Financial Markets Snapshot

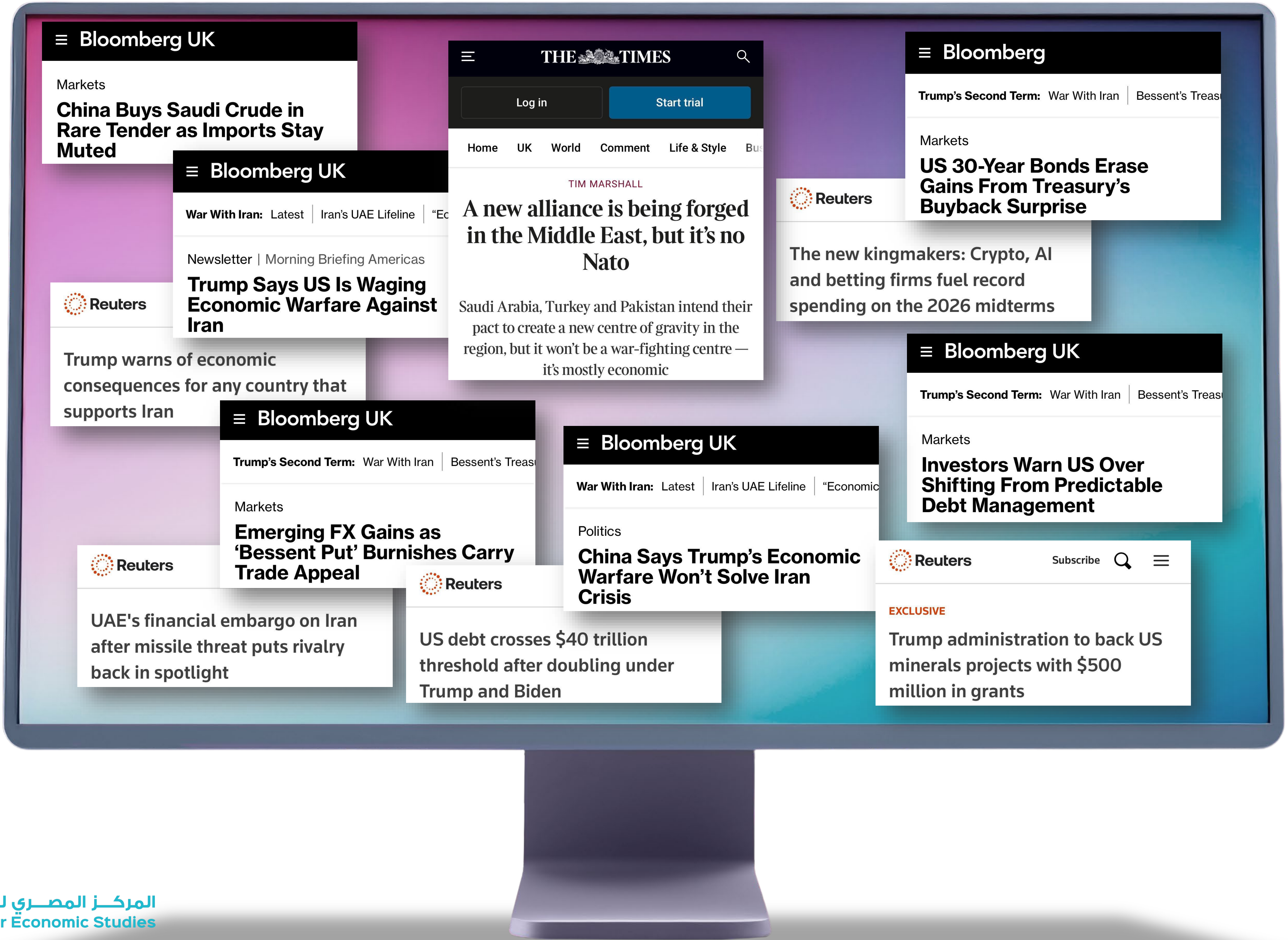
Q3, 2026 Review

The Egyptian Center for Economic Studies
المركز المصري للدراسات الاقتصادية

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



Methodology

Global Markets

Emerging Markets

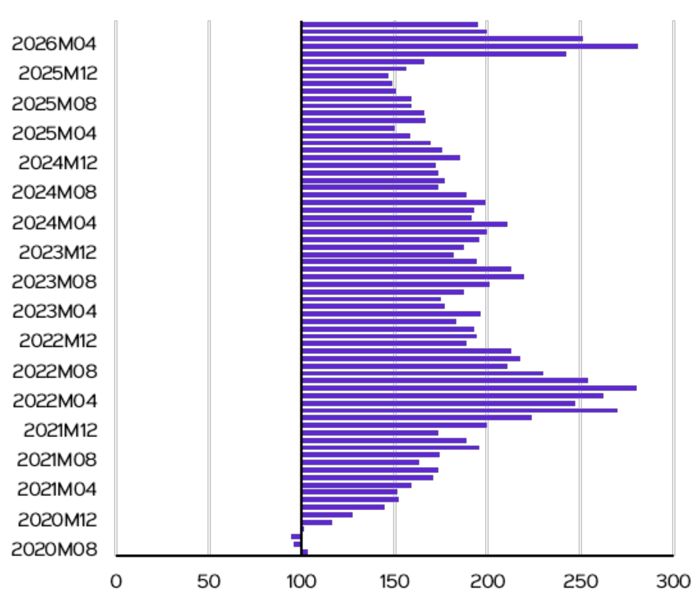
Egyptian Local Market

Extra Topic

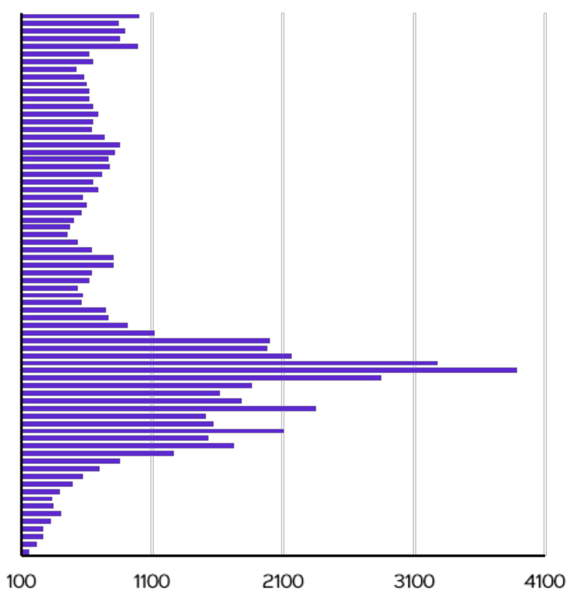
Iran–Gulf Tensions

Commodity markets showed mixed performance over the past month, as lower energy and industrial commodity prices were offset by increases across several agricultural commodities, reflecting divergent supply-demand dynamics and evolving global market conditions. Energy and industrial commodities weakened over the month, with Brent crude oil, gold, and iron ore prices declining, reflecting softer market sentiment and easing demand for safe-haven and industrial assets. In contrast, several agricultural commodities recorded moderate gains, with wheat, maize, tea, and bovine meat prices moving higher, supported by commodity-specific supply and seasonal factors. Such changes are dynamic and can change overnight.

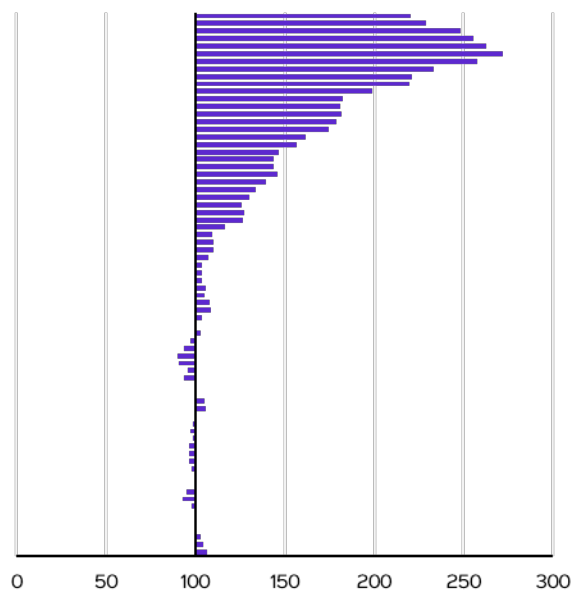
Crude Oil, Brent



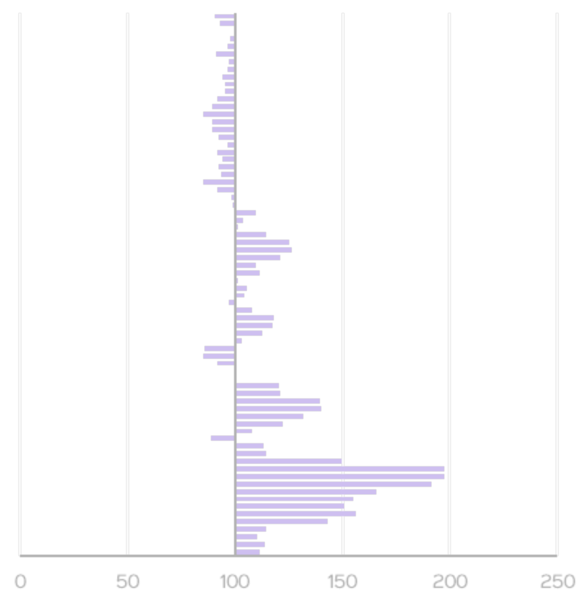
Natural Gas



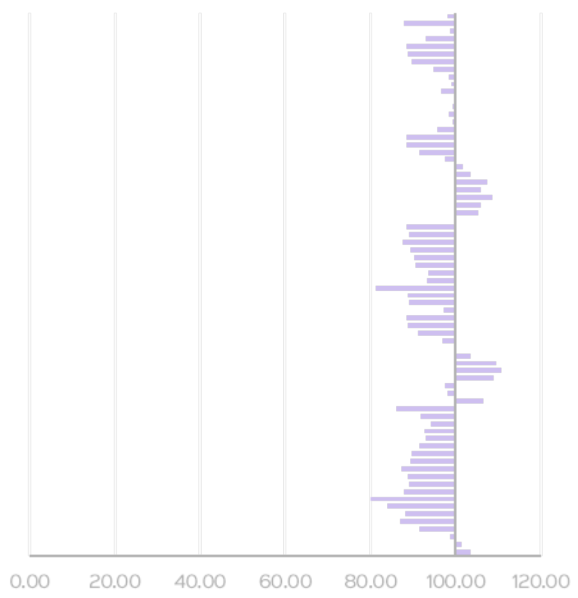
Gold



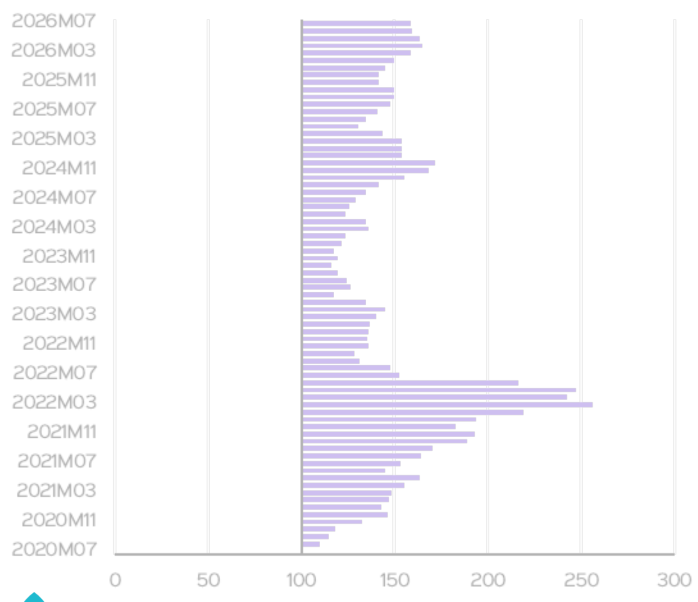
Iron ore



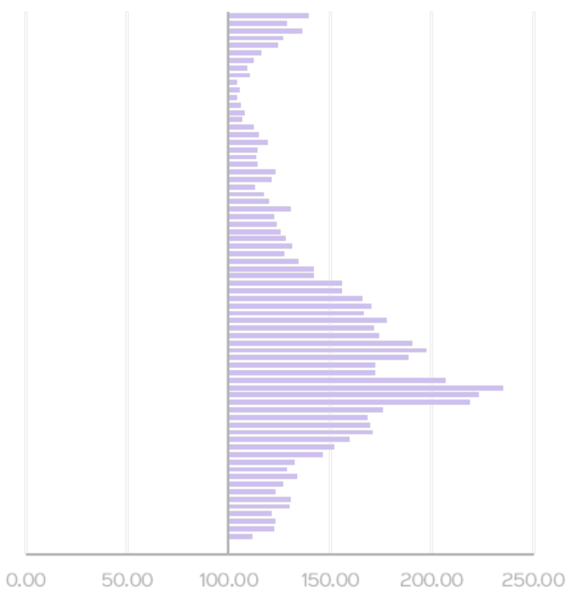
Tea



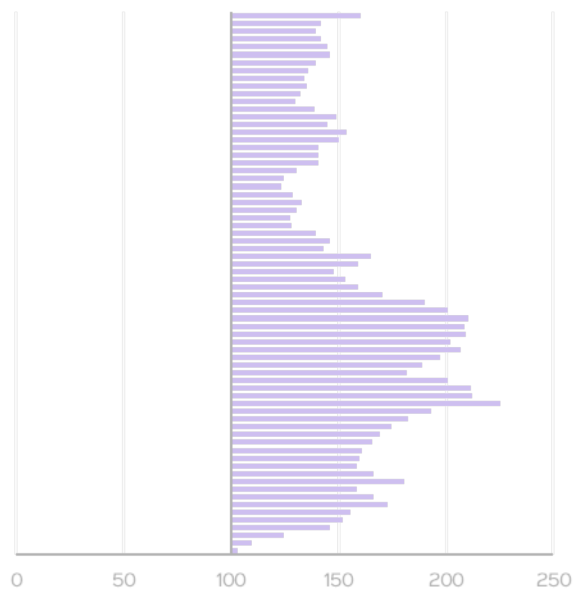
Palm oil



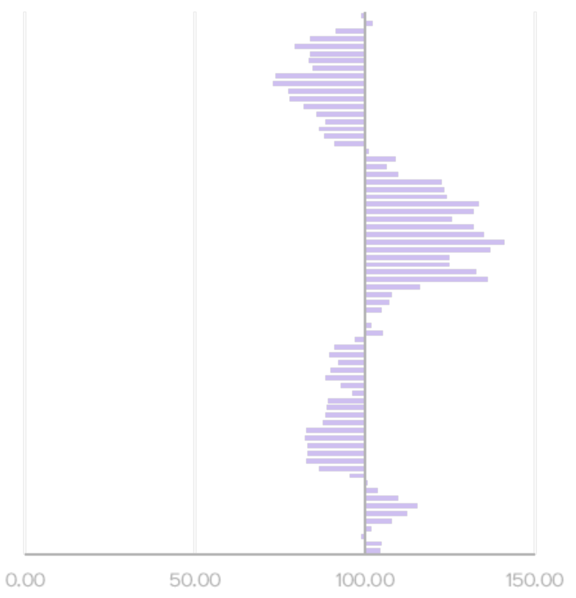
Wheat



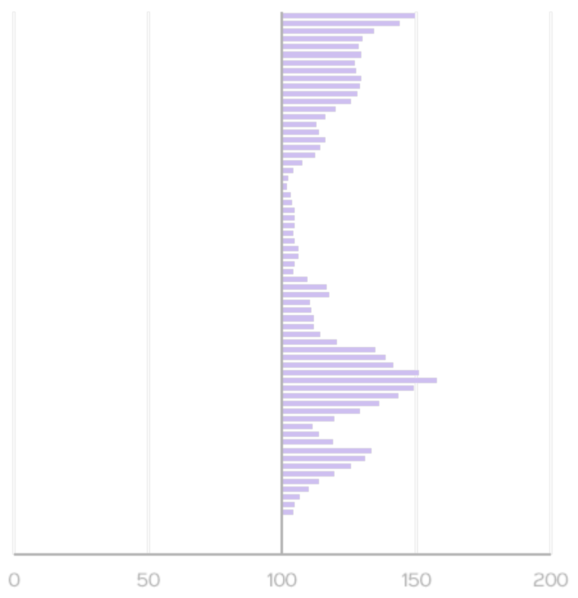
Maize



Rice



Bovine meat



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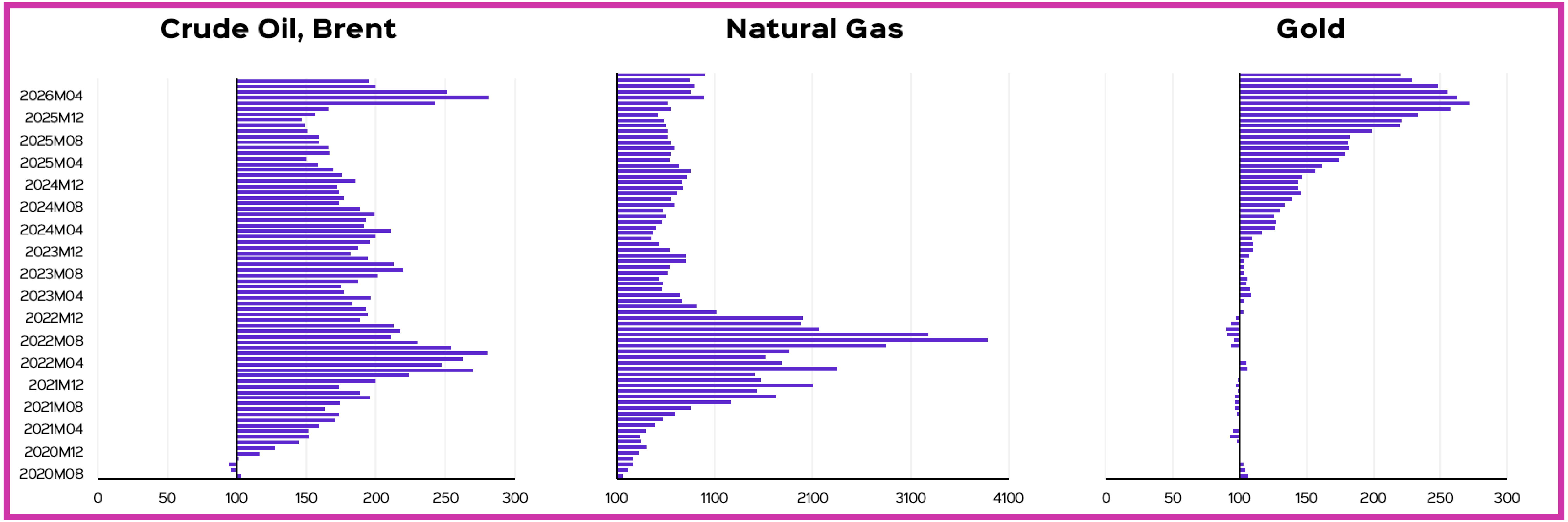
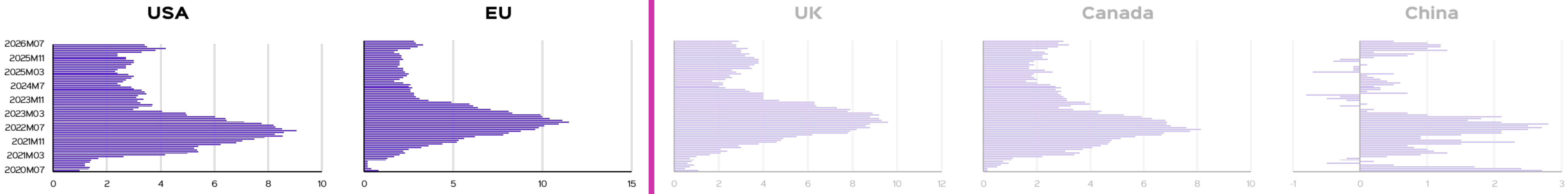
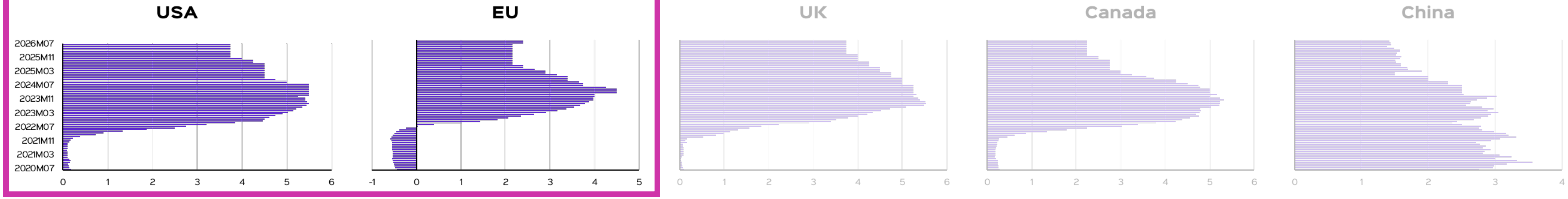


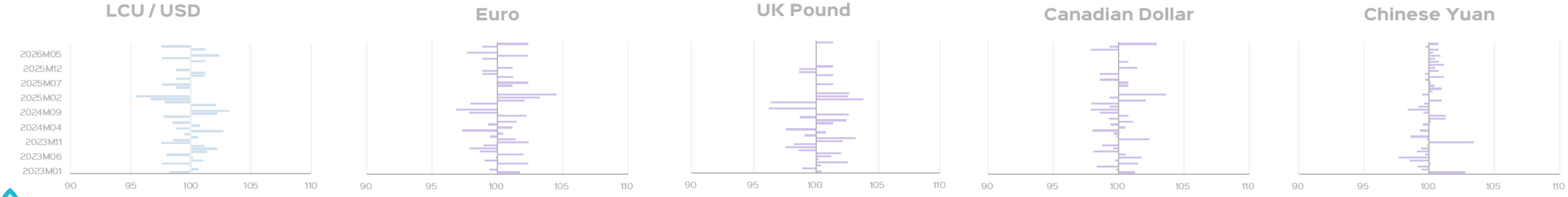
Global inflation trends remained mixed over the past month, while major Central banks continued to adopt a cautious policy stance amid uneven price dynamics. Monetary policy tightening resumed only in the Eurozone, whereas currency markets reflected a modest weakening of the US **Dollar.** Inflation trends diverged across major economies, with inflation easing slightly in the US and declining further in China, while price pressures edged higher in the Eurozone and Canada. In response, the European Central Bank raised its policy rate, reflecting renewed concerns over inflation, while other major Central banks kept interest rates unchanged, maintaining a wait-and-see approach.

