CareEdge Global

Global Economy Update: Control+Alt+Adapt

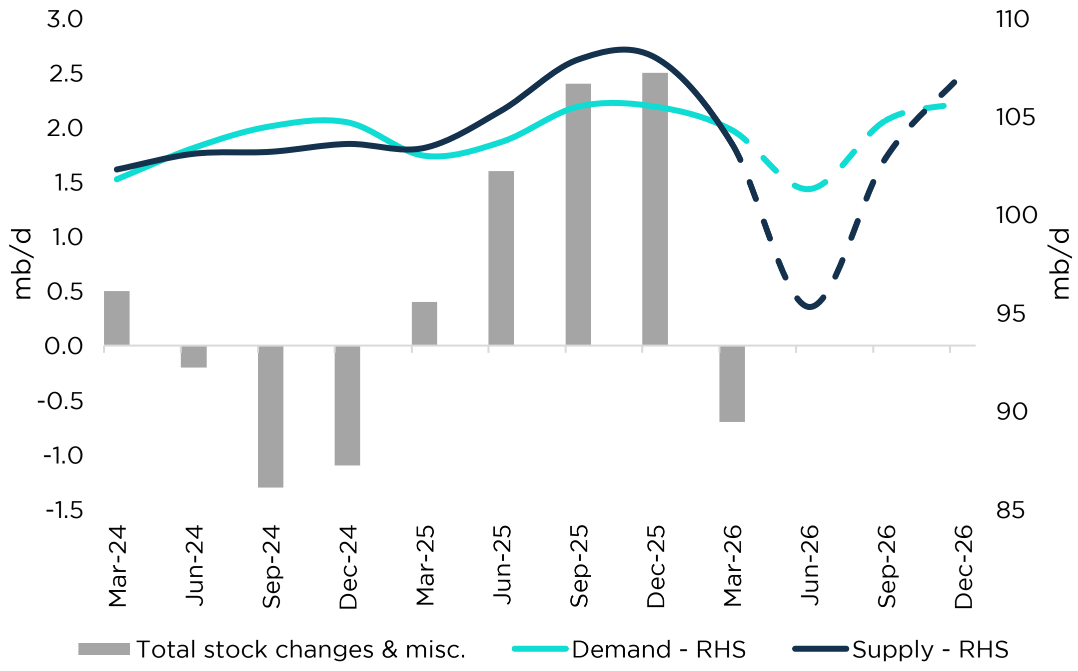
June 2026

Contents

International Landscape

Falling oil inventories, rising exposure

Global oil inventories fell sharply in Q1 2026



Source: IEA May'26 Report, CareEdge Global
Note: Dotted lines represent IEA's forecasts assuming flows from the Strait gradually resume from June

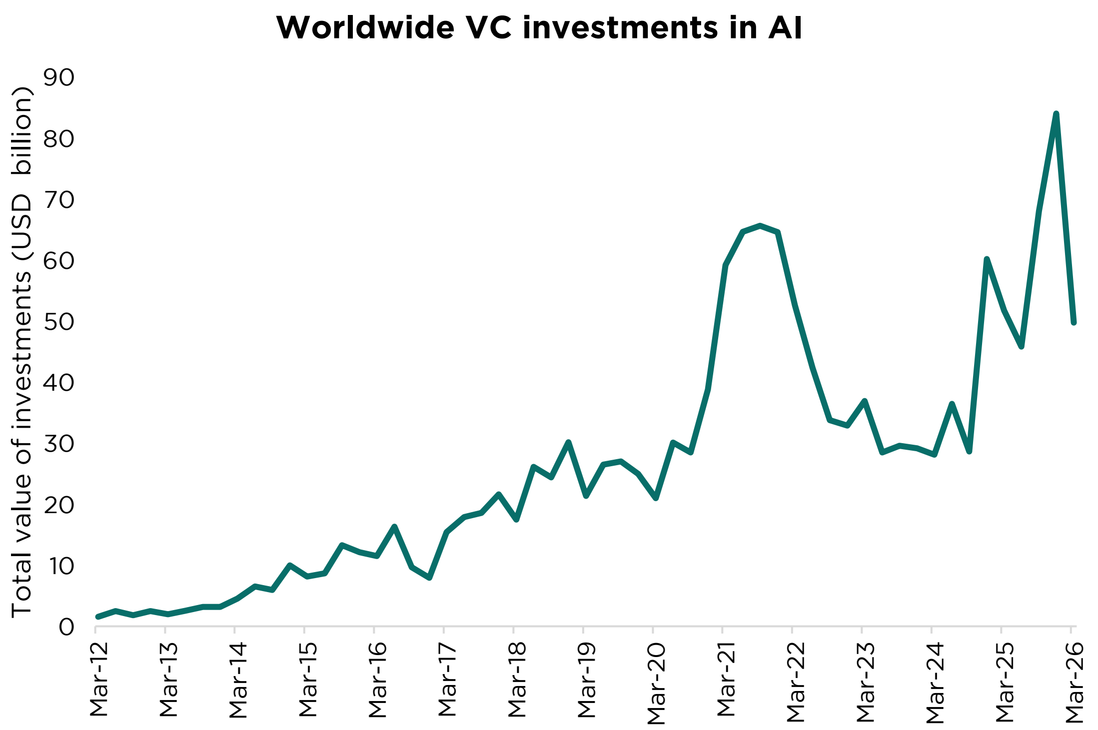
Countries relatively more exposed to the crisis

	Oil import dependency	CAB as % of GDP (2025)
Ethiopia (D)	nearly 100%	-0.9
Mauritius (BBB)	nearly 100%	-6.4
Morocco (BBB-)	nearly 100%	-2.1
Philippines (BBB+)	nearly 100%	-3.3
Tanzania (B+)	nearly 100%	-2.4
Greece (BB+)	99%	-5.7
Cyprus (BBB+)	97%	-8.1
Kenya (B)	90%	-2.7
India (BBB+)	87%	-0.9
Turkey (BB-)	86%	-1.9

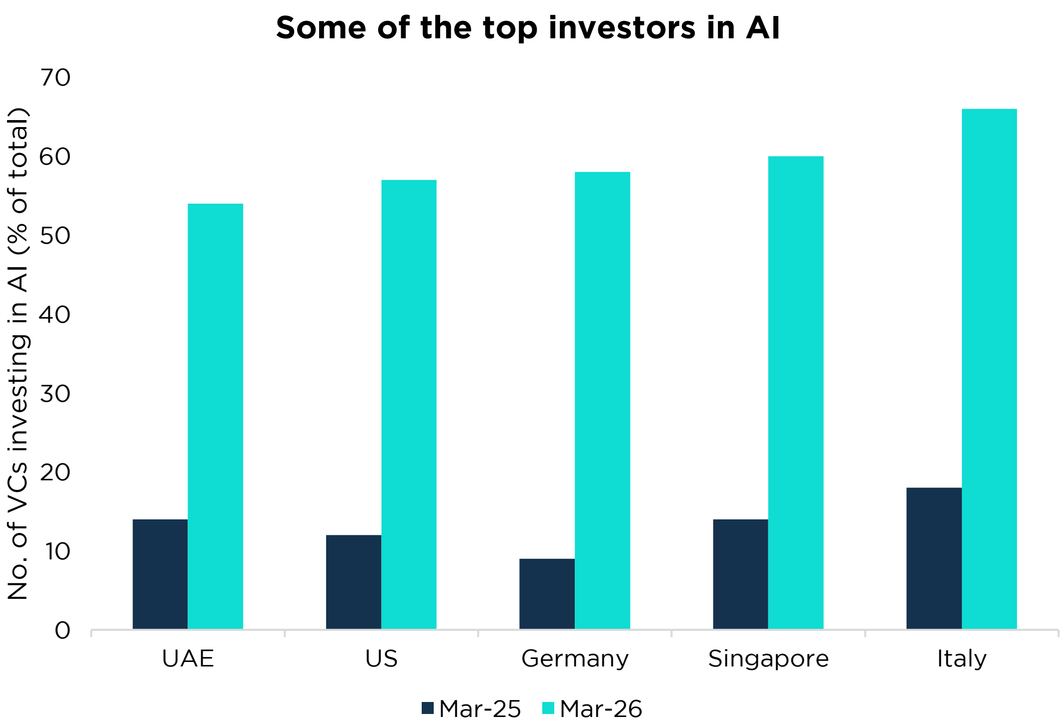
Source: IEA, IMF, CareEdge Global
Note: Population set used is the CareEdge Global sovereign rating universe
The oil import dependency values represent approximates for crude oil

- Disruptions in the Strait of Hormuz have significantly cut global oil supplies, leading to a depletion of international inventories.
- The resulting supply-demand imbalance has driven oil price volatility higher, raising energy costs and inflationary pressures, particularly for economies heavily reliant on imported oil.
- Consequently, countries with high oil import dependence, large current account exposures, and limited fiscal buffers are the most vulnerable to prolonged disruptions and elevated energy prices.

