



EIU MONITOR

Economic Intelligence Unit

August 2025 | Volume 4 | Issue 3

Main Highlights...

Geopolitics

Page 1

Middle East Tensions Escalate
Developments in Africa
Russia-Ukraine War
Longstanding Conflict in Asia Escalates

Trade

Page 6

US Tariff Developments up to July 2025
Global Trade Updates
Global Trade Imbalances

Banking and Finance

Page 12

Developments in the US
European Financial Sector Developments
Asian Banking Profits Under Pressure in 2025

Commodities

Page 16

Food
Energy
Non-energy

Tourism

Page 21

Recent Performance
Caribbean Tourism Update
Artificial Intelligence and the Tourism Industry

Geopolitics

Middle East Tensions Escalate



Source: Associated Press/Vahid Salemi



Source: Associated Press/Tomer Neuburg

- In June, the world braced for the significant intensification and spread of the conflict in the Middle East, after Israel launched major air strikes against Iran's military and nuclear infrastructure.
- Iran responded by firing waves of ballistic missiles at Israel and in the days that followed, both countries continued to trade attacks.
- Israel claimed its initial attack was necessary to prevent Iran from getting closer to building nuclear weapons. In the months leading up to the attack, there was growing global debate on whether Iran was actively working on nuclear weapons.
- Amid urgent international calls for restraint, all eyes were set on the US, as President Trump weighed the prospect of taking military action against Iran.
- On June 22, 2025, the US struck Iran's Natanz, Fordow and Isfahan nuclear facilities with bunker-buster bombs, inflicting varying degrees of damage, reportedly setting the country's nuclear programme back by months.
- By the end of the conflict, which lasted 12 days, it was estimated that a total of 610 Iranians were killed, while the toll in Israel was 28.
- The US was able to broker a ceasefire deal between the two countries, which was initially very fragile. The deal was announced on June 24th.
- Regarding the Israel-Hamas conflict, a lasting ceasefire deal continues to prove elusive as both sides continue to reject some of the key conditions laid out by the other.
- Hamas spurned Israel's demands to disarm, stating it will not agree to such a provision until a sovereign Palestinian state is established.
- For its part, Israel has repeatedly rejected the two-state solution suggested by mediators. The nation views this option as a clear and perpetual risk to its national security.
- News of Israel's plans to seize control of Gaza city and the remaining portion of Gaza not currently under Israeli control, was met with significant global condemnation and opposition at home.

Geopolitics

- The plan entails displacing the population and taking control of the entire Gaza strip. Israel's military currently controls 75 percent of Gaza and Prime Minister Netanyahu asserted that gaining control of the remaining portion was the best way to end the war
- In a new twist, in early August, the 22-member Arab League joined the EU and 17 other countries to back a declaration calling for Hamas to disarm and give up control of Gaza, as the group, along with other stakeholders, work to bring the war in the region to an end.
- This development follows announcements by several western countries, including Canada and France, of plans to recognise Palestine as a state. The UK threatened to recognise the territory by September 2025, unless Israel abides by a ceasefire and agrees to a two-state solution.
- Meanwhile, Israel faced growing criticism in recent months over the limited amount of humanitarian aid it was allowing to enter Gaza. The condemnation was significantly intensified when images of the human suffering started being increasingly circulated.

Developments in Africa



Geopolitics

DRC and Rwanda Moves Closer to Peace

- In late June 2025, the Democratic Republic of the Congo (DRC) and Rwanda signed a peace deal in the US, which many hope will end the decades-long conflict in eastern DRC, where thousands have died and hundreds of thousands have been displaced so far in 2025 alone.
- The deal requires both countries to form a joint security coordination mechanism within 30 days and a regional economic integration framework within 90 days.
- It also requires the DRC to facilitate the deactivation of the Democratic Forces for the Liberation of Rwanda (FDLR), following which Rwanda will lift its defensive mechanism inside the DRC.
- Weeks later, the DRC and the Rwandan-funded M23 signed a deal to end fighting in separate mediation efforts led by Qatar. The DRC government initially refused to meet with M23, branding it a terrorist group but eventually relented.
- As part of the deal, both parties agreed that state authority should be restored on all national territories, but it does not address the possible Rwandan and M23 withdrawals from eastern DRC.
- Although concerns were raised regarding some aspects of both deals, key stakeholders are hopeful that they would end the tremendous loss of life and displacement that have been ongoing features of this conflict.