Inflation Rate



Policy Rate





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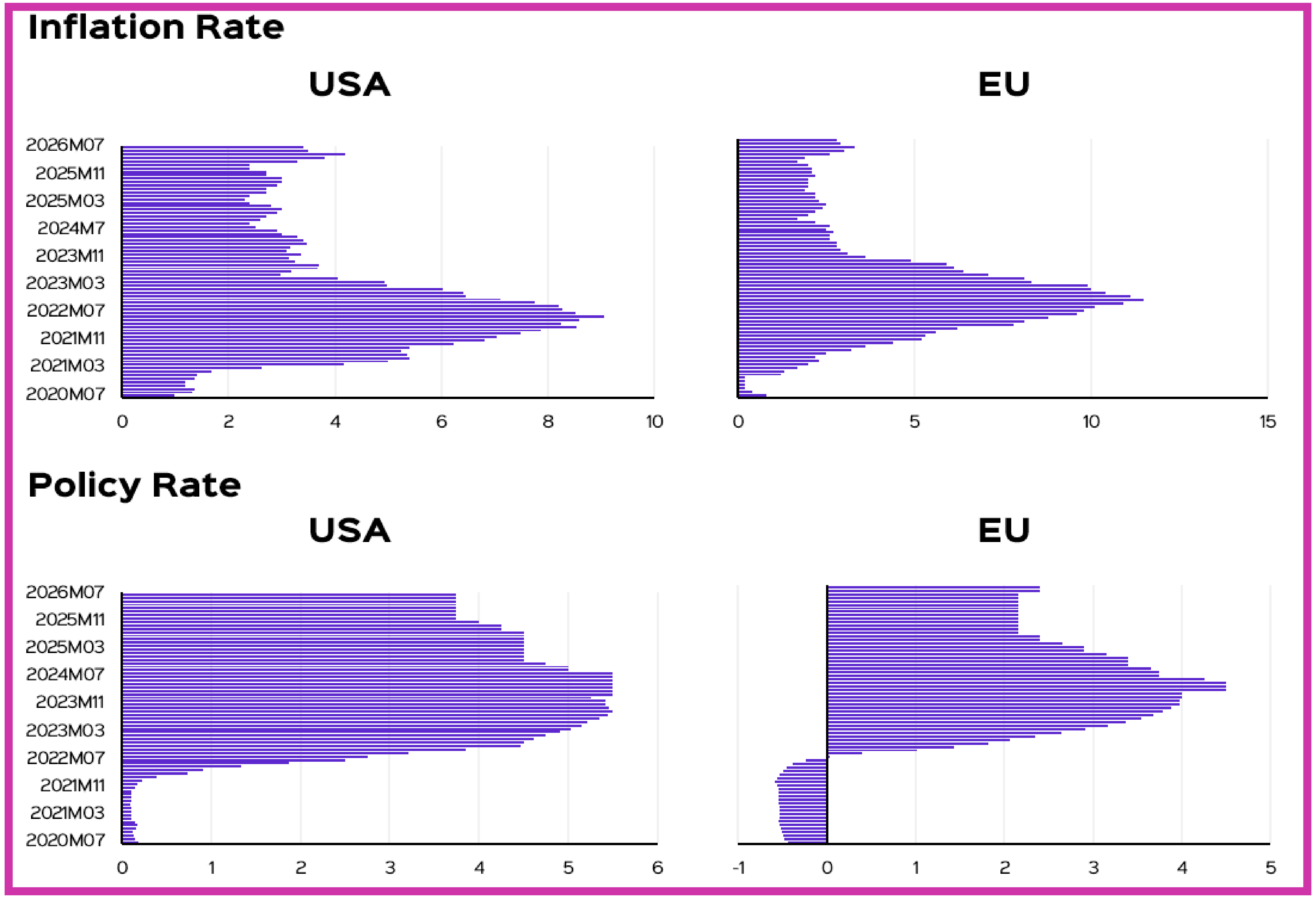
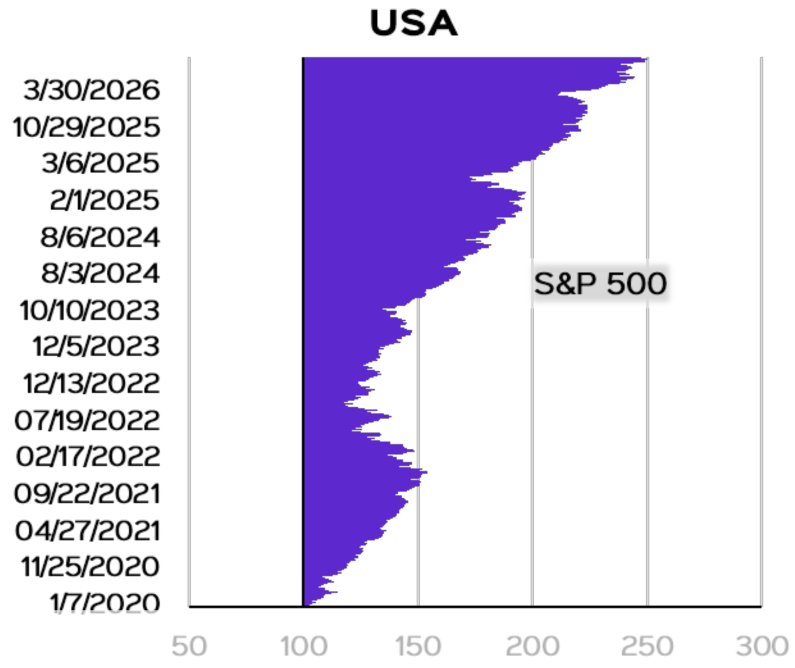
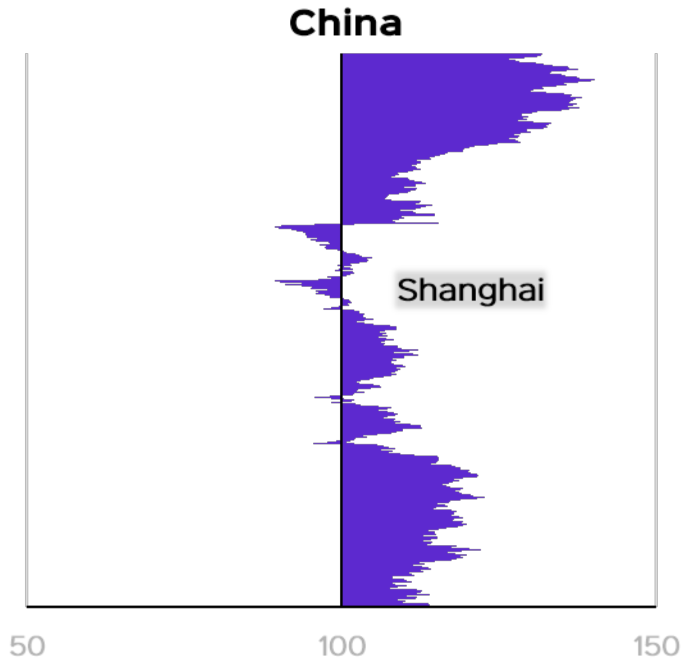
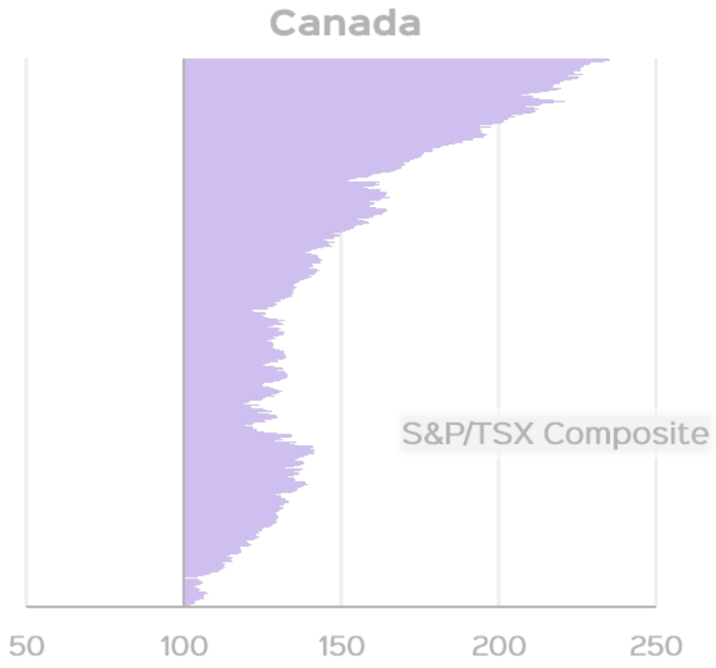
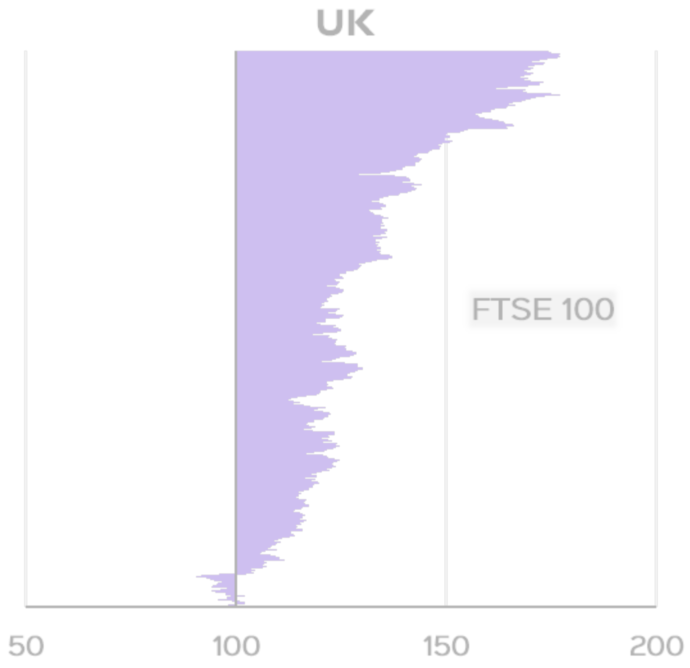


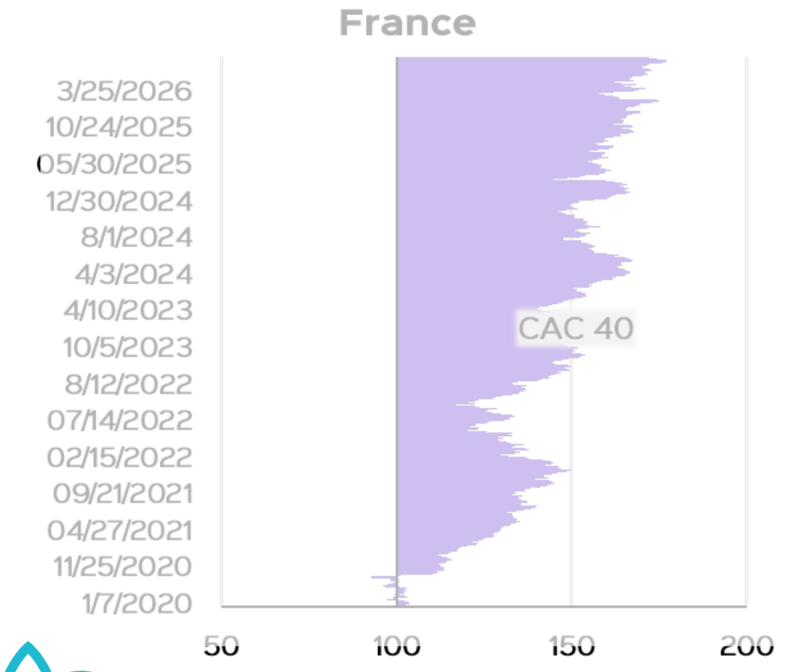
Global stock markets kept their divergence trend, with the US market leading the gains on the back of continued strong Tech earnings and the Fed rate cut, while UK and EU markets remain relatively subdued with a cautious stance though progressing upwards in general. The US rally kept momentum thanks to big Tech earnings beating expectations and continuously improving market outlook. Besides, the rate cut by the US Fed has helped the market rally further. Other global markets such as UK and EU have witnessed subdued performance and caution, though in general such markets have progressed upwards. Chinese market has lagged due to weak demand signals.

