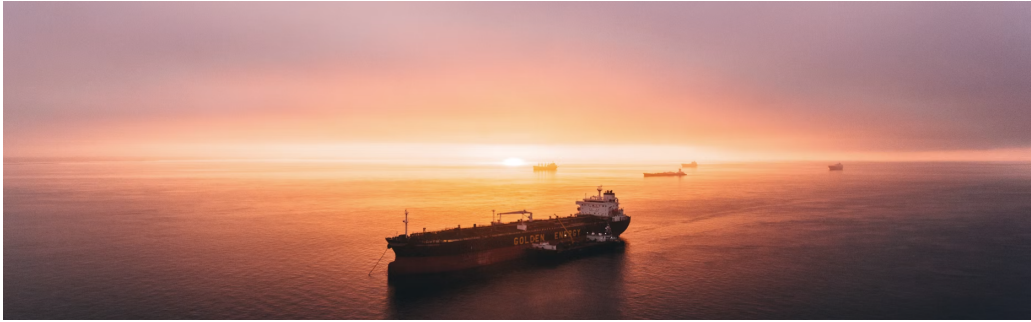


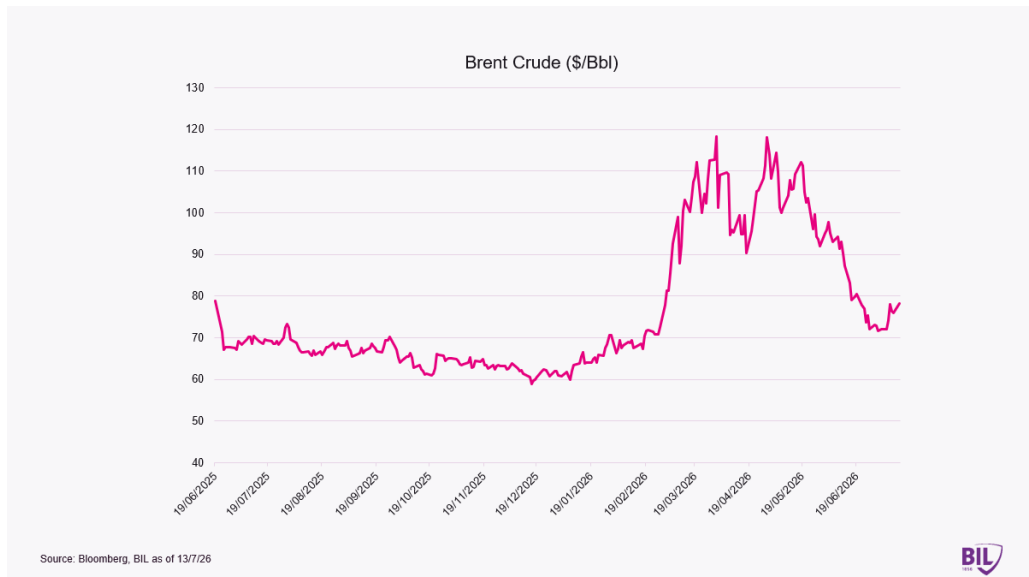
July 13, 2026

Weekly Investment Insights



Geopolitical tensions returned to the forefront of financial markets last week. After tankers were reportedly targeted in the Strait of Hormuz, the US launched a new round of strikes against Iran on Tuesday, and revoked a licence that had allowed the country to export oil, raising concerns about the durability of the fragile ceasefire.

Fighting continued over the weekend, leaving **uncertainty over the operational status of the Strait of Hormuz**, a critical artery for global energy supplies. As a result, **Brent crude rose to around USD 79 per barrel** on Monday morning, although remaining well below the peak of USD 118 reached during the height of the crisis in late April.



Diplomatic efforts have continued in parallel, but negotiations remain complicated by competing priorities. On one hand, the Trump administration is seeking a swift reopening of shipping routes through the Strait to alleviate energy market pressures ahead of the US midterm elections. On the other, Iran remains reluctant to relinquish leverage over one of the world's most strategic waterways.

Equities experienced some volatility throughout the week, though US markets proved resilient, with both the S&P 500 and Nasdaq ending higher, supported by renewed strength in semiconductor and AI-related stocks. European equities, by contrast, closed lower as investors reassessed the inflationary and monetary policy implications of renewed tensions in the Middle East.

The minutes from the Federal Reserve's June 16-17 meeting revealed that officials are skewing more hawkish, and highlighted an uncertain balance of risks.

Against the current backdrop, markets are increasingly pricing in the possibility of further rate hikes on both sides of the Atlantic, potentially as early as September. In France, the 10-year government bond yield briefly touched its highest intraday level since 2009. Inflation concerns were likely amplified by domestic political developments, including news that Marine Le Pen would be eligible to stand in the next presidential election.

