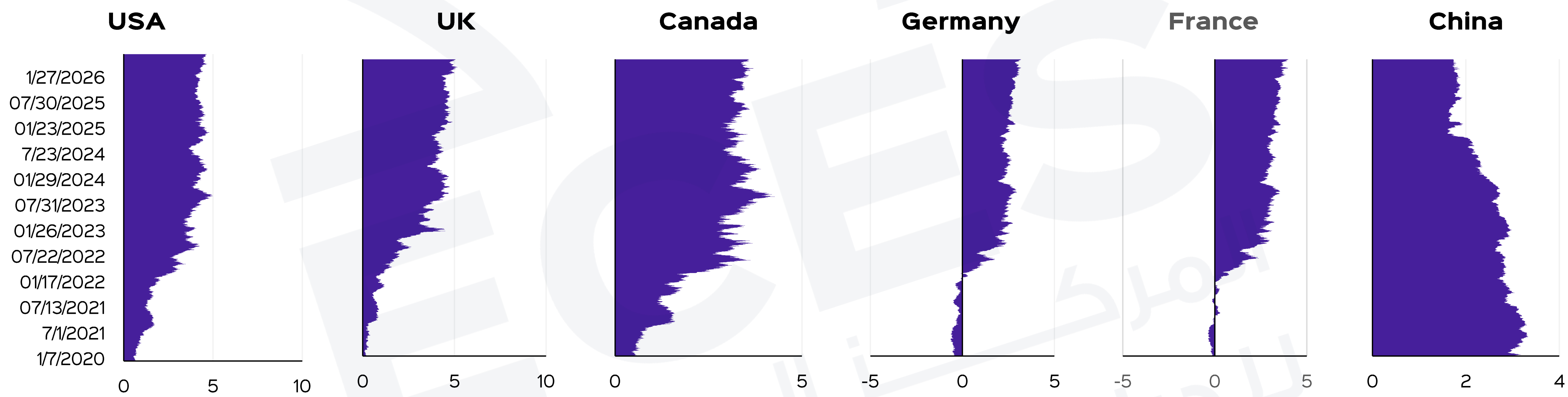


Spain

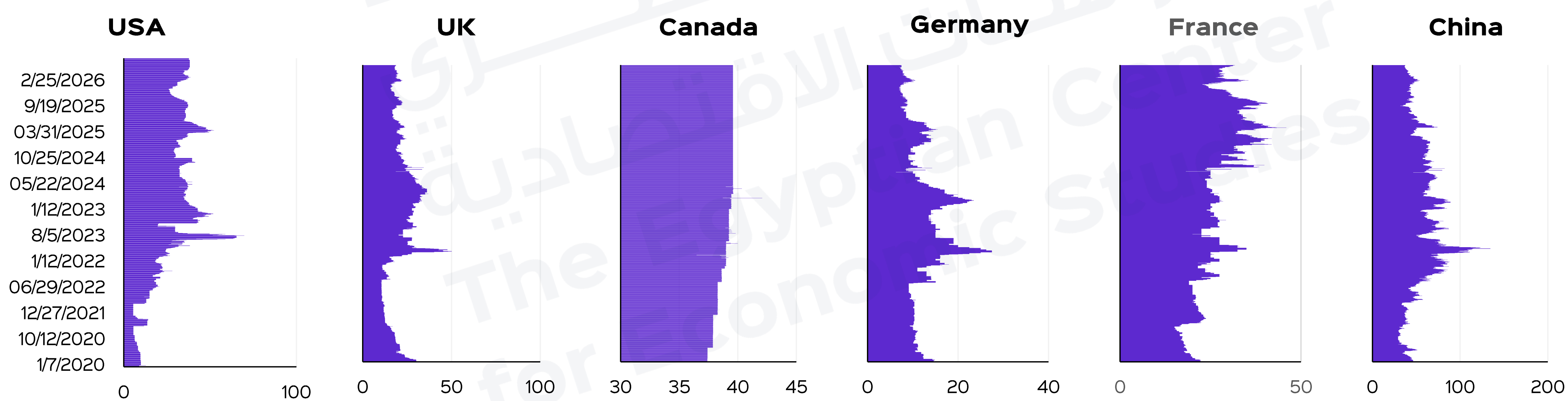


Sovereign bond markets came under renewed upward pressure over the past month as investors reassessed inflation prospects and the expected path of monetary policy across major economies. At the same time, sovereign risk perceptions remained broadly stable. Ten-year government bond yields increased across most major economies, reflecting higher long-term interest rate expectations and continued caution regarding the timing of future monetary easing. Meanwhile, credit default swaps (CDSs) remained broadly stable across most markets, while edging higher in selected economies, particularly France, indicating a modest increase in perceived sovereign risk and continued investor caution toward sovereign debt markets.

10-Year Bond Yield

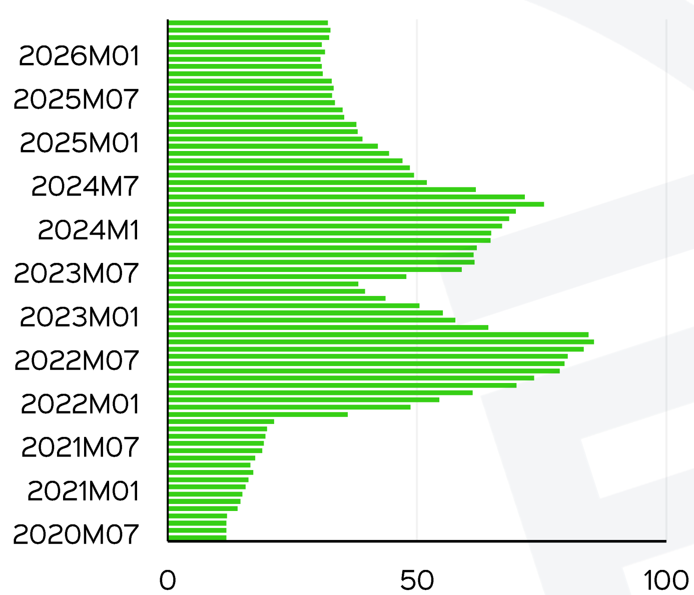


5-Year CDS

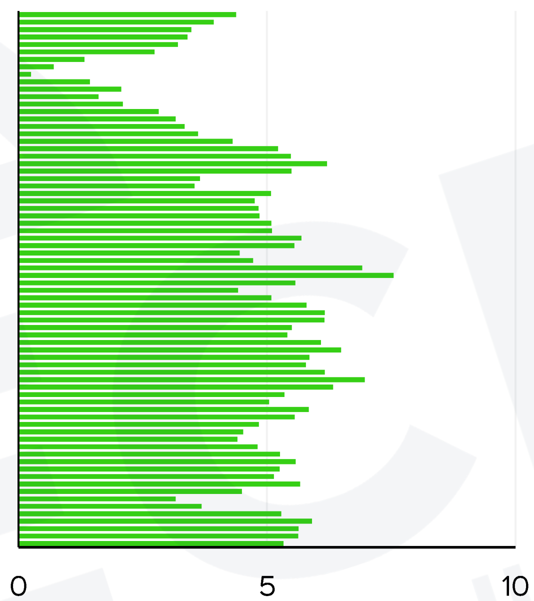


Inflation trends across emerging markets remained mixed over the past month, reflecting divergent domestic inflation dynamics and country-specific economic conditions. Yet the general trend has been rising inflationary pressures across most emerging economies. Inflation increased in India, South Africa, and South Korea, reflecting persistent domestic demand pressures and higher input costs despite relatively tight monetary conditions. On the other hand, inflation has eased a bit in Morocco and Brazil. Meanwhile, inflation data for the UAE has remained unavailable since January 2026 due to delays in official data publishing.