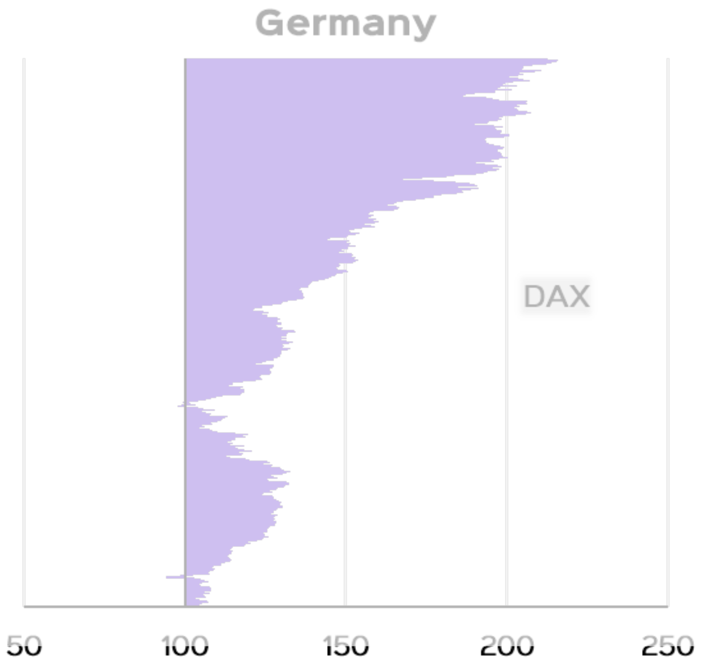


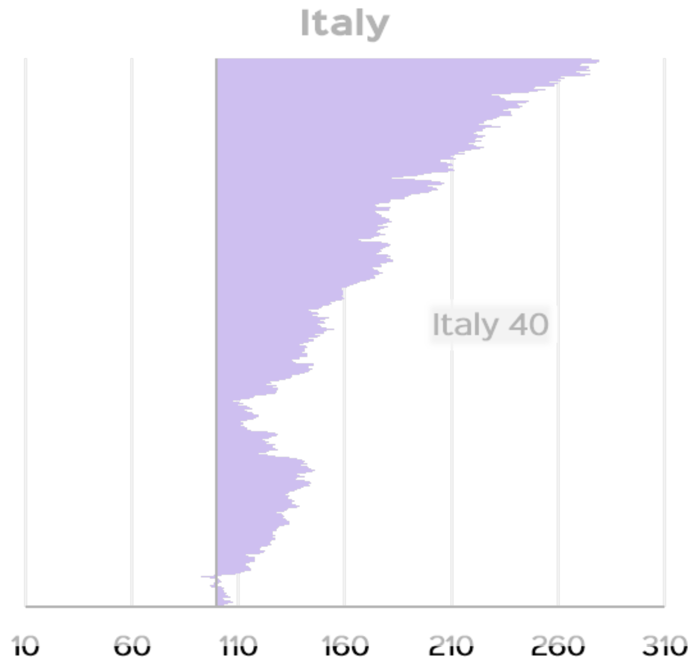


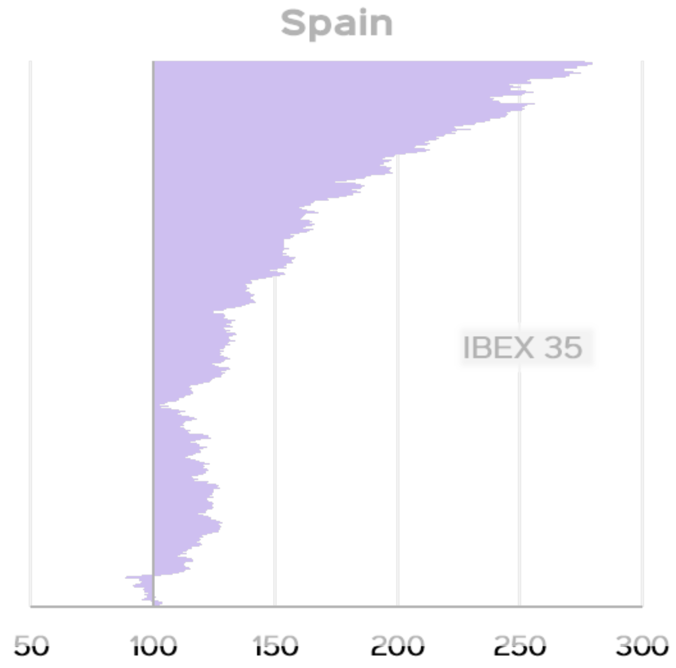












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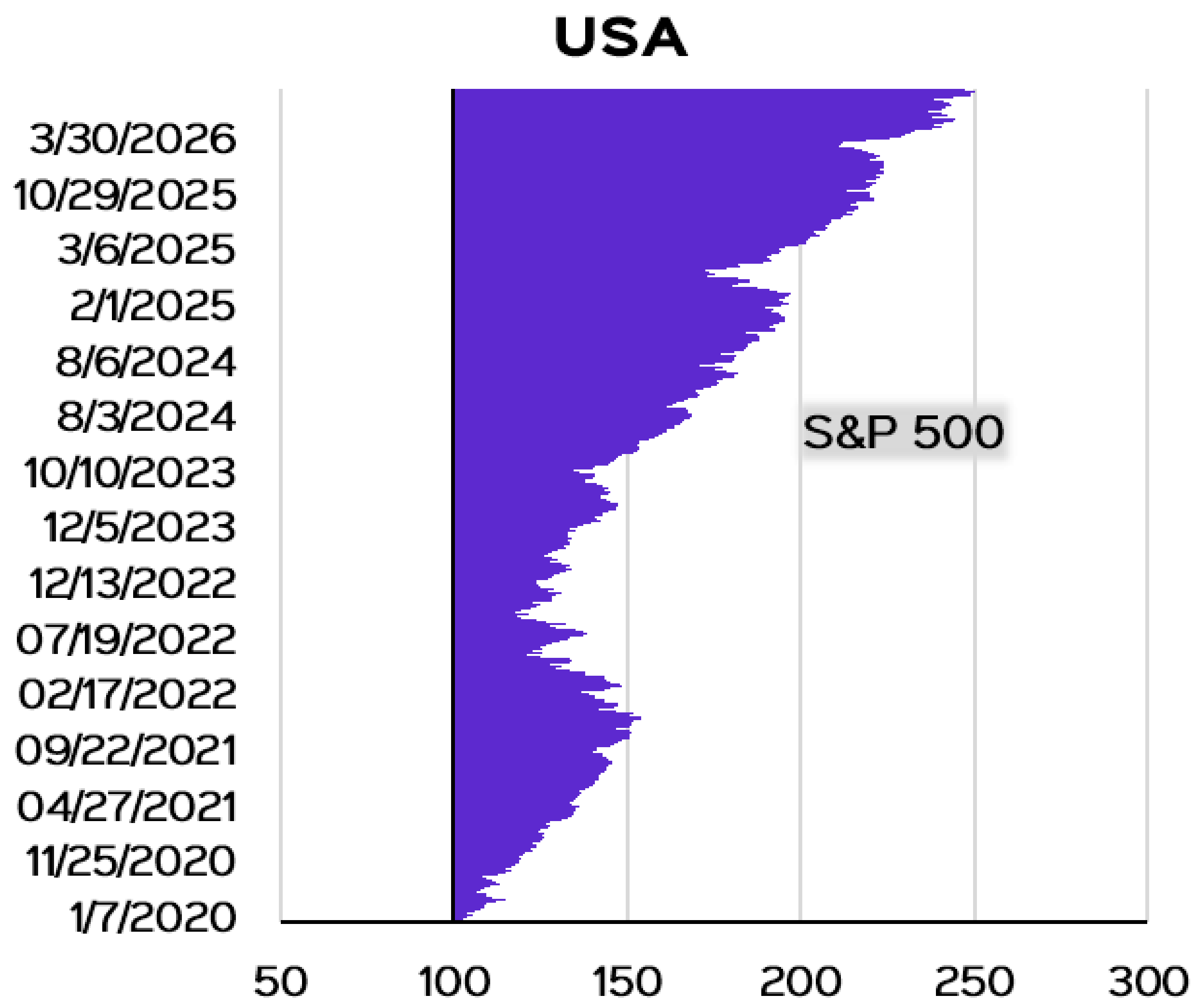
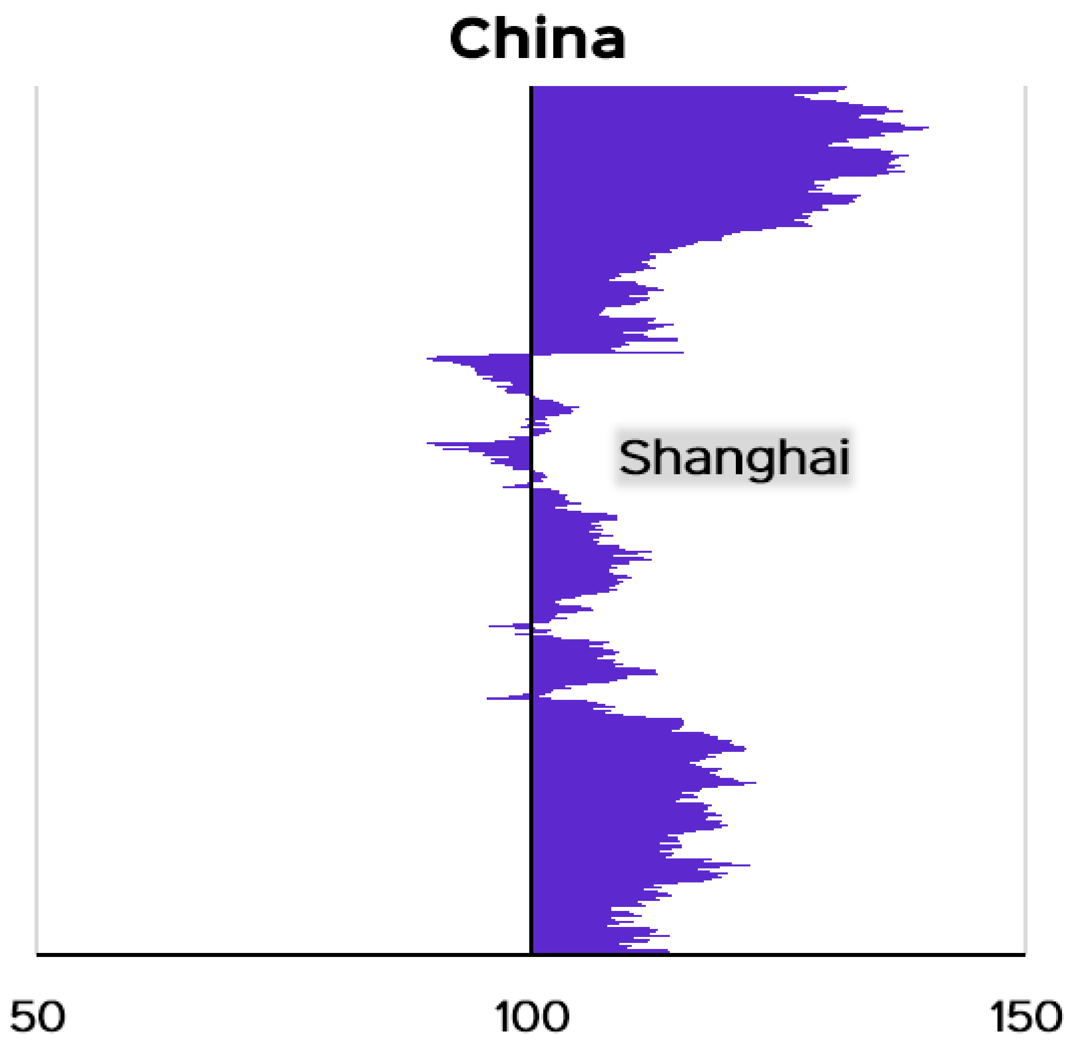
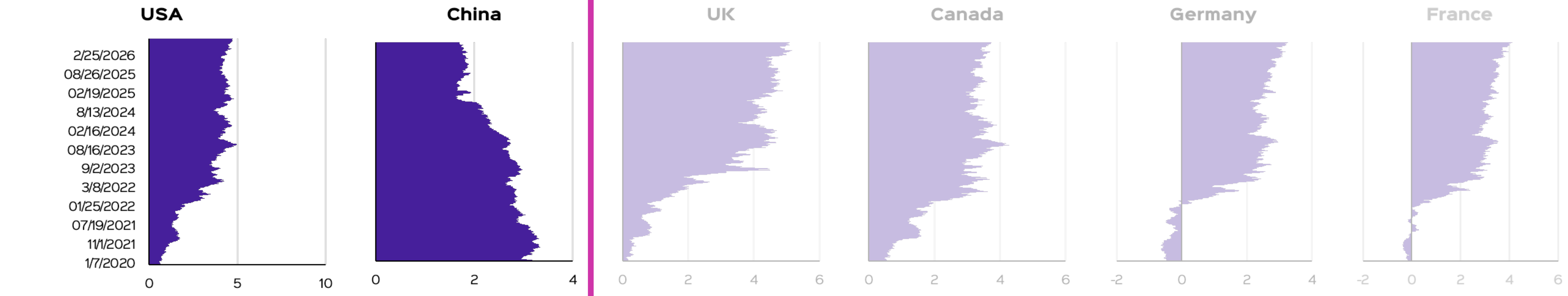


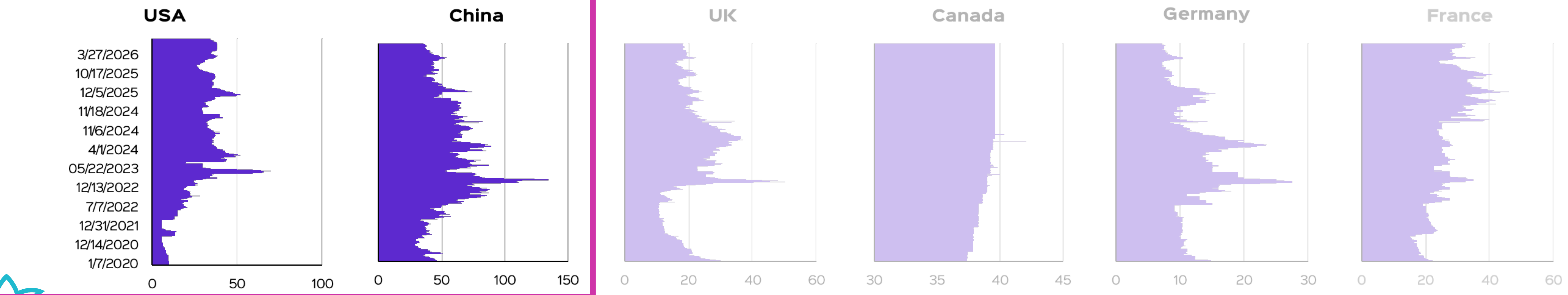


Sovereign bond markets remained under upward pressure over the past month as government bond yields stayed elevated across major economies, while sovereign risk perceptions showed mixed movements across markets. Ten-year government bond yields remained elevated across the US, UK, Canada, Germany, France, and China, reflecting persistent uncertainty over the inflation outlook and expectations that monetary policy easing will remain gradual. Meanwhile, credit default swaps (CDSs) showed mixed performance, declining marginally in the US, edging higher in Canada, and remaining broadly stable across the other major economies. Such changes are very dynamic given the fluidity of the global geopolitical situation.

10-Year Bond Yield



5-Year CDS



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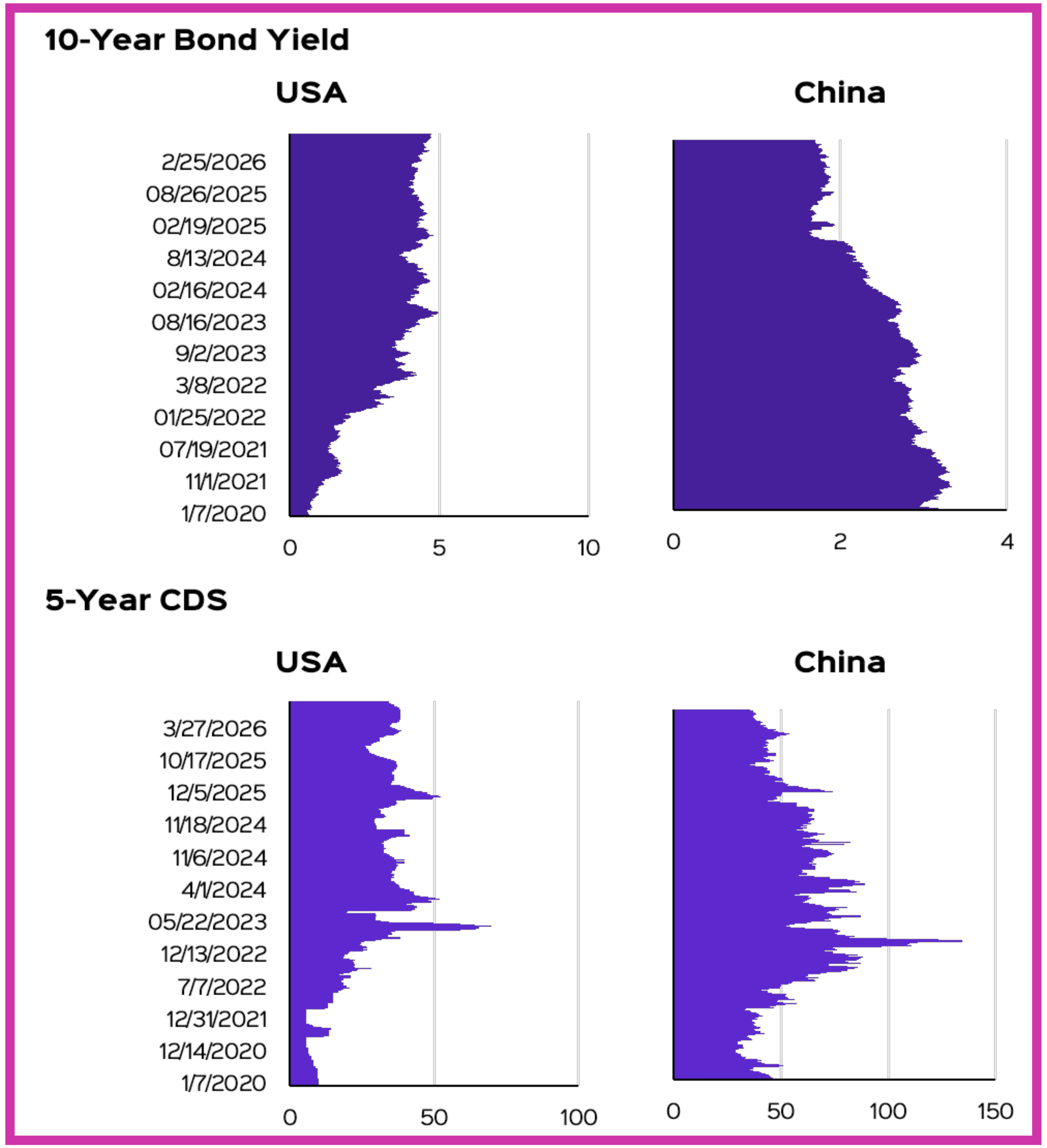
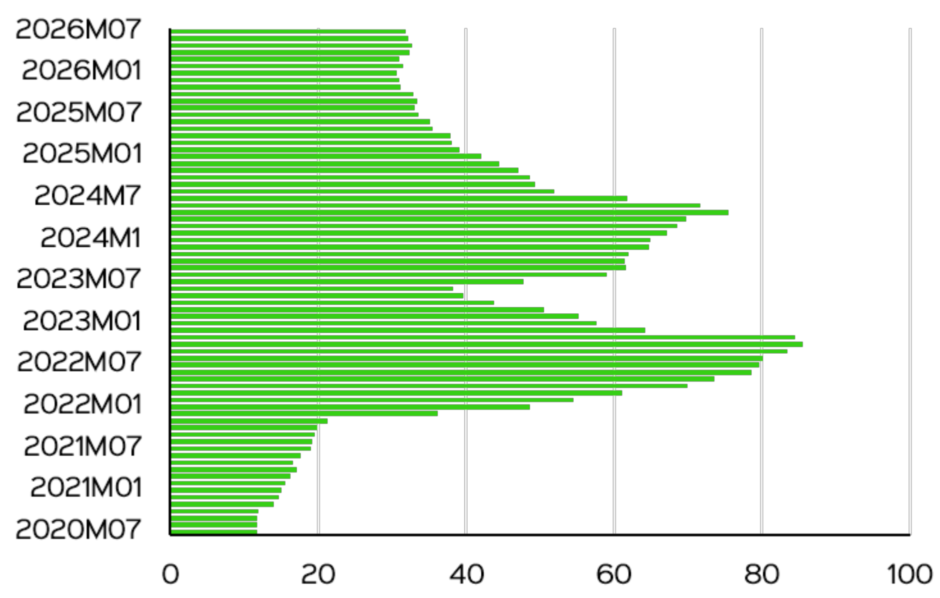
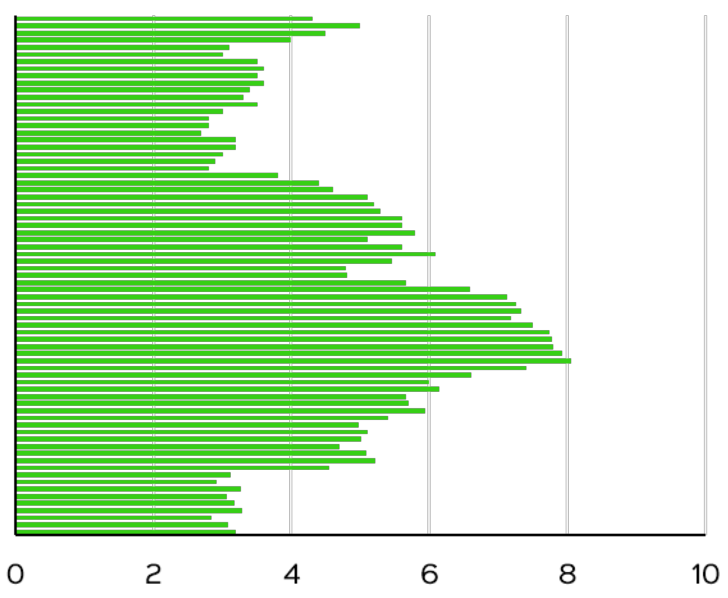


Inflationary pressures across emerging markets stabilized or even eased over the past month, as inflation declined in most selected economies, indicating a gradual moderation in price pressures despite continued economic and geopolitical uncertainties. Inflation rates declined across most emerging markets, including Turkey, South Africa, Morocco, Brazil and South Korea, reflecting softer price pressures and the gradual impact of previously tight monetary policies. In contrast, the UAE was the only selected economy to record a slight increase in inflation, although inflation remained at relatively moderate levels. While inflation data availability for the UAE has resumed following earlier reporting delays.

