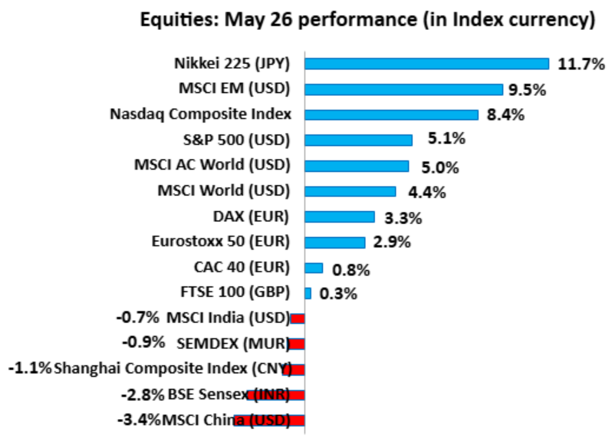
PeaQ News
Vol. 6 No. 6

MARKET SUMMARY

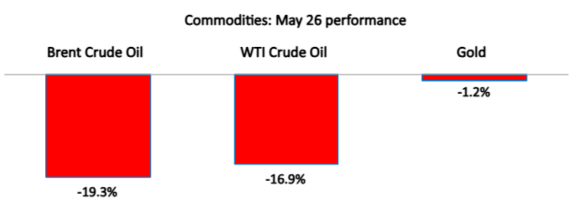


Iran War & Geopolitics

- The Strait of Hormuz remained a key geopolitical flashpoint throughout May, with repeated military incidents involving Iran, the US and Gulf states.
- US-Iran tensions fluctuated between military escalation and diplomatic engagement.
- The US conducted strikes against Iranian-linked targets while simultaneously pursuing negotiations aimed at reopening the Strait of Hormuz and reducing regional tensions.

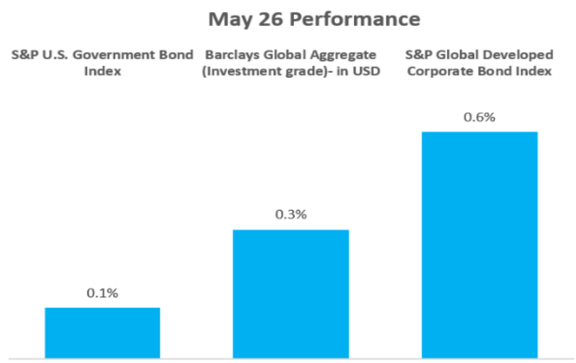
Commodities

- **Oil**: Brent crude oil posted its biggest monthly loss of 19.3% in six years while WTI crude prices shed nearly 17% as markets priced near term conflict resolution.
- **LNG**: Given the ongoing disruptions to Qatari exports, Europe is deepening its dependence on supply from the US. While the EU aims to phase out Russian gas, its LNG imports from Russia hit a quarterly record increase of 16% y-o-y.
- **Gold**: Prices fell for a third consecutive month in May by 1.2% as supply-driven energy shock pushes inflation higher while simultaneously supporting yields and the dollar.



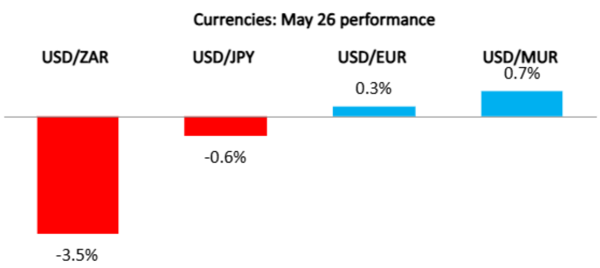
Fixed Income

- Demand for lower-risk assets amidst geopolitical tensions and expectations of future policy rate cuts resulted in falling bond yields.
- Over the month, the S&P US Government Bond Index increased by 0.1% whilst the S&P Global Developed Corporate Bond Index rose by 0.6%. The Barclays Global Aggregate Bond Index increased by 0.3%.



Currencies

- The US dollar weakened against most major and emerging-market currencies in May, reflecting safe-haven demand for select currencies amid ongoing geopolitical tensions in the Middle East.



Foreign

Global Growth

- Under a time-limited disruption scenario, the OECD projects global growth slowing from 3.4% in 2025 to 2.8% in 2026.
- Annual consumer price inflation in the G20 economies is collectively expected to rise to 4.0% in 2026.

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 lower: 2.2% for 2026 (vs 2.5%) and 1.9% for 2027 (vs 2.1%).
  Unemployment projections remain broadly stable: 4.4% for 2026 (vs 4.5%) and 4.5% for 2027 (from 4.4%).

Inflation expectations increased: PCE and Core PCE: 3.6% and 3.3% respectively in 2026 (up from 2.7 %). They have been revised to 2.3% and 2.4% respectively for 2027 (from 2.3%).

- The annual inflation rate accelerated to 3.8% in April 2026 compared to 3.3% in March.

