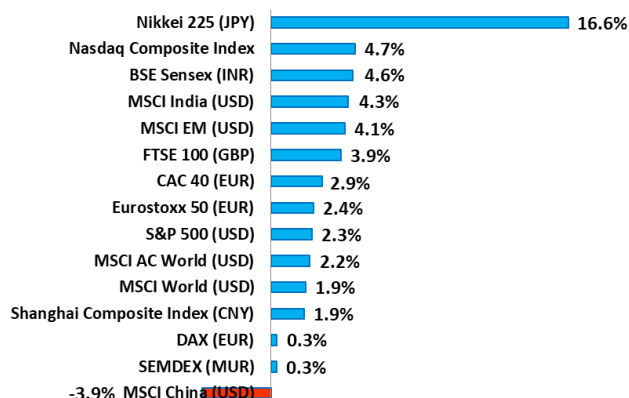


## MARKET SUMMARY

### Equities: Oct 25 performance (in Index currency)



### Tariff Updates:

- **US-China:** At the beginning of the month, tensions escalated as the US threatened to impose 100% tariffs on Chinese goods as from November 1 and introduce export controls on critical software. China retaliated by sanctioning US firms and halting soybean imports. It also announced plans to tighten rules for rare earth exports and to charge new port fees to ships with ties to the US. A de-escalation was reached in late October, allowing the shipment of rare earth magnets to the US and a resumption of Chinese purchases of US agriculture goods. The truce is set to last for one year.
- **US-Australia:** President Trump and Australian Prime Minister Albanese signed a USD 8.5Bn critical-minerals deal, aiming to secure access to Australia's rich rare-earth resources as China tightened export rules.
- **US-Asia Pacific:** The US signed Technology Prosperity Deals with Japan and South Korea to enhance collaboration in AI, semiconductors, quantum computing, biotech, space, 6G and other technologies.

### Foreign

#### Interest Rates:

Country	Interest Rate	Interest Rate Decision
US	3.75% - 4.00%	Cut by 25 bps
Japan	0.50%	Unchanged
India	5.50%	Unchanged
China	3.00%	Unchanged
Europe	2.15%	Unchanged

### Global Growth:

- According to the latest World Economic Outlook report, the IMF projects global economic growth to slow to 3.2% in 2025 and 3.1% in 2026, down from 3.3% in 2024, as the world economy adjusts to an environment of rising protectionism and fragmentation.

Country	2025 Growth	2026 Growth
US	2.0%	2.1%
Japan	1.1%	0.6%
UK	1.3%	1.3%
China	4.8%	4.2%
Europe	1.2%	1.1%
Global	3.2%	3.1%

- The average US tariff rate has fallen from 23% in April to 17.5% currently, while the US effective tariff rate of around 10% remains far above the rest of the world.
- The US dollar's share in global forex reserves decreased to 56.3% at the end of Q2 (adjusted for currency fluctuations) while the euro's share stood at 21.1%. The Chinese yuan and the Australian dollar both increased in share, each accounting for just over 2.0% of the total.

### US:

- The US federal government entered a shutdown on October 1 leading to delays and/or failure in the release of macro-economic data.
- The US government's gross national debt surpassed \$38Trn, setting a new record and highlighting the accelerating accumulation of debt on America's balance sheet.
- Strong corporate earnings and optimism about easing monetary policy drove equities higher over the month, particularly in the technology and AI sectors.

### Europe:

- Inflation: Preliminary estimates show that Euro Area consumer price inflation fell to 2.1% in October 2025 (from 2.2% in September).
- France: S&P Global Ratings downgraded France to A+ from AA-, citing "elevated" budget uncertainty despite the submission of a 2025 draft budget. The downgrade means France has lost its double-A rating at two of the three major credit assessors. Moody's maintained France's long-term foreign-currency sovereign credit rating at Aa3, but revised its outlook to negative from stable, citing increased risks from political fragmentation that could hinder efforts to reduce the fiscal deficit.