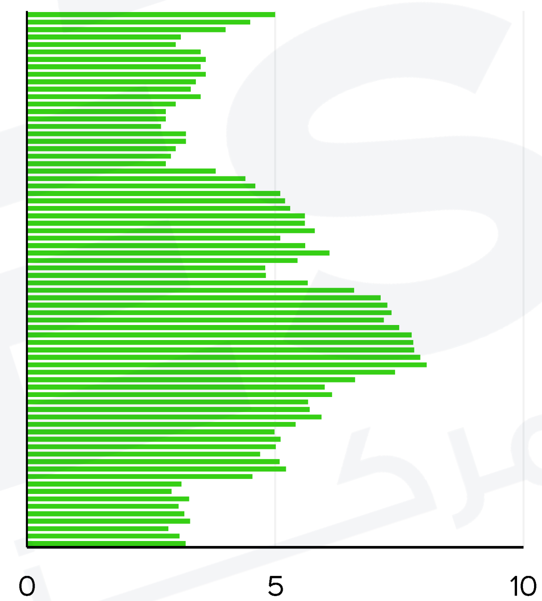
Turkey



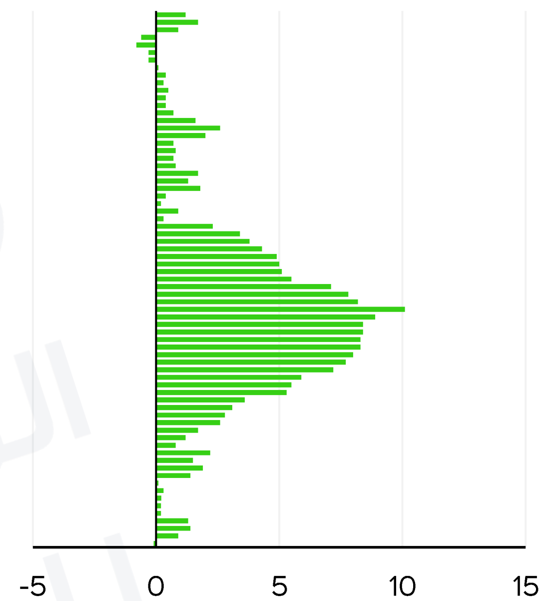
India



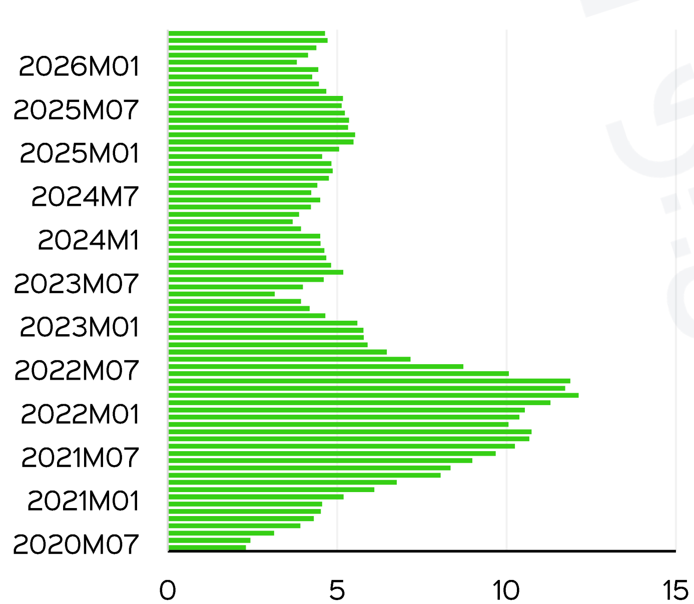
South Africa



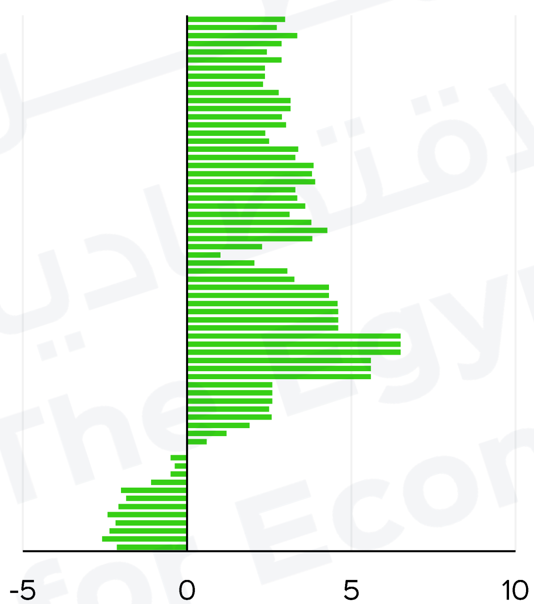
Morocco



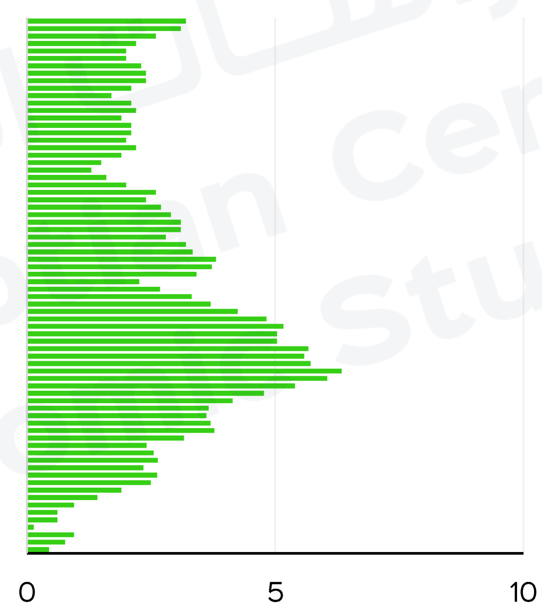
Brazil



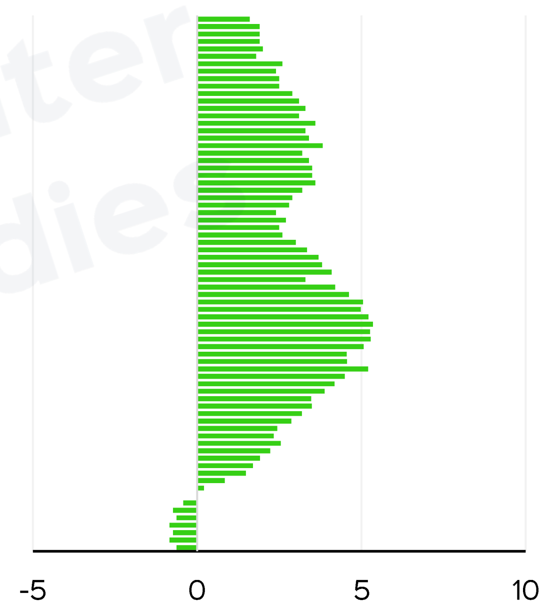
UAE



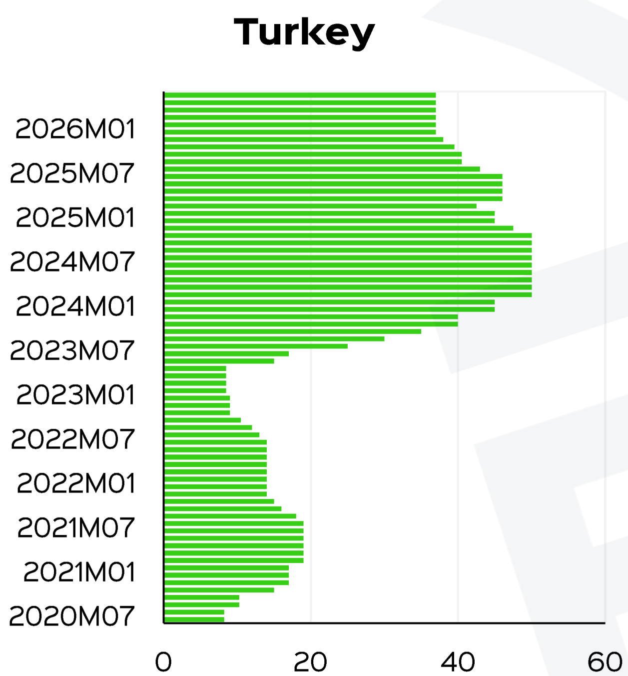
South Korea

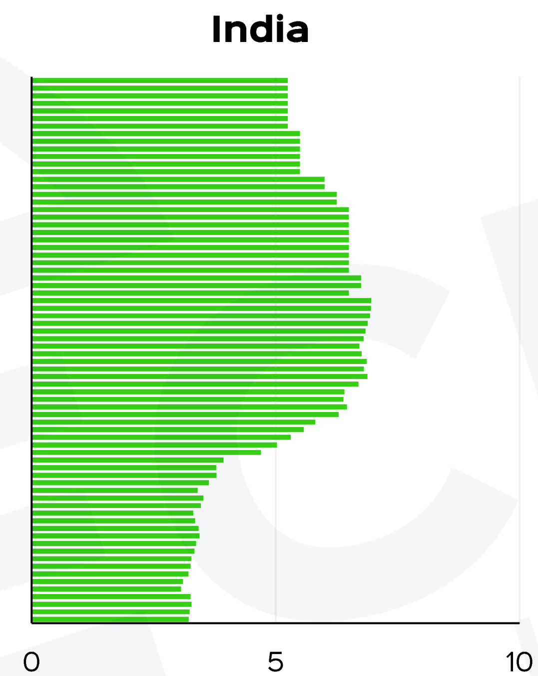


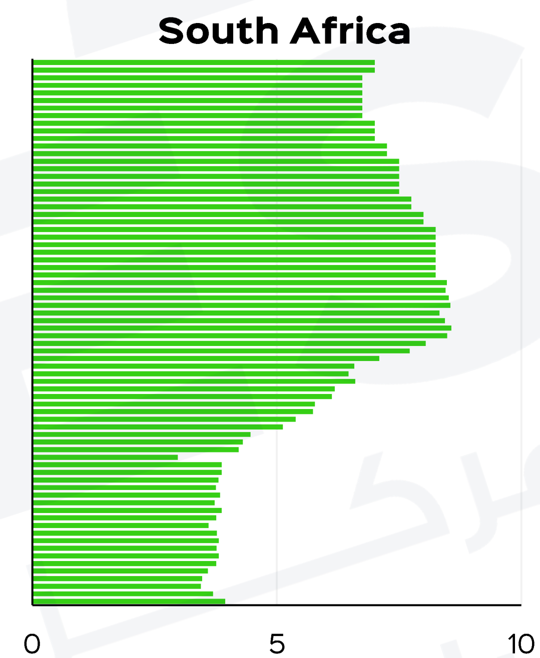
Israel

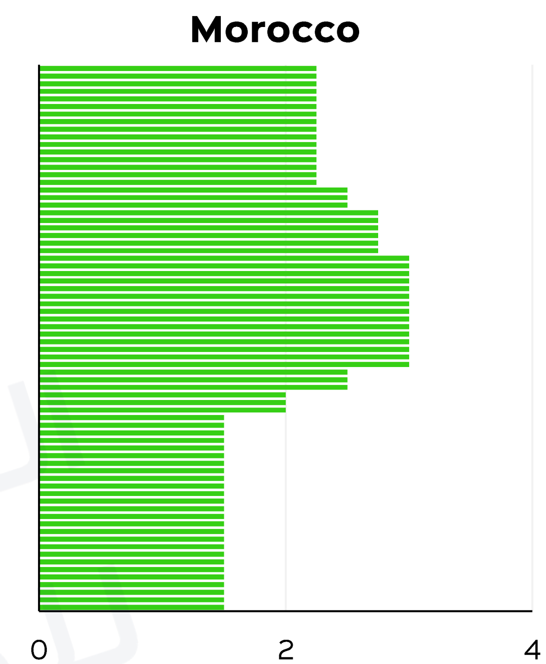


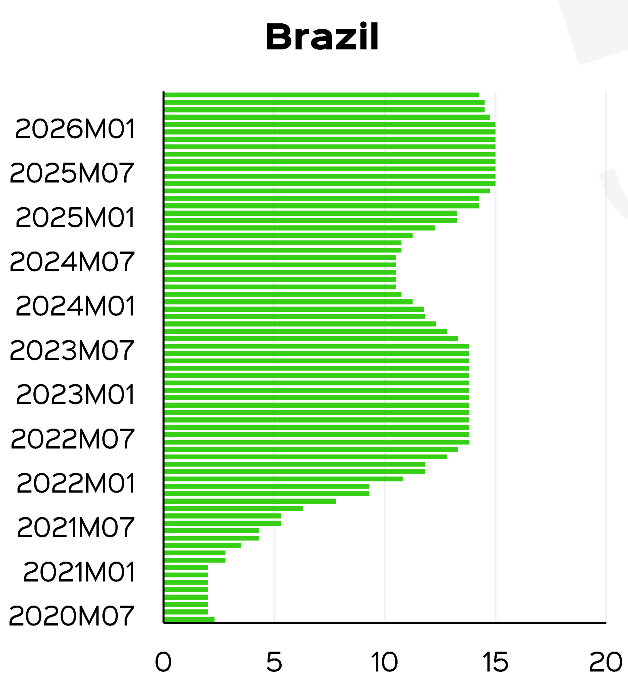
Monetary policy across emerging markets remained broadly cautious over the past month, as most Central banks maintaining policy rates unchanged amid persistent inflationary pressures and continued uncertainty surrounding global financial conditions. Policy rates remained stable across Turkey, India, Morocco, and the UAE, reflecting a continued wait-and-see approach by monetary authorities, while assessing evolving inflation dynamics. Meanwhile, South Korea and South Africa raised their policy rates, signaling a tighter monetary stance