Conflict Between Longtime Allies

- A battle erupted between Uganda and neighbouring South Sudan in late July, over border demarcations.
- At least four soldiers died, and thousands of civilians have been displaced, seeking to escape the violence in the affected areas.
- While the two countries have been known to have border disputes, they usually do not deteriorate to the extent that they become armed conflicts, largely because both countries are longtime allies.
- This adds to the challenges already confronting South Sudan, which is facing the resurgence of bloodshed domestically, due to the fracture in government, leading to fighting between government troops and an armed rebel group.
- For its part, Uganda deployed forces to assist South Sudan and has thereby, helped to contain the situation.
- It remains to be seen to what extent the Uganda-South Sudan alliance is damaged as a result of recent events.

Geopolitics

Russia-Ukraine War

- Russia has intensified its air assault on Ukraine in recent months, hitting the country with massive missile and drone attacks, with those in July 2025 said to be the largest since the war began.
- This coincided with Russia's efforts to break through parts of the roughly 1,000-kilometre front line, where Ukrainian troops are under severe pressure.
- The impact in Ukraine was devastating, with the significant loss of life and the country suffering significant infrastructural damage, including to its energy sector.
- In early July, the US government announced its decision to pause shipments of air defence missiles, precision-guided artillery and other weapons to Ukraine, amid concerns about the rate of decline of domestic stockpiles. However, the administration reversed that decision just days later, citing the need for Ukraine to be able to defend itself against Russian attacks.
- The reversal was also partly related to the frustrations encountered by the US, as it sought to negotiate a ceasefire between the two countries.
- In mid-July, President Trump threatened to impose severe tariffs on Russia if no peace deal with Ukraine is secured within 50 days. By the end of the month, he had reduced the deadline to a maximum of 12 days. Despite this threat, there are little signs of the two countries reaching a deal and even less sign of Russia slowing its onslaught. However, with the US and Russian presidents set to meet on August 15th, many are hopeful that a ceasefire deal could yet materialise.
- President Trump also indicated that there may be swapping of territory between Russia and Ukraine if he has his wish. The fear in some quarters, however, is that he may cede Ukrainian territory.



Longstanding Conflict in Asia Escalates



Geopolitics

- After a minor clash in May 2025, major fighting broke out between Thai and Cambodian forces on July 24th, leading to four days of fighting, at least 38 dead and more than 300,000 civilians displaced.
- The conflict was related to the countries' centuries old rivalry, which includes contested territorial claims over temples and surrounding lands near their shared border. The Temple of Preah Vihear and its surrounding land has twice been the subject of International Court of Justice (ICJ) adjudication, most recently in 2013, with the eventual ruling favouring Cambodia.
- The clash in May left one Cambodian soldier dead and kicked off months of tensions, which resulted in Cambodia banning Thai goods. In response, Thailand closed border crossings and restricted internet and power links to Cambodia.
- The recent tensions also produced political casualties, as then Thai prime minister, Paetongtarn Shinawatra, was forced to step down after leaked recordings of her June 15th conversation with Cambodian leader Hun Sen were circulated. The recordings led many critics to accuse her of showing deference to a rival leader and undermining national unity.
- On July 28th, both sides agreed to a ceasefire following talks that were mediated by Malaysia.

Implications

Despite the loss of countless lives and the displacement of millions of civilians, the conflict in the DRC seemed, over the years, not to have attracted the level of global attention befitting a tragedy of its scale. The announcement of ceasefire agreements, while undoubtedly welcomed, is accompanied by widespread hope that plans would emerge, that not only transform the green shoots of peace into an enduring reality but would also allow the nation to chart a course to economic prosperity.