The AI investment shift



Source: OECD.AI, CareEdge Global

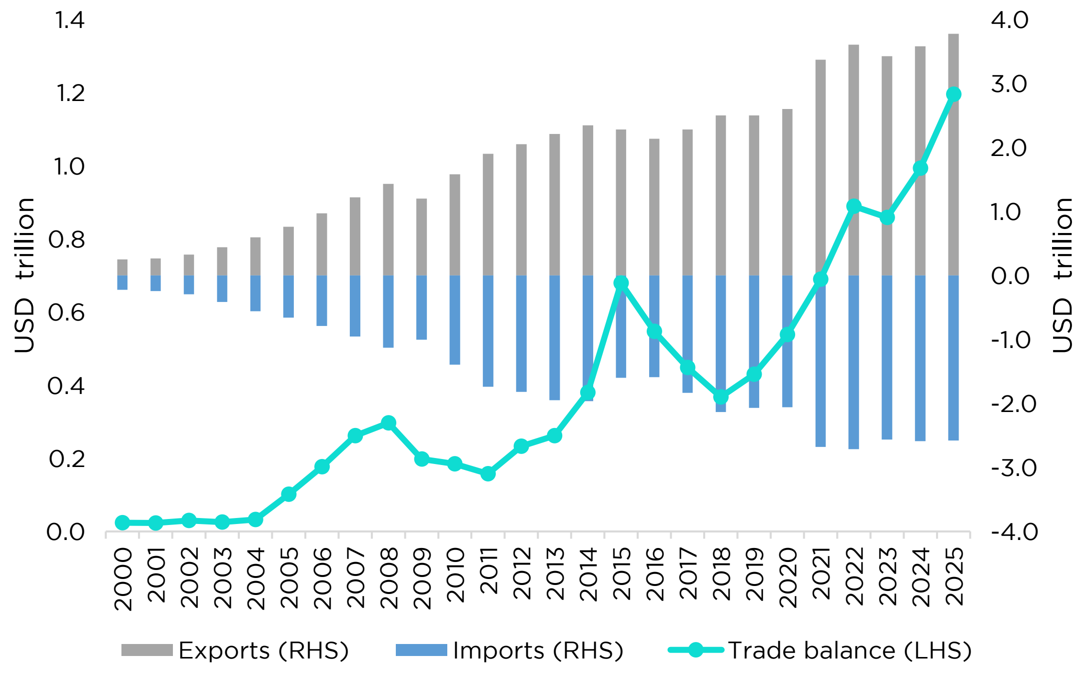


Source: OECD.AI, CareEdge Global

- Worldwide venture capital (VC) investments in artificial intelligence (AI), declined slightly in Q1 2026.
- Investors concentrated capital in established AI firms, resulting in fewer but larger funding rounds and a more selective investment environment.
- VC investors from Italy, Germany, the US, the UK, and the UAE have emerged as some of the most active participants in AI-related funding.

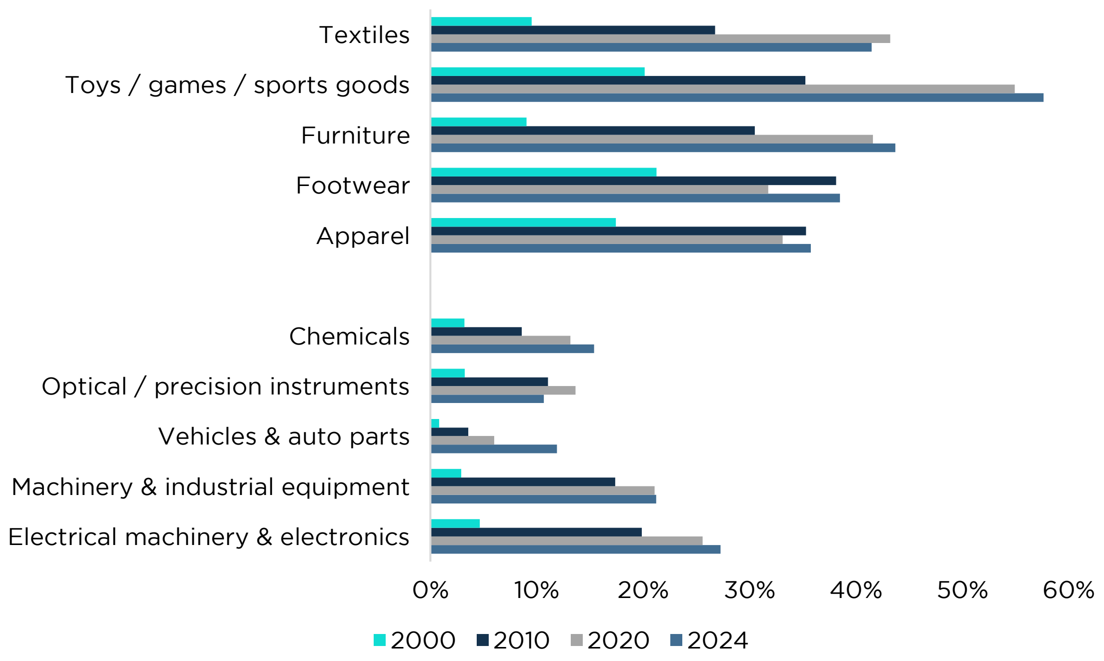
China's trade surplus crossed USD 1 trillion in 2025 despite trade tension

China's exports, imports, and trade surplus



Source: Haver Analytics, CareEdge Global

China's share of global exports by sector



Source: UN Comtrade database, CareEdge Global

- China's goods trade surplus reached USD 1.2 trillion in 2025, with exports at USD 3.8 trillion and imports at USD 2.6 trillion, showing that exports are growing much faster than imports.
- The widening gap between exports and imports suggests China's surplus is not cyclical; in fact, it reflects weak domestic import absorption and strong external competitiveness.
- China has gained export share not only in traditional sectors such as apparel, furniture and toys, but also in machinery, electronics, vehicles, chemicals, transport equipment and high-tech goods, showing a move into higher-value manufacturing.

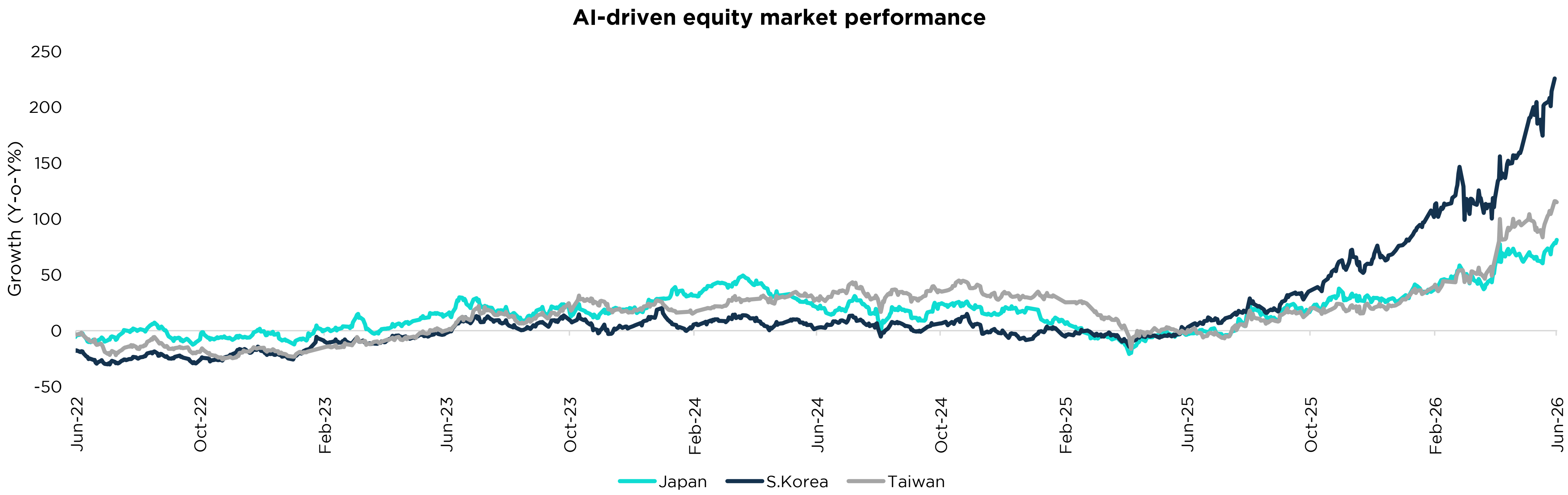
CareEdge
GLOBAL RATINGS

APAC

Singapore	AAA
Australia	AA+
Hong Kong	AA
Taiwan	AA
Japan	AA-
UAE	AA-
S. Korea	AA-
China	A
Malaysia	A-
Thailand	A-
India	BBB+
Philippines	BBB+
Indonesia	BBB
Vietnam	BB+
Bangladesh	CCC+

