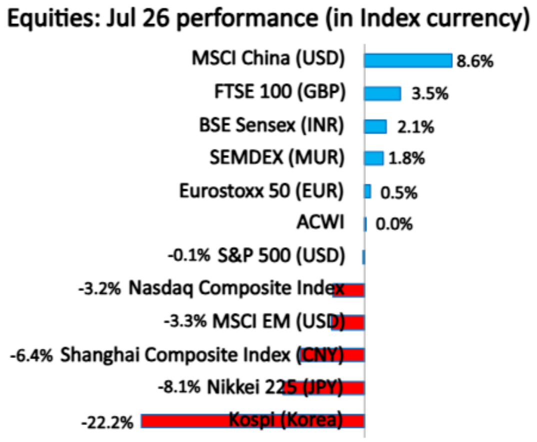
PeaQ News
Vol. 6 No. 9

MARKET SUMMARY

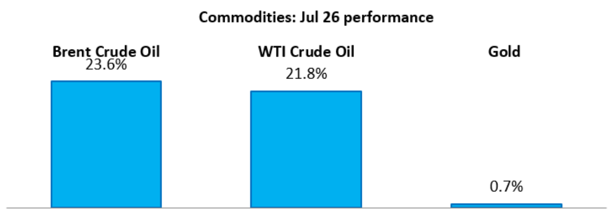


Iran War & Geopolitics

- The U.S. terminated the ceasefire Memorandum of understanding with Iran and struck approximately 90 military targets following alleged Iranian attacks in the Strait of Hormuz.
- Iran briefly closed the Strait. The U.S. announced and later rescinded a planned blockade and a 20% shipping toll.

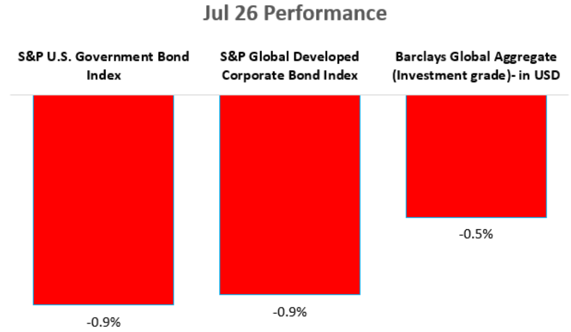
Commodities

- **Oil:** Brent and WTI crude prices reversed course from the previous month, rising sharply through July as the U.S.-Iran ceasefire collapsed and hostilities resumed in the Strait of Hormuz.
- **Gold:** Gold prices rose approximately 0.5% in July, marking the first monthly gain since February, supported by softer U.S. inflation data and the Fed's decision to hold interest rates steady. Prices were up approximately 24.29% y-on-y.



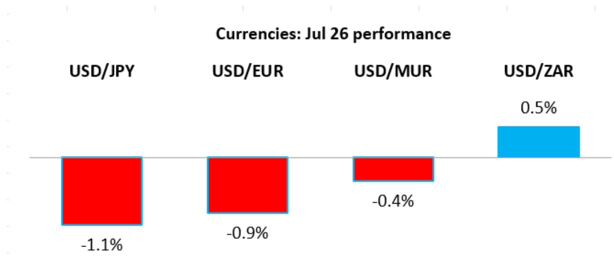
Fixed Income

- The S&P U.S. Government Bond Index fell by 0.9% over the month, as rising Treasury yields weighed on government bond prices.
- The S&P Global Developed Corporate Bond Index declined by 0.9%. Credit spreads widened further, pressured by continued heavy AI-related debt issuance from hyperscalers alongside the broader rise in underlying yields.



Currencies

- The US dollar weakened against most major currencies in July, giving back some of its earlier gains as the Fed held rates steady at its 29 July meeting.



Foreign

Global Growth

- The IMF projects global growth at 3.0% for 2026 and 3.4% for 2027, broadly unchanged cumulatively from its April 2026 forecast. The outlook is uneven : the war shock is weighing on energy importers and vulnerable economies, while AI-driven demand is lifting countries integrated into the global technology value chain.

Interest Rates:

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

US

- The annual inflation rate in the US fell to 3.5% in June 2026, the first decline in five months, compared to 4.2% in May and below forecasts of 3.8%. Energy costs increased 15.7%, below 23.5% in May, as the ceasefire between the US and Iran alleviated inflationary pressures from the energy component.
- The IMF projects economic growth rate at 1.7% in 2026 and 1.8% in 2027. This is a downward revision as downside risks

from renewed conflict and financial market repricing persist.

Europe

- Annual inflation is expected to be 2.9% in July 2026, up from 2.8% in June. This is largely driven by a renewed surge in energy prices, with energy inflation accelerating to 10.0% from 8.5% as hostilities between the US and Iran resumed.
- GDP growth is projected to slow from 1.4% in 2025 to 0.8% in 2026, before picking up to 1.2% in 2027 as domestic demand and trade growth strengthen.

UK

- The annual inflation rate eased to 2.6% in June 2026 from 2.8% in May, slowing more than the expected fall to 2.7%. This marked the lowest reading since March 2025, driven by moderating transport inflation.
- The OECD forecast GDP growth of 0.9% in 2026 and 1.1% in 2027. Higher UK inflation is expected to peak in the second half of 2026.

Japan

- The annual inflation rate accelerated to 1.7% in June 2026 from 1.5% in the prior month, marking the highest reading since December. The pickup was largely driven by a slower decline in electricity and gas prices as government energy subsidies were scaled back.
- GDP growth is projected to slow from 1.1% in 2025 to 0.6% in 2026, before picking up to 0.8% in 2027.

China

- Its annual inflation eased to 1.0% in June 2026 from 1.2% in both April and May, slightly below market expectations of 1.1%, marking the softest increase in three months.
- Economic growth will slow from 5.0% in 2025 to 4.5% in 2026 and 4.3% in 2027.
- The high energy use and import dependencies expose it to global oil price increases, but cheaper sourcing, increasing reliance on renewables and abundant reserves will mitigate the impact. Exports will benefit from lower US tariffs and competitiveness gains in high tech sectors.

India

- The inflation rate surged to 4.38% in June from 3.93% in May, the highest since December 2024, and slightly above market expectations of 4.3%. Prices rebounded sharply for transportation, suggesting that the energy shock from the war in the Middle East has started its delayed transmission to Indian consumer prices.
- Real GDP is projected to grow by 6.3% during FY2026-27 and by 6.4% in FY2027-28. Rising inflation is expected to weigh on private consumption, while investment slows amid higher oil and gas prices and gas rationing.

Local

- The annual inflation rate fell to 3.7% in June from a five-month high of 4.3% in the prior month. Price increases moderated primarily for alcoholic beverages & tobacco (1.8% vs 9.3% in May).
- The number of tourist arrivals for the month of June 2026 stood at 89,098 (LY: 97,273, -8.4%). The figure for the first six months of the year stood at 668,471 (LY: 658,909, +1.5%).

07th August 2026

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

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