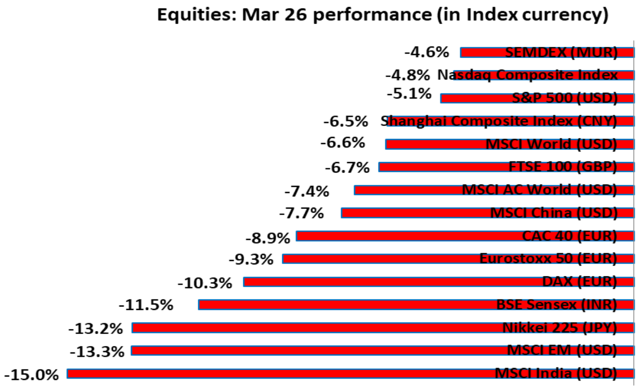
PeaQ News

Vol. 6 No. 5

MARKET SUMMARY



US-Israel war on Iran & Geopolitics

- Military strikes by the U.S. and Israel on Iran led to the death of Ayatollah Ali Khamenei, Iran's Supreme Leader, and the effective closure of the Strait of Hormuz.
- Iran retaliated by targeting U.S. assets across the region, including in the UAE, Bahrain, Kuwait, Qatar, Saudi Arabia, Jordan, Iraq and Syria.
- This escalation has further weakened an already fragile global equity environment.

The Strait of Hormuz

- It handles 20% of global oil supply. Most of the crude oil shipped through it goes to Asia, with China, India, Japan and South Korea, accounting for nearly 70% of shipments.
- It accounts for 30% of EU's jet fuel supply (originating from or transiting through it).
- It carries 20% of global supply of LNG and 34% of global fertilizers.

Commodities

- **Oil**: Iran accounts for 3% of global supply, with 80% exported to China.
    - Over the month, the WTI and the Brent rose by 51.3% and 63.3% respectively to close at USD 101.38 and USD 118.35 respectively.
    - The IEA announced a release of 400M barrels of crude from reserves, including 172M barrels from the US SPR.
- **Gas and LNG**: LNG production was temporarily halted, notably at QatarEnergy's Ras Laffan plant (20% of global LNG supply). European gas prices surged more than 50% due to low storage levels, taking into account the need for significant volume of LNG imports ahead of winter.
- **Gold**: Prices fell by 11.1% as rising oil prices reduced expectations of imminent interest rate cuts.

Fixed Income

- Rising energy prices and a sharp repricing of interest rate expectations pushed bond yields higher.
- Over the month, the S&P US Government Bond Index fell by 1.4% whilst the S&P Global Developed Corporate Bond Index fell by 2.8%. The Barclays Global Aggregate Bond Index fell by 3.1%.

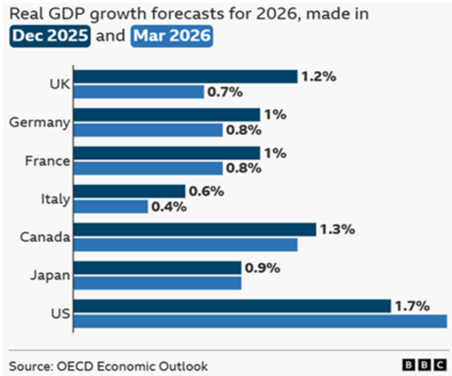
Currencies

- The US dollar strengthened its position as a safe haven. The dollar index ended the month at 99.96 (with an intra-day high of 100.64), its highest level since mid-May 2025.

Foreign

Global Growth

- The OECD maintained its global growth forecast at 2.9% for this year.
- However, it raised its G20 inflation forecast to 4% (from 2.8%) and downgraded growth for many of the world's biggest economies due to the US-Israel war with Iran.



- **Interest Rates:**

Country	Interest Rate	Interest Rate Decision
US	3.5%-3.75%	Unchanged
UK	3.75%	Unchanged
ECB	2.15% (refi)	Unchanged

US

- The Federal Reserve revised its forecasts:
  GDP growth forecasts higher: 2.4% for 2026 (vs 2.3%) and 2.3% for 2027 (vs 2.0%).
  Unemployment projections remain stable: 4.4% for 2026 (unchanged) and 4.3% for 2027 (from 4.2%).
  Inflation expectations increased: PCE and Core PCE: 2.7% in 2026 (up from 2.4% and 2.5%). Both revised to 2.2% for 2027.
- The annual inflation rate held steady at 2.4% in February 2026, its lowest level since May 2025.