Turkey

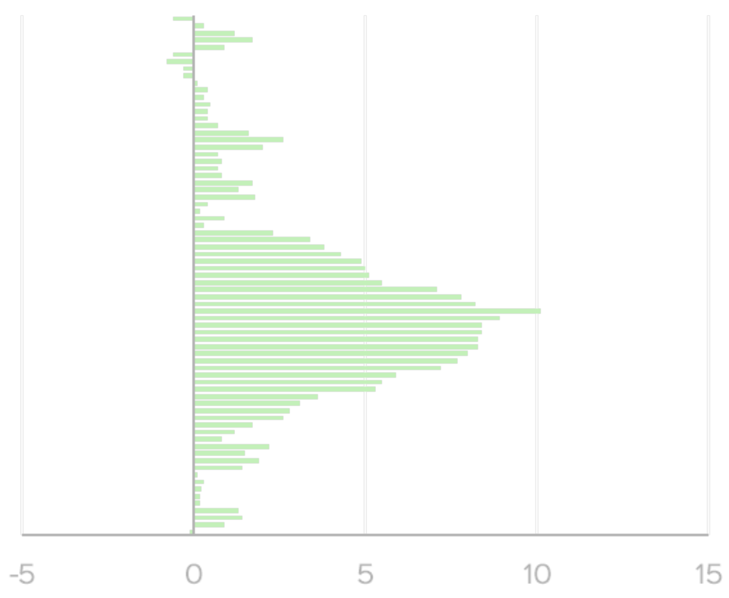


South Africa

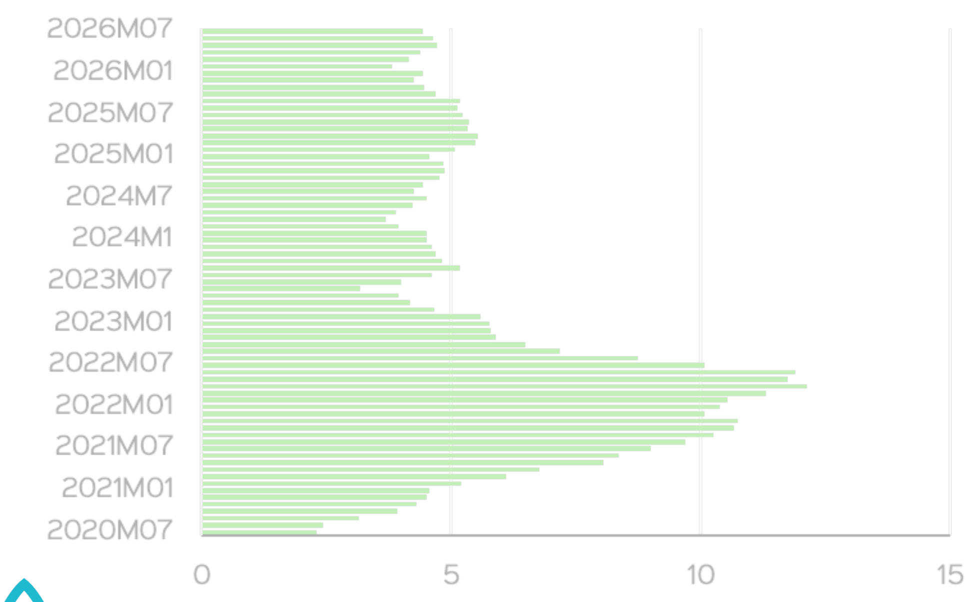


India

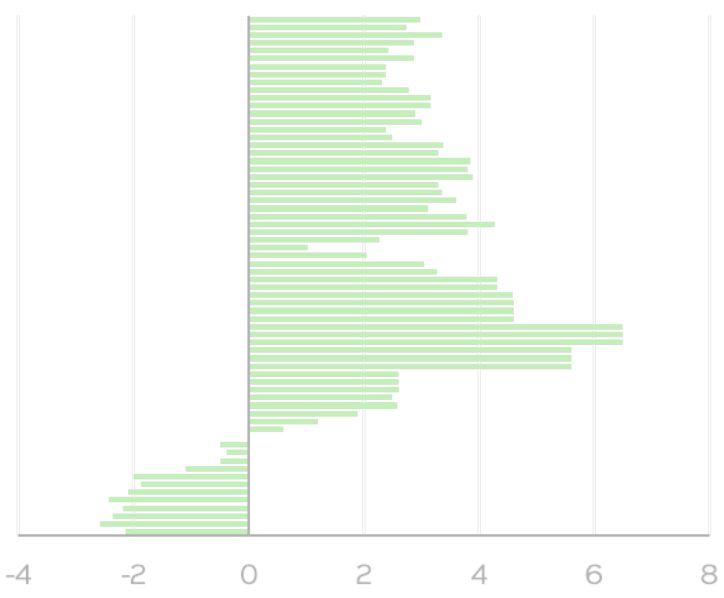
Morocco



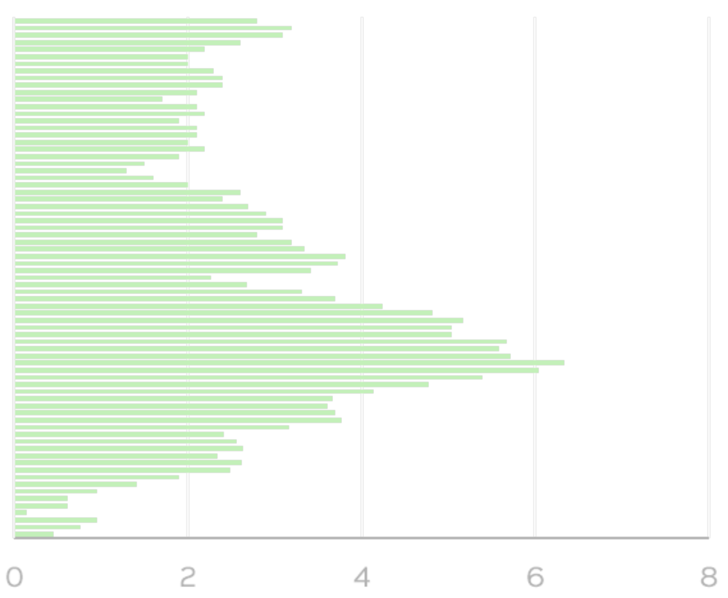
Brazil



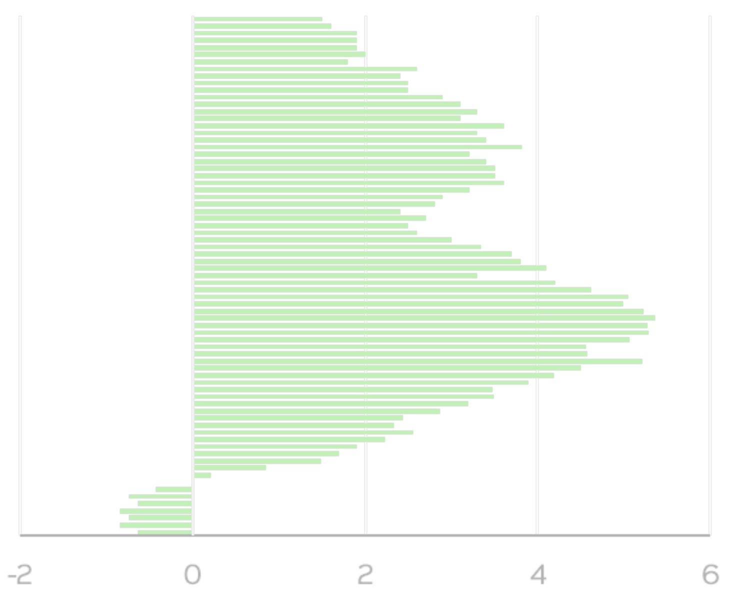
UAE



South Korea



Israel



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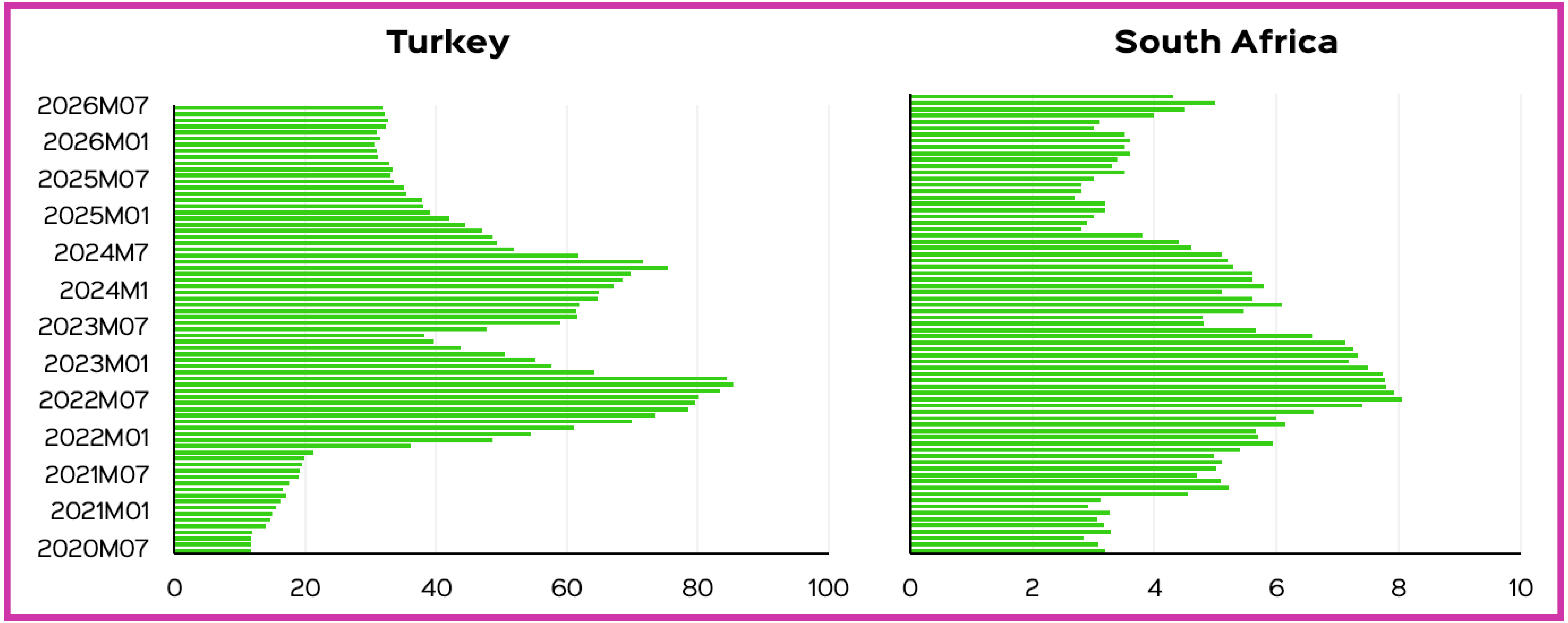
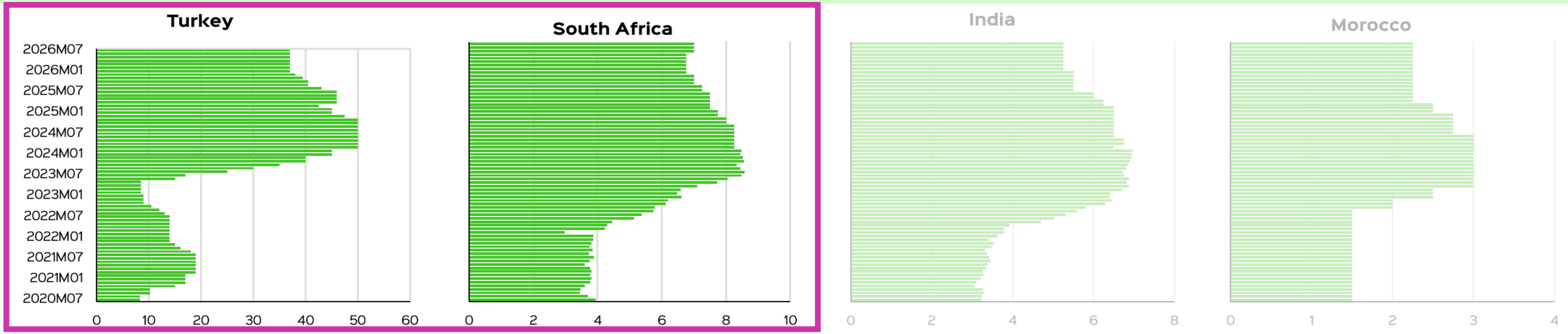
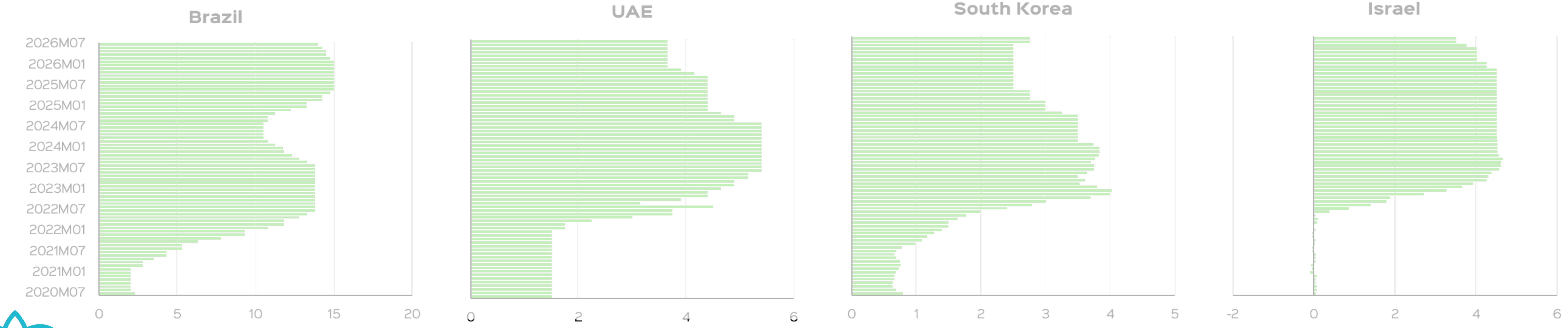


Monetary policy across emerging markets remained broadly cautious over the past month, as most Central banks maintained policy rates unchanged while continuing to assess inflation developments and the global economic outlook. Policy rates remained unchanged across Turkey, India, South Africa, Morocco, South Korea, and the UAE, reflecting a continued wait-and-see approach by monetary authorities despite evolving inflation dynamics. Meanwhile, Brazil was the only selected economy to implement a slight policy rate cut, signaling increased confidence that inflationary pressures are moderating and allowing for limited monetary easing.





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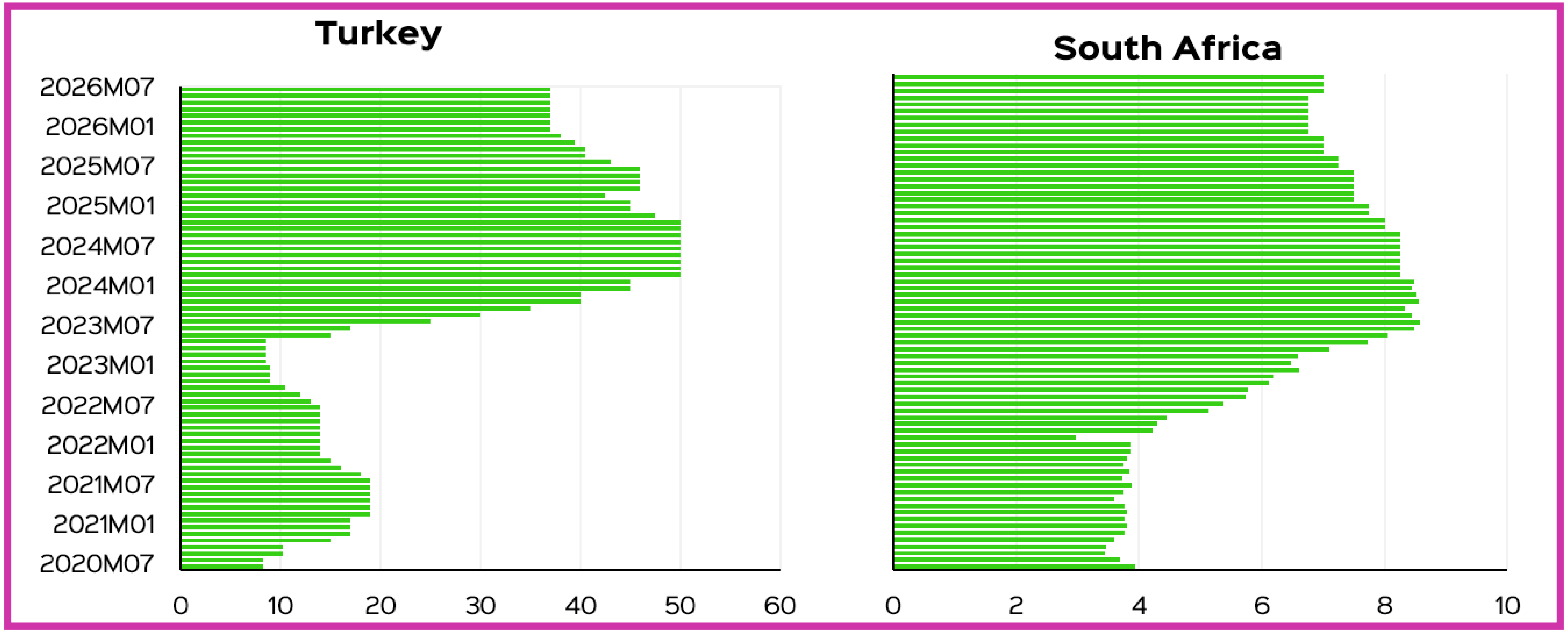
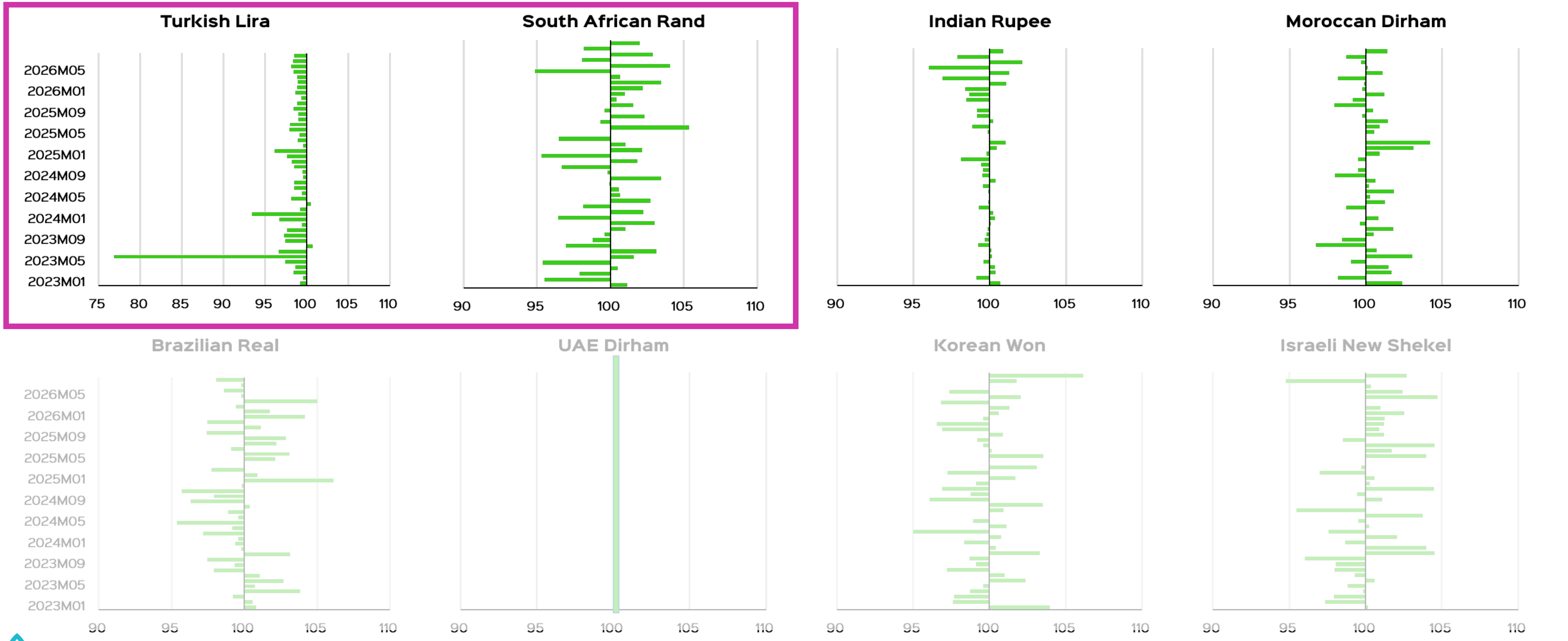


Emerging markets currencies showed mixed performance against the US Dollar over the past month, with most currencies strengthening as the US Dollar lost some momentum, with the exception of the Turkish Lira and Brazilian Real which continued depreciating. Most emerging market currencies recorded modest gains against the US Dollar, including the Indian Rupee, South African Rand, Moroccan Dirham, and South Korean Won, reflecting improved investor sentiment and softer demand for dollar-denominated assets. Meanwhile, the Turkish Lira and Brazilian Real remained under pressure, highlighting the continued impact of domestic economic challenges despite the broader improvement in emerging market currency performance.



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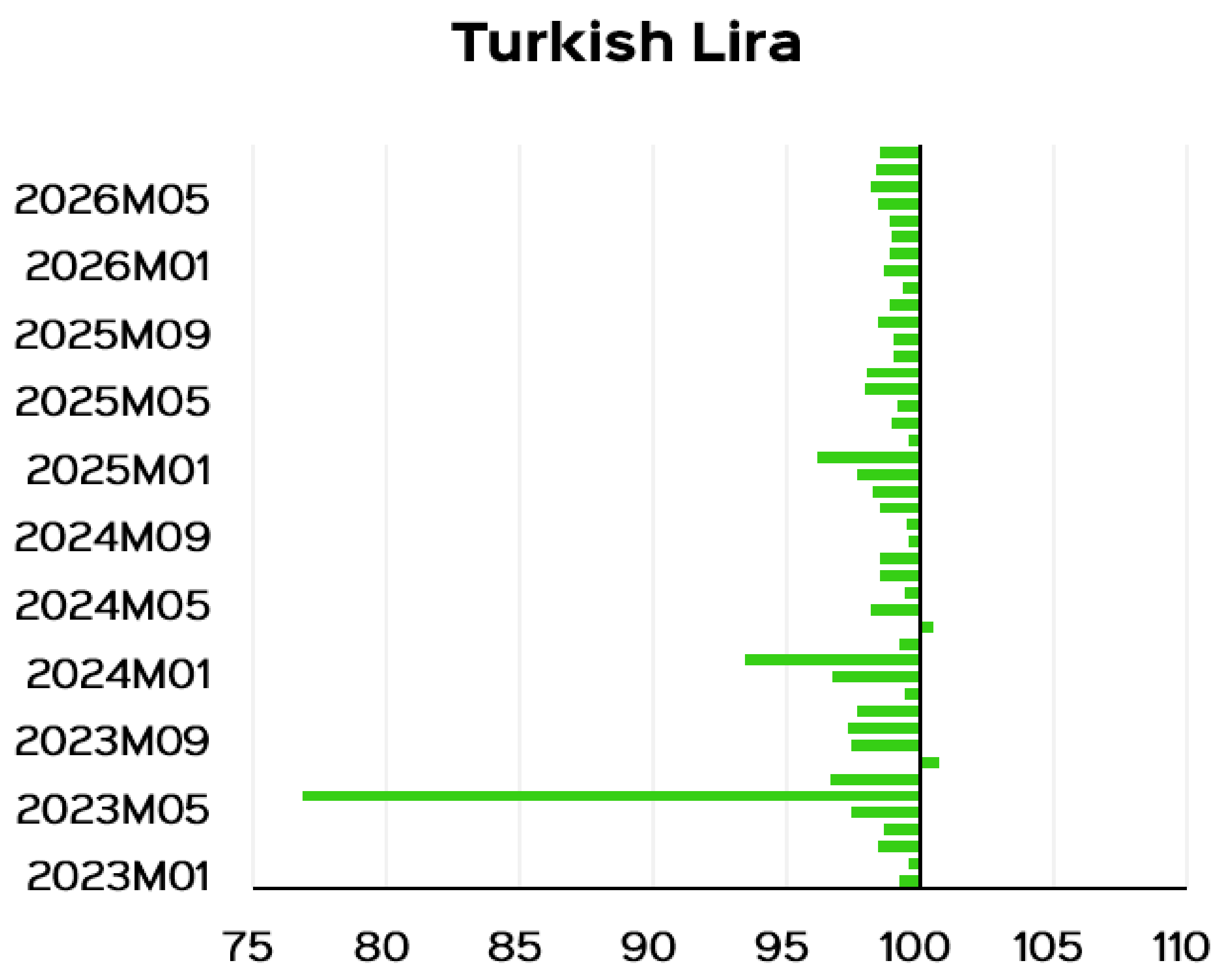
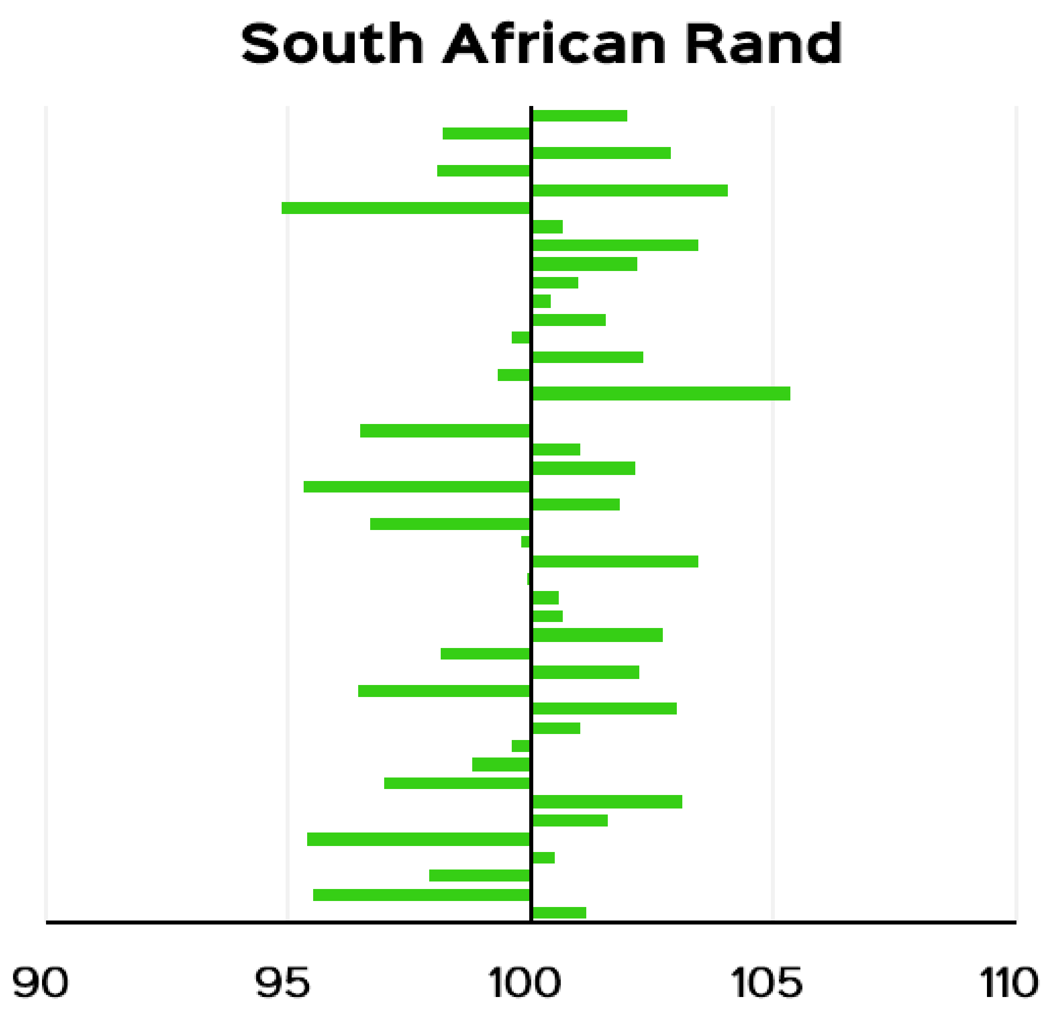
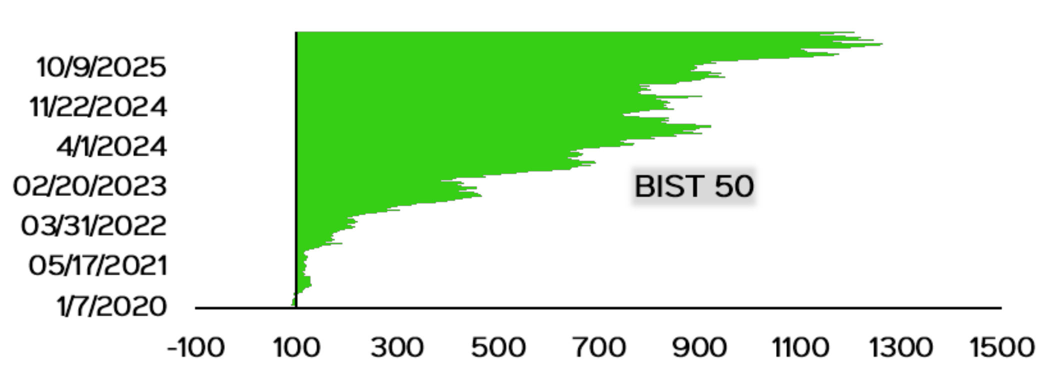


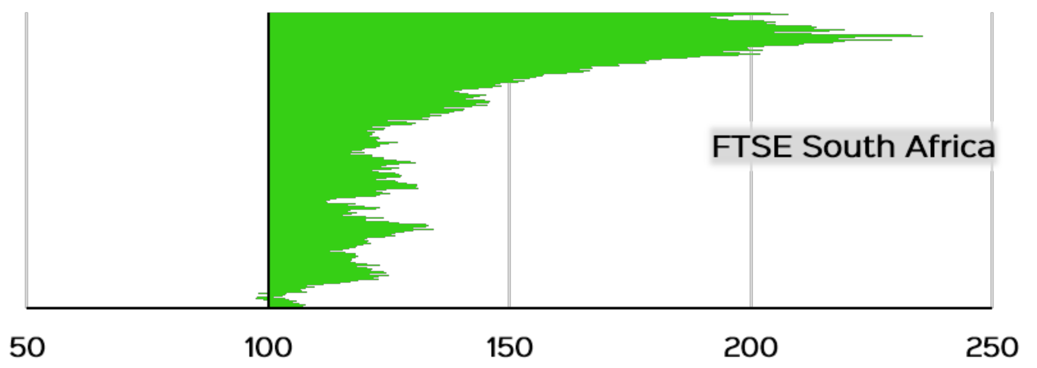


Emerging markets equities maintained a broadly positive performance over the past month, supported by resilient investor sentiment, improving domestic fundamentals, and continued risk appetite despite ongoing global uncertainties. Equity markets across most emerging economies continued to post gains, with Turkey, India, the UAE, Morocco, Brazil, Saudi Arabia, South Africa, and Israel recording positive performance, reflecting sustained market momentum and improving investor confidence. In contrast, South Korean equities recorded a slight decline, reflecting modest profit-taking and softer market sentiment. Such situation is very vulnerable to changes given the ongoing geopolitical uncertainties.