For more information about our services, please contact:

#### André Chung Shui

Managing Director  
+230 52512216  
ac@peaqadvisors.com

#### Ishrat Cheeroo

Senior Investment Manager  
+230 55012900  
ic@peaqadvisors.com

#### Keshav Maghoo

Investment Analyst  
+230 4687900  
km@peaqadvisors.com

#### Nashini Ramye

Portfolio Analyst  
+230 4687900  
nr@peaqadvisors.com



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

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**Japan:**

- Fiscal dove Sanae Takaichi was elected to lead the ruling party and become the next PM.
- The unemployment rate in September held at 2.6%, the highest level since July 2024.

**China:**

- Consumer prices dropped 0.3% y-o-y in September 2025.
- The economy expanded by 4.8% y-o-y in Q3 2025, easing from 5.2% in Q2 and marking the slowest pace since Q3 2024.
- FDI fell by 10.4% y-on-y in the first nine months of 2025, amid global economic uncertainty

**India:**

- Consumer price inflation eased to 1.54% in September, marking the lowest rate since June 2017 and below the RBI's India's 2% lower tolerance limit under its inflation-targeting framework
- Unemployment rate rose slightly to 5.2% in September 2025 from 5.1% in August.

**Gold:**

- Prices continued their ascent (+3.4% over the month) as the US shutdown added momentum to the rally in gold prices.

**Oil:**

- OPEC+ agreed to a modest oil output increase, maintaining their cautious approach to avoid a price slump while securing more revenue. Eight OPEC+ members, led by Saudi Arabia, will raise production by 137,000 barrels per day in November, matching October's increase.

**Local**

- Y-o-y inflation was 4.1% in October 2025 (LY: 3.4%).
- The number of tourist arrivals figure increased to 137,809 in October 2025 (LY: 133,065, +3.6%). For the period January-October, the figure increased to 1,145,907 (LY: 1,104,865, +3.7%).
- Gross Tourism Earnings for the month of September stood at Rs 8.0Bn (LY: Rs 6.9Bn, +16.9%).
- The import cover stood at 13.0 months as at October 2025 (LY: 11.7 months).
- The BoM intervened thrice on the domestic foreign exchange market during the month and sold an amount of USD 15.0M each time at the rate of Rs 45.26/USD on 02 October 2025 and at the rate of Rs 45.20/USD on 09 October 2025 and 16 October 2025.

**Local Corporate News:**

- IBL : The company disposed of 22.40% of its equity stake in AfrAsia Bank Limited to Access Holdings (Mauritius) Ltd, a wholly owned subsidiary of Access Bank UK Limited, for a cash consideration of c. \$117M. IBL retains a 7.89% equity stake in AfrAsia Bank.
- ER-NMH : NMH will be consolidated as a subsidiary in ER's financial statements as from 01 July 2025.

**Local Financials**

- Lux : Q1 2026 revenue rose by 7% to Rs 2.34Bn. EBITDA rose by 22% to Rs 440M (18% Margin) and Operating Profit rose to Rs 226M (9.7% margin). The group repaid Rs750M of MIC Convertible Bonds in July 2025. Bookings for the next quarter are positive, and the group expects to report a better first semester than last year's.
  - Mauritius: Tourism rose by 7% over the quarter and LUX's hotels in the country posted an occupancy of 90% alongside an improvement in ADR and RevPAR by 8% and 12% respectively. EBIT was up by 35% to Rs 230M for the quarter.
  - Maldives: Tourist arrivals rose by 11% but the country faces the challenge of even higher room supply growth, putting downward pressure on LUX's ADR and occupancy. Nevertheless, LUX reported an increase in RevPAR by 6% over the quarter. LBIT contracted from a loss of Rs 15M loss to a loss of Rs1.4M.
  - Reunion: RevPar fell by 2% leading to a 0.86% fall in Revenue. The segment posted a decline in EBIT from Rs 3.6M profit to a Rs 3.3M loss.

13<sup>th</sup> November 2025