Trade

US Tariff Developments up to July 2025

May 2025

- **May 23** - President Trump threatened a 50 percent tariff on goods from the European Union effective June 1st.
- Apple was cautioned that a 25 percent tariff will be levied if the phones sold in the US were manufactured outside of the country.
- **May 25** - Following a discussion with EU Commission President Ursula von der Leyen, President Trump agreed to delay tariffs until July 9th.
- **May 28**: A US federal court blocked some of President Trump's tariffs but an appeal was filed shortly after.
- **May 29** - A federal appeals court temporarily reinstated the most sweeping of Trump's tariffs, pausing an earlier lower court's ruling to consider the government's appeal.

June 2025

- **June 3** - The US signed an executive proclamation activating a hike in the steel and aluminum tariffs to 50 percent from 25 percent.
- **June 12** - President Trump indicated that he may soon hike auto tariffs.

July 2025

- **July 3** - The US and Vietnam announced a trade agreement. Under the deal, a 20 percent tariff will be applied to most Vietnamese exports to the US, with goods trans-shipped through Vietnam from other countries facing a 40 percent levy.
- **July 6** - President Trump announced that countries aligning themselves with the "Anti-American policies" of BRICS will be charged an additional 10 percent tariff.
- **July 7** - The White House announces that it will extend the reciprocal tariffs pause from July 9th to August 1st. Fourteen (14) countries were written, including Japan and South Korea whose goods are subject to a 25 percent tariff.
- **July 9** - Brazil was threatened with a 50 percent tariff if it does not stop the trial of former president Jair Bolsonaro.
- **July 10** - The US promised to impose a 35 percent tariff on imports from Canada in August and blanket tariffs of 15 percent or 20 percent on most other trading partners.
- **July 12** - President Trump threatened to impose a 30 percent tariff on imports from Mexico and the EU effective August 1st.
- **July 15** - A new trade deal with Indonesia was announced where a 19 percent tariff will be imposed on goods from that country.
- **July 21** - US Treasury Secretary Scott Bessent announced that he will travel to Stockholm for trade talks with representatives from China. While the pause on most reciprocal tariffs was set to end on August 1st, China has an extended deadline of August 12th.
- **July 22** - A trade deal was struck with Japan and President Trump suggested that it was 'perhaps the largest deal ever made'. The agreement lowers tariffs on auto imports to 15

Trade

percent and spares Tokyo from punishing new levies on other goods.

- The US and Philippines finalised a trade agreement where a 19 percent tariff will be placed on the country's exports to the US. American goods shipped to the Philippines will not be taxed.
- President Trump declared a 'huge win' for American businesses in a landmark Indonesia trade deal that eliminates barriers for the US. Indonesian goods will continue to face a 19 percent tariff in the US, while US goods will not be taxed in Indonesia.
- **July 27** - The US and the European Union arrived at a trade agreement. A 15 percent import tariff was placed on most EU goods.
- **July 28** - President Trump disclosed that most trading partners who do not negotiate separate trade deals would soon face tariffs of 15 percent to 20 percent.
- **July 30** - President Trump posted on Truth Social that the US will impose a 25 percent tariff on goods imported from India effective August 1st.
- The US and South Korea agreed to a 15 percent levy on imports from the latter.
- President Trump announced a trade deal with Pakistan that would lead to lower tariffs and increased investment but did not specify the level of tariff to be levied on Pakistan's exports.
- **July 31** - Mexico's deadline of August 1st was extended by 90 days to accommodate additional trade talks.
- An import tax of 35 percent has been levied on goods from Canada, the US' second largest trading partner.
- Ahead of the trade deal deadline, an executive order was signed by President Trump imposing tariffs ranging from 10 percent to 41 percent on 69 trading partners.

Recent Trade Agreements

U.S. - U.K.



U.S. - Vietnam



U.S. - Japan



U.S. - Philippines



U.S. - Indonesia



U.S. - E.U.