in response to renewed inflationary pressures, whereas Brazil recorded a slight policy rate cut, reflecting improving confidence in the inflation outlook and allowing for limited monetary easing.

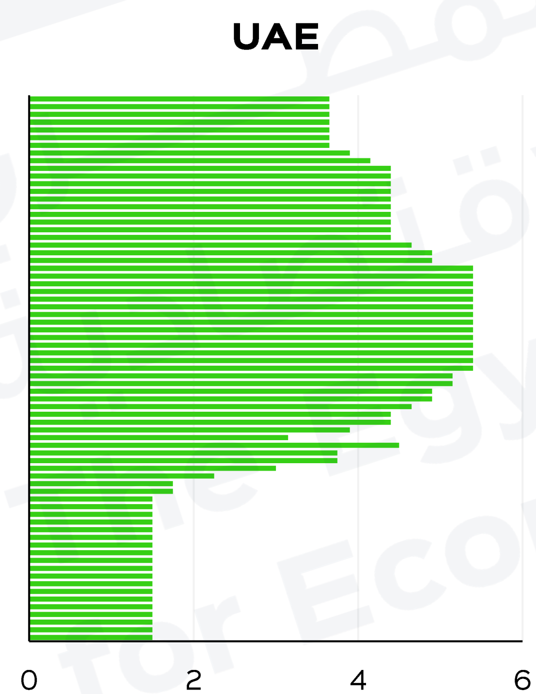


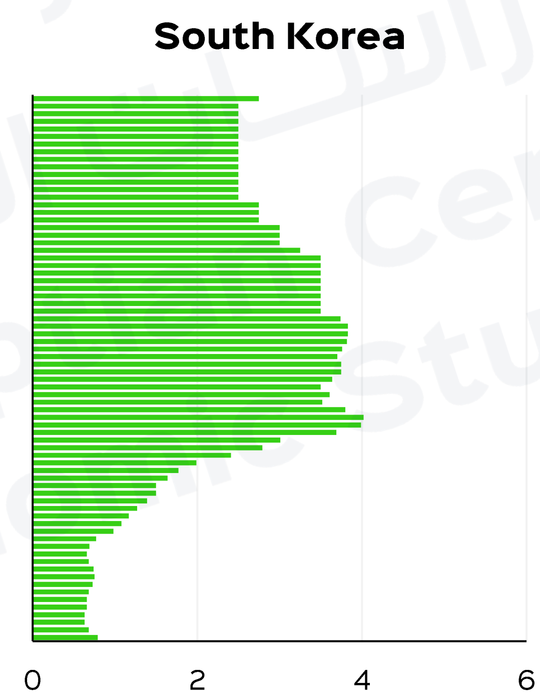


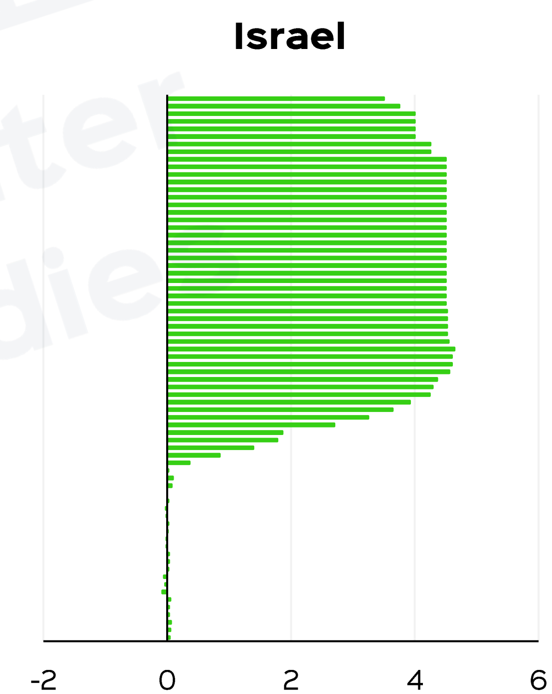






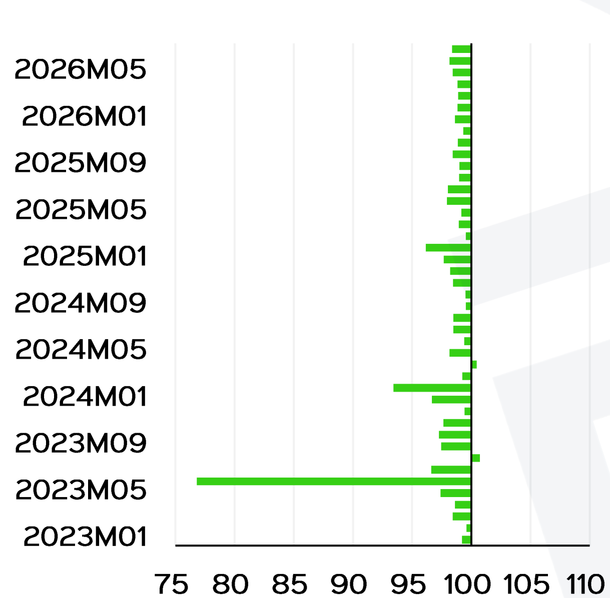




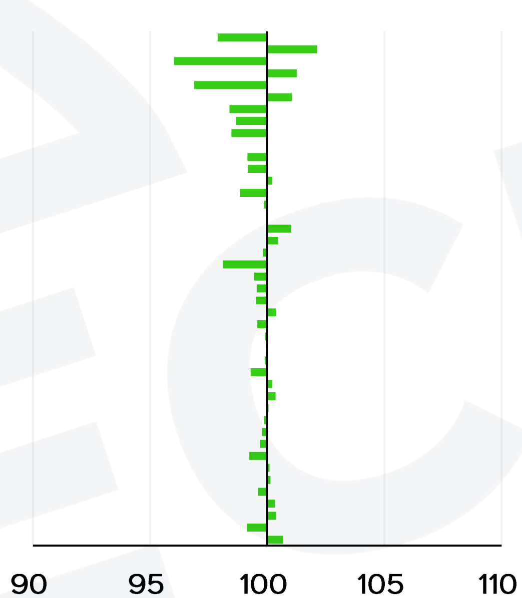


Emerging markets currencies showed broadly weaker performance against the US Dollar over the past month, reflecting continued strength in the US Dollar alongside persistent global uncertainty and **cautious investor sentiment.** Most emerging markets currencies weakened against the US Dollar, including the Turkish Lira, Indian Rupee, South African Rand, Moroccan Dirham, reflecting continued external pressures and stronger demand for dollar-denominated assets. In contrast, the South Korean Won, and Brazilian Real recorded a slight appreciation against the US Dollar, supported by improving domestic market conditions and stronger investor confidence.

