

THE WEEK'S BIG THEMES

ECONOMY

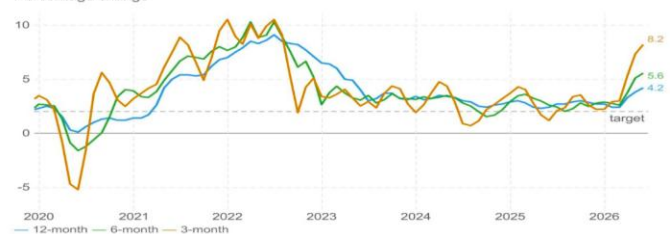
- **US consumer price rose at their fastest annual pace in more than three years in May**, up 4,2% YoY, driven by a sharp increase in energy prices. On a monthly basis, headline inflation slowed for a second consecutive month. Excluding food and energy, inflation also eased, highlighting the continued divergence between headline and core measures. **Headline producer prices growth was hotter than expected in May (+6,5% YoY)**, the highest reading since November 2022, while the monthly figure also came largely above expectations. As with CPI data, the pass-through from energy prices to broader inflation remains relatively contained for now. **Although jobless claims rose, consumer sentiment (University of Michigan) improved slightly** after three straight monthly declines, and one-year ahead inflation expectations edged down to 4,6%.
- **The European Central Bank raised interest rates for the first time since 2023**, on concerns around energy-driven inflation. It also raised its inflation forecasts to 3% for 2026 and lowered its economic growth outlook to 0,8%. Inflation stood at 3.5% in the Netherlands, above the euro area's April rate of 3.2%, and at 2.4% in France.
- **UK GDP contracted by 0,1% in April after rising 0,3% in March**, as the impact of Middle East war weighed on activity, with services the main drag. The **UK trade deficit narrowed in April** to GBP 8.44bn, supported by higher goods exports.
- **Japan producer prices strengthened in May**, rising 6,3% YoY from 5,3% in April, while import prices were up 25,5% YoY. **Q1 GDP growth was revised down to 1,8%** from the preliminary estimate of 2,1%..
- **China's trade data pointed to resilient external demand**, with exports rising 19,4% Yoy in May, supported by demand for semiconductors, electric vehicles, computing equipments and other AI-related products. The trade surplus widened to \$105bn from \$84,8bn in April. **Inflation data were mixed**, with consumer prices remaining subdued at 1,2% YoY in May, while producer prices rose 3,9% Yoy from 2,8% in April, marking a third consecutive monthly increase.
- Pst Javier Milei's stabilisation program is starting to show results, **with disinflation gaining momentum in Argentina**: May headline CPI slowed to 2,1% MoM and core inflation eased to 1,9%. Annual inflation remained at 33,2%. The S&P Global Ratings upgrade to B- with a stable outlook provided an additional boost to sentiment, signaling modest progress in the sovereign credit profile, alongside with the IMF's approval of the second review under the Extended Fund Facility.

GEOPOLITICAL TENSION

- Escalation fears eased after Pst Trump canceled planned military strikes. **Reports suggested some progress toward a US-Iran agreement to reopen the Strait of Hormuz**, leaving a 60-day window to negotiate the nuclear program.
- **The conflict remained highly escalation-driven**, with continuous drone and missile strikes and no sign of a breakthrough in peace talks.
- **The US Department of Defense added major tech/ato firms tied to China's military**, including Alibaba Group, Baidu, BYD, WuXi AppTec, Unitree Robotics, Yangtze Memory Technologies, and ChangXin Memory Technologies