- Positive Outlook
- Stable Outlook
- Negative Outlook
- No Outlook

APAC: Strong equity gains in AI-led APAC economies



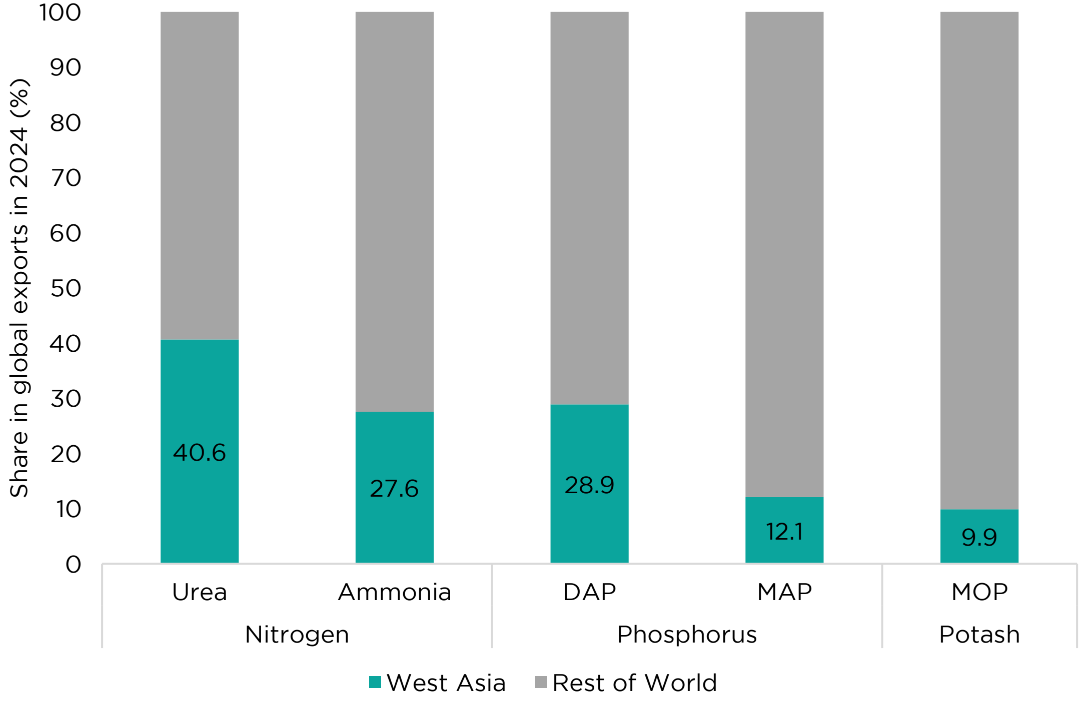
Source: Haver Analytics, CareEdge Global

- AI investment boom and reform momentum have driven strong equity market gains across Taiwan, South Korea, and Japan.
- However, AI-driven rally has increased the concentration risk, with a handful of semiconductor and technology firms driving a disproportionate share of market gains, leaving equities more exposed to AI demand slowdown and valuation corrections.

APAC: Fertiliser supply risk adds another layer of vulnerability

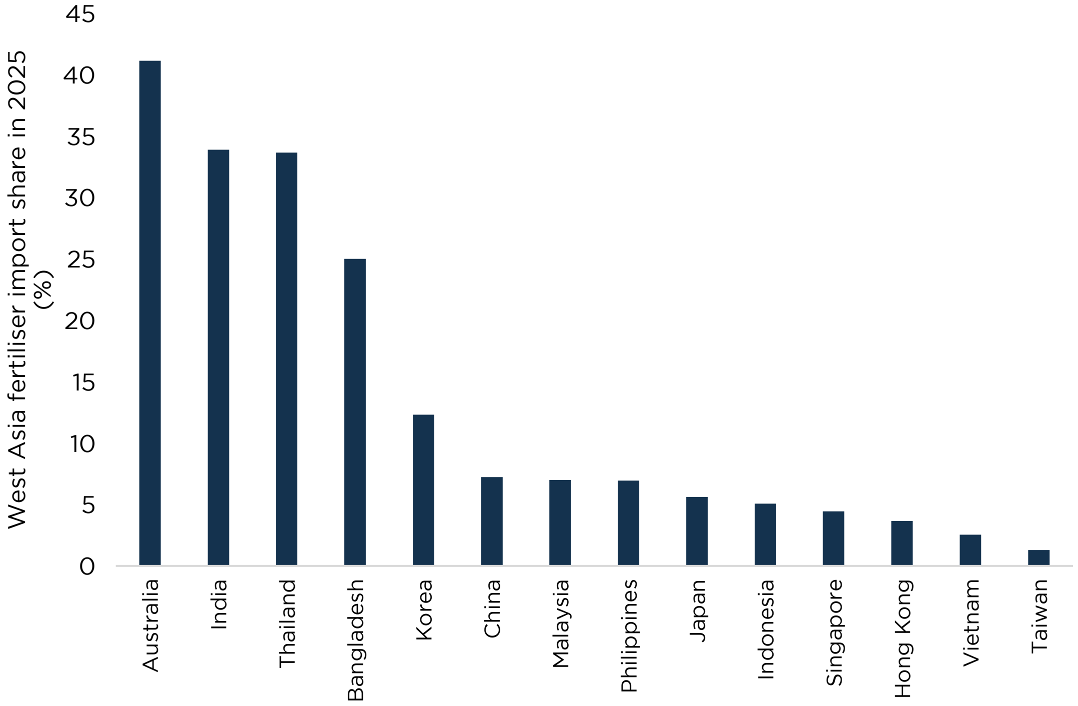
CareEdge GLOBAL RATINGS

West Asia Is a key source of global fertiliser exports, especially nitrogen



Source: International Fertiliser Association (IFA), CareEdge Global
Note: Diammonium phosphate (DAP) and monoammonium phosphate (MAP) are NP fertilisers but are classified under phosphatic fertilisers based on their primary nutrient content. Ammonia is a key input in the production of nitrogen fertilisers, while the others are finished fertilisers.

Elevated West Asian fertiliser dependence in select APAC economies



Source: ITC Trade Map, CareEdge Global

- West Asia is a critical supplier of fertilisers globally, particularly nitrogen-based products, creating concentration risks in global fertiliser supply chains.
- Several APAC economies, including Australia, India, Thailand and Bangladesh, rely heavily on West Asian fertiliser imports, increasing their vulnerability to supply disruptions, higher import costs, and food inflation pressures.

India: Fiscal deficit target met in FY26, challenges persist in FY27

Centre's fiscal performance in FY26 (PE)

	FY26		
	Revised estimate (RE)	Provisional estimate (PE)	PE vs RE
	Rs trillion	Rs trillion	Rs trillion
1. Revenue receipts [2+3]	33.4	33.0	-0.4
2. Net tax revenue	26.7	26.2	-0.5
3. Non-tax revenue	6.7	6.8	0.1
4. Non-debt capital receipts	0.6	0.8	0.2
5. Total receipts [1+4]	**34.1**	**33.9**	**-0.2**
6. Revenue expenditure	38.7	38.4	-0.3
7. Capital expenditure	11.0	10.7	-0.3
8. Total expenditure [6+7]	**49.6**	**49.1**	**-0.6**
9. Fiscal deficit [8-5]	**15.6**	**15.2**	**-0.4**

Source: CGA, CareEdge

Centre's fiscal burden - CareEdge estimates for FY27

	Rs Trillion	% GDP
Net revenue foregone from reduction in excise duty (adjusted for higher revenue from export duty)	1.1	0.3
Additional fertiliser subsidy	0.38	0.1
Revenue loss from lower tax collections	0.40	0.1
Estimated additional fiscal burden	**1.9**	**0.5**

Source: CareEdge estimates

- Centre met its FY26 fiscal deficit target of 4.4% of GDP. Despite slippages on receipts, rationalisation in expenditure helped contain the fiscal deficit.
- Centre has budgeted its FY27 fiscal deficit at 4.3% of GDP.
- The RBI announced a record dividend transfer of Rs 2.87 trillion to the Centre. This is against the budgeted Rs 3.16 trillion from the RBI and public sector banks (PSBs) collectively. Overall, since the dividend is largely on expected lines, it is unlikely to provide any incremental support to the fiscal deficit.
- Uncertainty over West Asia crisis and its repercussions on the Indian economy challenge the Centre's fiscal consolidation path for FY27.
- Burden of the elevated global crude oil prices is currently being shared by the Centre and oil marketing companies (OMCs), while passing on some impact to the consumers as well. Additionally, there are fiscal pressures stemming from a higher fertiliser subsidy bill and likely lower tax collections.
- Overall, we estimate the fiscal burden from all these factors to be around 0.5% of GDP in FY27. However, the government's Economic Stabilisation Fund should provide some buffer to address rising fiscal pressures.

