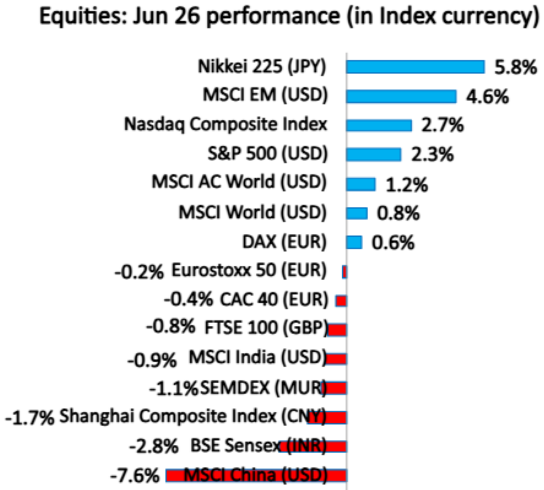
MARKET SUMMARY

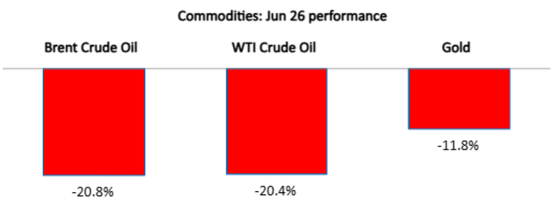


Iran War & Geopolitics

- The US and Iran signed the Islamabad Memorandum, under which the US agreed to lift its naval blockade on Iranian ports and Iran agreed to ensure toll-free commercial passage through the Strait of Hormuz for 60 days while negotiations continued.
- The truce proved fragile, with both sides exchanging strikes before agreeing to de-escalate.
- Traffic through the Strait partially recovered but remained below pre-war levels, while technical talks continued in Doha at month-end.

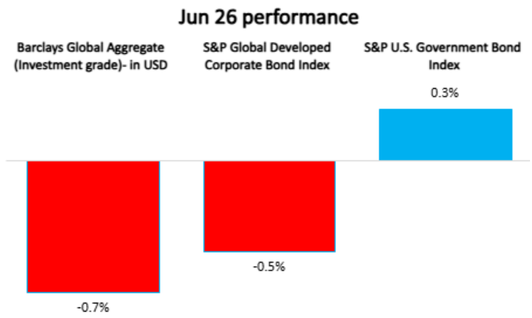
Commodities

- **Oil**: Both Brent and WTI crude prices fell by around 20% during June, trading close to their pre-conflict levels as oil shipments through the Strait of Hormuz increased and progress in indirect US-Iran talks eased supply concerns.
- **LNG**: EU’s Russian LNG imports kept climbing up roughly 18% year-on-year over the first five months of 2026 despite EU's ban on Russian LNG by June 2027. The US continued to supply roughly two-thirds of Europe's LNG imports.
- **Gold**: Gold prices fell around 12% during June, marking a fourth consecutive monthly decline, as a stronger US dollar and the Fed's hawkish stance weighed on safe-haven demand.



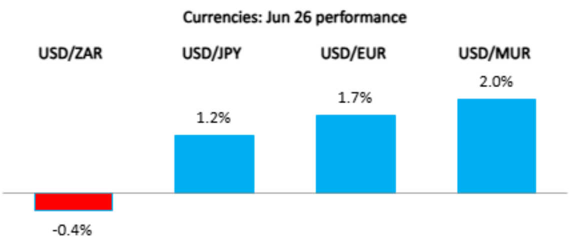
Fixed Income

- Over the month, the S&P US Government Bond Index increased by 0.3% due to the opening of the Strait of Hormuz and falling energy prices.
- The S&P Global Developed Corporate Bond Index fell by 0.5%. Credit spreads widened likely due to rising credit issuance linked with the AI infrastructure buildout.



Currencies

- The US dollar strengthened through June against most major currencies after the Federal Reserve's meeting signaled a more hawkish policy stance.
- While the ECB raised its deposit rate to 2.25%, its cautious, data-dependent guidance provided limited support for the euro.



Foreign
Global Growth

- The World Bank forecasts global growth to slow to 2.5% in 2026 from 2.9% in 2025, marking the weakest pace since the COVID-19 pandemic. The slowdown is attributed to the Middle East conflict, which has pushed up energy prices, inflation, and borrowing costs.