U.S. - Pakistan



U.S. - South Korea

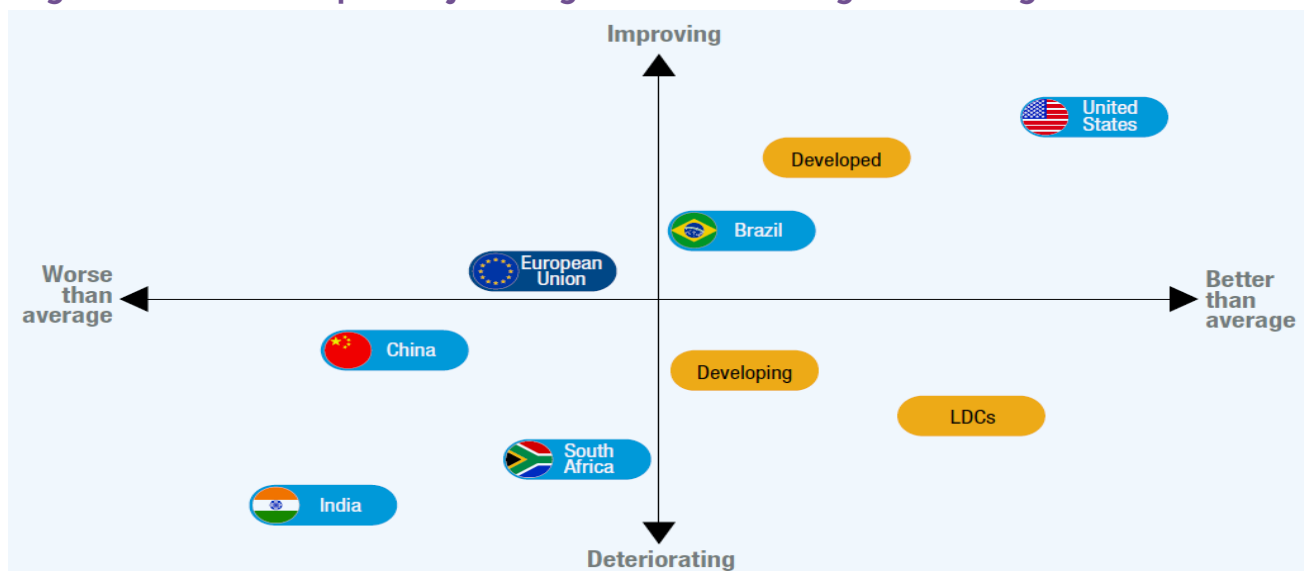


Trade

Global Trade Updates

The United States led global trade growth figures in the first quarter of 2025 ahead of President Trump's tariff implementation on April 1st.

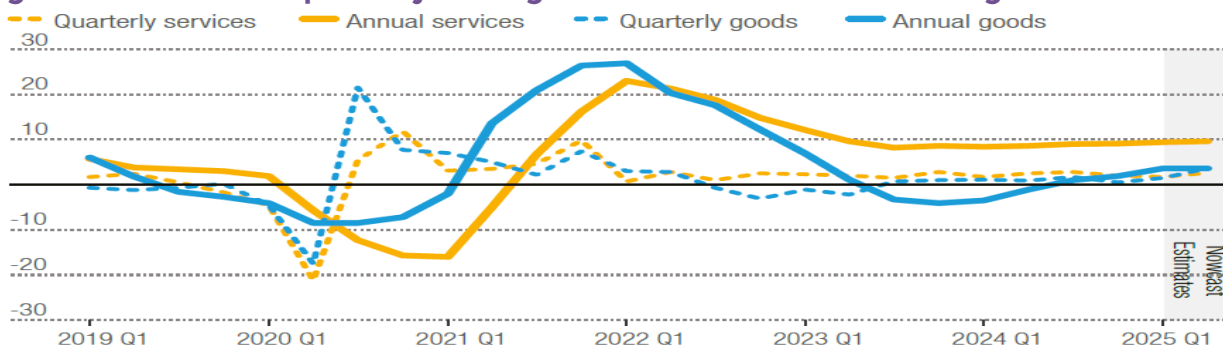
Figure 1: Annual and quarterly trade growth relative to global averages