CareEdge
GLOBAL RATINGS

The Americas

Canada	AA+
United States	AA+
Chile	A-
Mexico	BBB-
Peru	BBB-
Brazil	BB+
Colombia	BB+
Ecuador	CCC+
Argentina	CCC+

Positive Outlook

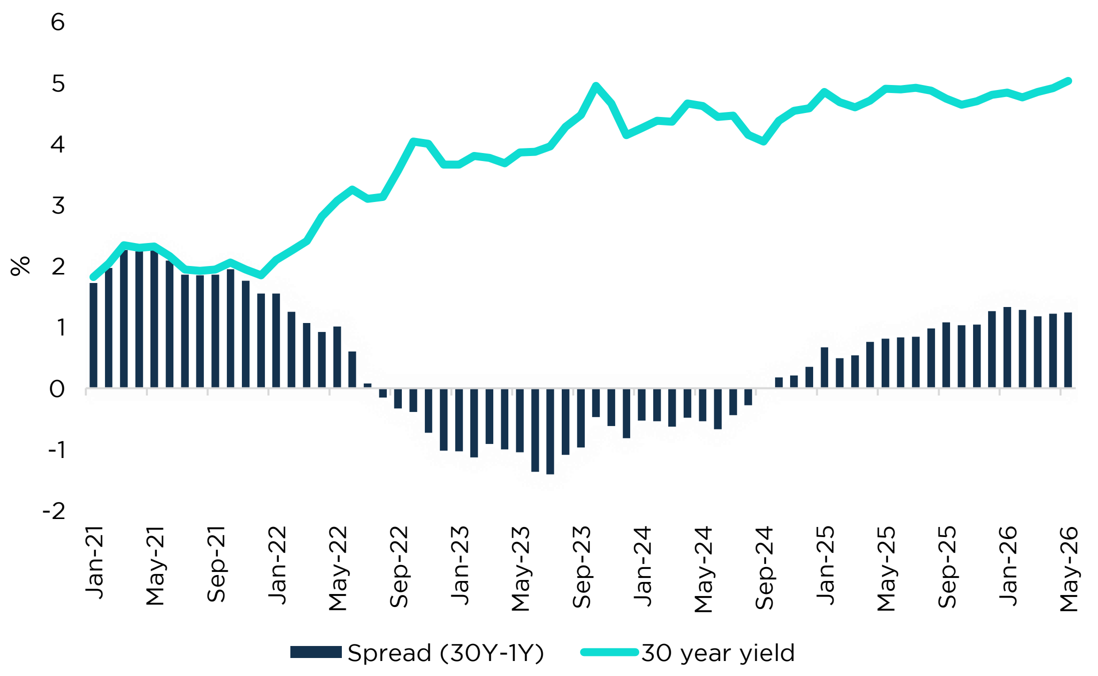
Stable Outlook

Negative Outlook

No Outlook

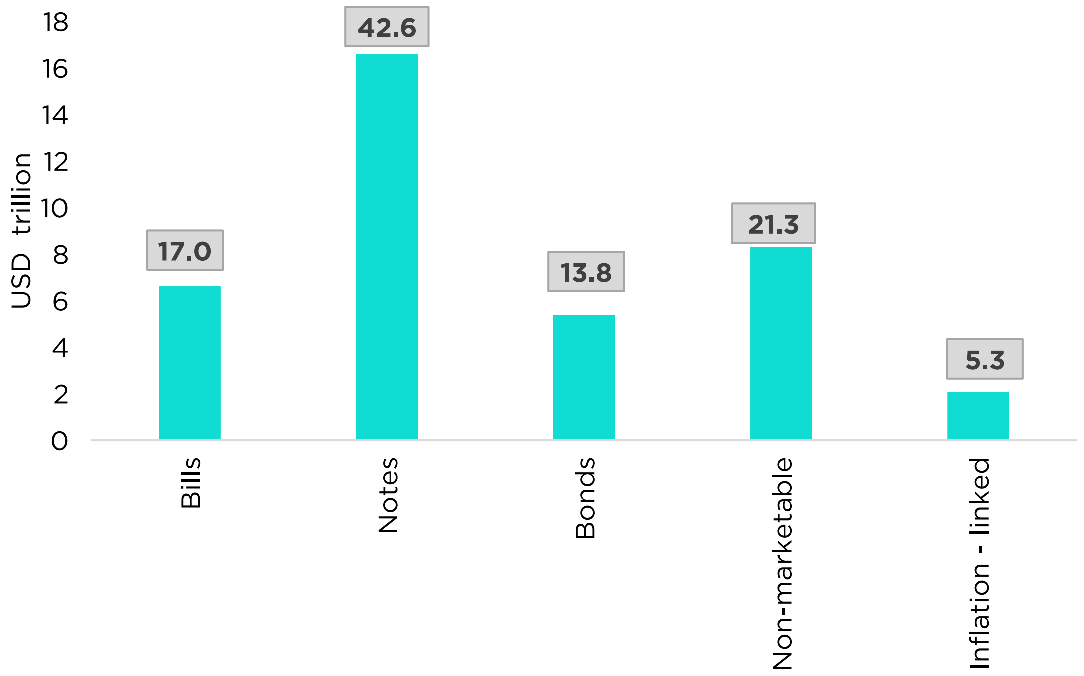
US: 30Y yield above 5%; greater reliance on shorter tenure offers cushion

30-year UST yield reaches 19-year high



Source: FRED, CareEdge Global
Note: Data is monthly average as of May 31, 2026

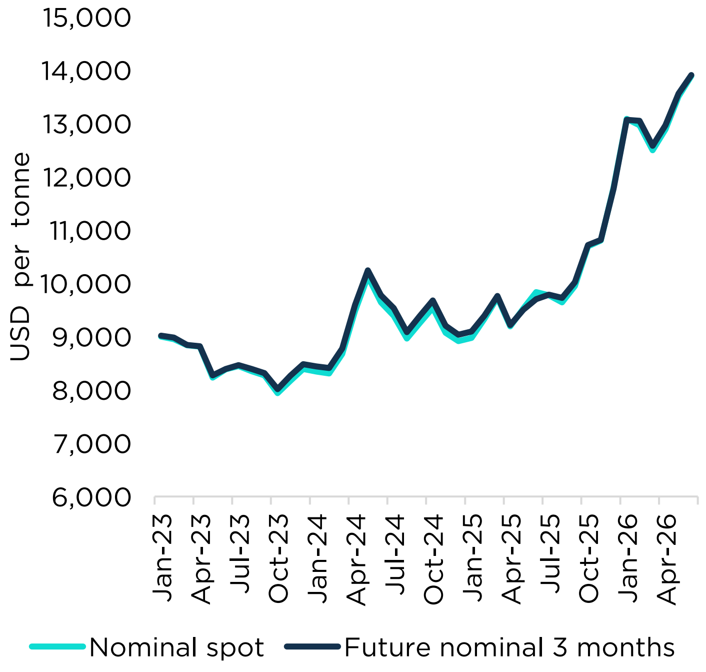
Long term bonds share in outstanding debt is low



Source: US Treasury, CareEdge Global
Note: (a) Figures in brackets represent % share in total outstanding debt as of April 30, 2026. (b) Maturity of the instruments are as: Bills up to 1 year; Notes above 1 year and up to 10 year; Bonds above 10 year

- 30Y UST yield has risen by 27 bps since February 2026, as markets price in a higher risk premium amid the West Asia conflict.
- However, the impact on borrowing costs is partly cushioned by the debt structure, with bonds of maturity above 10 years accounting for only 13.8% of outstanding debt (April 2026), with exposure mainly concentrated in shorter-term securities, limiting near-term sensitivity to higher long-end yields.
- Nonetheless, financing conditions remain tight, with markets pricing no US Fed rate cuts this year and elevated US interest payments-to-revenue ratio posing concerns for the fiscal profile.

