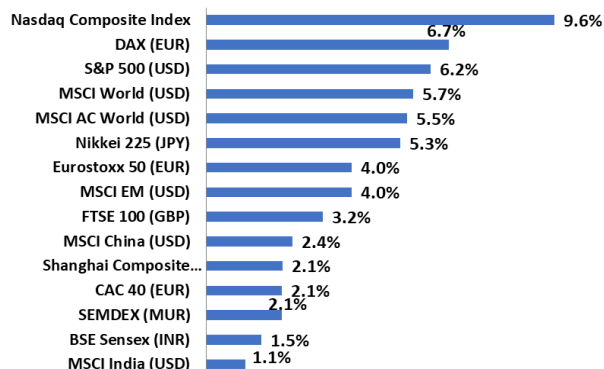


MARKET SUMMARY

Equities: May 25 performance (in Index currency)



- **Tariffs and trade deals :** (i) The US agreed to reduce import taxes on a number of British cars and allow some steel and aluminum into the country tariff-free, but it will leave a 10% duty in place on most goods from the UK. The two countries also agreed to allow imports of up to 13,000 metric tons of beef from the other country without tariffs. (ii) The UK and EU have struck a deal that covers fishing, trade, defence and energy. The agreement paves the way for the UK to participate in the EU's proposed new £150Bn defence fund, opening up opportunities for UK arms firms. (iii) The Free Trade Agreement between UK and India will make it cheaper for UK firms to sell their whiskeys, cars, auto parts, cosmetics, biscuits, clothes and electrical machinery in India. Indian exporters to the UK will benefit from lower levies on 99% of products and services.

Foreign

- **US :** Moody's lowered the US rating from 'AAA' to 'Aa1' on concerns over the government's ability to pay back its debt. The House passed its "one big beautiful bill," which includes provisions that would eliminate taxes on tips and overtime, give new cuts to seniors and make interest on certain auto loans deductible. GDP contracted at an annualized rate of 0.2% in Q1 2025, the first quarterly GDP contraction in three years. CPI rose by 0.2% in April, bringing the annual increase down to 2.3% from 2.4%, whilst the unemployment rate held steady at 4.2%.
- **Europe :** Inflation remained steady at 2.2% in April 2025 whilst GDP expanded by 0.4% in Q1 2025 over the previous quarter. It grew by 1.2% y-on-y in Q1 2025.
- **UK :** Inflation rose to 3.5% in April, the highest level since

January 2024. The BoE cut interest rates to 4.25% from 4.5%, the fourth cut within the past year.

- **Japan :** The Unemployment rate remained at 2.5% in April 2025. Q1 2025 GDP contracted by 0.2% q-on-q, driven by lower exports. GDP expanded by 1.7% y-on-y, the largest since Q1 2023. The BoJ kept its policy rate unchanged at 0.5%.
- **China :** The PBoC cut key lending rates, marking the first reduction since October 2024. The move follows monetary easing measures to bolster a sluggish economy and lessen potential fallout from ongoing trade tensions with the U.S. Consumer prices dropped by 0.1% y-on-y in April 2025, the third consecutive month of consumer deflation, weighed by weak domestic demand.

- **Bitcoin :** Its price rose to its highest level on record during the month as risk sentiment continued to improve after last month's tariff-induced sell-off.

Local

- **Historic Deal :** Mauritius and the UK signed the Chagos Archipelago Agreement, with the UK formally recognising Mauritius' sovereignty over the entire archipelago, including Diego Garcia. The UK will provide annual payments, multi-year funding for development projects over 25 years and establish a fund for Chagossians.
- The MPC of BoM unanimously decided to keep the Key Rate unchanged at 4.50% p.a.
- Y-o-y inflation was 4.2% in March 2025 (LY: 2.9%).
- The number of tourist arrivals decreased by 5.8% from 346,562 in Q1 2024 to 326,389 in Q1 2025. Compared to Q1 2024, the average length of stay decreased from 11.9 to 11.7 nights.

Local Corporate News:

- **ENLG-Rogers :** At the Special Meetings, the shareholders of ENLG and Rogers have approved the Scheme of Arrangement w.r.t restructuring and re-organisation. The Scheme is now subject to the sanction of the Supreme Court following a petition presented to the latter.
- **Medine :** The CEO resigned to pursue other professional endeavours.
- **COVIFRA :** The Shareholder meeting, in relation to the proposed change from a public to a private company and the share purchase offer through a scheme of arrangement, is set for 17 June 2025.

10th June 2025

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Source: FED, ECB, BOE, BoM, Bloomberg, SEMDEX, Statistics Mauritius, MSCI.

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