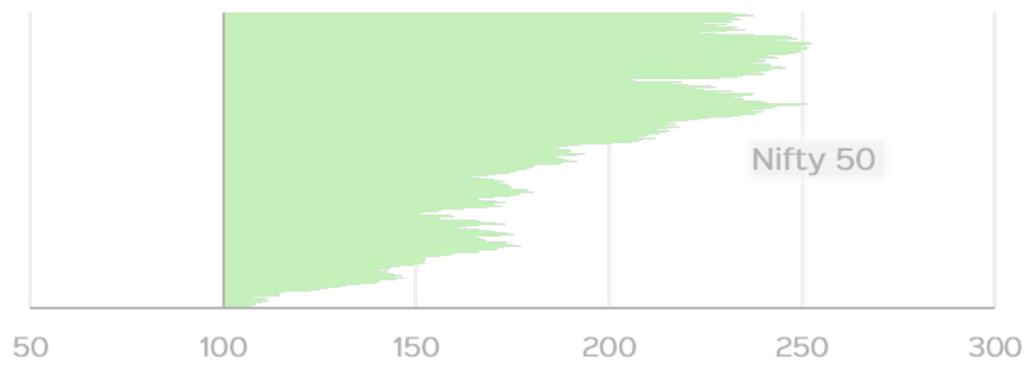
Turkey



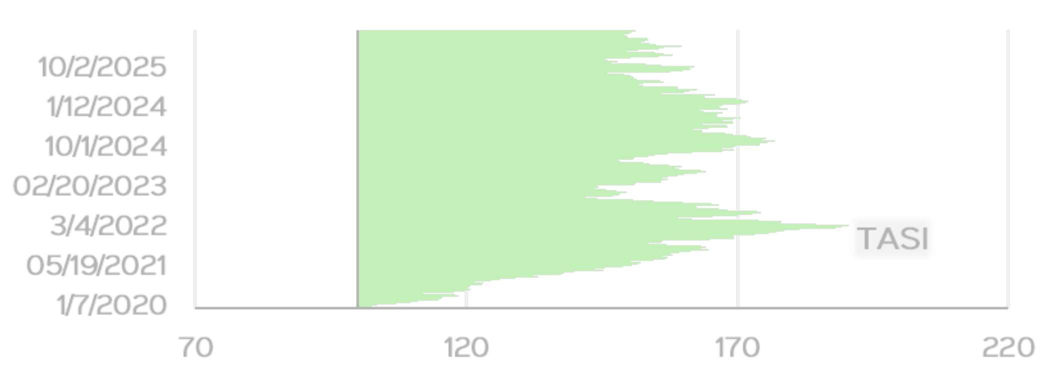
South Africa



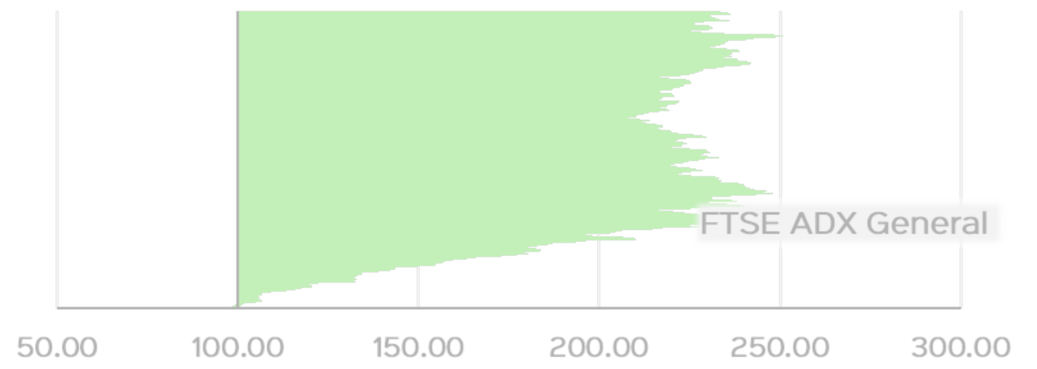
India



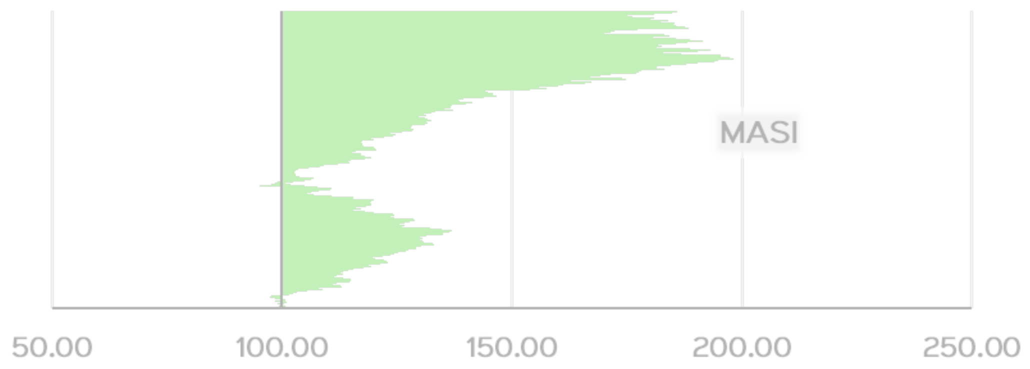
Saudi Arabia



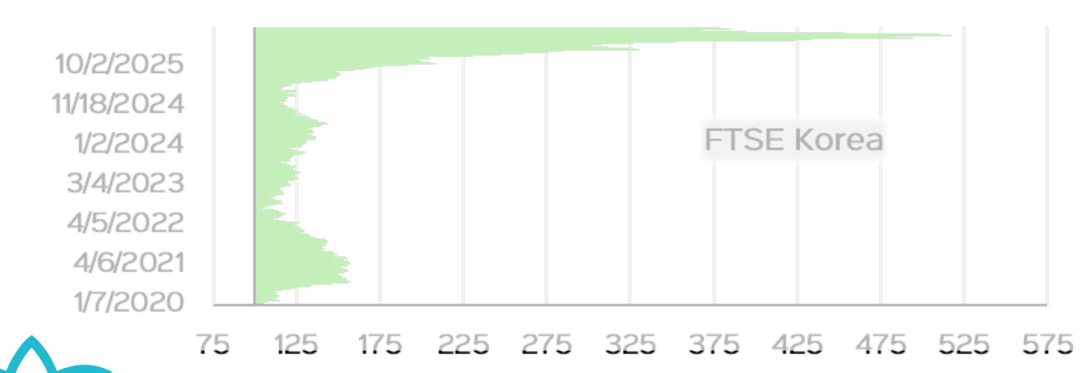
UAE



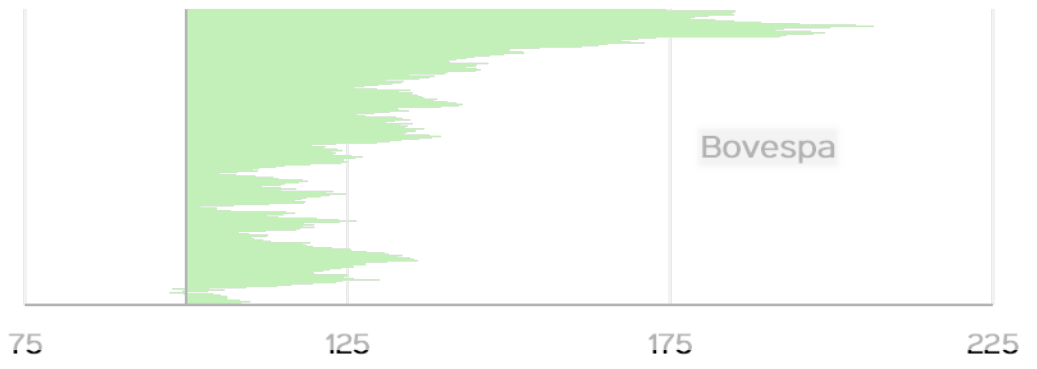
Morocco



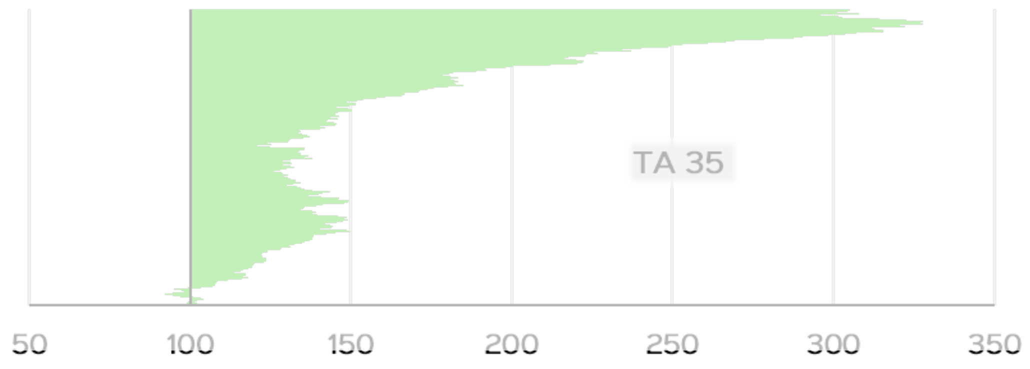
South Korea



Brazil



Israel



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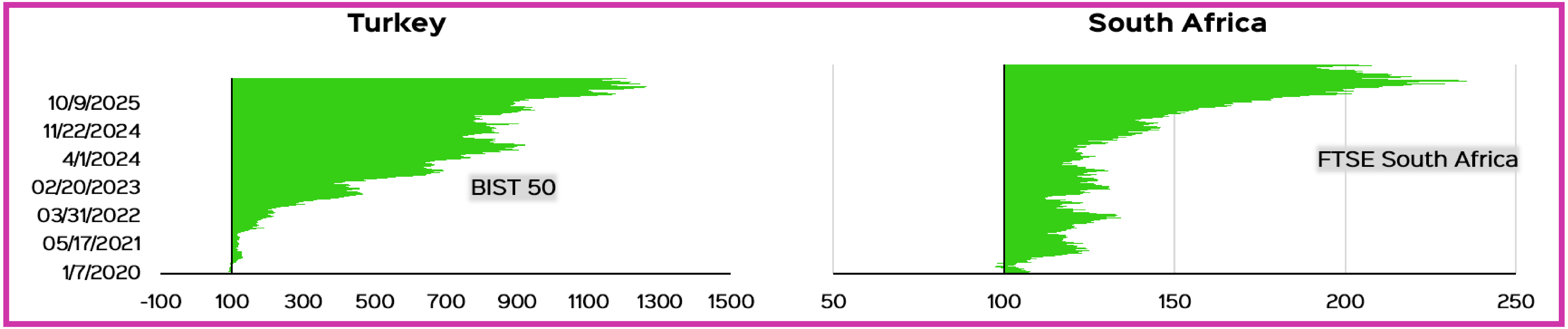
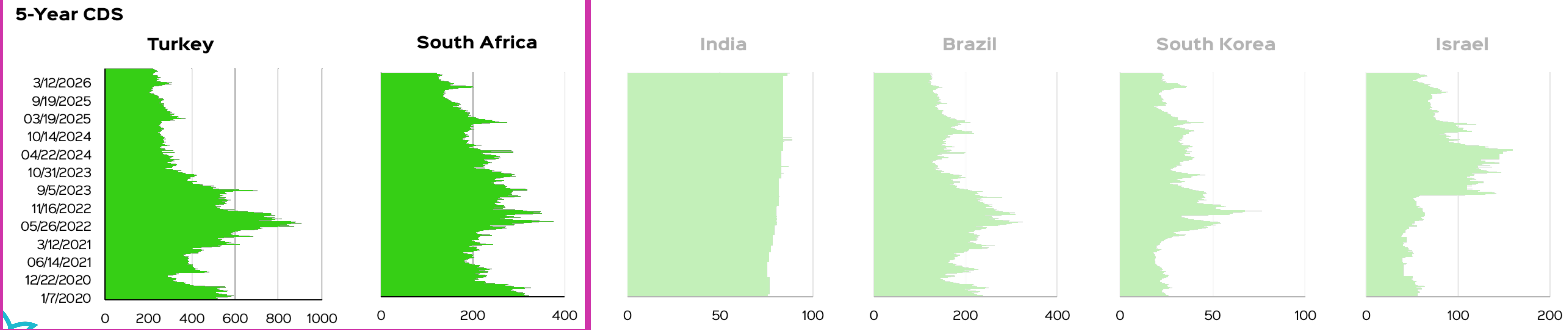


Emerging Markets

Sovereign bond markets across emerging economies remained under pressure over the past month, as elevated borrowing costs and sovereign risk premiums continued to reflect persistent global uncertainty, tight financing conditions, and cautious investor sentiment. Ten-year government bond yields remained elevated across the selected emerging markets, indicating sustained high long-term financing costs and continued caution regarding the outlook for interest rates. Meanwhile, credit default swaps (CDSs) also remained elevated across most markets, highlighting persistent sovereign risk perceptions and continued investor caution toward emerging market debt despite broadly resilient macroeconomic conditions.



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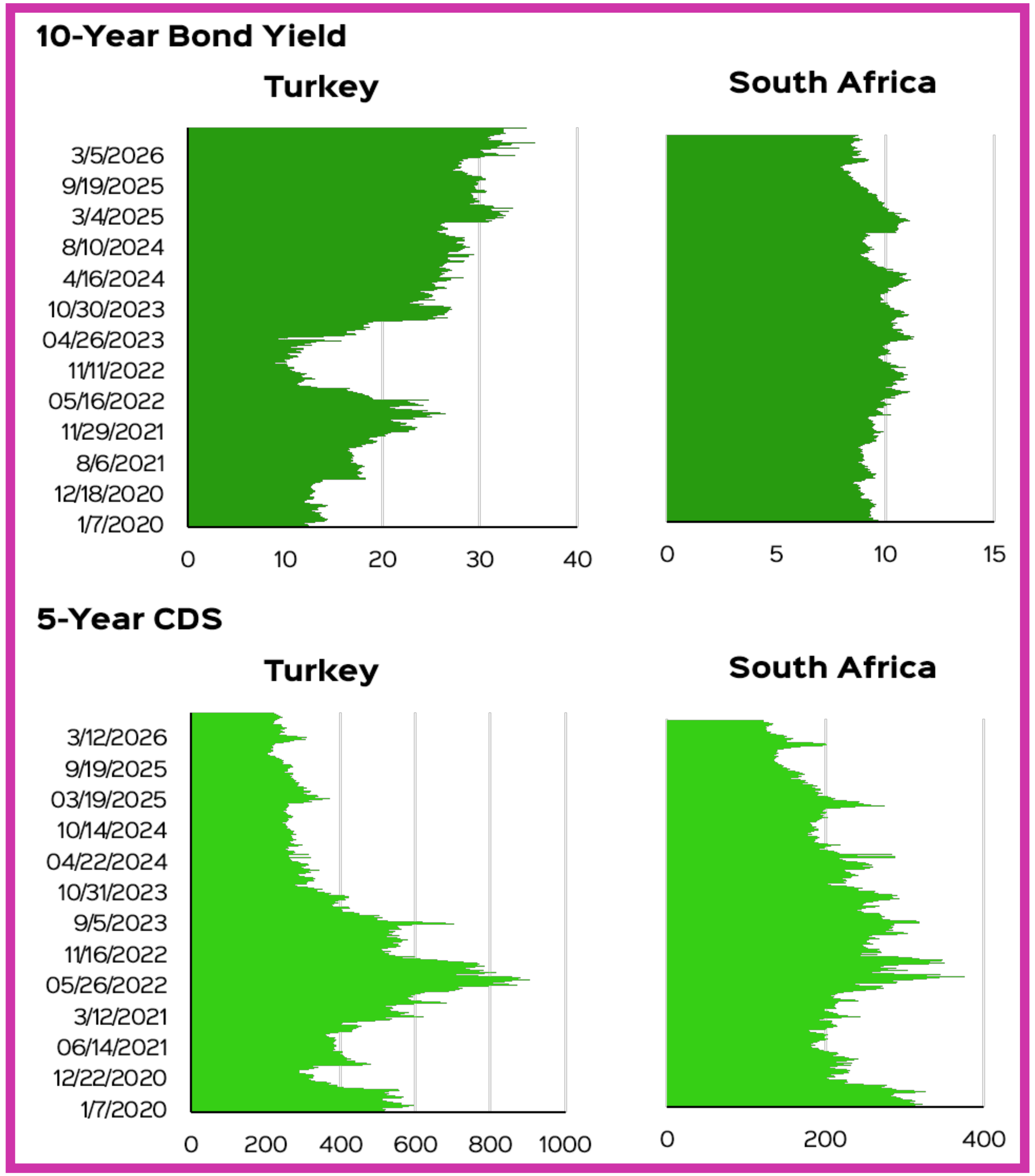
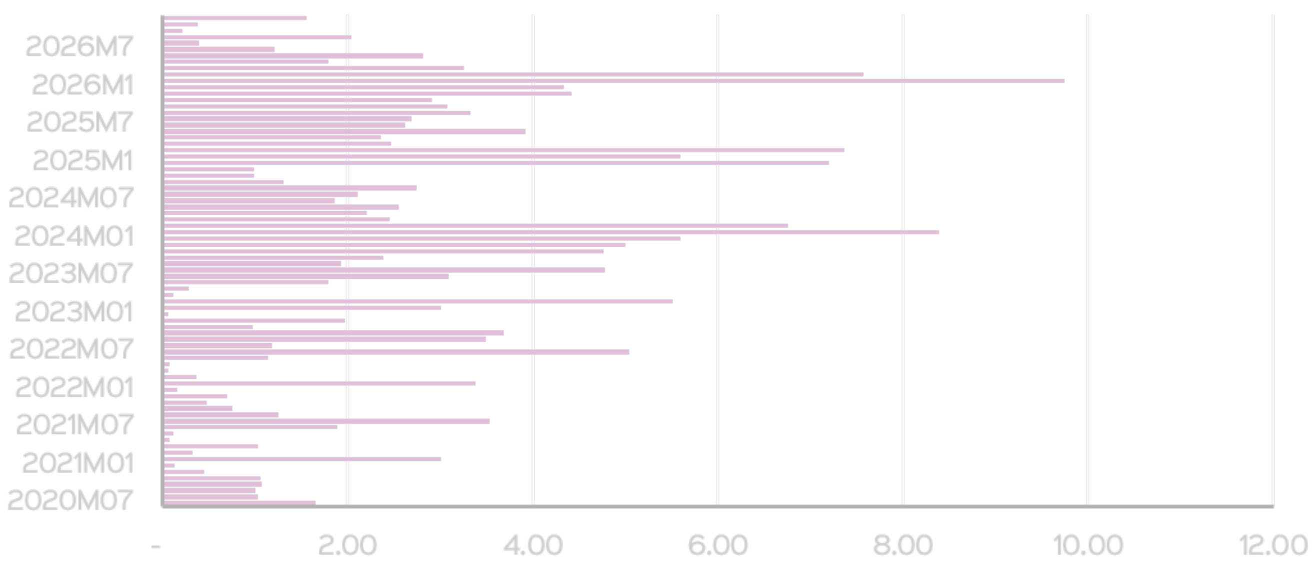


Egypt external financing conditions remained under pressure over the past month amid a turbulent region, as elevated external debt levels and debt service obligations continued to weigh on financing conditions despite lately decline of CDSs. Total external debt and external debt service obligations remained elevated, highlighting persistent financing needs and substantial repayment commitments. At the same time, Egypt's 10-year government bond yield stayed at a high level, reflecting continued elevated borrowing costs and tight financing conditions. Meanwhile, Egypt's 5-year credit default swaps (CDSs) declined slightly, suggesting a modest improvement in perceived sovereign risk and somewhat stronger investor confidence.