Chile: COCHILCO cuts copper output forecasts for 2026-27



Source: COCHILCO, Chile, CareEdge Global

Source: COCHILCO, Chile, CareEdge Global

COCHILCO lowers copper output forecasts (million tonne)

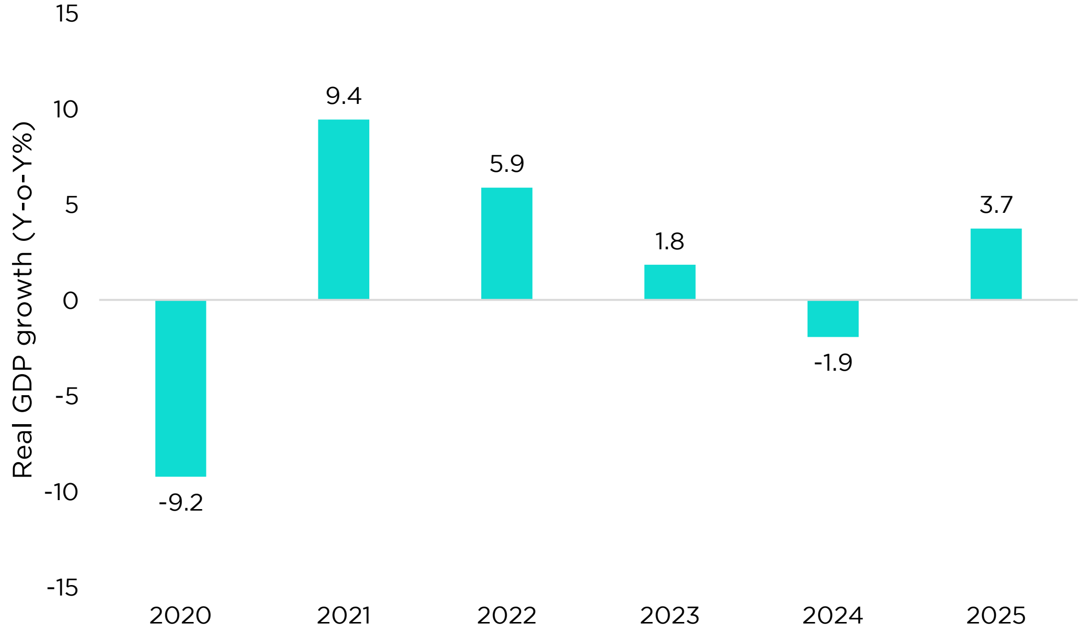
	2026	2027
Feb 2026	5.60	5.97
May 2026	5.30	5.50
% Change	-5.3	-7.8

Source: COCHILCO, Chile, mining reporters, CareEdge Global

- Spot and future copper prices increased 41% Y-o-Y to almost USD 14,000 per tonne in June 2026.
- The surge in copper prices is expected to provide a boost to Chile's external position. The IMF projects the current account deficit to narrow to 0.8% of GDP in 2026 from 2.3% in 2025.
- However, the gains from higher prices are being tempered by weaker production prospects, as mine maintenance and declining ore grades have led to downward revisions in copper output forecasts for 2026–27.

Ecuador: Progress on economic front, though vulnerabilities remain

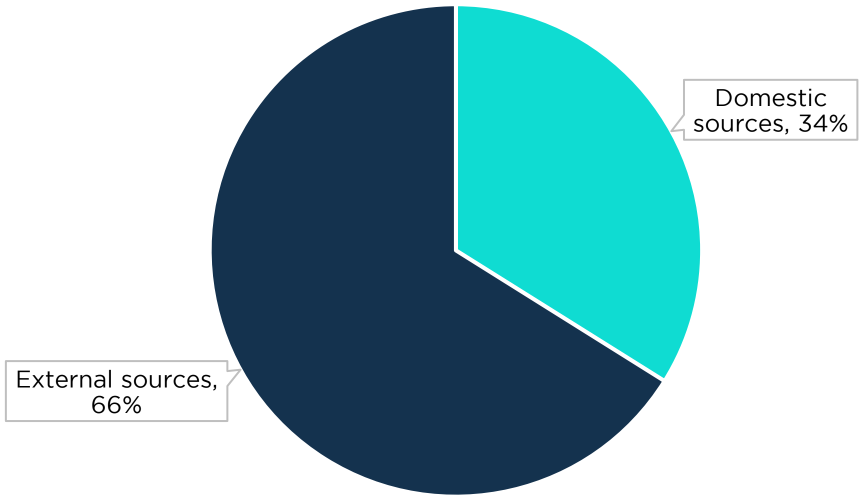
Better-than-expected GDP growth in 2025, though 2026 growth subject to El Nino



Source: Banco Central del Ecuador, Haver Analytics, CareEdge Global

Ecuador heavily relies on external sources for its gross financing needs

% of gross financing needs by source



Source: IMF, CareEdge Global

- CareEdge Global has reaffirmed Ecuador's rating at CareEdge CCC+ (Unsolicited).
- The rating reaffirmation reflects Ecuador's structural constraints, including a weak debt repayment record, limited monetary policy flexibility under the dollarised regime, security risks, and vulnerability to climate shocks, including a potential onset of El Nino.
- While stronger-than-expected GDP growth, supported by non-oil exports, and return to international capital markets are positive developments, Ecuador's repayment ability remains critically dependent on financing from external creditors.

CareEdge
GLOBAL RATINGS

Europe

Germany	AAA
Netherlands	AAA
Sweden	AAA
United Kingdom	AA-
Portugal	A+
France	A+
Spain	A
Cyprus	BBB+
Italy	BBB
Greece	BB+
Türkiye	BB-