Interest Rates:

Country	Interest Rate	Interest Rate Decision
US	3.50%-3.75%	Unchanged
UK	3.75%	Unchanged
Europe	2.40% (refi)	+25bps
Japan	1.00%	+25bps

US

- Annual inflation rate rose to 4.2% in May 2026, marking its highest level since April 2023, from 3.8% in April and in line with market expectations.
- The Federal Reserve revised its forecasts:
  GDP growth lower: 2.2% in 2026 (vs 2.4%) and 2.3% for 2027 (unchanged).
  Unemployment projections remain broadly stable: 4.3% for 2026 (vs 4.4%) and 4.3% for 2027 (unchanged).
  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 2.5% respectively for 2027 (up from 2.2%).

Europe

- The eurozone's annual inflation rate is expected to reach 2.8% in June, down from 3.2% in May.
- Economic growth rate is projected at an average of 0.8% in 2026, 1.2% in 2027 and 1.5% in 2028. This is a downward revision for 2026 and 2027, reflecting a more pronounced impact of the war on commodity markets, real incomes and confidence.

UK

- CPI inflation has fallen to 2.8% since the previous April BoE Monetary Policy Committee meeting, although it is expected to rise later this year as the effects of higher energy prices continue to pass through.
- The average forecast for UK GDP growth stands at 0.9% for 2026 and 1.0% for 2027, a downgrade from earlier in the year.

Japan

- Japan's annual inflation rate edged higher to 1.5% in May 2026 from 1.4% in the previous month, as declines in electricity and gas prices moderated amid the expiration of government subsidies.
- Japan's producer price index rose 6.3% in May, marking its fastest pace in over three years and mainly fuelled by increased energy costs.

China

- China's annual inflation held steady at 1.2% in May 2026, unchanged from the previous month but slightly below market expectations of 1.3%.
- China's Composite PMI, which combines manufacturing and non-manufacturing activity, eased to 53.6 in June 2026 from a three-month high of 54.0 in May. The reading points to gradual expansion across the broader economy but also reflects the uneven nature of China's recovery.

India

- The inflation rate in India rose to 3.9% in May of 2026 from 3.5% in the previous month, the highest since January of the previous year. However, it remained below market expectations and the Reserve Bank of India's medium-point threshold of 4%.
- Real GDP growth for 2026-27 is projected at 6.6%. Prolonged global supply chain disruptions, heightened volatility in global financial markets, and weather-related shocks continue to pose downside risks to the domestic growth outlook.

Local

- The annual inflation rate in Mauritius rose for the second month to 4.3% in May 2026 from 3.6% in April, marking the highest since last December.
- The number of tourist arrivals for the month of May 2026 stood at 115,165 (LY: 115,090, 0.1%). The figure for the first five months of the year stood at 579,373 (LY: 561,636, +3.2%).
- National Budget 2026/2027:
  Budget deficit for 2026/27 is 3.7% of GDP (Revenue: Rs 235.5Bn; Expenditure: Rs 266.7Bn), an improvement on the 2025/26 projected deficit of 6.0% (vs 4.9% budgeted).
  Public sector debt stood at Rs682bn in 2025/26, equivalent to 87.8% of GDP.
  Real GDP growth rate was a modest 3.1% (vs 3.7% estimated). GDP is expected to grow by 3.5% in 2026/27 and by 4.0% during both 2027/28 and 2028/29.

Local Corporate News:

- **NMH:** Further to its cautionary announcement on 19 November 2025, NMH announced that two entities of the NMH Group entered into a share purchase agreement on 23 June 2026 to acquire all the shares of White Sands Beach Resorts Limited, a Zanzibari company that owns the Zuri Zanzibar hotel.
- **MCB Group:** Scrip price of a scrip share is Rs 394.72.

07rd July 2026

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

For more information about our services, please contact:

André Chung Shui
Managing Director
+230 52512216
ac@peaqadvisors.com

Keshav Maghoo
Investment Analyst
+230 4687900
km@peaqadvisors.com

Nashini Ramye
Portfolio Analyst
+230 4687900
nr@peaqadvisors.com