Total External Debt (bn $)*

External Debt Service (bn $)*



S&P Global Ratings

B Stable

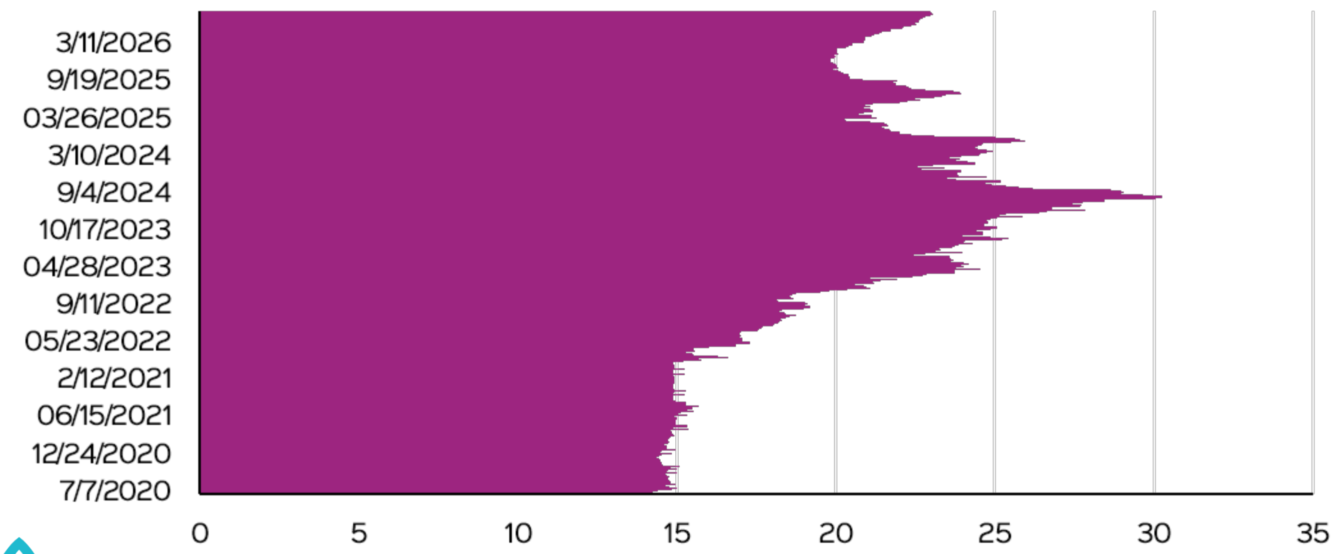
Fitch Ratings

B Stable

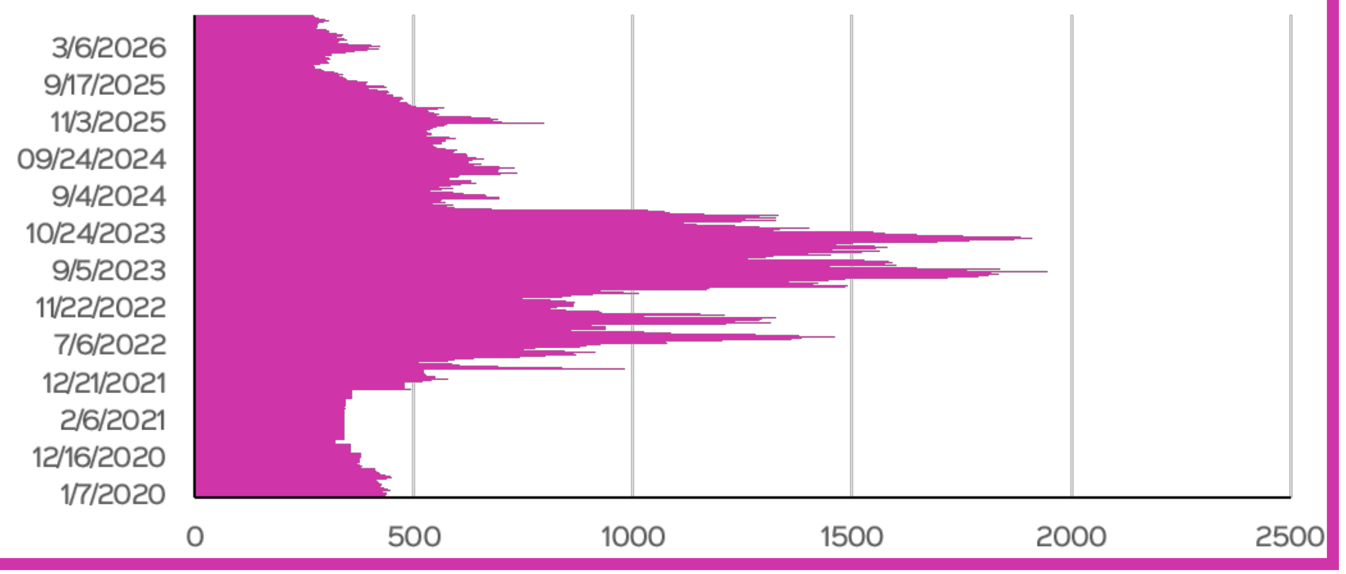
Moody's Investors Service

Caa1 Positive

Egypt 10-Year Bond Yield



5Y CDS, Egypt



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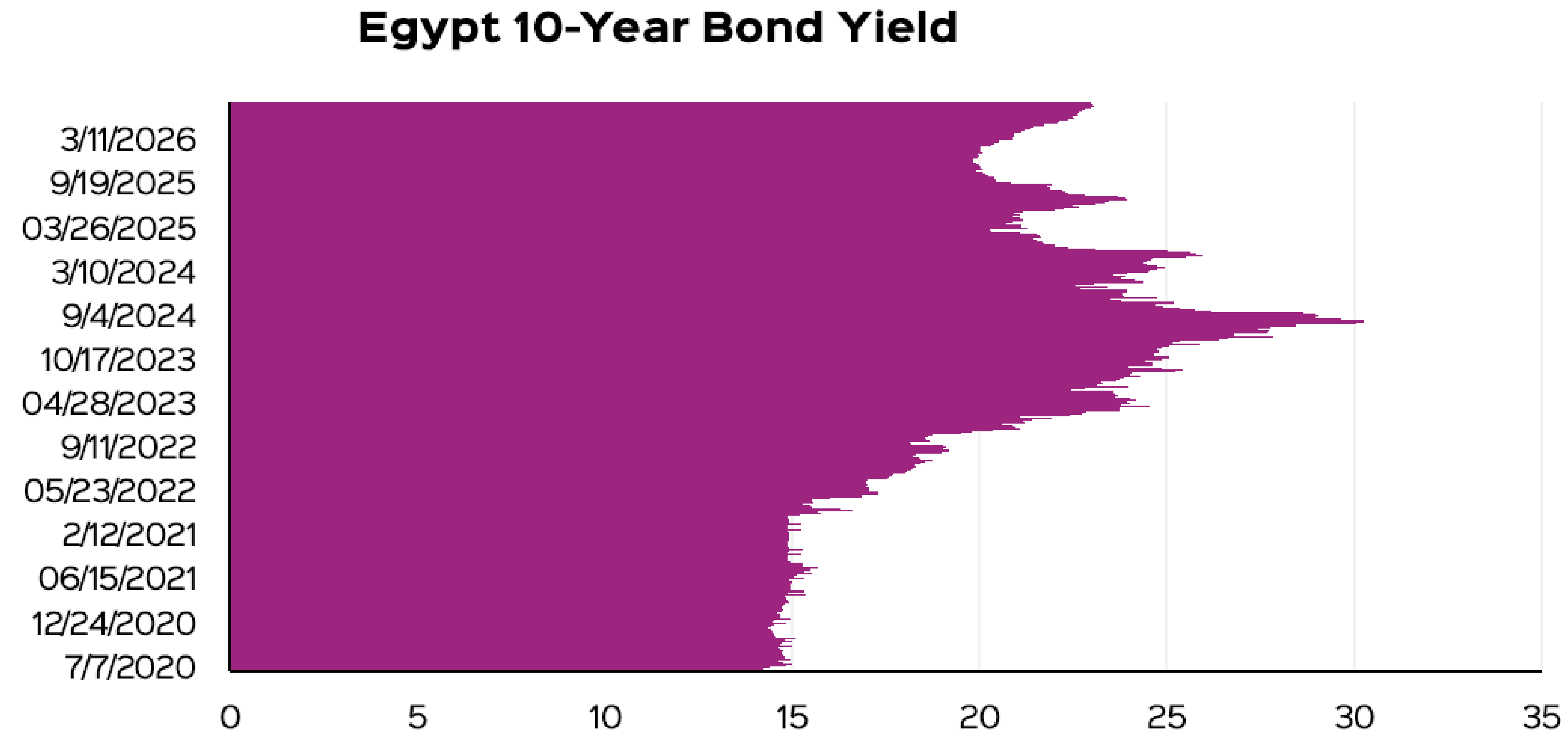
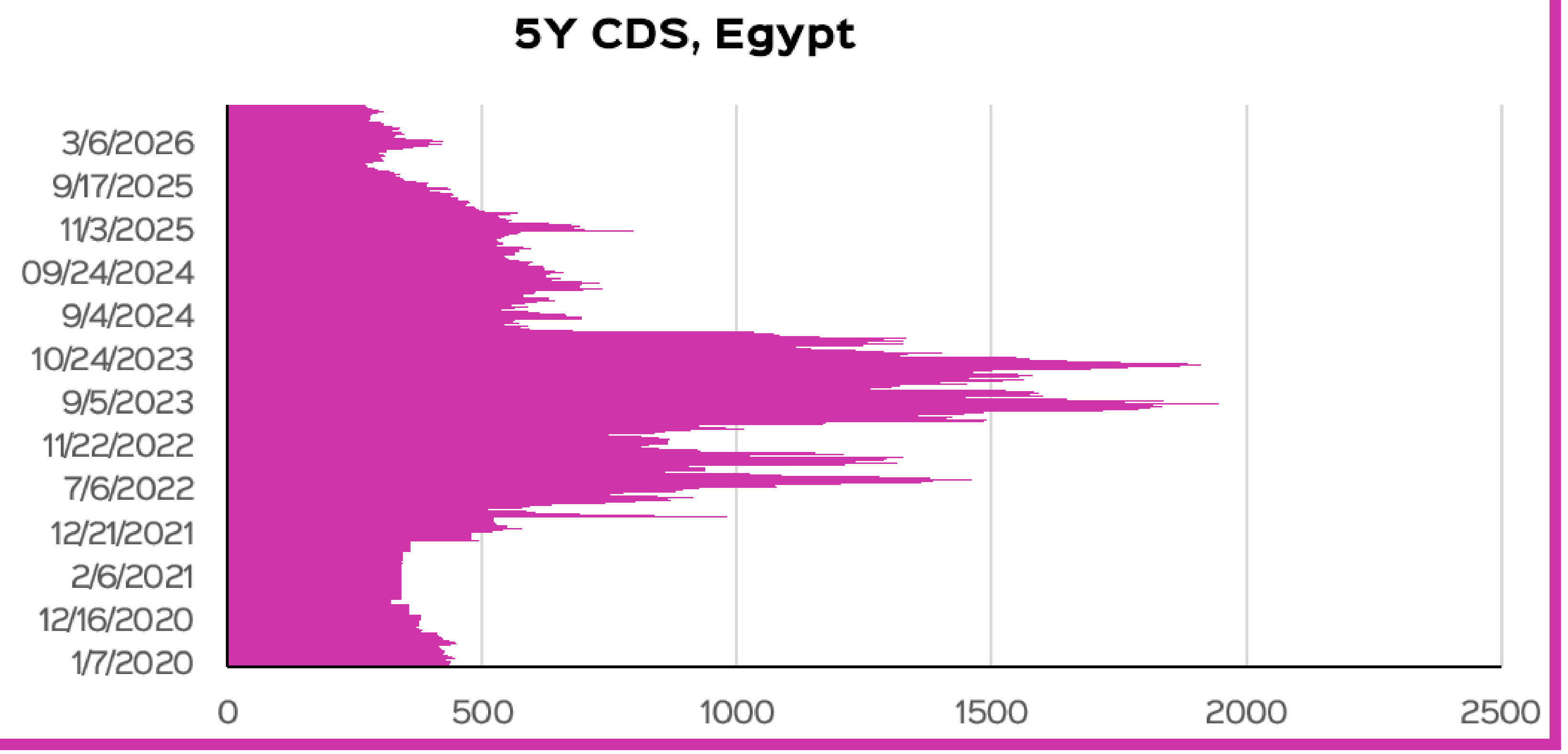
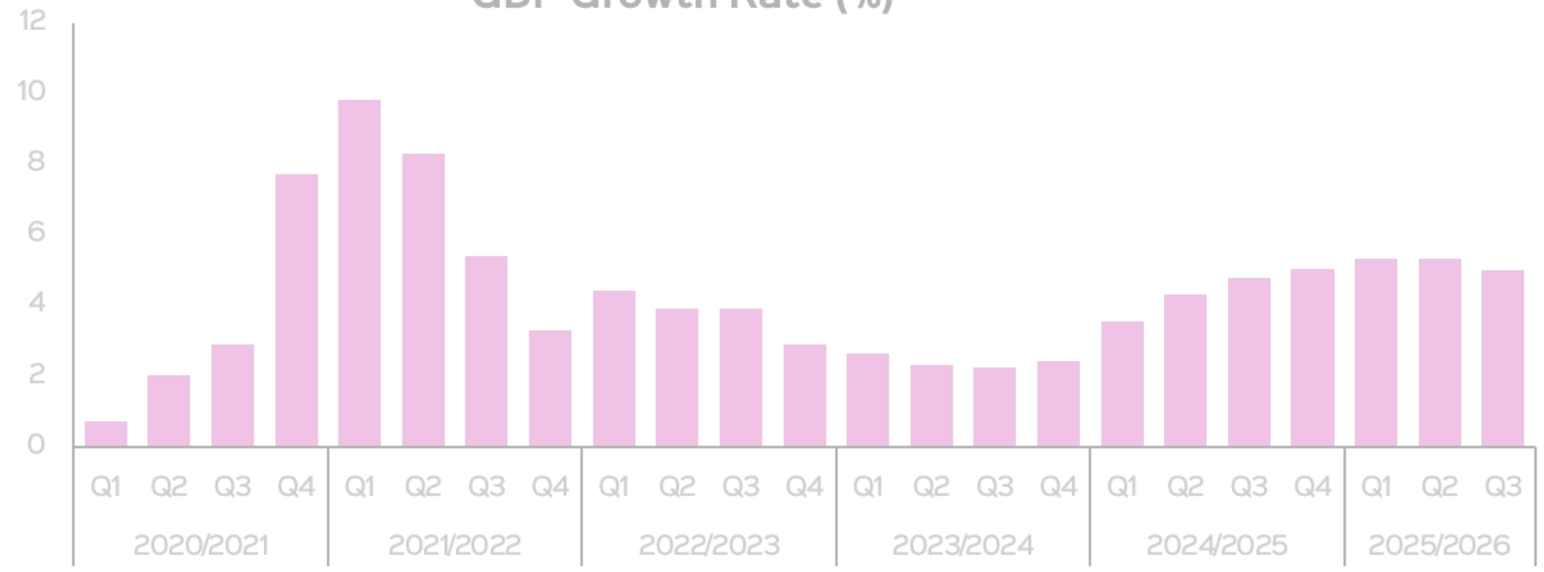


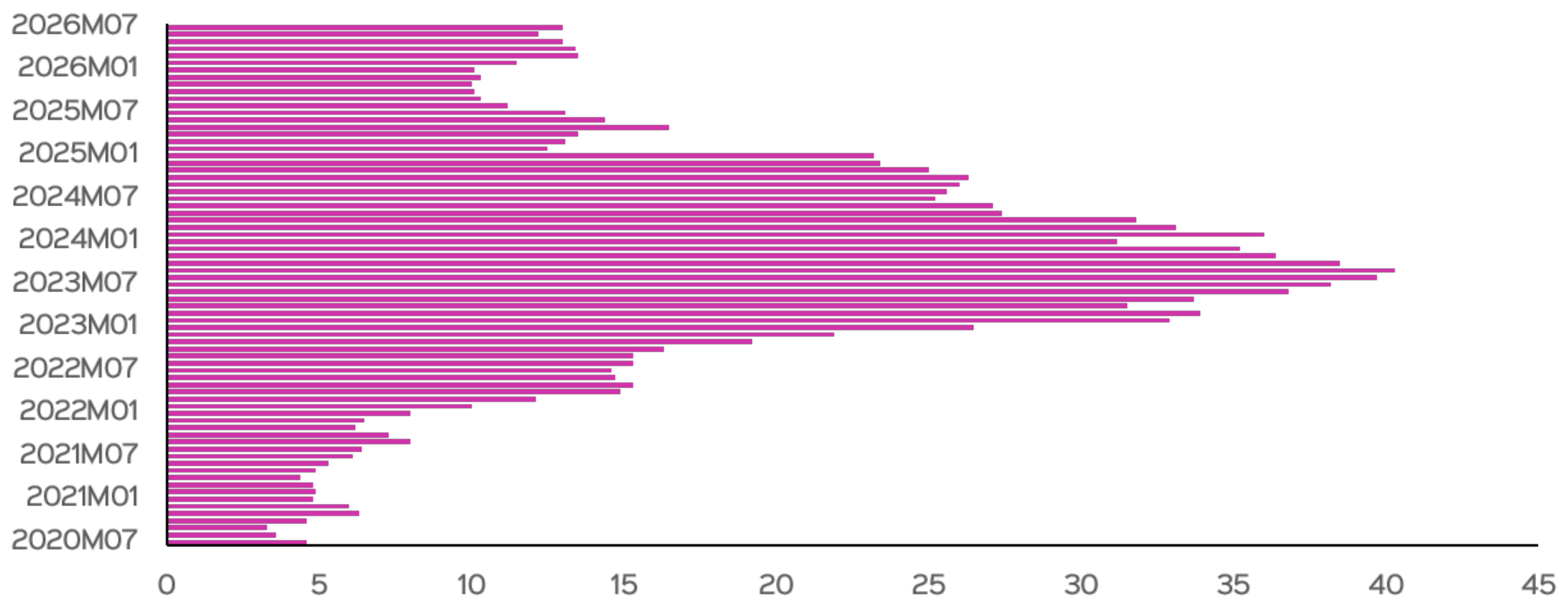


Renewed inflationary pressures and softer domestic liquidity characterized Egypt macroeconomic developments over the past month, while the Central bank maintained a cautious wait-and-see stance to balance inflation risks with economic activity. GDP growth moderated slightly, indicating some easing in the pace of economic activity. Meanwhile, inflation edged higher, reflecting renewed price pressures after a period of gradual moderation. At the same time, the growth rate of money supply slowed modestly, suggesting a slight tightening in domestic liquidity conditions. Nevertheless, the Central bank kept policy rates unchanged, maintaining a cautious monetary stance while monitoring inflation dynamics and external developments.