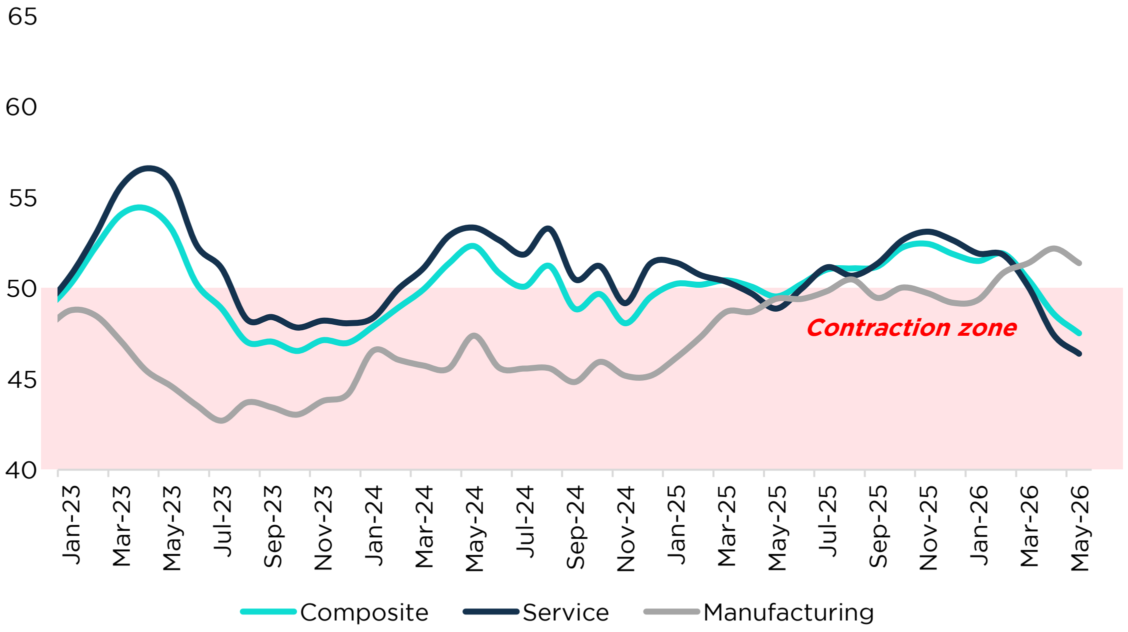
Positive Outlook

Stable Outlook

Negative Outlook

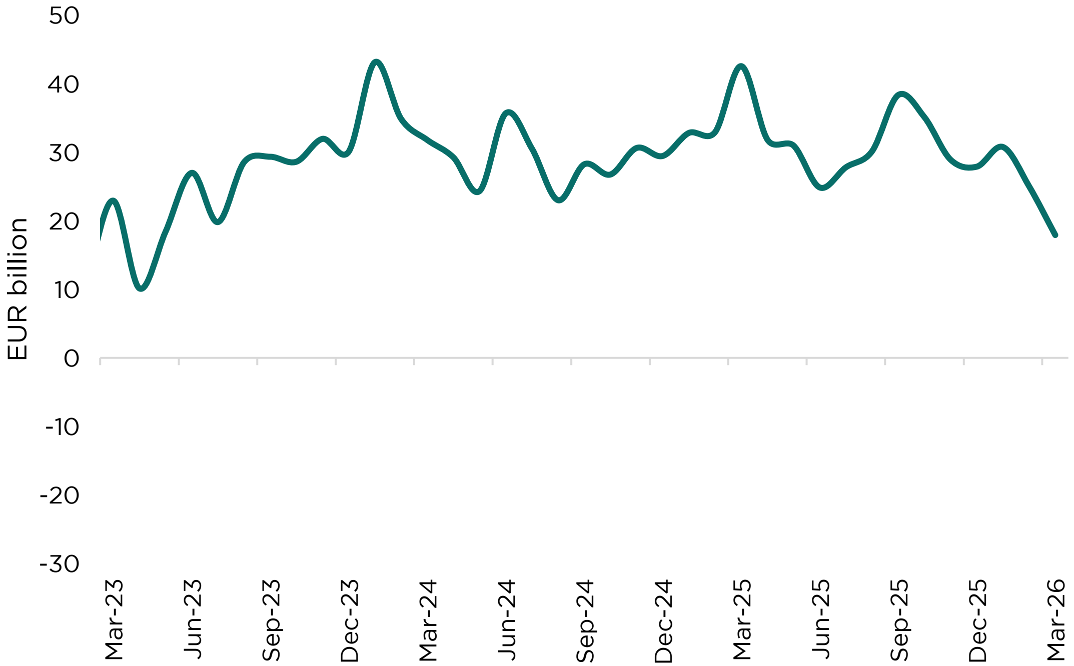
Europe: Signs of softening

Composite PMI contracted for the second straight month in May



Source: Haver Analytics, CareEdge Global

EU goods trade balance weakened in Q1 2026

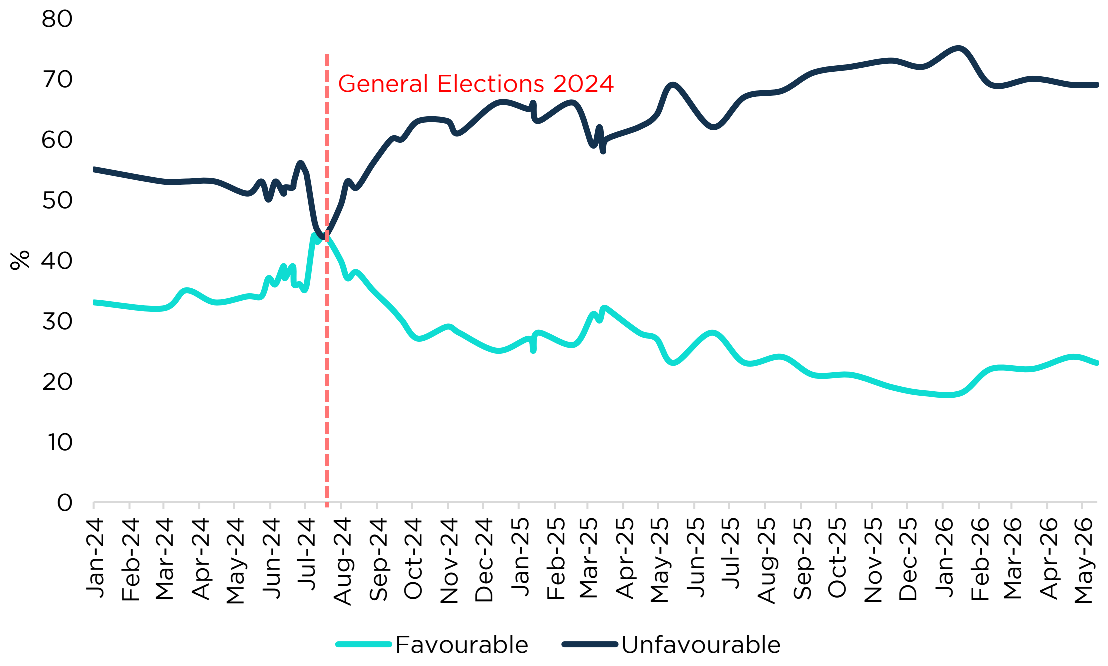


Source: Haver Analytics, CareEdge Global

- Eurozone Composite PMI fell from nearly 49 in April to 48 in May, remaining in contraction territory and signaling weak near-term growth momentum.
- The slowdown was driven mainly by softer services activity amid elevated uncertainty and weaker business confidence, while manufacturing remained broadly stable.
- The goods trade surplus narrowed in Q1 2026, reflecting weaker machinery and vehicles surplus, and wider energy deficit.
- Overall, weakening domestic demand and softer external trade conditions point to a subdued growth outlook for the eurozone in the coming quarters.

UK: Has Starmer's political capital eroded?

Starmer's approval ratings at lowest level?



Source: YourGov, CareEdge Global

Right wing-Reform UK gained the most in May local elections

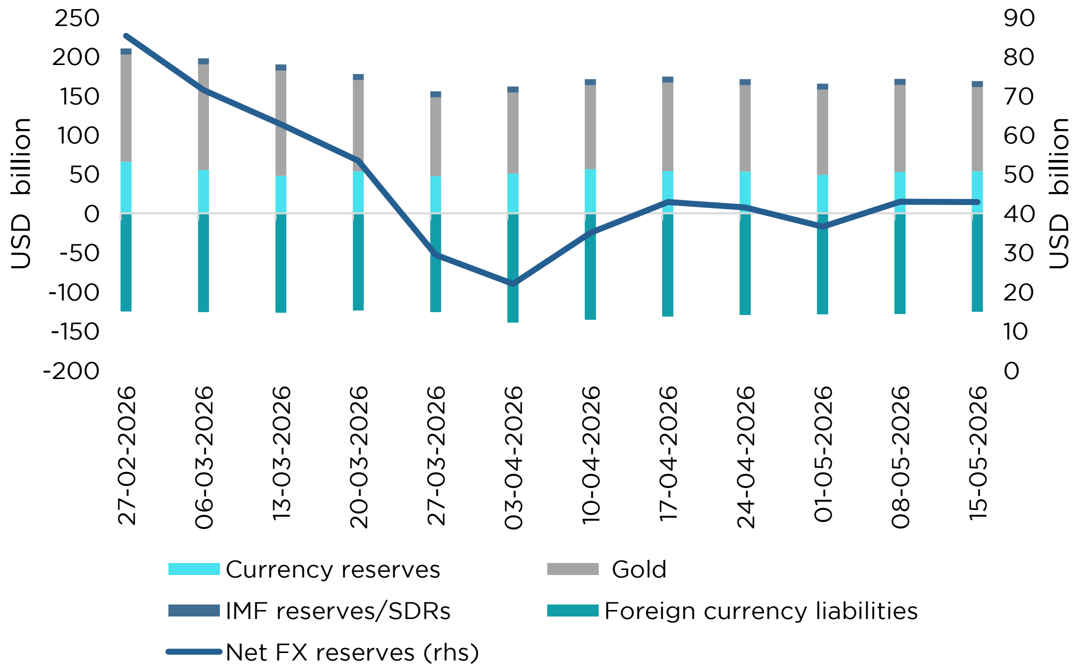
Political party	Total councillors	Net change in seats	Total councils controlled	Net change in councils
Reform UK	1,454	1,452	14	14
Labour (PM Starmer's Party)	1,068	-1,498	28	-38
Liberal Democrats	844	155	15	1
Conservative	801	-563	9	-6
Green Party	587	441	5	5
Independents / Others	213	35	0	0
Residents' Associations	36	-31	0	0
Aspire	33	9	1	1
No Overall Control (NOC)	–	–	64	23

Source: PollCheck UK Council, CareEdge Global
Note: Net losers, Net gainers
Total seats contested were 5036, Council is a governing body made of many elected councilors, Net change = Seats won- seats lost

- PM Keir Starmer's popularity dropped due to the cost-of-living crisis, unpopular spending cuts, and political controversies.
- This public discontent led to noticeable Labour losses in the May 2026 local elections, driving voters towards Reform UK and the Greens. Local elections wield power over municipal infrastructure and wide range of public services.
- Despite a strong parliamentary majority, the election losses have weakened his leadership, threatening to create political uncertainty.

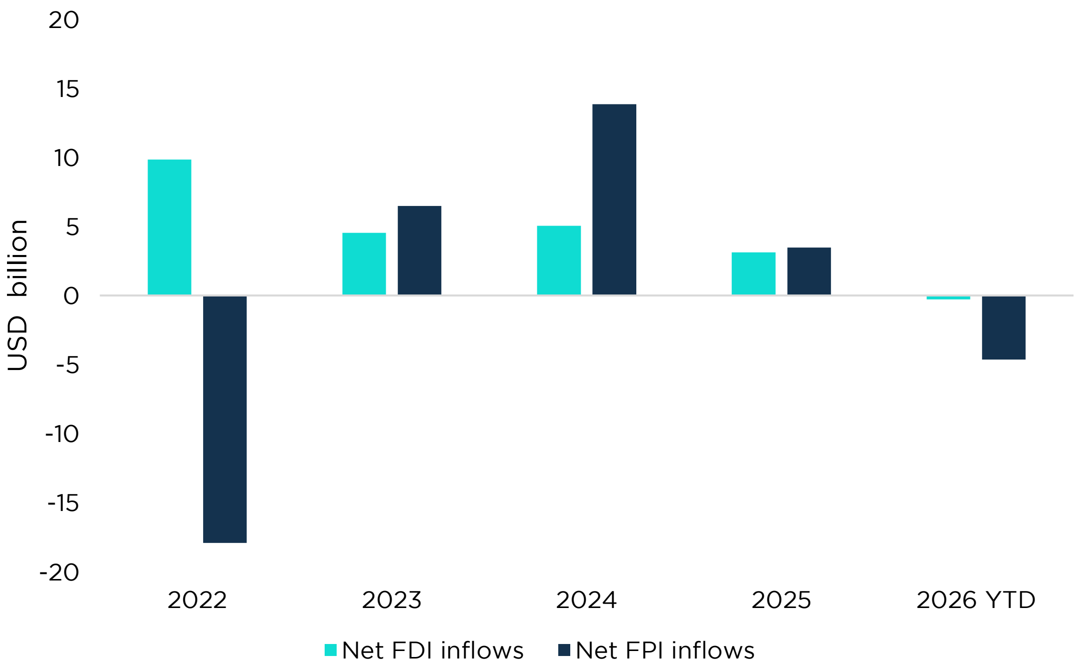
Türkiye: West Asia crisis exposes reserve vulnerability, external fragility