Europe

- The Eurozone's annual inflation rate rose to 1.9% in February 2026 (from January's 16-month low of 1.7%).
- ECB forecasts:

It raised its headline inflation forecasts to 2.6% in 2026, 2.0% in 2027 and 2.1% in 2028 due to higher energy prices linked to the Middle East conflict.
It lowered growth forecasts (0.9% in 2026, 1.3% in 2027 and 1.4% in 2028), reflecting pressure from commodity prices, weaker real incomes and reduced confidence.

- GDP growth was 1.2% y-o-y in Q4 2025 (down from 1.4% in Q3 2025), marking the slowest annual growth in more than a year.

UK

- Annual inflation steadied at 3% in February 2026, the same as in January.
- Higher energy prices are expected to push CPI to between 3%-3.5% over the next few quarters, though a slowdown in economic activity from rising costs could limit second-round effects.
- The OBR cut UK growth for 2026 to 1.1%, from 1.4% in November, before accounting for potential energy shocks. Growth projections for 2027 and 2028 were raised to 1.6% in both years.

Japan

- Annual inflation eased to 1.3% in February 2026 from 1.5% in the prior month, the lowest since March 2022.
- GDP grew 0.3% q-o-q in Q4 2025, following a 0.7% contraction in Q3.

China

- At the key annual political meeting, the government softened its 2026 GDP goal to 4.5%-5% (the least ambitious since 1991), set the budget deficit to stay at around 4% of GDP and plan to issue 1.3Trn yuan of ultra-long special sovereign bonds and 800Bn yuan in new policy financing tools.

India

- India has reaffirmed its inflation-targeting framework, setting a 4% retail inflation goal with a tolerance band of 2–6% for the five years from April 2026 to March 2031.
- Recent data showed retail inflation rising to 3.21% in February from 2.74% in the prior month.

Local

- Y-o-y inflation was 2.7% in March 2026 (LY: 1.8%). Headline inflation for the 12-months ending March 2026 was 4.2% (LY: 2.5%).
- The number of tourist arrivals for the month of March 2026 stood at 114,924 (LY: 113,472, +1.3%). The figure for the first three months of the year stood at 348,445 (LY: 326,389, + 6.8%).
- Gross Tourism Earnings for the month of February 2026 stood at Rs 9.3Bn (LY: Rs 7.2Bn, +29.0%).
- The BoM intervened once on the domestic foreign exchange market and sold a total amount of USD15.0M at the rate of Rs46.15/USD.
- As per Statistics Mauritius, at the beginning of the year, it was projected that the real GDP growth rate for 2026 would be around 3.4%, driven by the tourism sector with expected arrivals of 1,480,000 and a higher growth in private sector investment projects. They now have two scenarios:
    - GDP growth is forecasted to be 3.0%, provided that the conflict in the Middle East is short-lived and ends by June 2026.
    - If the conflict in the Middle East intensifies and lasts until December 2026, the real GDP growth rate would be 2.3%.

Local Corporate News:

Company	DPS Declared (Rs)	Ex Div Date	Total DPS (Rs)	Div Yield
SBMH	0.45	03 June 26	0.45	6.8%

- **MIWA**: The buyback of all the shares held by Tereos Océan Indien in Sucrière des Mascareignes Limited (the “Company”) has been successfully completed. Miwa is now the sole shareholder of the Company.

Local Financials

- **SBMH**: Total Operating Income for FY25 rose by Rs 2.4Bn to Rs 19.0Bn with increases for Net interest income, Net fee and commission income and Other income. Non-interest expense was slightly lower for the year resulting in a Rs 2.6Bn increase in Profit before credit loss to Rs 8.6Bn. However, a significant increase in credit loss movement from Rs 0.4Bn to Rs 3.5Bn wiped out the gains for the financial year, leading the Profit for the year to be lower at Rs 4.2Bn compared to Rs 4.3Bn for the previous year. Management attributes this increase in credit loss to impairments in domestic corporate advances at SBM Bank (Mauritius) Ltd.

10th April 2026

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