Source: UNCTAD

- During the first quarter of 2025, global trade in goods and services continued to expand with a quarter-on-quarter (during q-o-q) increase of about 1.5 percent.
- Trade in goods and services grew by 1.5 and 1.7 percent, respectively, in Q1 2025, as compared to 1 percent and 1.5 percent in Q1 2024.
- Now-casting is the use of recently published data to predict global trade and GDP growth rates. The UNCTAD nowcast for Q2 2025 is positive, suggesting growth of about 2 percent in both goods and services quarterly.
- Global trade expanded by approximately US\$300 billion in the first half of 2025, with goods contributing about US\$230 billion and services around US\$70 billion.

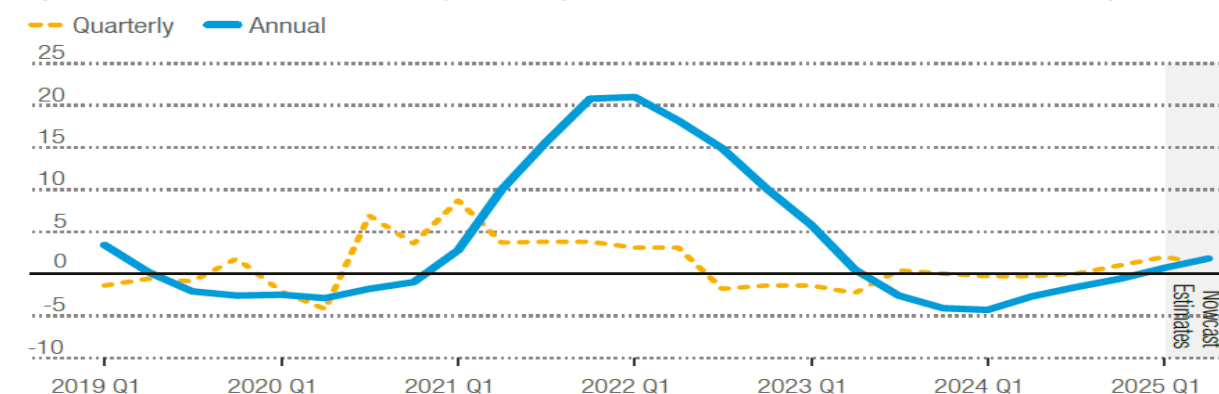
Figure 2: Annual and quarterly trade growth in the value of trade in goods and services



Source: UNCTAD

Trade

Figure 3: Annual and quarterly trade growth in the overall price of traded goods



Source: UNCTAD

Outlook

In recent quarters, both goods and services trade have shown consistent growth, primarily influenced by the strong performance among the developing countries. Nevertheless, in the first quarter of 2025, trade in advanced economies surpassed that of developing nations, due primarily to the surge in imports in the United States, in anticipation of increased tariffs.

Nowcast points to continued growth in the second quarter for both goods and services trade. China's exports remained flexible in April and May driven by Asian intra-regional trade and trade with Africa. US exports increased in April while imports fell sharply q-o-q, reflecting the fallout of recent tariffs and excessively high imports in the first quarter.