Europe

- The eurozone's annual inflation rate is expected to reach 3.2% in May, up from 3.0% in April, driven primarily by higher energy and service prices.
- Economic growth was confirmed at 0.1% in the first quarter of 2026, marking the weakest expansion since Q2 2025.

UK

- The annual inflation rateslowed to 2.8% in April 2026 from 3.3% in March, coming in below market expectations of 3.0% and marking the lowest reading since March last year.
- The moderation was mainly driven by a sharp slowdown in housing and household services inflation (1.4% vs 5.3% in March), following the introduction of an energy price cap by the UK's energy regulator on April 1.
- The economy expanded by 0.6% in Q1 2026, matching market expectations and marking the strongest growth since Q1 2025.

Japan

- The annual inflation edged down to 1.4% in April 2026 from 1.5% in the prior month.
- GDP grew 0.5% q-o-q in Q1 2026, accelerating from its 0.3% growth in Q4 2025. It was the strongest quarterly expansion since Q3 2024.

China

- GDP is projected to grow by 4.4%-5% this year. There was a 14% increase in value of overall exports in April 2026 as compared to April 2025.
- The annual inflation accelerated to 1.2% in April 2026 from 1.0% in the previous month, exceeding market expectations of 0.8%

India

- Retail inflation rose from an average of approximately 3.1% during the January-March 2026 quarter to 3.48% y-on-y in April 2026.
- The increase was driven by a sharp rise in food inflation, which reached 4.2% y-o-y in April compared to 3.2% in the preceding quarter, while core inflation held relatively steady at 3.7%.

Local

- Y-on-y inflation rose significantly from 2.7 per cent in March to 3.6 per cent in April 2026. Headline inflation remained unchanged at 4.2% between March and April 2026 (LY: 2.5%).

- The number of tourist arrivals for the month of April 2026 stood at 115,763 (LY: 120,157, -3.7%). The figure for the first four months of the year stood at 464,208 (LY: 446,546, + 4.0%).

- Gross Tourism Earnings for the month of March 2026 stood at Rs 9.56Bn (LY: Rs 7.8Bn, +22.7%).

- The Monetary Policy Committee of the Bank of Mauritius (BOM) raised the Key Rate by 25 basis points from 4.50% to 4.75% per annum, given the prevailing upside risks to the inflation outlook and elevated uncertainty, as well as the need to anchor medium-term inflation expectations.

- The IMF, in its April 2026 World Economic Outlook report, revised the growth down to 3.1 per cent for 2026, from a previous forecast of 3.3 per cent in January 2026.

- The IMF projects inflation to rise to 4.4 per cent in 2026, a significant upward revision of 0.6 percentage point relative to the January forecast.

- Under the BOM's baseline scenario, which assumes a resolution of the conflict with the Strait of Hormuz reopening by the end of first half of 2026, real GDP growth is projected to moderate to 2.8 per cent in 2026, down from a previous forecast of 3.3–3.5 per cent. In more adverse scenarios, the slowdown would be more pronounced.

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

Local Corporate News:

Company	DPS Declared (Rs)	Ex Div Date	Total DPS (Rs)	Div Yield
ER Group	0.69	01 Jun 2026	1.38	7.1%
Almarys	0.06	01 Jun 2026	0.18	3.7%
MCB	11.00	08 Jun 2026	26.00	6.2%
Ascencia	0.66	28 May 2026	1.12	6.2%
NMH	0.45	27 May 2026	0.8	5.8%
SBM	0.45	03 Jun 2026	0.45	6.7%
Alteo	0.25	01 Dec 2025	0.25	2.2%
SUM Limited	3.45	10 Jun 2026	3.45	7.4%
Phoenix Investment	15.70	28 May 2026	20.63	4.3%

Local Financials

- **MCB:** Q3 operating income increased 9.7% to Rs 11Bn, supported by a 14.7% rise in net interest income and a 35% increase in trading income. Higher operating expenses (+19.3%) weighed on profitability, with PAT declining 2.3% to Rs 4.2Bn despite a 7.6% rise in profit before tax.
- **SBM:** Strong quarterly performance driven by loan growth and higher client activity. Net interest income rose 11%, non-interest income increased 37.2%, while PAT climbed 25% to Rs 1.6Bn. Asset quality remained stable with gross and net NPL ratios of 8.1% and 4.4%, respectively.
- **PBL/PHIC:** Revenue grew 26% to Rs 4Bn, but the group reported a net loss of Rs 117M due to investment impairment charges of Rs 335M, mainly related to its holdings in SBL and its Kenyan joint venture.
- **SUN:** Quarterly revenue increased 32% to Rs 1.9Bn (+14.8% excluding real estate), supported by higher RevPAR. EBITDA rose 41.7% and PAT increased 32.5% to Rs 391M. While Middle East tensions impacted results through flight disruptions and weaker forward bookings, management expects full-year earnings to exceed last year's performance.

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