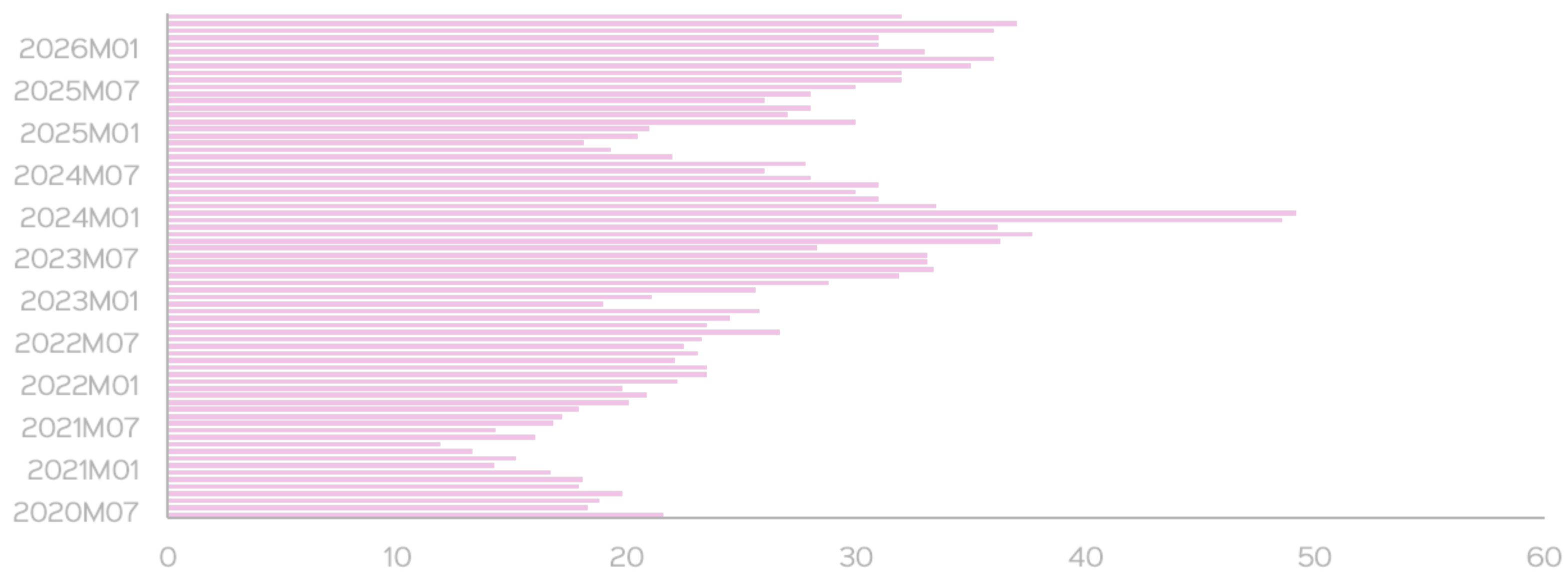
GDP Growth Rate (%)*



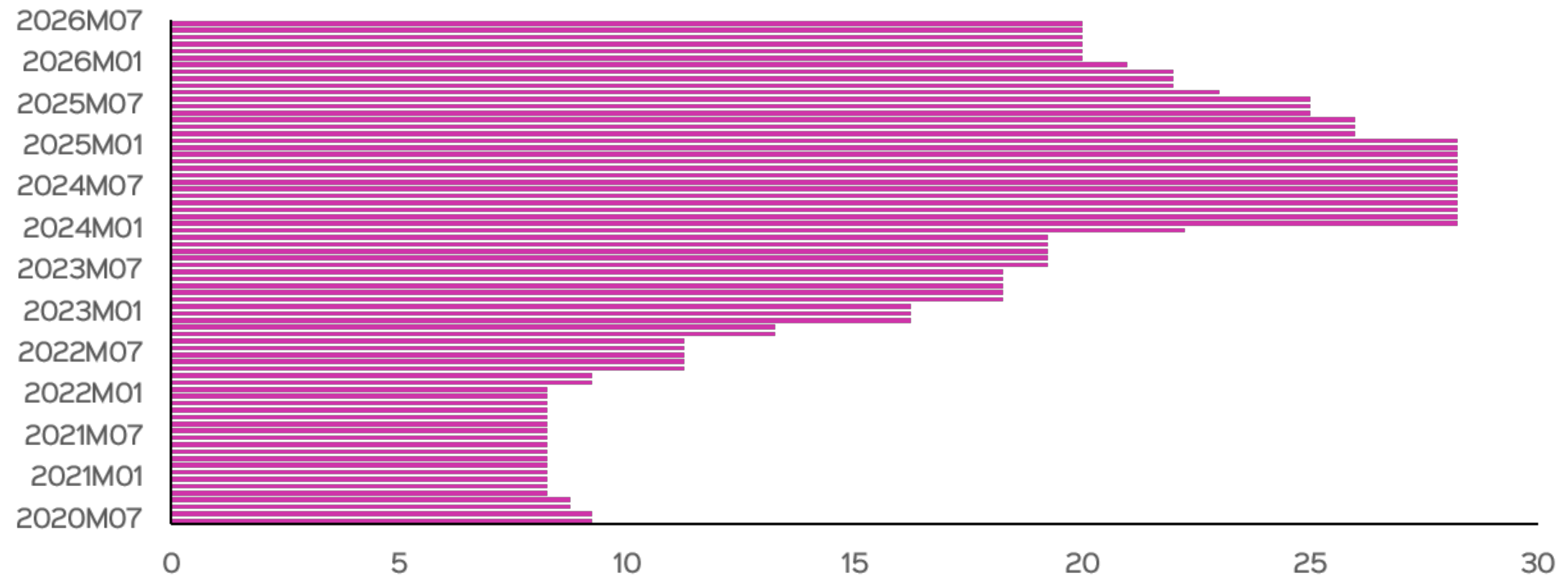
Inflation Rate (%)



Growth Rate of Money Supply (M1)*



Policy Rate (%)



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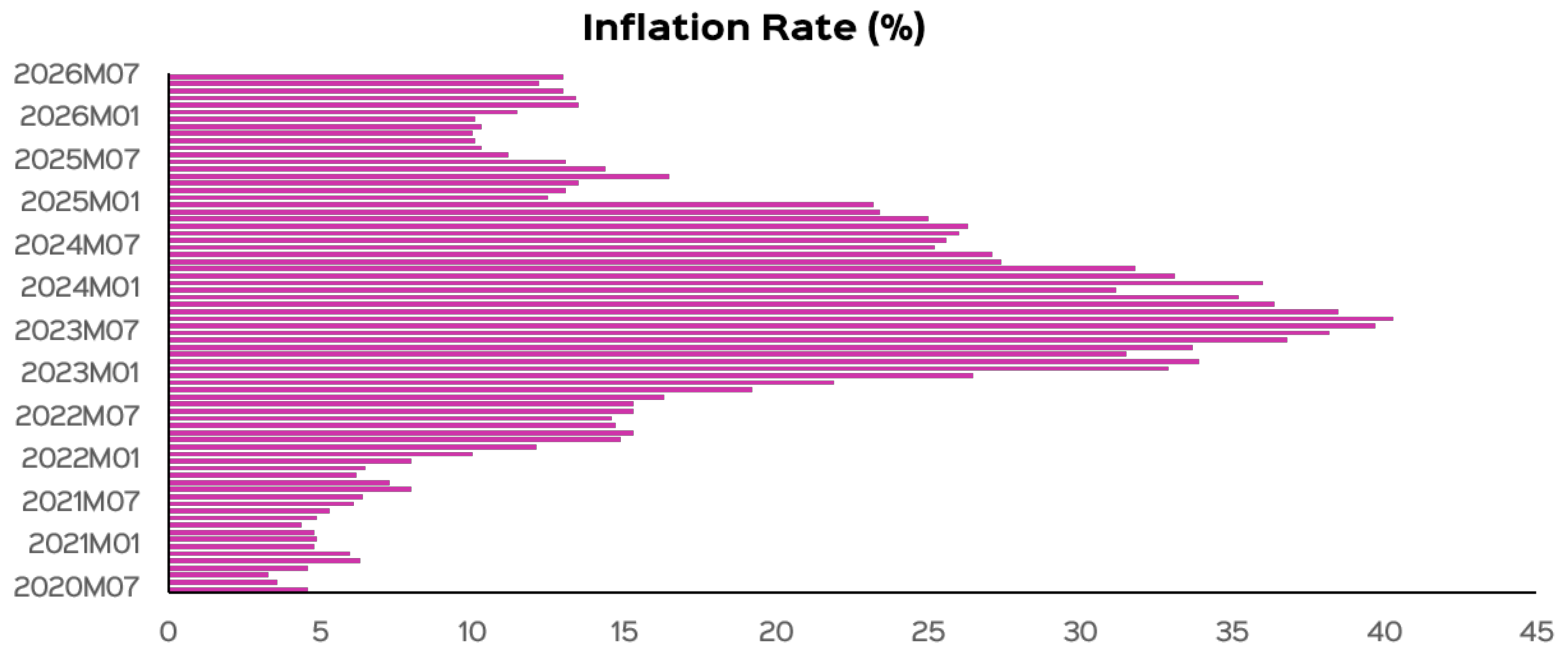
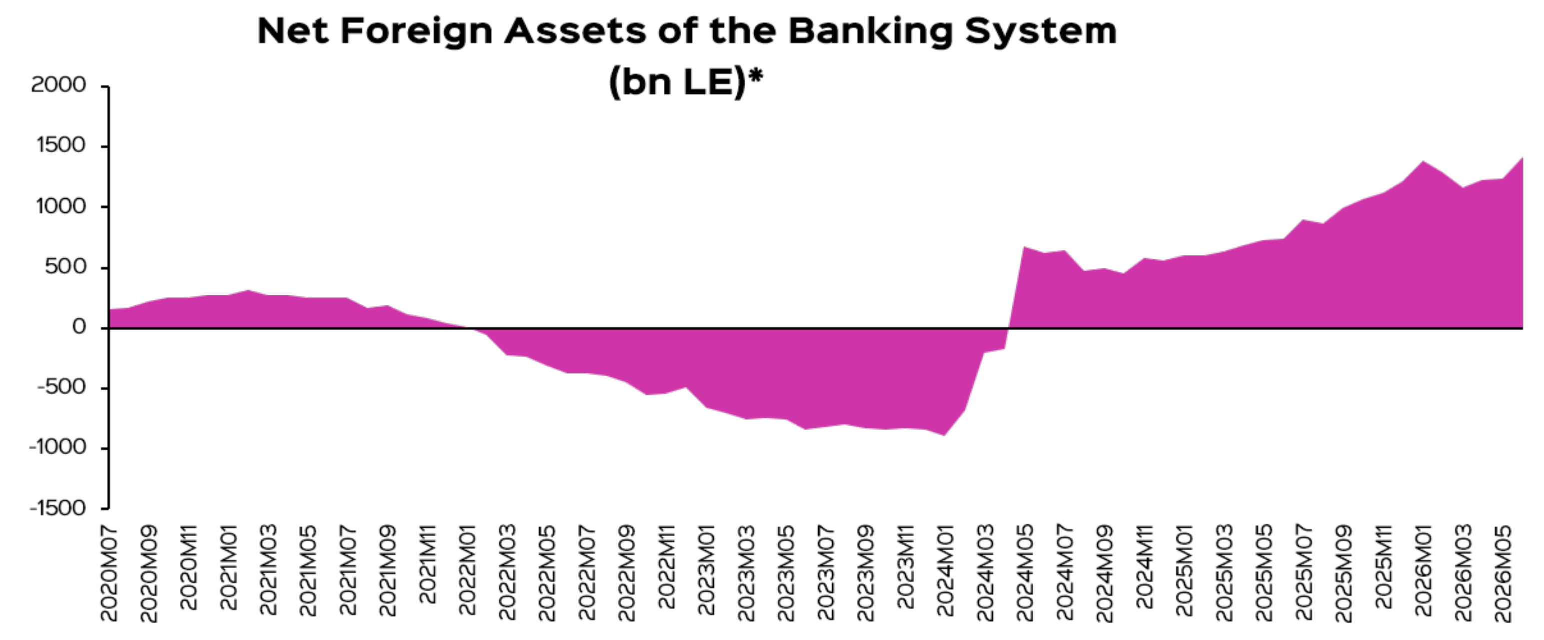
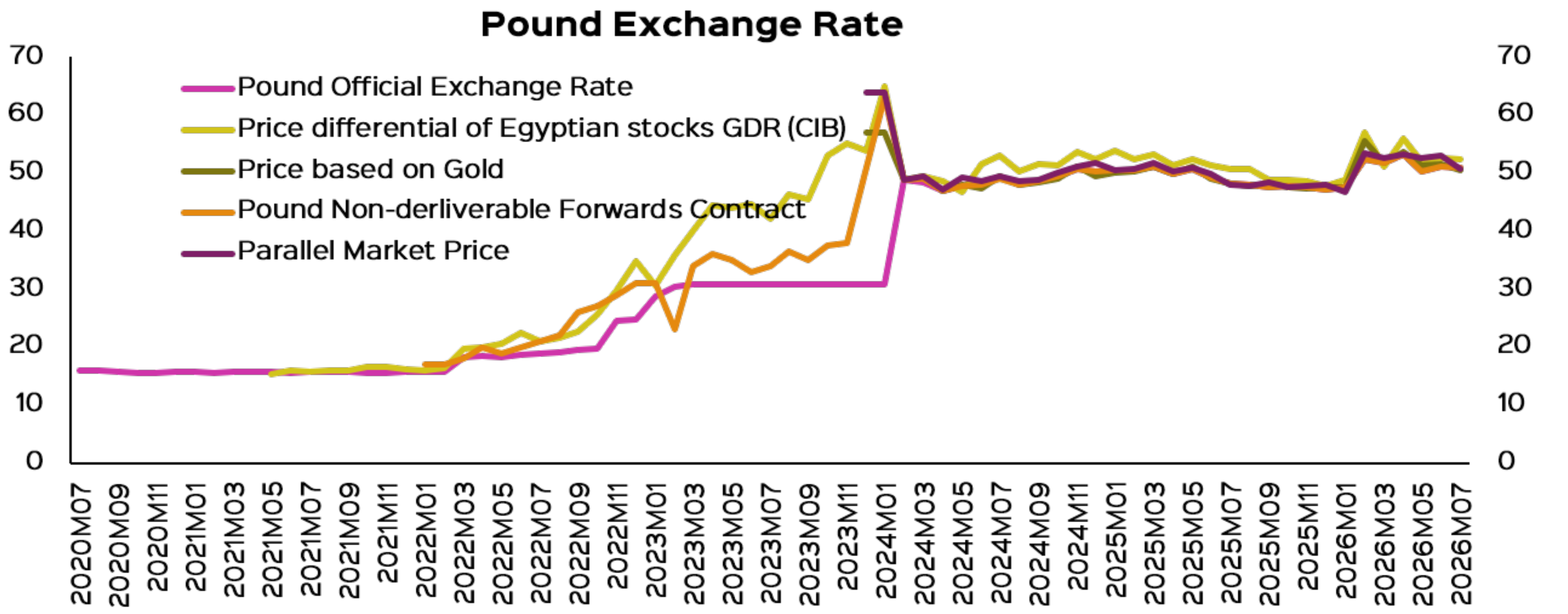
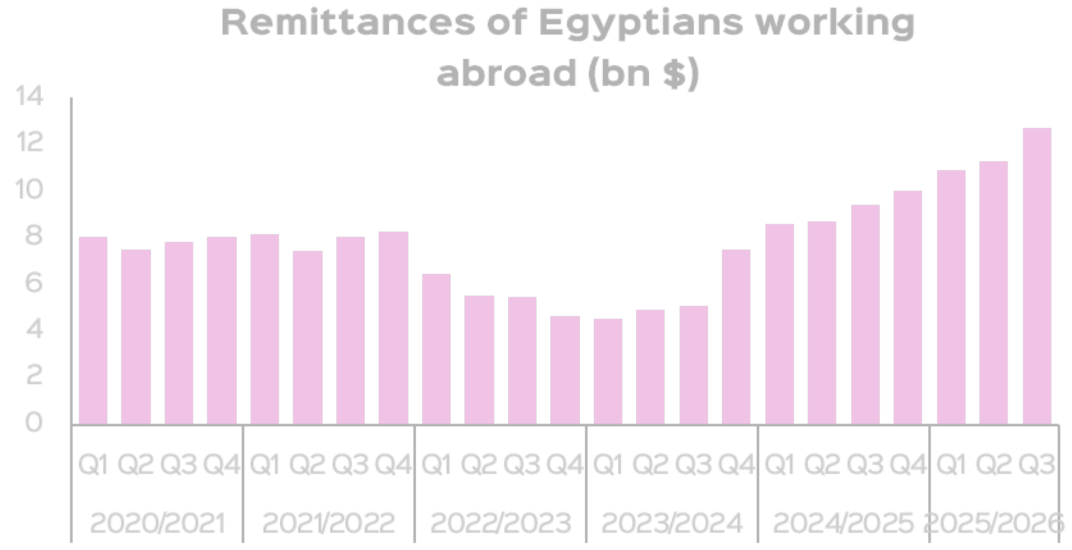
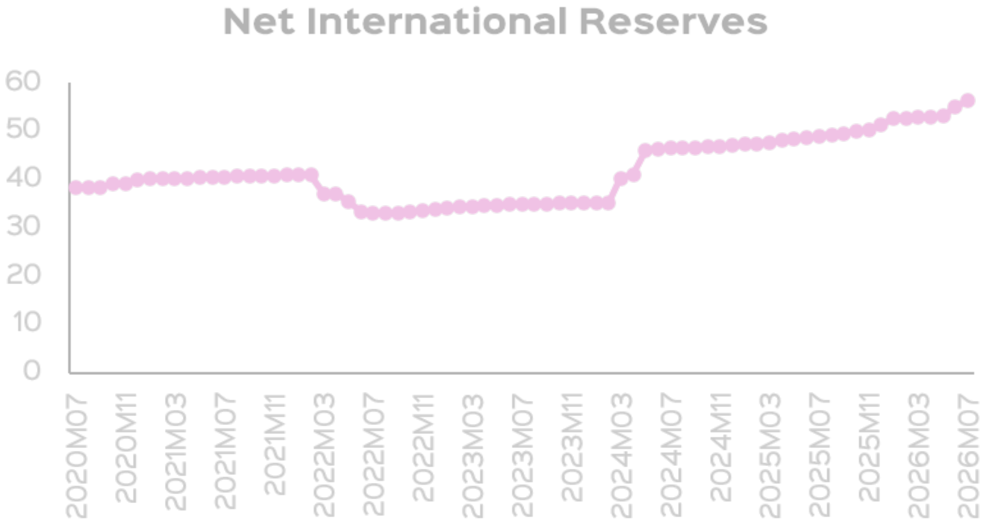


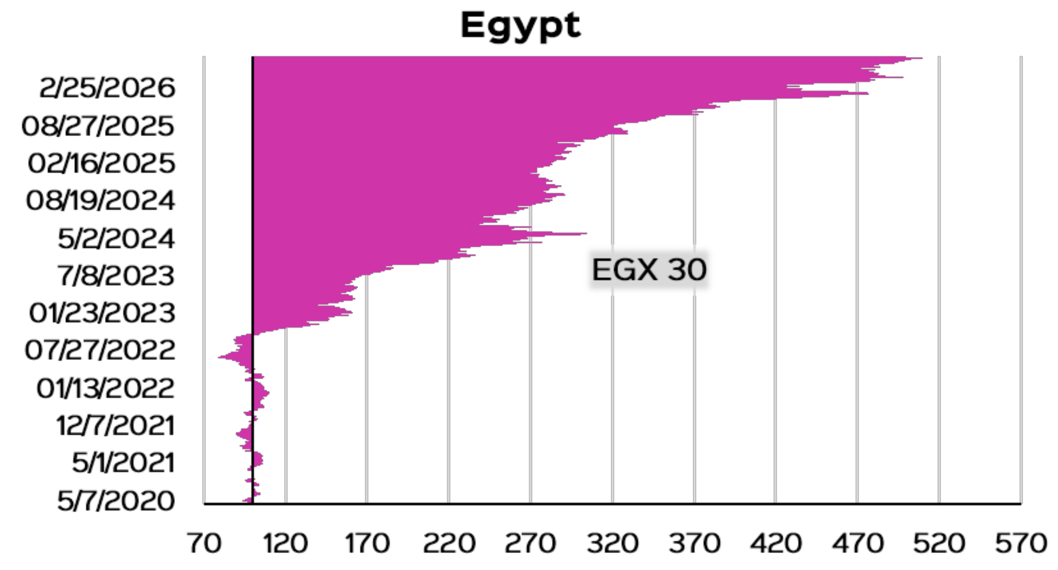
Despite continued external financing pressures, Egypt's external sector indicators continued to show strengthening over the past month, largely driven by an increase in foreign currency liquidity. However, such improvement is temporary by nature, as it is not supported by structural changes in the economy, but rather reflects a precarious improvement in liquidity conditions that remains highly vulnerable to significant regional vulnerabilities and external shocks. Net foreign assets of the banking system and net international reserves continued to increase, reflecting an improvement in foreign currency liquidity that has supported Egypt's external position in the short term. At the same time, the Egyptian Pound maintained a broadly unified and relatively stable exchange rate across the market despite limited fluctuations. However, these developments are temporary by nature, as they are not supported by structural improvements in the economy and remain highly vulnerable to persistent regional uncertainties and the country's elevated external debt obligations.