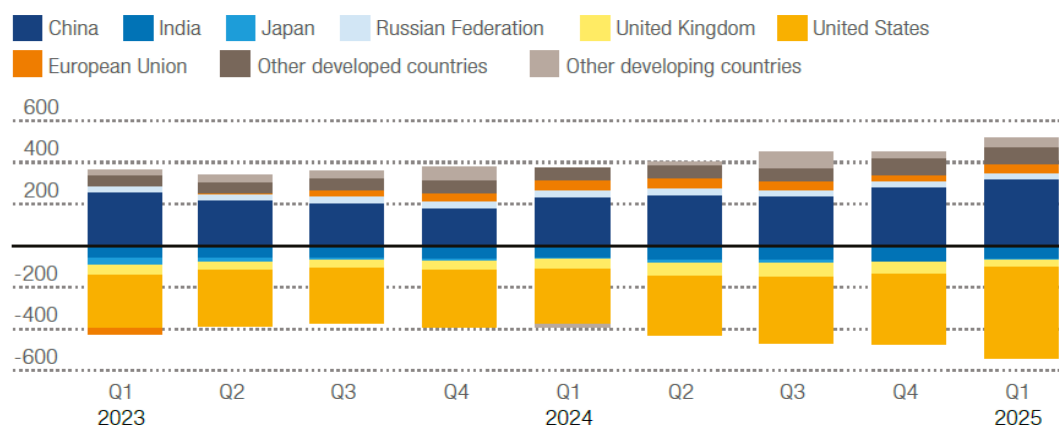
In the second half of 2025, the level of trade will depend largely on policy clarity, geoeconomic developments and supply chain adaptability. However, with economic growth expected to slow in many regions, international trade may decelerate.

Global Trade Imbalances

A trade imbalance occurs when a country's imports and exports are significantly unequal, resulting in either a trade surplus (exports exceed imports) or a trade deficit (imports exceed exports). Global imbalances in goods trade continued to broaden in recent quarters. In the first quarter of 2025, this was mainly due to a growing trade deficit in the US, India, Japan and the United Kingdom. The European Union registered an increase in its surplus, while China recorded a large and expanding trade surplus.

Trade

Figure 4: Trade balance in goods (US\$ billion)



Source: UNCTAD

Bilateral imbalances in goods trade remain high among major economies and have broadened over the last quarter in most cases, with the largest imbalances amongst the US and China, the US and the EU and the EU and China, all of which increased between January and March 2025.

Figure 5: Bilateral trade balances in goods, selected flows (US\$ billion)

Deficit economy	Surplus economy	Annual deficit	Deficit increase in last quarter	Deficit economy	Surplus economy	Annual deficit	Deficit increase in last quarter
United States	China	360	5	Viet Nam	China	66	7
United States	European Union	276	40	United Kingdom	China	61	1
European Union	China	244	7	India	Russian Federation	61	3
United States	Mexico	209	1	United States	Japan	54	0
United Kingdom	European Union	182	7	China	Australia	47	-6
United States	Viet Nam	116	7	United States	India	39	1
India	China	108	6	China	Taiwan Province of China	36	-3
United States	Canada	95	12	Mexico	European Union	26	3
Mexico	China	70	-1	China	Brazil	19	-6
European Union	Norway	67	4	Russian Federation	European Union	6	0

Source: UNCTAD

Implications

The recently introduced US tariffs are having a profound effect on the manufacturing industry worldwide. These tariffs are impacting costs and reducing efficiency, disrupting supply chains, affecting market competitiveness and creating regulatory and compliance issues across the industry. Manufacturers are left with little choice but to review their strategies and adapt.