Foreign reserve position (weekly)



Source: Haver Analytics, CareEdge Global

FDI and FPI flows



Source: Haver Analytics, CareEdge Global

- Türkiye's gross foreign reserves declined sharply from USD 210 billion at the end of February to USD 155 billion by the end of March, driven by heavy currency interventions and crisis-related outflows.
- By mid-May, however, reserves had partially recovered to USD 169 billion.
- In 2026, Türkiye also experienced notable capital outflows amid heightened geopolitical tensions.
- These included net foreign direct investment (FDI) outflows of USD 0.3 billion and net foreign portfolio investment (FPI) outflows of USD 4.6 billion, underscoring the rapid reversal of "hot money" flows during periods of risk aversion.

Africa

Mauritius	BBB
Botswana	BBB
Morocco	BBB-
South Africa	BB
Tanzania	B+
Nigeria	B+
Kenya	B
Egypt	B
Ghana	B-
Ethiopia	D

Positive Outlook

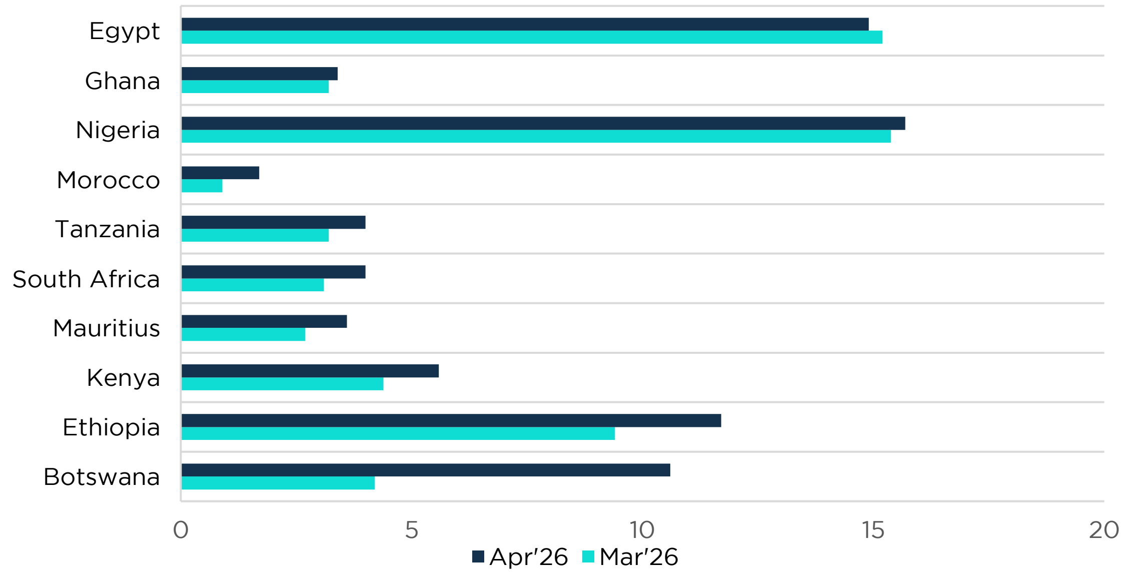
Stable Outlook

Negative Outlook

No Outlook

Africa: Emerging price pressures met with cautious policy stance

Inflation rate of select economies



Country	Target range	Policy actions after conflict	Previous policy rate	Current policy rate
Egypt	5-9%	Hold	19%	19%
Ghana	6-10%	Hold	14%	14%
Nigeria	6-9%	Hold	26.5%	26.5%
Morocco	-	Hold	2.25%	2.25%
Tanzania	3-5%	Hold	5.75%	5.75%
South Africa	2-4%	Hike in May	6.75%	7.00%
Mauritius	2-5%	Hike in May	4.50%	4.75%
Kenya	2.5-7.5%	Hold	8.75%	8.75%
Ethiopia	-	Hold	15%	15%
Botswana	3-6%	Hike in April	3.50%	5.50%

Source: Haver Analytics; Official Sources, CareEdge Global
Note: Denotes exceeded target and Reflects below target

Source: Haver Analytics; Official Sources, CareEdge Global
Policy actions reflect developments following the onset of the conflict (post-February).

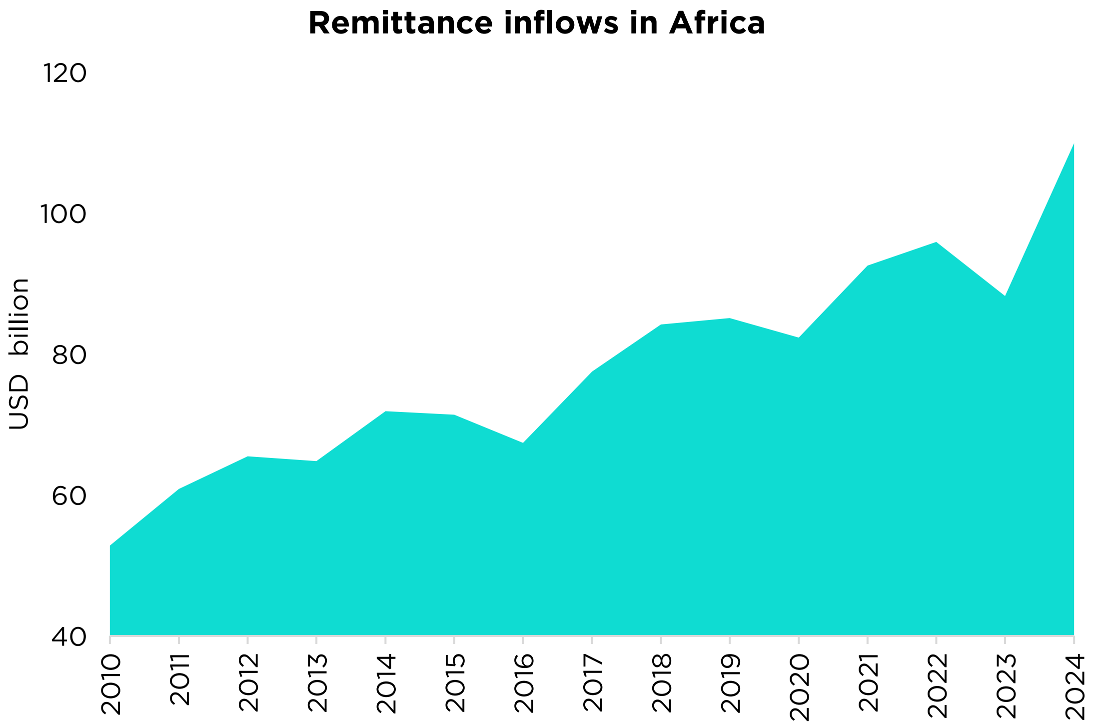
- Inflation in Egypt, Nigeria, and Botswana breached target ranges, largely reflecting spillovers from Middle East-related pressures, with Nigeria's inflation already elevated relative to peers prior to the shock.
- Mauritius and South Africa responded with policy tightening, driven by imported inflation risks, exchange rate pressures, and the need to anchor inflation expectations amid heightened global uncertainty.
- Botswana raised its policy rate by 200 bps to 5.5% in April 2026, because of inflation pressures, while aiming to address money market distortions, strengthen weak monetary policy transmission, and realign short-term interest rates with the policy framework.