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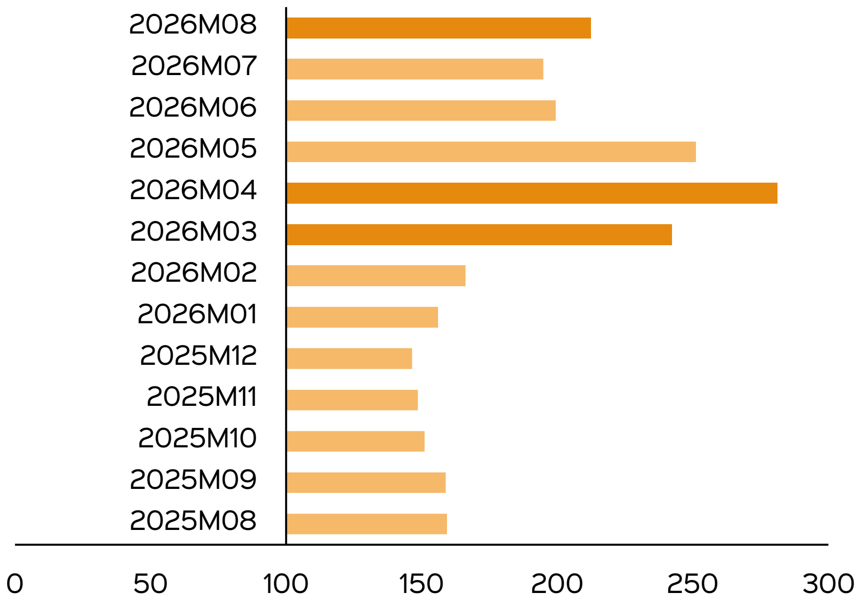
Iran–Gulf Tensions

Market Response

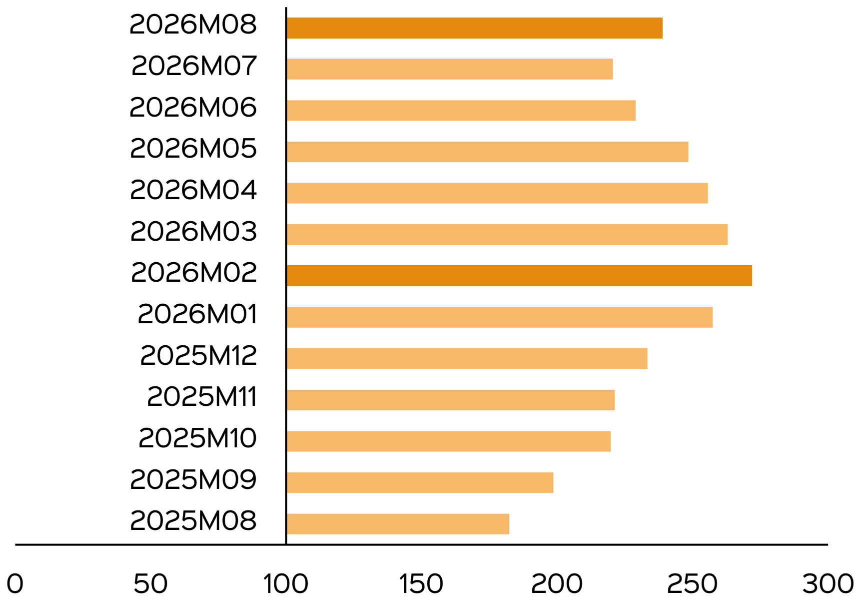
Macroeconomic Impact

Escalating Iran–Gulf tensions have heightened uncertainty across global financial markets, with energy prices, safe-haven assets, and market volatility responding rapidly to geopolitical developments. The Strait of Hormuz remains one of the world's most critical energy corridors, transporting a substantial share of global crude exports. Consequently, any disruption to regional stability can amplify supply concerns, support higher oil prices, increase demand for safe-haven assets such as gold, and elevate market volatility. The fiscal positions of Gulf oil exporters also remain closely linked to prevailing oil prices, underscoring the strategic importance of the region for global energy markets.

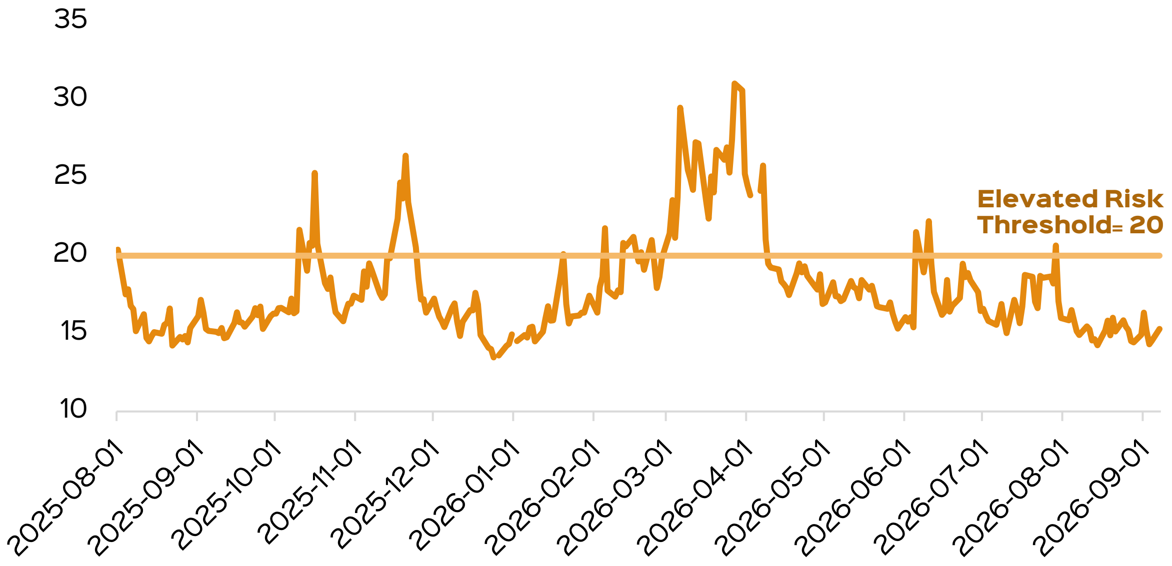
Crude oil, Brent



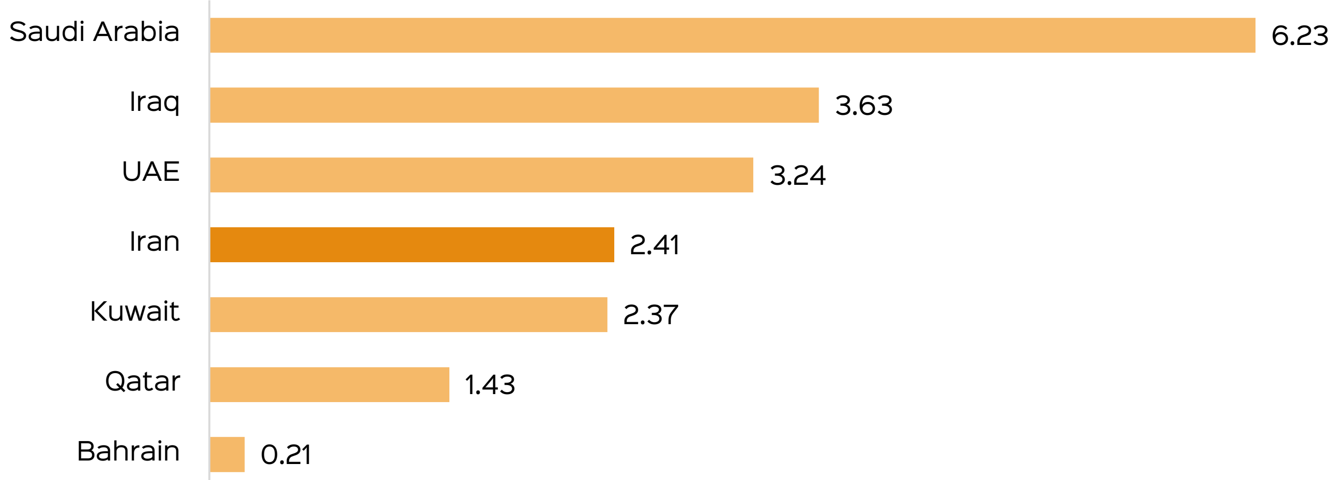
Gold



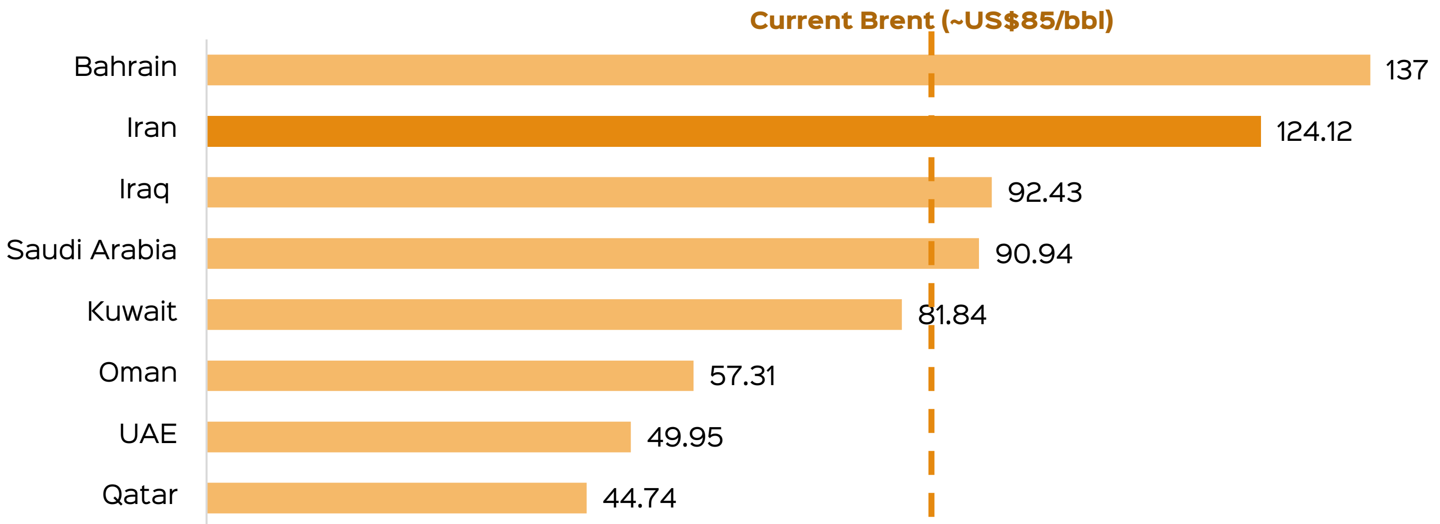
CBOE Volatility Index (VIX)



Oil Exports via the Strait of Hormuz by Country (2025) (mb/d)



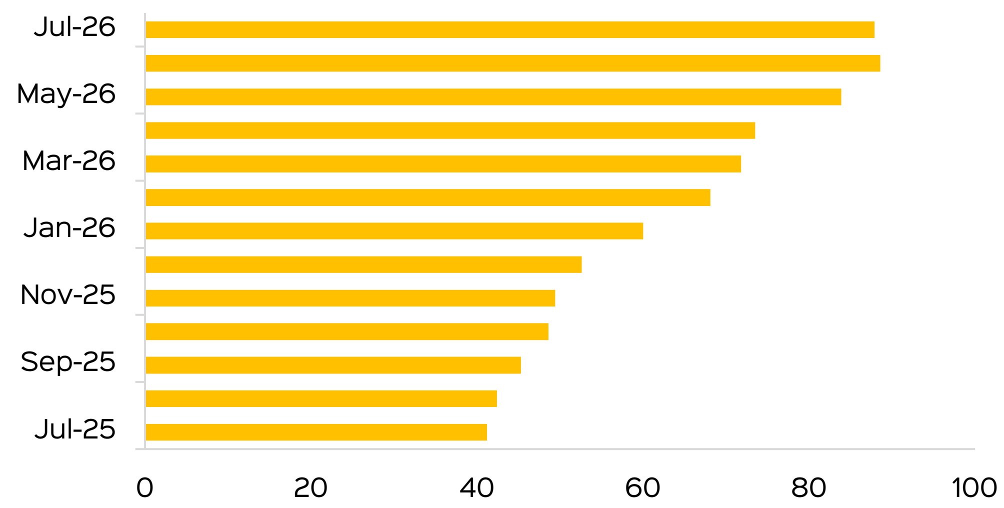
Fiscal Breakeven Oil Prices Across GCC Countries (2025) US$/Barrel



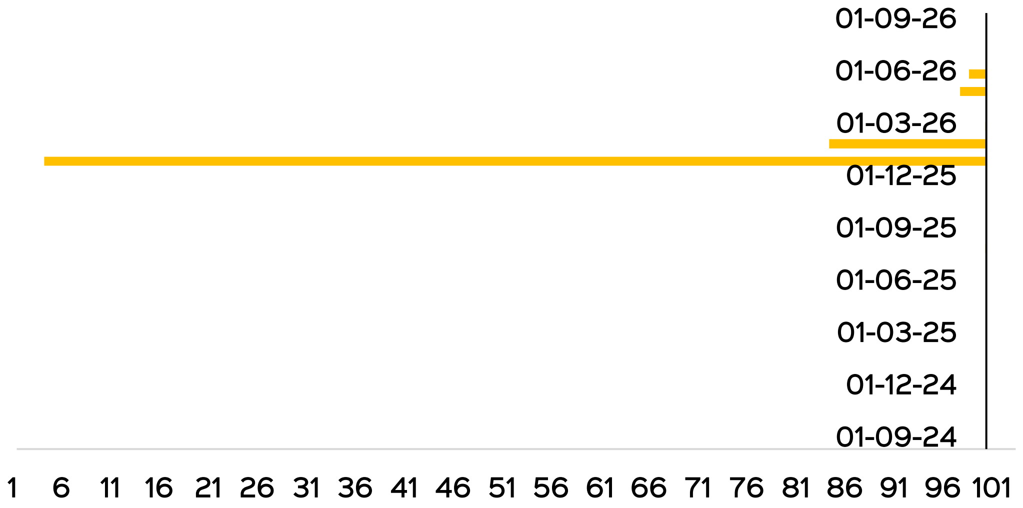
Iran–Gulf Tensions

Persistent geopolitical tensions continue to shape Iran's macroeconomic environment while influencing broader regional financial conditions and investor sentiment across Gulf economies. Elevated inflation and a persistently weak Iranian rial continue to weigh on domestic economic stability despite relatively stable policy rates. Meanwhile, regional equity markets have demonstrated varying degrees of resilience, reflecting differences in economic fundamentals, fiscal capacity, and investor confidence. These indicators collectively highlight the uneven economic transmission of geopolitical shocks across the Middle East.

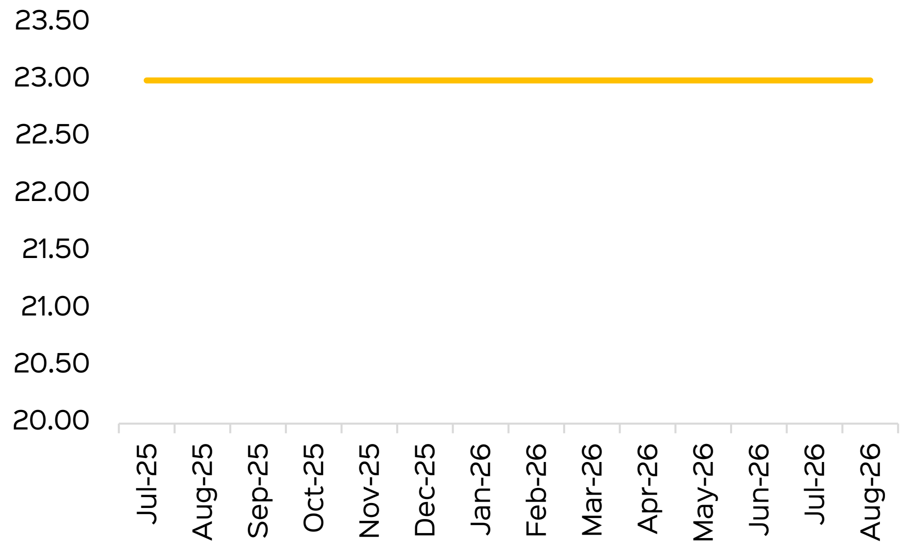
Iran's inflation rate



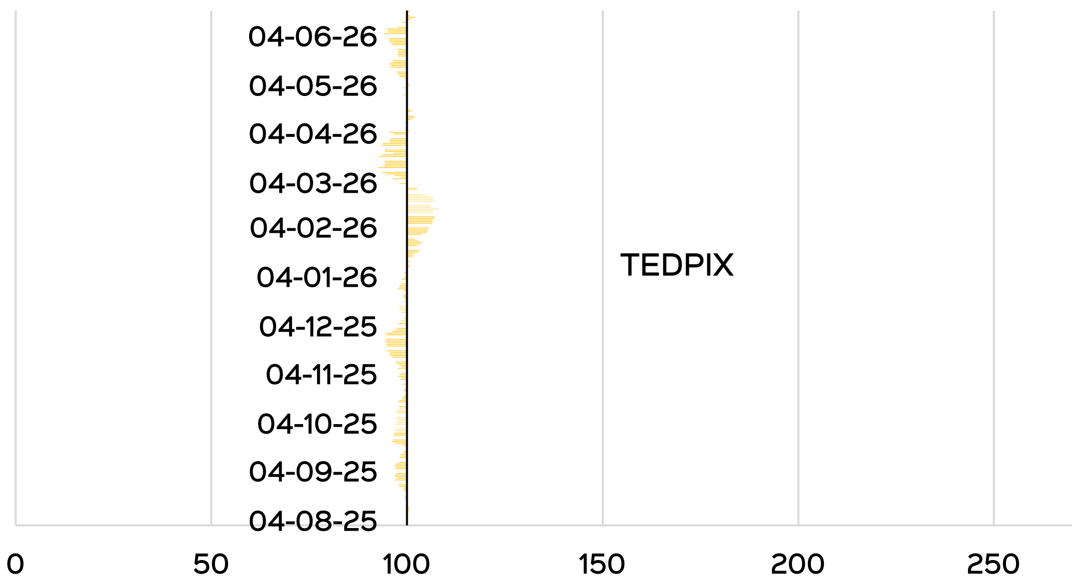
Iranian Rial Exchange Rate



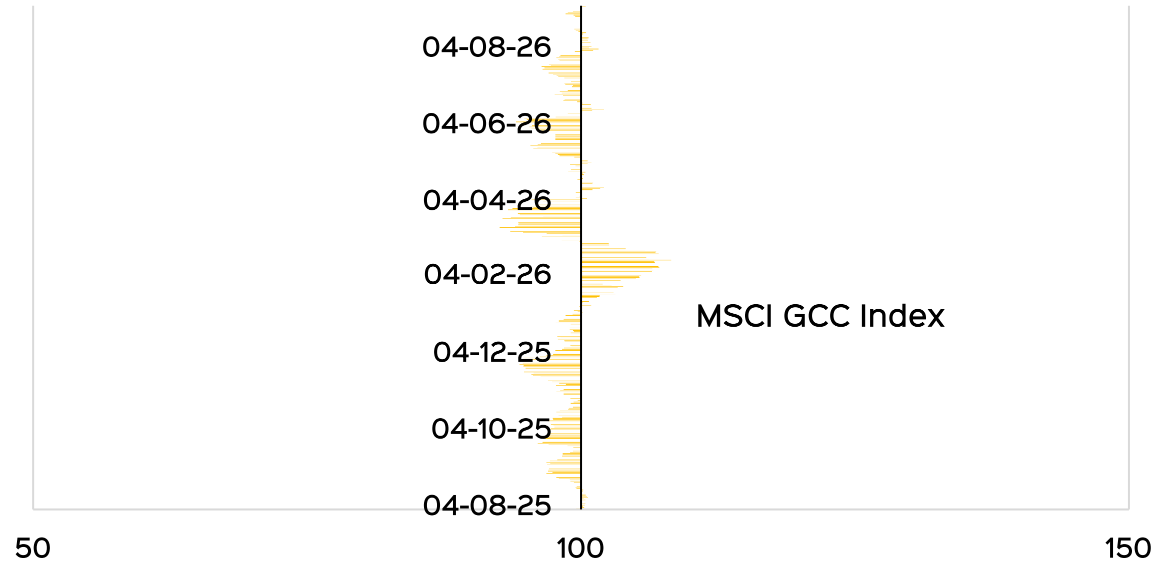
Iran's Policy rate



Iran



GCC countries



Analysis – Key Takeaways

Global Markets

Emerging Markets

Egyptian Local Market

Analysis – Key Takeaways

Global Markets

- Commodity markets showed mixed performance over the past month, as lower energy and industrial commodity prices were offset by increases across several agricultural commodities, reflecting divergent supply-demand dynamics and evolving global market conditions.
- Global inflation trends remained mixed over the past month, while major Central banks continued to adopt a cautious policy stance amid uneven price dynamics. Monetary policy tightening resumed only in the Eurozone, whereas currency markets reflected a modest weakening of the US Dollar.
- Global equity markets maintained broadly positive performance over the past month, supported by resilient investor sentiment and improving expectations for global economic activity, although performance remained uneven across regions.
- Sovereign bond markets remained under upward pressure over the past month as government bond yields stayed elevated across major economies, while sovereign risk perceptions showed mixed movements across markets.

Emerging Markets

Egyptian Local Market

Analysis – Key Takeaways

Global Markets

Emerging Markets

Egyptian Local Market

- Inflationary pressures across emerging markets stabilized or even eased over the past month, as inflation declined in most selected economies, indicating a gradual moderation in price pressures despite continued economic and geopolitical uncertainties.
- Monetary policy across emerging markets remained broadly cautious over the past month, as most Central banks maintained policy rates unchanged while continuing to assess inflation developments and the global economic outlook.
- Emerging markets currencies showed mixed performance against the US Dollar over the past month, with most currencies strengthening as the US Dollar lost some momentum, with the exception of the Turkish Lira and Brazilian Real which continued depreciating.
- Emerging markets equities maintained a broadly positive performance over the past month, supported by resilient investor sentiment, improving domestic fundamentals, and continued risk appetite despite ongoing global uncertainties.
- Sovereign bond markets across emerging economies remained under pressure over the past month, as elevated borrowing costs and sovereign risk premiums continued to reflect persistent global uncertainty, tight financing conditions, and cautious investor sentiment.

Analysis – Key Takeaways

Global Markets

Emerging Markets

Egyptian Local Market

- Egypt external financing conditions remained under pressure over the past month amid a turbulent region, as elevated external debt levels and debt service obligations continued to weigh on financing conditions despite lately decline of CDSs.
- Renewed inflationary pressures and softer domestic liquidity characterized Egypt macroeconomic developments over the past month, while the Central bank maintained a cautious wait-and-see stance to balance inflation risks with economic activity.
- Despite continued external financing pressures, Egypt's external sector indicators continued to show strengthening over the past month, largely driven by an increase in foreign currency liquidity. However, such improvement is temporary by nature, as it is not supported by structural changes in the economy, but rather reflects a precarious improvement in liquidity conditions that remains highly vulnerable to significant regional vulnerabilities and external shocks.

Thank you

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