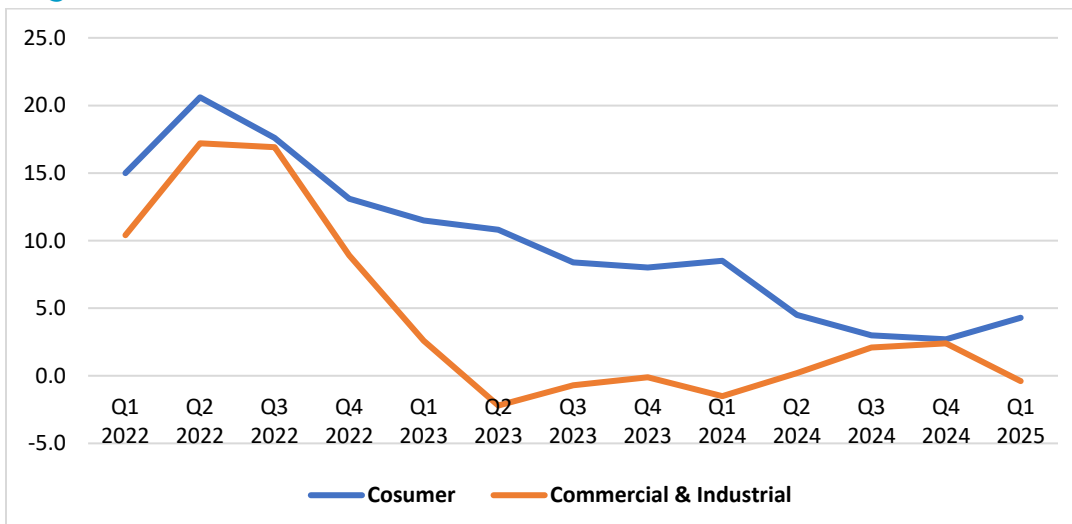
Tariffs can impose severe negative consequences on consumers, industries and economies. In addition to paying more for goods, consumers could face a situation where their choices are reduced, should importers reduce or cease to import some goods that attract tariffs. While tariffs are meant to protect domestic industries, they can sometimes protect inefficiency, where some firms with loose operations, never progress to the stage where they would be able to withstand international competition. This can result in wastage, weaker industries and generally higher prices to consumers.

Banking and Finance

Developments in the US

- In the US, the demand for credit among consumers remained positive in the first quarter of 2025, expanding by 4.3 percent year-on-year (y-o-y).
- On the other hand, loans to the commercial and industrial sector contracted marginally by 0.4 percent.
- Since the rapid expansions recorded in 2022, both business and consumer loans have been expanding at relatively subdued rates (Figure 1).
- Since the first quarter of 2024, loan delinquency has been trending up, although it remains well within manageable levels. Both consumer and business loan delinquency rose during the period (Figure 2).
- In March, the American Bankers Association projected that credit conditions would weaken modestly between April and September 2025, as it expected businesses and consumers to adopt a more cautious outlook amid heightened uncertainty.
- Despite months of pressure from US President Donald Trump, to cut its benchmark rates, the Fed continues to hold its policy rate at the 4.25-4.50 percent range, where it has been since December 2024.
- In its latest monetary policy announcement, the Fed remained hawkish, suggesting that the risk of rising inflation from government's trade and other policies are still too high for the central bank to begin loosening its policy stance at this point. The Fed indicated that more data was needed, especially with the pause on US reciprocal tariffs ending on August 1st and the impact of the resultant levies not yet known.
- In June, inflation rose slightly to 2.7 percent y-o-y from 2.4 percent

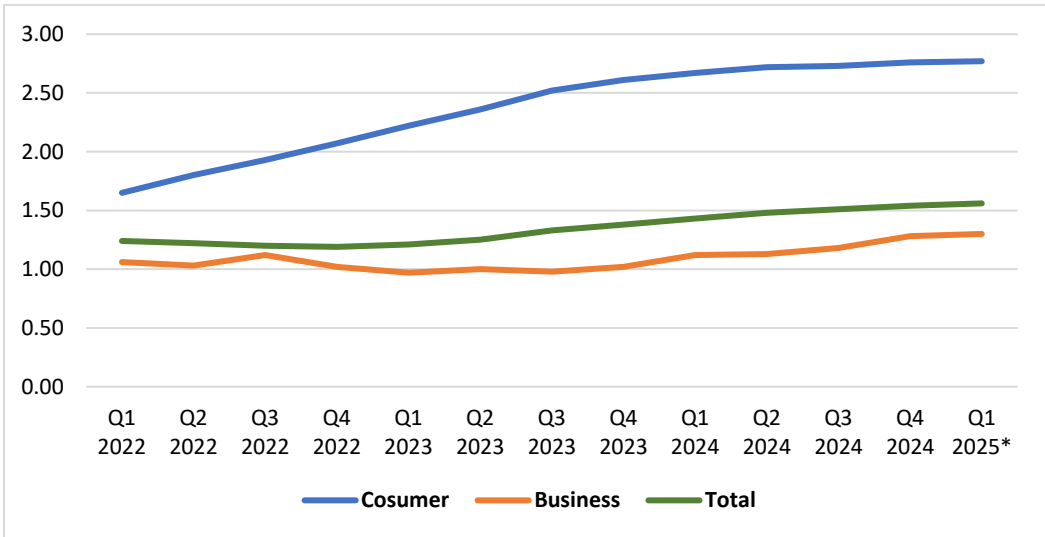
Figure 1: US Credit Growth (%)