Looking ahead, attention is now turning to the **second-quarter earnings season**, where expectations remain elevated. In the US, consensus forecasts point to EPS growth of around **22%**, while European companies are expected to deliver earnings growth of approximately **12%**, which would mark the strongest performance in three years. Investors will also closely monitor upcoming US inflation data and testimony from Kevin Warsh, both of which could provide further insight into the outlook for monetary policy and interest rates.

	Friday Close	5 Day Percentage Change	MTD Percentage Change	YTD Percentage Change
S&P 500	7575.39	1,23	1,01	10,66
Nasdaq Composite	26281,61	1,74	0,26	13,08
EuroStoxx 50	6269,97	-2,27	-1,19	7,96
CAC40	8338,97	-1,88	-1,00	2,09
DAX	25067,09	-3,00	0,20	2,26
CSI 300	4780,787	-3,03	-5,70	1,41
US 10 Year Yield (%)	4,5612	2,33	2,42	9,75
Germany 10 Year Yield (%)	3,065	4,68	7,90	8,09
Gold Spot (\$/Oz)	4119,93	-2,31	1,52	-5,80

Source: Bloomberg, BIL as of 13 July

MACRO SNAPSHOT

IMF cuts global forecast for this year, envisions recovery thereafter

The International Monetary Fund (IMF) has **slightly downgraded its global growth forecast for 2026, lowering it from 3.1% to 3.0%**. In its latest World Economic Outlook, titled *Global Economy at the Crosscurrents of War and Technology*, the IMF highlighted a mixed global backdrop. While geopolitical tensions and higher energy costs are weighing on activity, strong demand linked to advances in artificial intelligence and broader technology adoption continues to provide an important counterbalance.

Looking further ahead, the IMF **raised its forecast for global growth in 2027 from 3.2% to 3.4%**, pointing to a moderate recovery following the slowdown expected in 2026.

Inflation, however, is likely to remain a challenge. **Global headline inflation is projected to rise to 4.7% in 2026**, up from 4.1% in 2025, before easing to 3.9% in 2027.

Despite the relatively resilient outlook, risks remain tilted to the downside. Further escalation in the Middle East could disrupt energy markets and weigh on growth, while rising trade fragmentation continues to threaten global supply chains and investment flows - take, for example, President Trump's recent threat to halt all trade with Spain.

The IMF also warned that some of the optimism surrounding the technology sector may prove excessive. While AI is expected to support productivity and growth, uncertainty remains regarding the pace at which investment in the technology will translate into sustainable profits, and as competition intensifies and technology costs continue to decline, there is a risk that some of the growth expectations currently embedded in markets undergo reassessment.

Regionally, the IMF maintained its 2026 growth forecast for the United States at 2.3%, while lowering its forecast for the euro area from 1.1% to 0.9%. In contrast, China's growth projection was revised upward to 4.6%, from a previous estimate of 4.4%.

Weighing Eurozone inflation risks

Eurozone inflation has retreated from its recent peaks, supported by lower oil prices and easing price pressures across both goods and services. However, at 2.8%, inflation remains slightly above the ECB's 2% target, and recent developments suggest that the market's optimism may have been premature.