Africa: IMF programme status and exit outlook

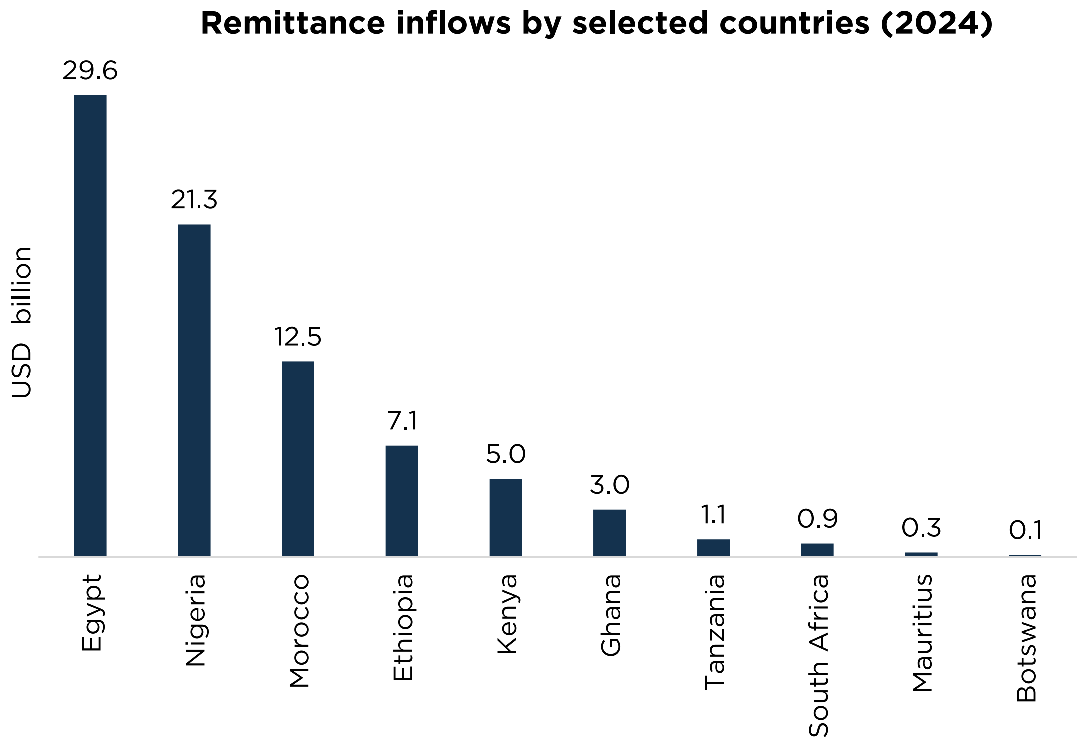
Country	IMF programme	Status
Egypt	EFF	• Active • Programme extended till December 2026 • USD 5.2 billion out of USD 9.3 billion disbursed
Ethiopia	ECF	• Active • Supports Homegrown Economic Reform, including debt restructuring and FX reforms • USD 2.2 billion out of USD 3.4 billion disbursed
Morocco	FSL | RSF*	• Active • Support to strengthen external buffers and climate resilience reforms • USD 1.3 billion out of USD 5.8 billion disbursed
Tanzania	ECF | RSF	• Active • Support reform agenda, macro-financial stability, climate resilience and investments. • USD 1.6 billion out of USD 1.8 billion disbursed
Ghana	ECF	• Concluded in May 2026 • Sixth and final review completed • Ghana is transitioning to a non-financing Policy Coordination Instrument (PCI) • USD 2.8 billion out of USD 3.0 billion disbursed
Kenya	EFF | ECF	• Expired in April 2025 • USD 2.6 billion out of USD 3.6 billion disbursed • Programme expired without completion of final review • Discussion regarding successor IMF engagement remain ongoing

* FCL has not been drawn; RSF provides actual disbursements.
Source: CareEdge Global

Africa: Remittance inflows resilient; concentration across key economies



Source: Remitscope, CareEdge Global



Source: Remitscope, CareEdge Global

- Remittance inflows to Africa (concentrated in Egypt and Nigeria) have consistently trended up over the past decade, reaching a new high of USD 109.9 billion in 2024 despite intermittent dips, underscoring their resilience as a stable external financing source.
- More recent data for 2025 indicate Egypt's remittance inflows have reached USD 41.5 billion, pointing to continued upward momentum, while Ghana's inflows increased to USD 5 billion, and Nigeria's remained broadly unchanged at around USD 21.8 billion.
- The US is the largest global source of remittances (USD 12.8 billion), with corridors differing across recipients. Egypt's inflows are driven by Saudi Arabia and the UAE (along with the US and Qatar), while Nigeria's inflows are more diversified, led by the US and the UK alongside contributions from several advanced economies.

CareEdge Sovereign Ratings

CareEdge Global: Long-Term Foreign Currency Ratings*

AAA	AA+	AA	AA-	A+	A
Germany (S) Netherlands (S) Singapore (S) Sweden (S)	Australia (S) Canada (S) USA (N)	Hong Kong (S) Taiwan (S)	Japan (S) S. Korea (S) UAE (S) UK (S)	France (S) Portugal (S)	China (S) Spain (S)

A-	BBB+	BBB	BBB-	BB+	BB
Chile (S) Malaysia (S) Thailand (N)	Cyprus (S) India (S) Philippines (S)	Botswana (N) Indonesia (S) Italy (S) Mauritius (S)	Mexico (S) Morocco (S) Peru (S)	Brazil (S) Colombia (N) Greece (P) Vietnam (S)	South Africa (P)

BB-	B+	B	B-	CCC+	D
Türkiye (S)	Nigeria (S) Tanzania (S)	Egypt (S) Kenya (S)	Ghana (P)	Argentina Bangladesh Ecuador	Ethiopia

*Note: As of June 2, 2026; Unsolicited Ratings Rating Outlook: P - Positive | S - Stable | N - Negative . Outlook not applicable for CCC Category and D

CareEdge
Corporate Ratings

CareEdge Global: Clientele across corporate, infrastructure, and FIs

CareEdge GLOBAL RATINGS

Corporate and infrastructure

Renewable
ReNew 15
adani Renewables
Adani Green Energy Limited

Steel
One of India's largest steel manufacturers

Diversified
One of India's largest conglomerate

Airport
Chhatrapati Shivaji Maharaj INTERNATIONAL AIRPORT MUMBAI

Cement
Shree Cement

Power Utilities
A large power project in Botswana
adani Electricity
ATSOL Global IFSC Limited

Seaport
adani Ports and Logistics

All-India financial institutions

इंडिया एक्ज़िम बैंक India Exim Bank
NaBFID National Bank for Financing Infrastructure and Development

Insurance & other SOEs

ई सी जी सी ECGC
IREDA Global Green Energy Finance IFSC Limited
INDIA EXIM FINSERVE

Non-banking finance companies

Diversified
One of Top-3 NBFCs
SMFG IndiaCredit
A large diversified NBFCs

Edu-Finance
varthana
ZINC

MSME-Finance
AYE [आय]
Namdev Finvest Private Limited
U GRO CAPITAL

Micro-Finance
muthoot MICROFIN
VEDIKA FINANCE
CreditAccess Grameen
Midland microfin beyond microfinance
ANNAPURNA FINANCE GROWING TOGETHER
SATIN

Others
MGKL
wheelsemi two wheeler finance specialist
Trade Finance focused NBFC
Junomoneta
SFL Satin Finserv Limited
Aircraft leasing company

Analytical contacts

Rajani Sinha
Chief Economist
Rajani.Sinha@careedge.in

Kiran Kavala
Senior Director
Kiran.Kavala@careedgeglobal.com

Shobana Krishnan
Consultant
C-Shobana.Krishnan@careedge.in

Yogesh Kumar
Economist
Yogesh.Kumar@careedgeglobal.com

Shivani Sahu
Associate Economist
Shivani.Sahu@careedgeglobal.com

Akanksha Bhende
Senior Economist
Akanksha.Bhende@careedge.in

Mihika Sharma
Senior Economist
Mihika.Sharma@careedgeglobal.com

Amya Parmar
Economist
Amya.Parmar@careedgeglobal.com

Mihir Raravikar
Economist
Mihir.Raravikar@careedgeglobal.com

Buhle Toni
Associate Economist
Buhle.Toni@careedgesouthafrica.com

Novishka Ramma
Associate Economist
Novishka.Ramma@careratingsafrica.com

Dr. Annie Mahajan
Senior Economist
Annie.Mahajan@careedgeglobal.com

Sanroy Seechurn
Senior Economist
Sanroy.Seechurn@careratingsafrica.com

Girisha Algoo
Economist
Girisha.Algoo@careratingsafrica.com

Utkarsh Kumar
Economist
Utkarsh.Kumar@careedgeglobal.com

Hemasree Tummaluru
Associate Economist
Hemasree.Tummaluru@careedgeglobal.com

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Contact

Mradul Mishra	Media Relations	mradul.mishra@careedge.in	+91 - 22 - 6754 3596
Varsha Dsouza	Media Relations	varsha.dsouza@careedgeglobal.com	-

CareEdge Global IFSC Limited
(subsidiary of CARE Ratings Ltd.)
501, FlexOne, GIFT SEZ, Block 15, Gandhinagar, Gujarat – 382050, India. I Phone: +91-79-6519 0701 I www.careedgeglobal.com I
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