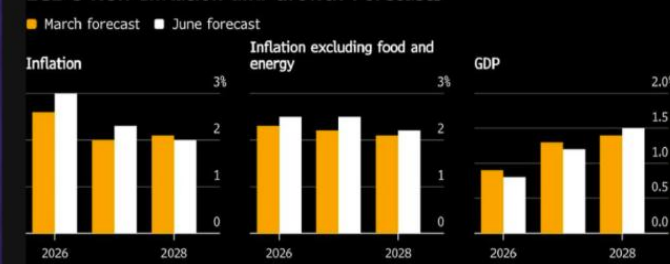
CHARTS OF THE WEEK

CPI inflation month-over-month annualized
Percentage change



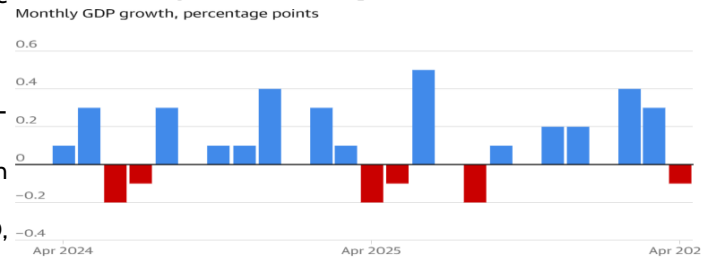
Source J. Brusuelas, LinkedIn

ECB's New Inflation and Growth Forecasts



Source L. Kirch, LinkedIn

The UK economy shrank 0.1% in April 2026



Source theguardian.com

ECONOMIC EVENTS TO WATCH

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<ul style="list-style-type: none"> • Inflation (SA) • Industrial production (EA) • Industrial production, capacity utilization (US) 	<ul style="list-style-type: none"> • Industrial production, Retail sales, Unemployment rate (CN) • Labor cost index, Wage growth (EA) 	<ul style="list-style-type: none"> • Inflation, PPI, Retail prices (UK) • Inflation Final (EA) • FED Rate decision, Retail sales (US) 	<ul style="list-style-type: none"> • BoE Rate decision • Unemployment rate, Earnings (UK) • Current account (EA) 	<ul style="list-style-type: none"> • US Financial markets closed • Inflation (JP) • Gfk consumer confidence (UK)

MARKET'S REACTION

EQUITY

- **Middle East developments remained a major driver of market sentiment throughout the week**, culminating in a statement from Pst Trump that a deal would be signed on Sunday and that the Strait of Hormuz would reopen immediately. A key focus for investors will be how quickly shipping activity can fully resume. Against this backdrop, the MSCI World ended the week broadly flat (-0,1%), while the MSCI Emerging Markets index gained 3,2%.
- Following a volatile start of the week, **most US indexed ended higher**. Cautious optimism surrounding a potential US-Iran ceasefire, softer oil prices, and a broader rotation away from large-cap technology stocks helped offset mixed US inflation data and continued volatility in AI-related names. The IPO of SpaceX was another major market theme, with the company completing the largest IPO on record and closing its first day of trading up 19%, reportedly making E. Musk the world's first trillionaire. Meanwhile, Oracle shares fell 14% over the week despite announcing a further increase in capital expenditure commitments. Small-cap stocks generally outperformed their large-cap counterparts, with the Russell 2000 gaining 3,9% versus a 0,6% for the S&P 500. The Nasdaq 100 advanced 2,3%.
- **European equities outperformed their US peers**, with the Stoxx Europe 600 rising 1,7%, supported by cyclicals sectors and financials. Germany's DAX declined 0,5%, while France's CAC 40 gained 1,6%. The UK's Footsie 100 advanced 1%.
- **Asian equity markets were weaker amid ongoing geopolitical uncertainty**: Japan's Nikkei fell 0,9% while mainland Chinese equities declined 0,8%. Hong Kong's Hang Seng Index also lost 1%, reflecting weaker offshore risk sentiment.

FIXED INCOME

- **Global bond yields decreased across the board**, reflecting a reduction in geopolitical risk premiums towards the end of the week. US Treasury yields fell across most maturities, with the 10-year yield ending the week at around 4,48% down from 4,52% the previous week, supported by the cancellation of planned strikes on Iran. In Europe, Germany's 10-year yield fell below the 3% threshold, closing the week at 2,99%, while the UK Gilt ended at 4,90%. Japan's 10-year yield declined sharply finishing the week at approximately 2,64%.
- **Corporate bonds generated positive returns**, although investment-grade credit underperformed sovereign bonds. Sentiment towards high-yield credit remained constructive despite continued strains in private markets, with another fund facing redemption demands equivalent to 13.3% of AuM, exceeding the liquidity the manager was prepared to provide. Euro-denominated corporate credit underperformed its US counterpart, while emerging market debt delivered stronger performance, particularly in local-currency markets.

COMMODITIES

- **Improving market sentiment weighing on energy prices**, with both Brent and WTI crude oil benchmarks declining by approximately 6% over the week. As a result, oil prices fell well below the \$90 a barrel mark, returning to levels last seen in early March.
- **Precious metals continued to come under pressure**. Gold recorded its second consecutive weekly decline, falling 2,8%, while silver lost 1,6% over the week.

CURRENCIES & CRYPTO

- **The US dollar index ended lower**, declining 0,3% against its currencies basket. The euro weakened by 0,3%, the British pound slipped 0,1%, and the Australian dollar fell 1,2%. In contrast, the Yen gained by 0,1% and the Swiss franc 0,8%.
- **Cryptocurrencies posted positive returns**: Bitcoin rose 4,3%, Ethereum gained 5,3% and the Ripple advanced 3,2%.