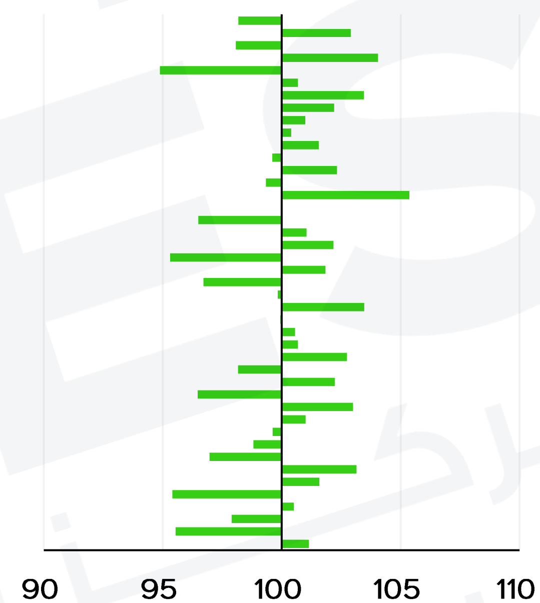
Turkish Lira



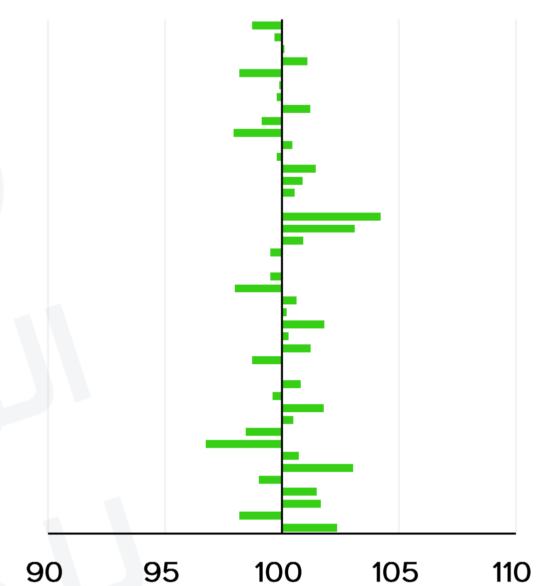
Indian Rupee



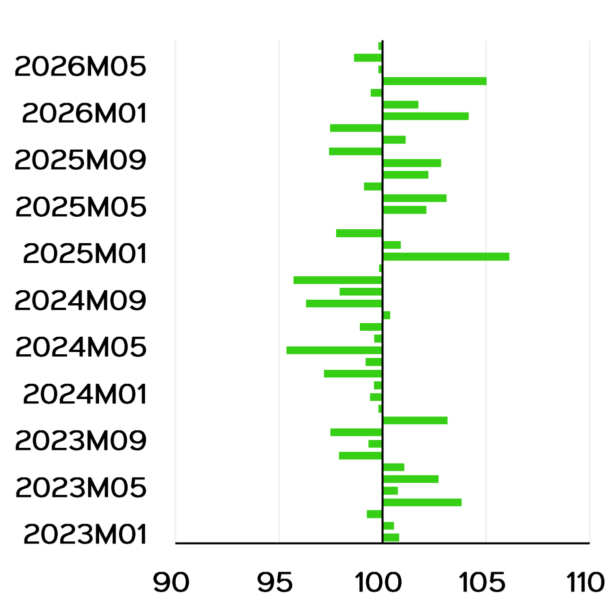
South African Rand



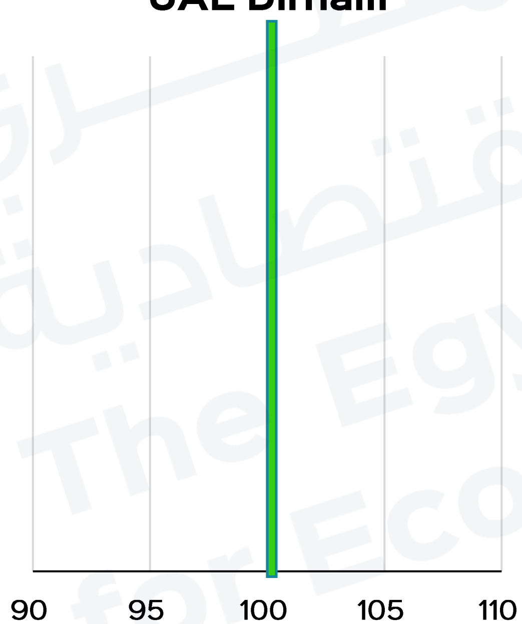
Moroccan Dirham



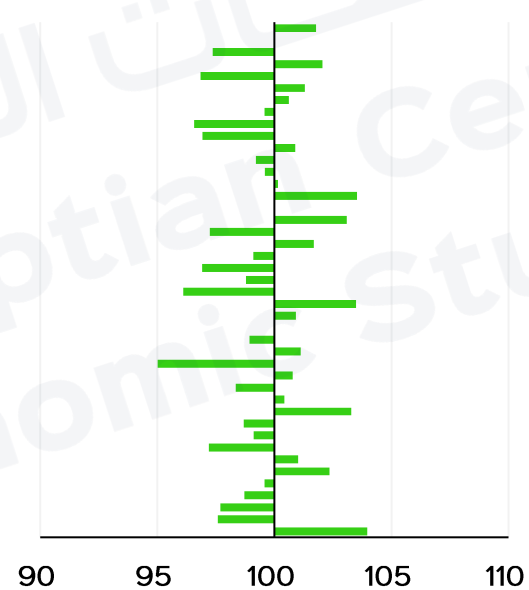
Brazilian Real



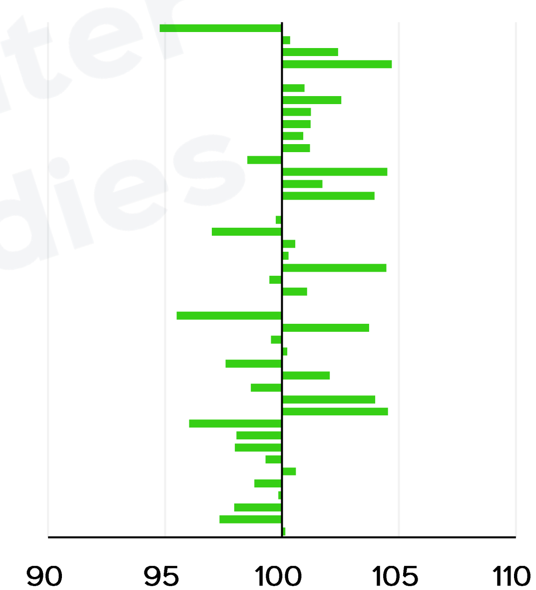
UAE Dirham



Korean Won

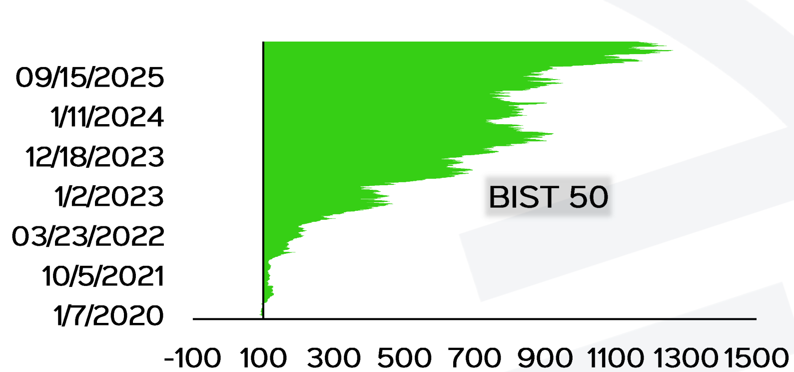


Israeli New Shekel

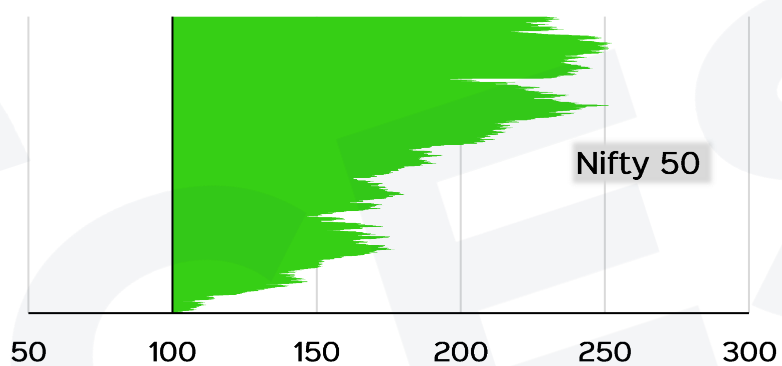


Emerging markets equities have witnessed obvious turbulence over the past month, affected by inflationary pressures, global geopolitics and uncertainty in global markets as well as declines in global equity markets. In general, equity markets have suffered across emerging markets, yet some markets like Turkey, India, the UAE, Morocco, South Korea, and Brazil have recorded some gains, reflecting stronger market momentum and improving investor confidence. In contrast, Saudi Arabian and South African equities recorded slight declines, reflecting more cautious investor sentiment and modest profit-taking. Overall, emerging equity markets remained resilient.