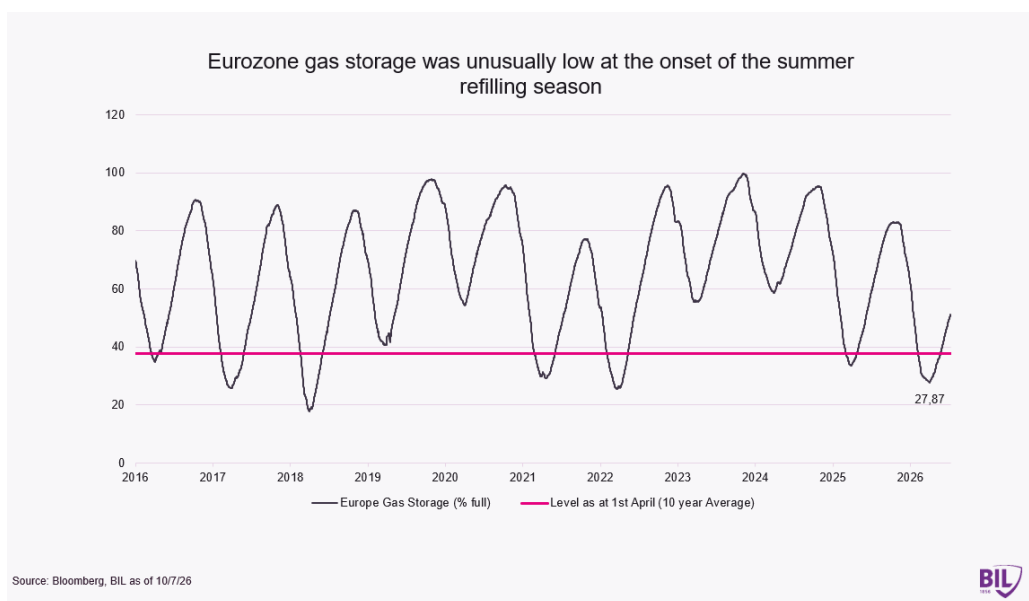
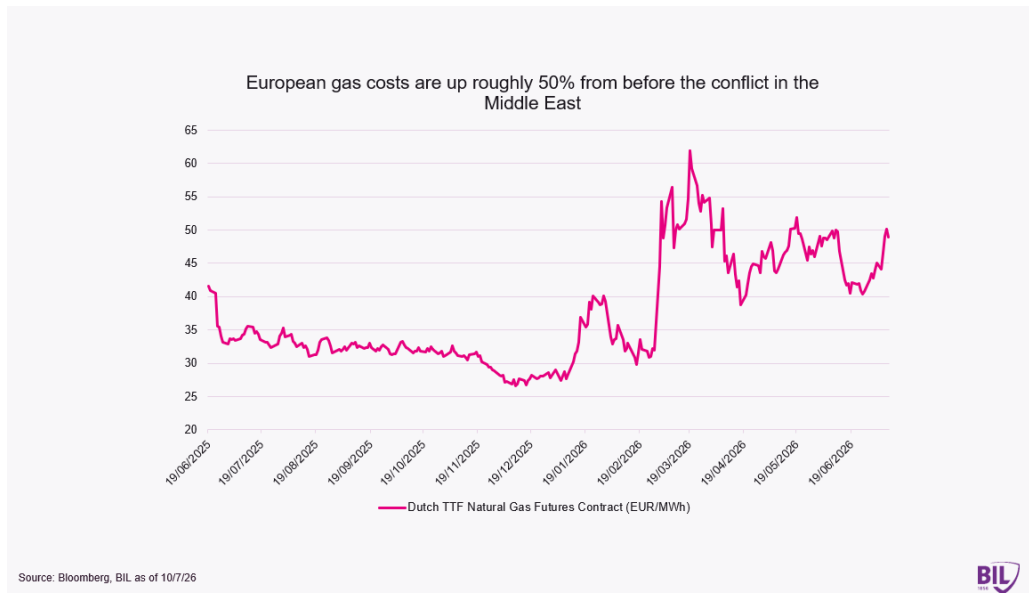
There are signs that underlying inflationary pressures remain present. Producer prices in the Eurozone rose by 5.9% year-on-year in May, up from 5.0% in April and above market expectations. As producer prices often feed through to consumer prices with a lag, this may indicate that disinflationary momentum is not yet firmly entrenched.

Indeed, ECB Chief Economist Philip Lane has cautioned that second-round effects have yet to fully materialise in the real economy. Wage growth is showing tentative signs of acceleration, while productivity growth remains weak.

At the same time, recent developments in the Middle East have highlighted the vulnerability of global energy supply chains, keeping energy markets sensitive to further shocks and price volatility.

Europe faces an additional challenge closer to home. EU gas storage levels stood at just 28% at the start of the summer injection season on 1 April - the lowest level in four years and below the long-term average. Storage facilities will need to be refilled ahead of winter and while the EU's direct exposure to disruptions in the Strait of Hormuz is relatively limited, the region faces higher global energy prices and competition for LNG cargoes, particularly from Asia.

The bottom line is that inflation risks have not disappeared, they have merely shifted. While headline inflation has continued to recede, wage pressures, rising producer prices and ongoing energy-related uncertainties suggest the ECB may not be ready to declare victory just yet. As a result, the possibility of further policy tightening later this year cannot be entirely ruled out.



Eurozone retail sales rebound modestly in May

Eurozone retail sales volumes increased by 0.2% month-on-month in May, rebounding from a 0.3% decline in April. Growth was driven primarily by higher sales of food, beverages and tobacco (+0.6%), while sales of non-food products excluding fuel edged up by 0.1%.

In contrast, sales of automotive fuel declined for a second consecutive month (-0.5% following -3.6% in April), reflecting higher prices stemming from supply disruptions.

On an annual basis, retail sales volumes were 1.6% higher than a year earlier, suggesting that household consumption remains relatively resilient, despite ongoing economic uncertainty.

CALENDAR FOR THE WEEK AHEAD

Monday – OPEC Monthly Report

Tuesday – China Balance of Trade. US NFIB Business Optimism, **Inflation (June)**, Fed Chair Warsh Testimony

Wednesday – China GDP Growth (Q2), Industrial Production, Retail Sales, Fixed Asset Investment. Eurozone Industrial Production. US PPI (June).

Thursday – UK GDP Growth(May), Industrial Production, Balance of Trade. US Weekly Jobless Claims, Retail Sales, NAHB Housing Market Index.

Friday – Eurozone Inflation (Final, June). US Housing Starts and Building Permits, Industrial Production, Michigan Consumer Sentiment (Preliminary, July).

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