CHARTS OF THE WEEK

IPO SUPER CYCLE

More than \$200bn of expected equity issuance

	SPACEX	ANTHROPIC	OpenAI
Valuation	\$1.75tn	\$965bn	\$852bn
Capital Raise	-\$75bn	-\$60bn	-\$60bn
Business Model	Connectivity & Space Infrastructure	AI Software	AI Software
Revenue	-\$19bn	~\$47bn ARR	~\$20bn ARR
Profitability	Not yet profitable	Profitable	Loss making
Current EV / Sales	~93x	~20x	~42x
2026 EV / Sales	~72x	~10x	~28x
Expected IPO	Listed	H2 2026	Q4 2026
Key Debate	Infrastructure premium	Growth vs valuation	Scale vs profitability

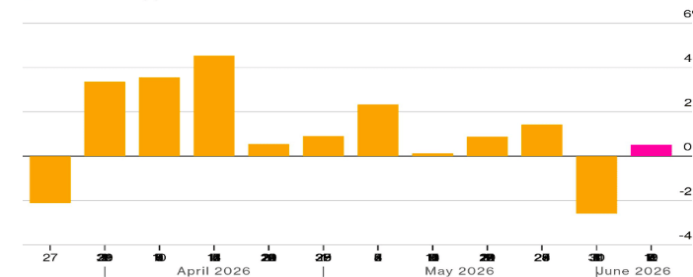
KEY OBSERVATIONS	More than \$200bn of equity issuance expected within 12 months	Anthropic offers the lowest forward revenue multiple	SpaceX commands the highest valuation premium despite lower growth	OpenAI remains the largest pure-play exposure to generative AI	Significant passive and index-related flows expected post-listing
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Source: E. Ozhan, LinkedIn

Back to Gains

S&P 500 posts a 10th weekly advance in 11 weeks

■ S&P 500 weekly performance



Source: Global Markets Investor

Oil Sinks on Signals US-Iran Deal Is Near

■ WTI



Source: Global Markets Investor



WEEKLY MARKET INSIGHTS

05 June 2026 – 12 June 2026

WEEKLY MARKETS REVIEW (As of 12 June 2026)

EQUITY MARKETS

	WoW	MTD	YTD
MSCI World (USD)	-0.1%	-1.3%	+8.5%
MSCI Emerging (USD)	+3.2%	-1.1%	+24.0%
S&P 500 (USD)	+0.6%	-2.0%	+8.6%
NASDAQ 100 (USD)	+2.3%	-2.3%	+17.4%
RUSSELL 2000 (USD)	+3.9%	+0.8%	+18.6%
STOXX 600 (EUR)	+1.7%	+1.2%	+6.8%
DAX (EUR)	-0.5%	-1.9%	+0.6%
CAC 40 (EUR)	+1.6%	+2.0%	+2.5%
FTSE 100 (GBP)	+1.0%	+0.6%	+5.4%
NIKKEI (JPY)	-0.9%	-0.5%	+31.1%
CSI 300 (CNY)	-0.8%	-2.3%	+3.2%
BOVESPA (BRL)	+1.3%	-1.5%	+6.2%
HANG SENG (HKD)	-1.0%	-1.8%	-3.6%

FIXED INCOME MARKETS

	WoW	MTD	YTD
Global Aggregate USD (Hedged)	+0.3%	-0.1%	+0.5%
Global Aggregate EUR (Hedged)	+0.5%	-0.1%	-0.2%
US Investment Grade	+0.8%	+0.1%	+0.8%
US High Yield	+0.6%	+0.0%	+1.7%
EU Investment Grade	+0.2%	-0.3%	+0.7%
EU High Yield	+0.3%	-0.0%	+1.1%
EM Local Ccy. Gov (Unhedged)	+1.6%	+0.0%	+1.2%
EM Hard Ccy. Aggregate (Unhedged)	+0.9%	+0.3%	+2.1%

CRYPTO CURRENCY MARKETS

	WoW	MTD	YTD
Bitcoin	+4.3%	-13.4%	-27.4%
Ethereum	+5.3%	-17.2%	-43.9%
Ripple	+3.2%	-14.8%	-38.5%

COMMODITY MARKETS

	WoW	MTD	YTD
Gold	-2.8%	-7.6%	-2.6%
WTI Crude	-6.3%	-2.8%	+47.8%
Brent Crude	-6.2%	-5.1%	+43.5%
Silver	-1.6%	-10.3%	-3.2%
Natural Gas	-3.4%	-5.2%	-15.4%
Copper	+2.7%	+1.1%	+14.2%

CURRENCY MARKETS

	WoW	MTD	YTD
US Dollar Index (DXY)	-0.3%	+0.8%	+1.5%
EURUSD	-0.3%	-0.7%	-1.5%
GBPUSD	-0.1%	-0.2%	-0.4%
AUDUSD	-1.2%	-1.6%	+5.2%
USDCHF	+0.8%	+1.5%	+0.4%
USDJPY	+0.1%	+0.5%	+2.4%

Source: Yahoo Finance

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