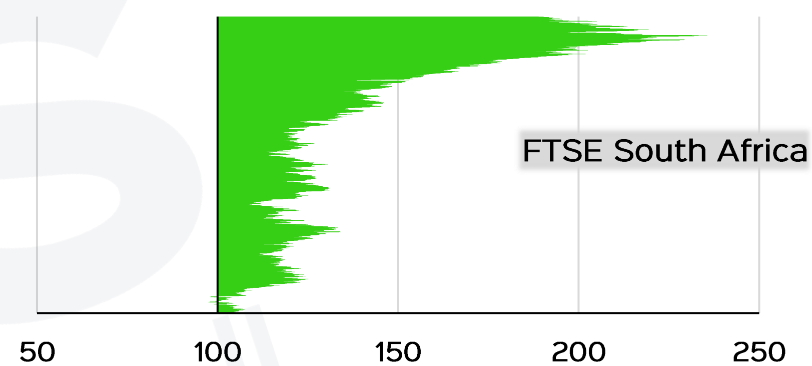
Turkey



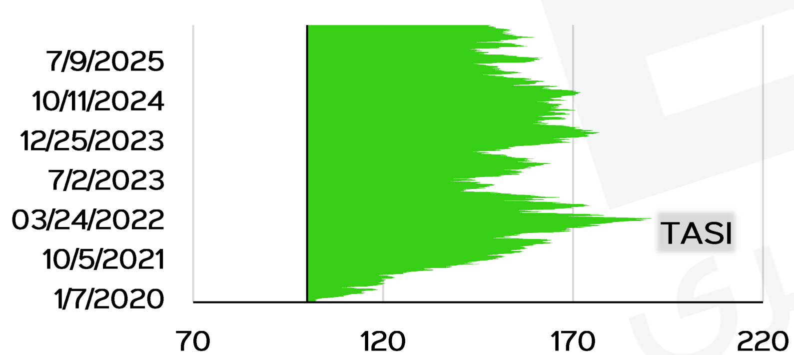
India



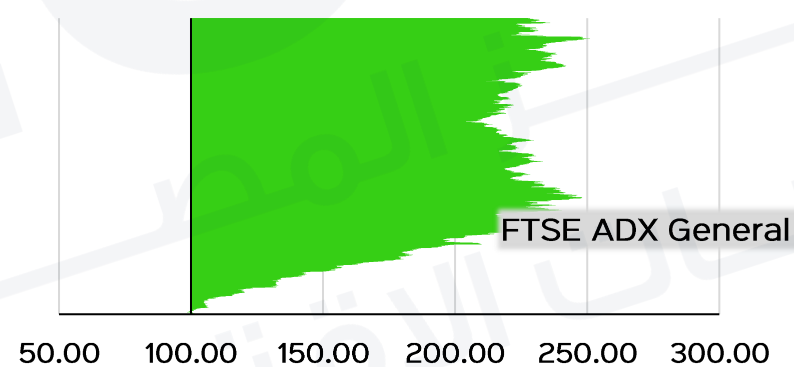
South Africa



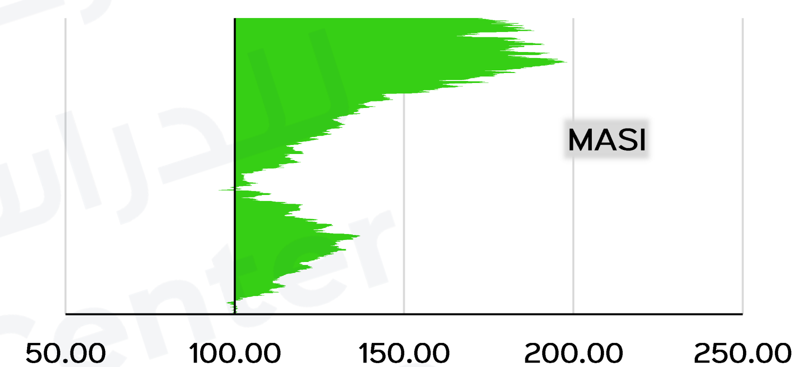
Saudi Arabia



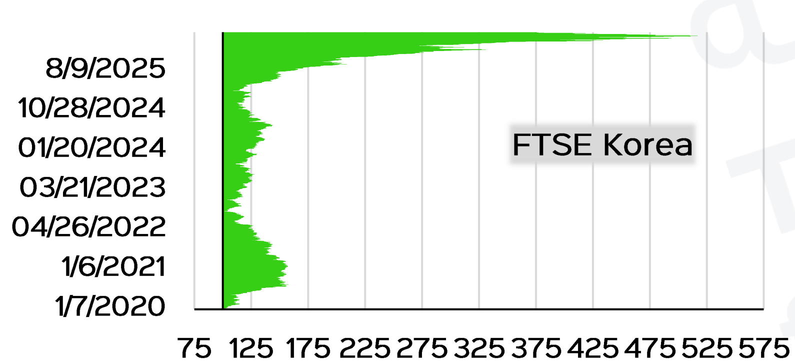
UAE



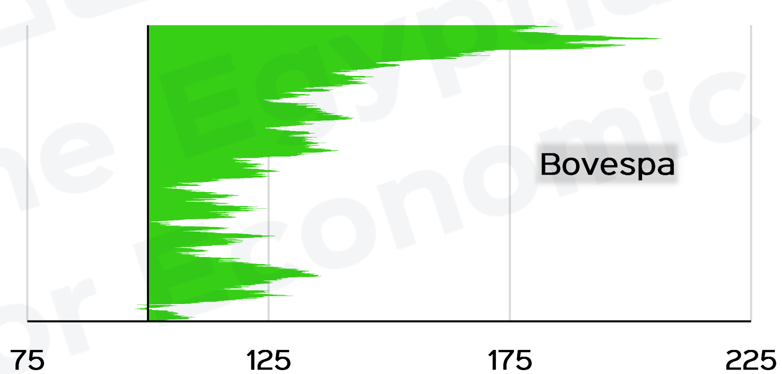
Morocco



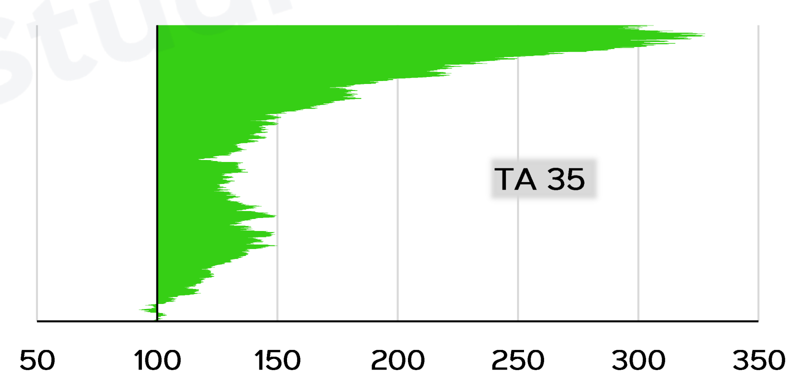
South Korea



Brazil

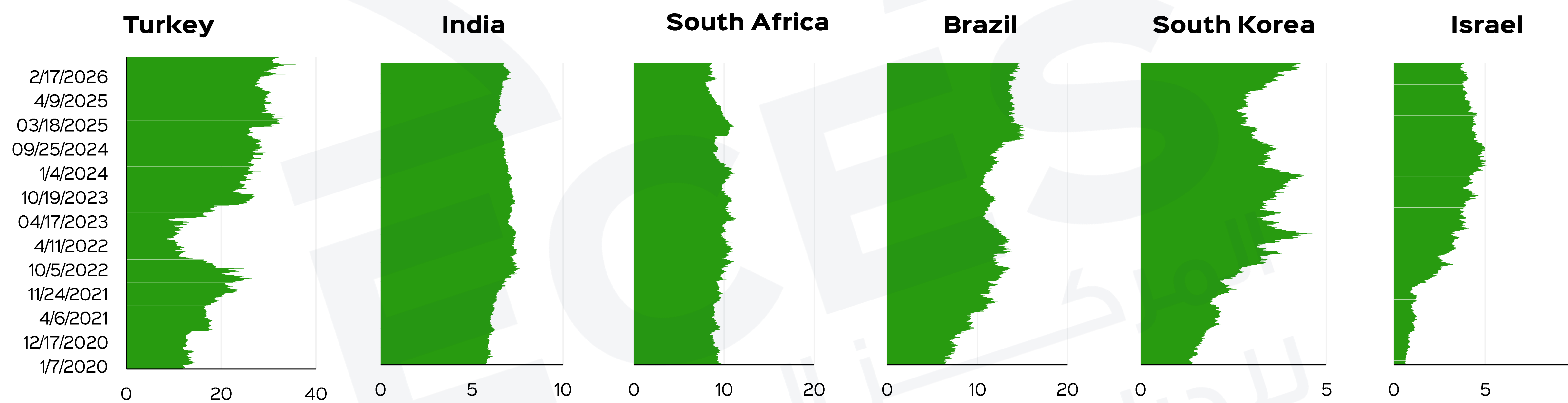


Israel

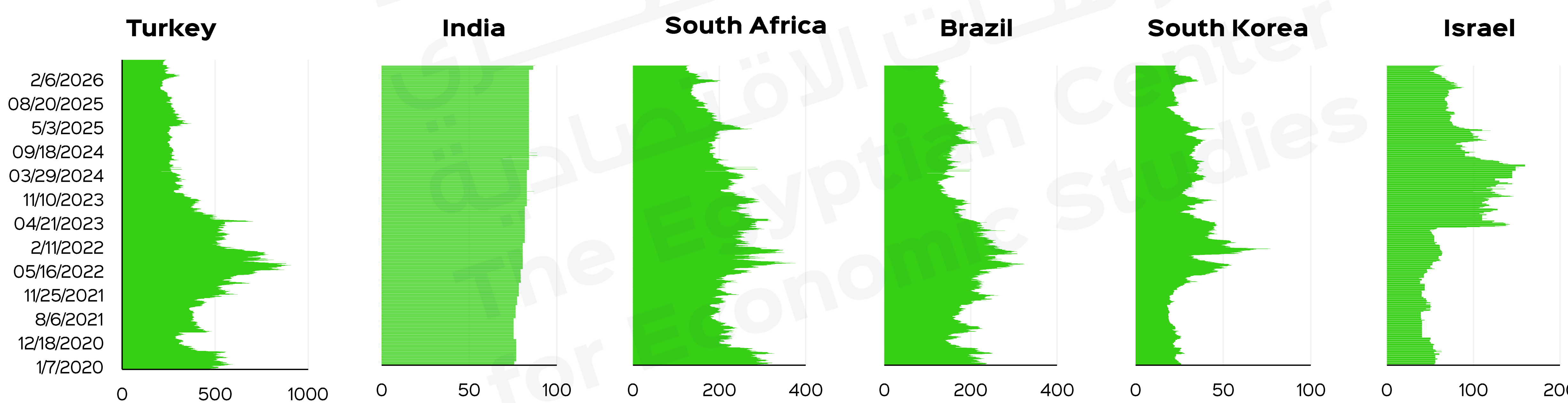


Sovereign bond markets across emerging economies came under renewed pressure over the past month, as both borrowing costs and sovereign risk premiums increased amid persistent inflation concerns and continued global uncertainty. Investor sentiment toward emerging market debt weakened slightly, reflecting growing caution over external financing conditions. Ten-year government bond yields increased across the selected emerging markets, indicating higher long-term financing costs and continued repricing of interest rate expectations. Meanwhile, credit default swaps (CDSs) also moved higher across most markets, pointing to increased perceived sovereign risk and more cautious investor sentiment toward emerging market sovereign debt.

10-Year Bond Yield



5-Year CDS

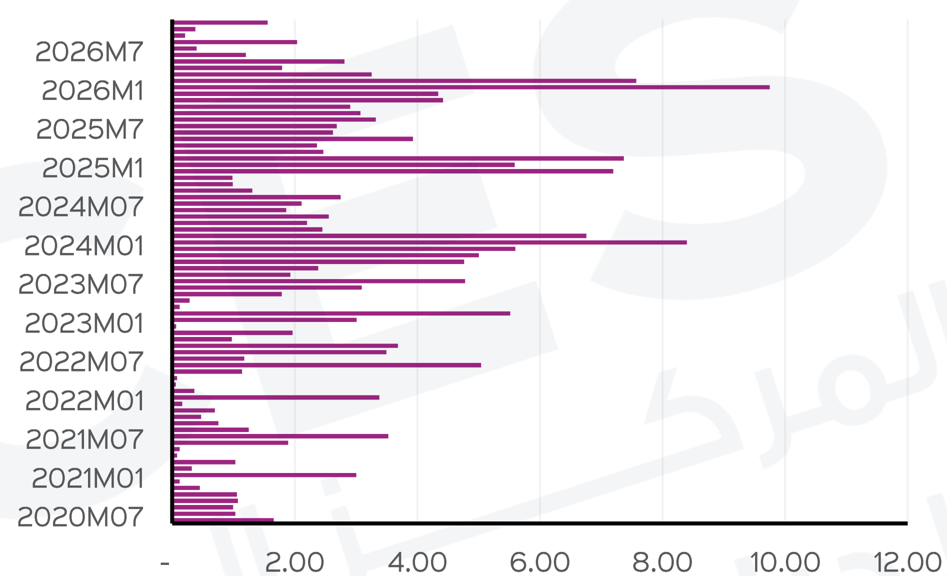


External Position

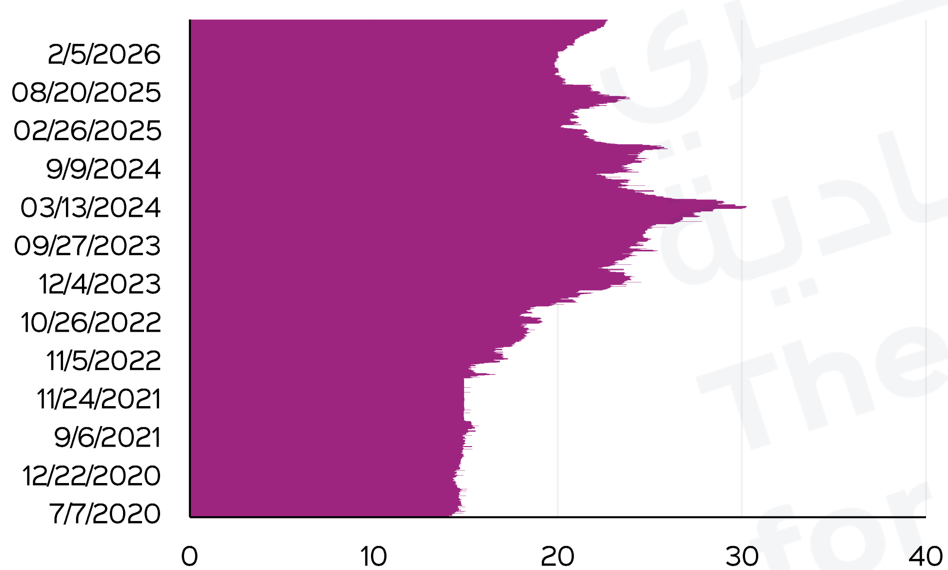
Egypt external financing conditions remained under pressure over the past month, reflected into rising borrowing requirements and higher financing costs, amid regional uncertainties and high debt burden. Total external debt and external debt service obligations continued to increase, highlighting persistent financing needs and growing repayment commitments. At the same time, Egypt 10-year government bond yield moved higher, indicating increased borrowing costs and continued pressure on sovereign financing conditions. Meanwhile, Egypt credit default swaps (CDSs) also increased, pointing to higher perceived sovereign risk and more cautious investor sentiment toward Egypt's external debt outlook.

Total External Debt (bn $)*

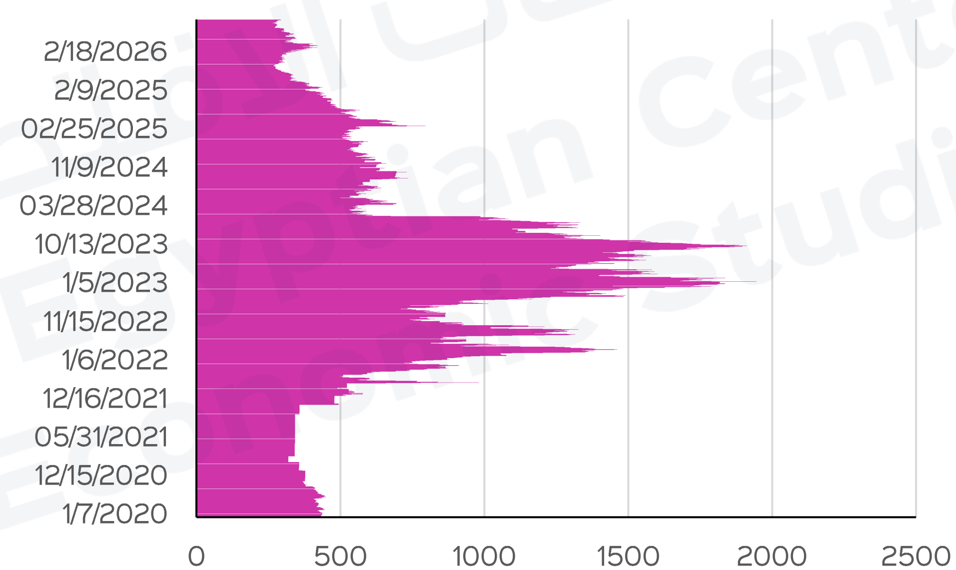
External Debt Service (bn $)*



Egypt 10-Year Bond Yield



5Y CDS, Egypt



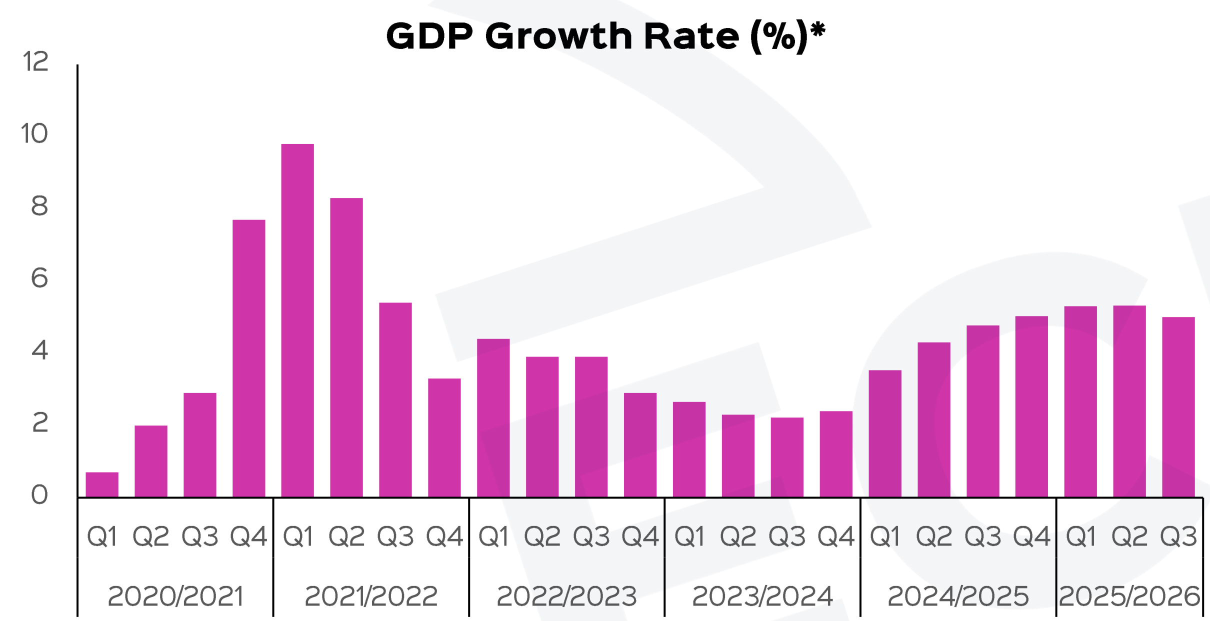
S&P Global Ratings
B Stable

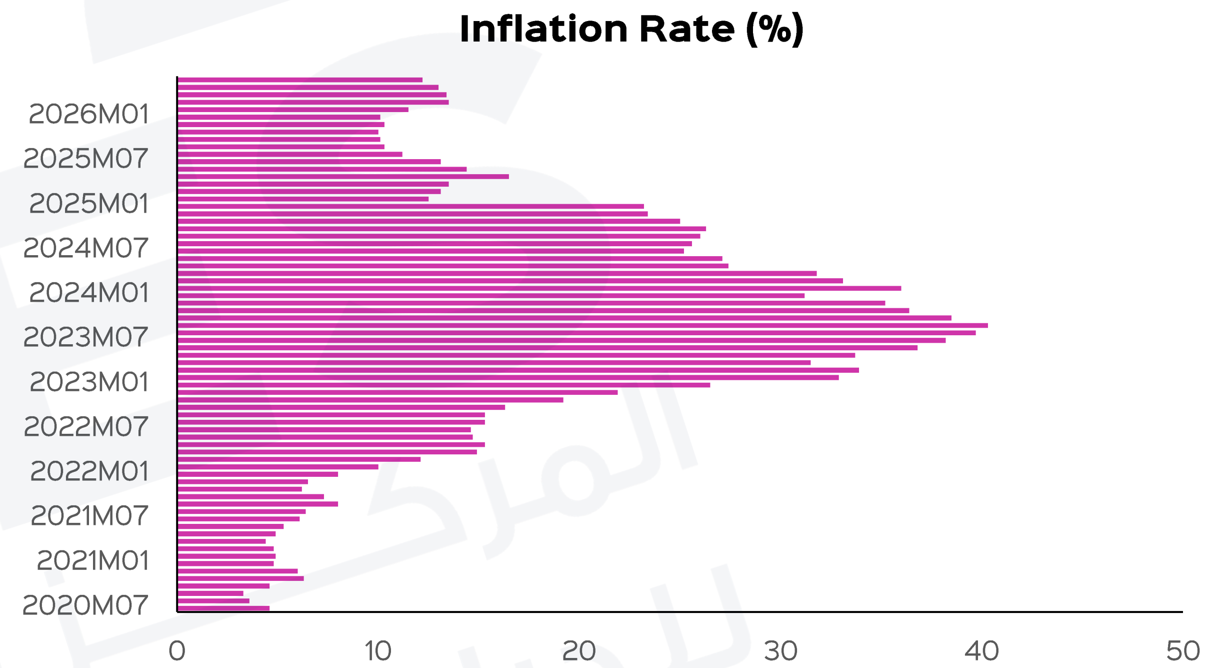
Fitch Ratings
B Stable

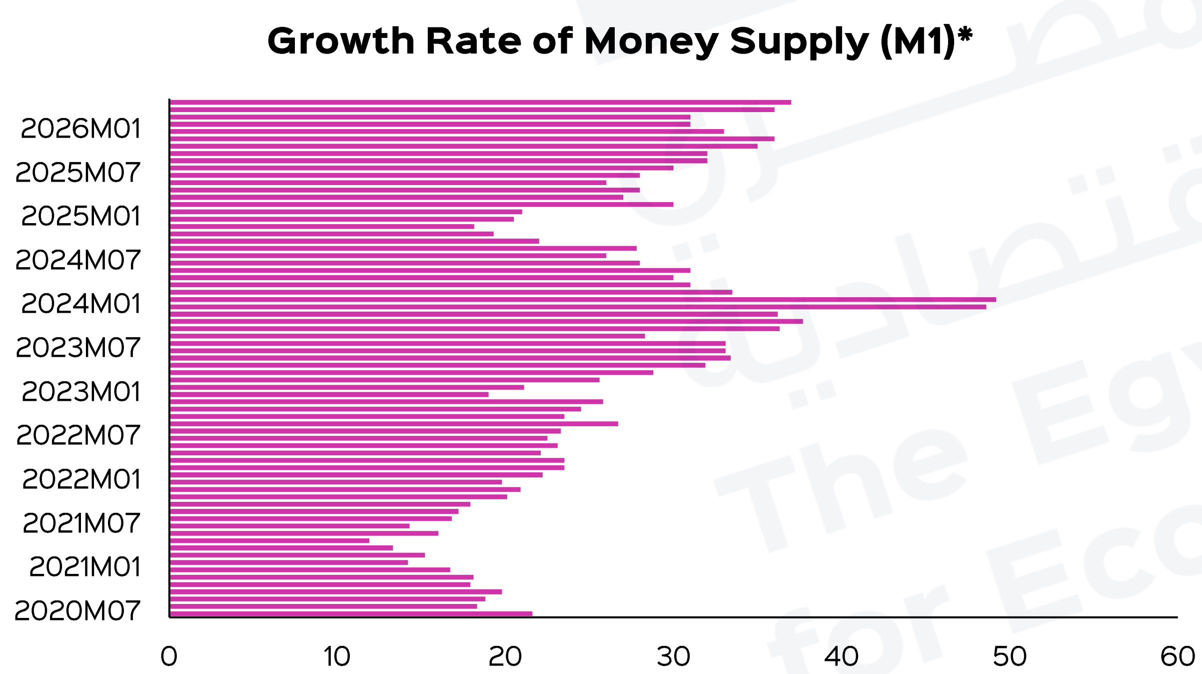
Moody's Investors Service
Caa1 Positive

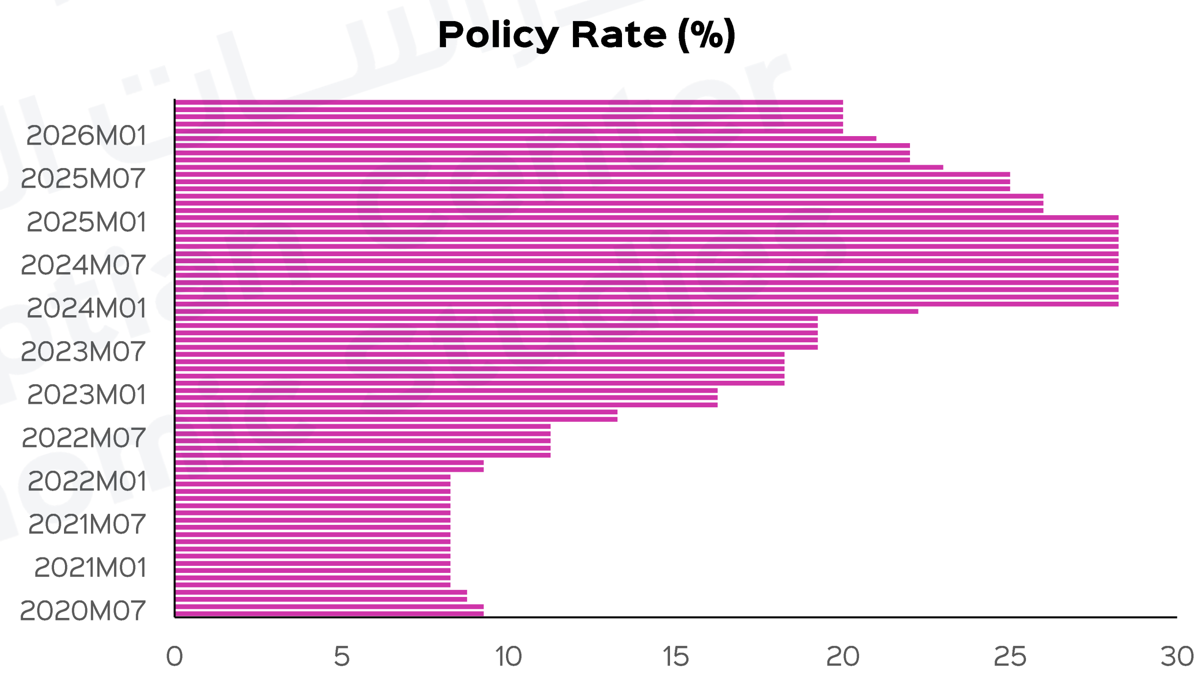
Local Developments

The continued external pressures and ongoing geopolitical tensions had their toll on Egypt growth rate. On the other hand, inflation rate slowed down, while money supply continued to grow, resulting into a wait-and-see stance by the Central bank, mirroring other emerging markets. GDP growth slowed down slightly, while inflation continued to decline, signaling a gradual easing in price pressures despite remaining at relatively elevated levels. Meanwhile, the growth rate of money supply increased slightly, pointing to improving domestic liquidity conditions. At the same time, the Central bank maintained policy rates unchanged, reflecting a cautious and balanced monetary stance while monitoring inflation developments and external risks.



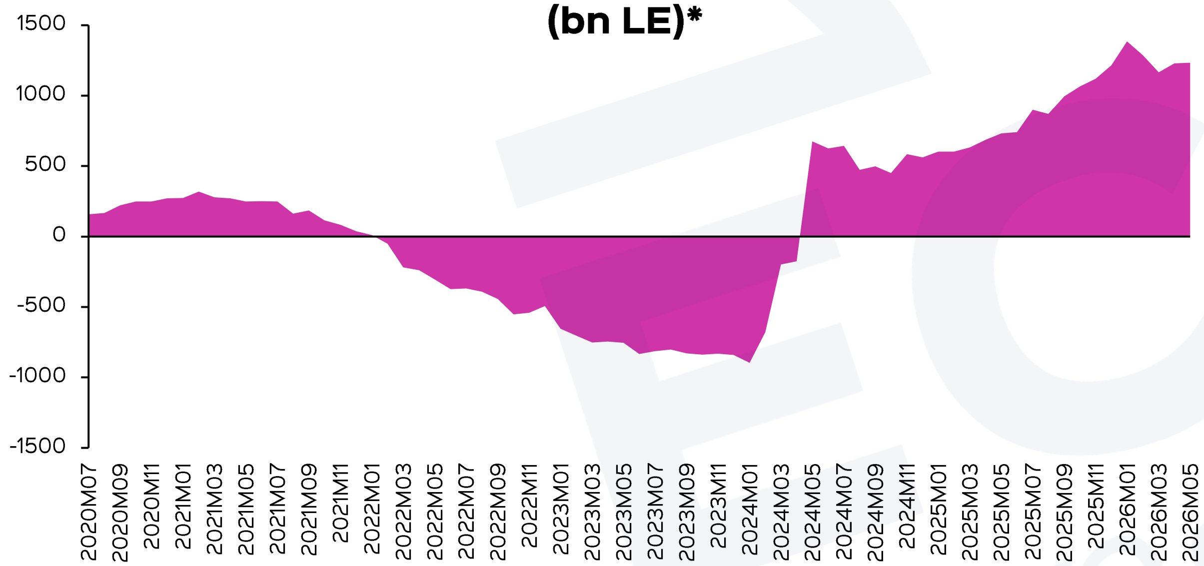




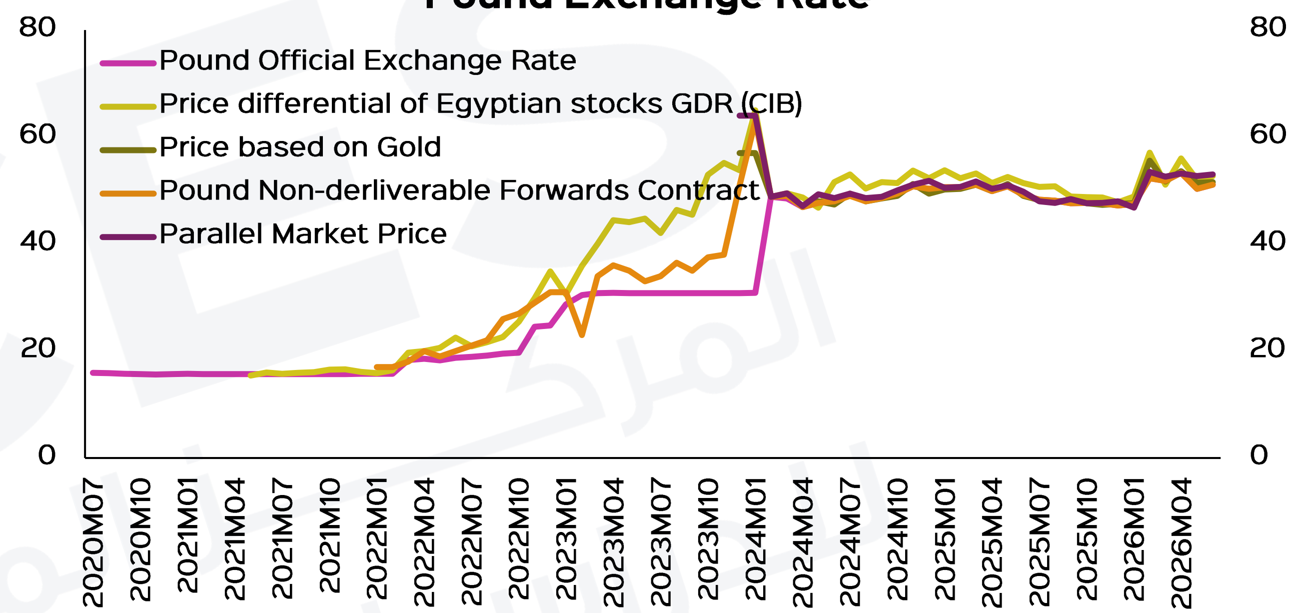


Despite continued pressures on Egypt's external position, particularly from rising external debt and debt service obligations, some external sector indicators showed gradual improvement over the past month, supported by stronger remittance inflows and improving external liquidity. Net foreign assets of the banking system continued to increase, reflecting improved foreign currency liquidity and a stronger external position. Meanwhile, net international reserves recorded a slight increase, while remittances from Egyptians working abroad continued to rise, providing additional support to Egypt's external balances. These developments helped maintain relatively stable foreign exchange market conditions and a unified exchange rate for the Egyptian Pound despite some fluctuations over the past month. However, while these indicators point to stronger external buffers, they do not fully offset the broader financing pressures associated with Egypt's elevated external debt obligations.

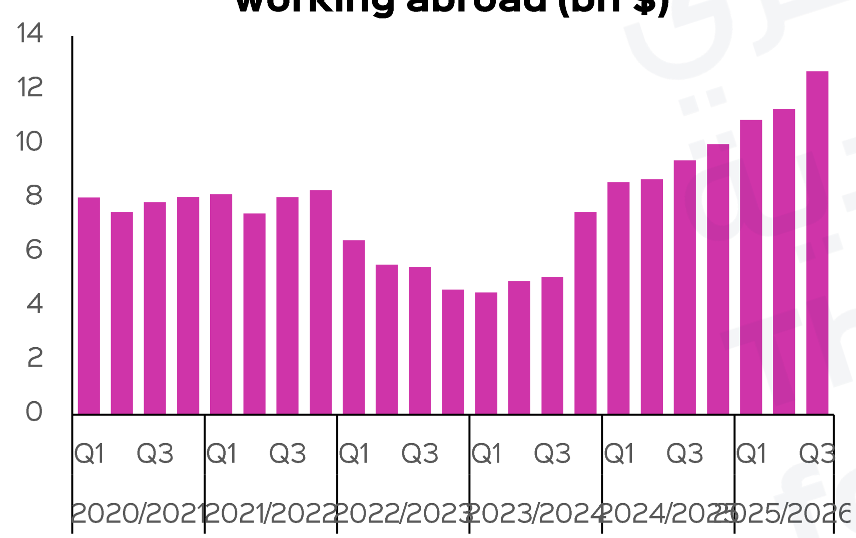
Net Foreign Assets of the Banking System (bn LE)*



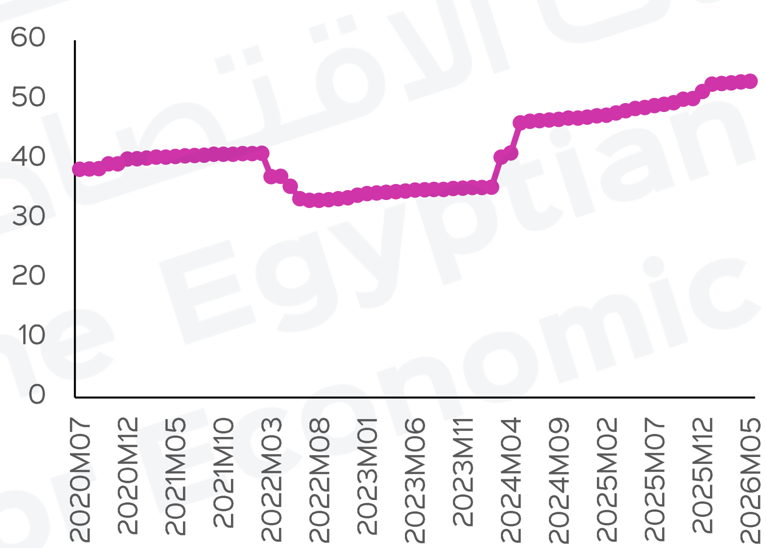
Pound Exchange Rate



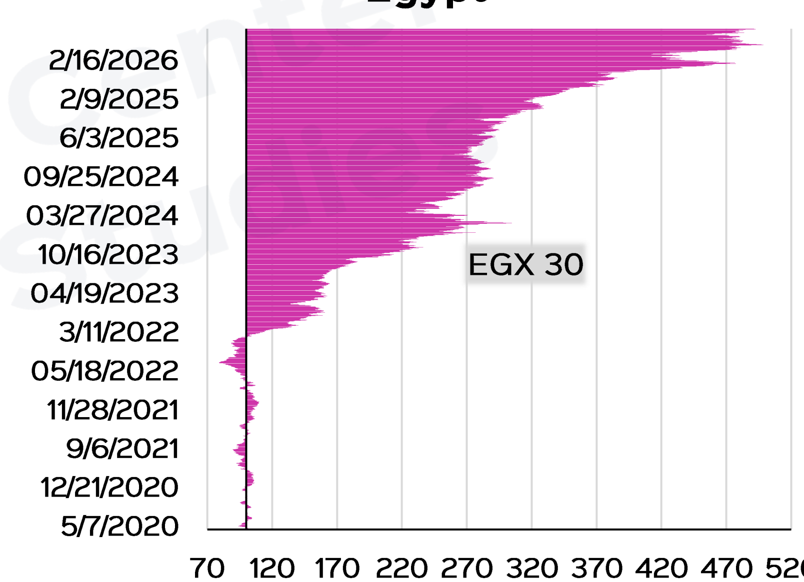
Remittances of Egyptians working abroad (bn $)



Net International Reserves



Egypt



Sources

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- OECD.Stat
- International Monetary Fund
- Corporate Finance Institute
- World Bank
- Investing.com

Emerging Markets

- OECD.Stat
- Central Bank of Saudi Arabia
- Central Bank of Morocco
- Central Bank of UAE
- Investing.com

Egyptian Local Market

- Central Bank of Egypt
- World Bank
- Ministry of Planning and Economic Development
- Egyptian Exchange
- Central Bank Of Egypt
- Investing.com

Annex 1: Methodology

Global Markets

- Global markets such as the USA, UK, EU, China and Canada set the tone of the global economy.
- The report begins by analyzing the changes in global markets in terms of economic policy directions and financial markets and tries to plot how those dynamics are interlinked.
- The report then tries to examine the ripple effect of changes in global markets on emerging market economies, and the choices available to such markets.

Emerging Markets

- Emerging markets such as Brazil, India, South Africa, Turkey, and others are widely affected by the tides in global markets.
- The report tries to understand the effects of changes in policies in global markets on the choices available for different emerging markets.
- The report then tries to analyze the progress of different emerging markets in light of global economic changes and the policy options available for emerging markets as a group.

Egyptian Local Market

- Like any other emerging market, the local market in Egypt is affected by dynamics in the global markets as well as the policy choices adopted by other emerging markets.
- The report tries to understand the effects of changes in global markets as well as changes in emerging markets on the local market in Egypt.
- The report also tries to link between external factors as well as local policies such as fiscal and monetary policy, and how they interact resulting in the current economic situation.

Annex 2: Terminology

Term	Explanation
Policy Rate	The central bank policy rate (CBPR) is the rate used by the Central Bank to signal or implement its monetary policy stance.
LCU / USD	The change in the value of one currency in comparison to another currency (the US Dollar) in the free-floating exchange rate regime.
CDS	A credit default swap (CDS) is a type of credit derivative that provides the buyer with protection against default and other risks. The buyer of a CDS makes periodic payments to the seller until the credit maturity date. In the agreement, if the debt issuer defaults, the seller commits to paying the buyer all premiums and interest that would've been paid up to the date of maturity.
Credit Rating	A credit rating is an opinion of a particular credit agency regarding the ability and willingness of an entity (government, business, or individual) to fulfill its financial obligations in full and within the established due dates. A credit rating also signifies the likelihood a debtor will default. It is also representative of the credit risk carried by a debt instrument – whether a loan or a bond issuance.
Net Foreign Assets of the Banking System	Net foreign assets are the sum of foreign assets held by monetary authorities and deposit money banks, less their foreign liabilities. Data is in current local currency.
External Debt Service	The external debt to be paid in a certain period, is composed of the sum of principal installments and interest.

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