Source: Board of Governors of the Federal Reserve System (US) via FRED

Banking and Finance

Figure 2: US Loan Delinquency (%)



Source: Board of Governors of the Federal Reserve System (US) via FRED
*- Only January data available

Recent Policy Rate Decisions by Other Major Central Banks



UK

In August 2025, the Bank of England (BOE) cut its policy rate by 25 basis points to 4 percent.

Although inflation rose slightly to 3.6 percent in June, the BOE based its decision on the fall in wage inflation and reduced uncertainty over the impact of US tariffs.



EU

On July 24, 2025, the Governing Council of the European Central Bank (ECB) announced its decision to maintain its policy rates at the 2-2.4 percent range.

The ECB cited easing domestic price pressures, the resilience of the economy and the uncertain global environment due to trade disputes, as reasons for its decision.



Japan

In its monetary policy statement at the end of July, the Bank of Japan left its policy rate unchanged at 0.5 percent for a fourth successive time since March.

The bank expects domestic growth to ease as trade and other government policies cause global economic growth to slow.

Banking and Finance

European Financial Sector Developments

- New draft rules released by the European Banking Authority (EBA) require banks to hold significantly more capital against unbacked cryptocurrencies such as Bitcoin and Ether. The rules will compel banks to assign a 1,250 percent risk weight to such cryptocurrencies.
- The EBA stated that the rules are set to harmonise capital requirements on crypto-asset exposure across the EU.
- To become law, the draft must be submitted to the European Commission to gain its endorsement, after which it would become a delegated regulation and forwarded to the European Parliament and the Council.
- Following the recent commitment by NATO countries to invest 5 percent of their GDP in defence, the Defence, Security and Resilience Bank (DSRB) was launched to help those nations finance their security needs.
- The DSRB is a not-for-profit organisation. It will receive financial and technical support from five large financial institutions, namely ING, Commerzbank, JP Morgan, LBBW and RBC Capital Markets.
- Backed by these major players in the global financial sector, DSRB will issue AAA-rated bonds to help countries fund the procurement and manufacture of their security assets.
- In other developments, Dutch banking group ABN AMRO recently became a full settlement member of the international Foreign Exchange (FX) Clearing network operated by Continuous Linked System (CLS).
- The organisation expects the transition to allow it to reduce FX settlement risk faced by its clients and improve its operational efficiency.

Asian Banking Profits Under Pressure in 2025

- At the end of 2024, two rating agencies, Fitch Ratings and S&P Global Ratings, projected bank profits in many Asian markets to be squeezed in 2025 for varying reasons.
- With SMEs and retail customers still struggling, given the slow recovery in the region from pandemic-related dislocations, Fitch expected banks in Thailand to be challenged by loan repayment issues emanating from the SME sector. The rating agency expected similar problems in Malaysia and Vietnam but in the property sector.
- Nevertheless, Fitch expected banks in Vietnam to continue improving their performance in 2025, similar to its outlook for banks in Sri Lanka.
- S&P projected that banks could face problems with their real estate portfolios in the Philippines, given continued elevated commercial property vacancies. It also suggested that banks in Hong Kong could be hurt by reduced net interest margins.
- Now that half of 2025 is gone, the outlook for many Asian banks remains subdued. In June, Fitch projected that the banking sector in South Korea, Taiwan, Thailand and Vietnam will face weaker prospects due to US trade policies.

Banking and Finance

Implications

With substantial uncertainty still plaguing the global economy, credit growth in 2025 could be constrained in several economies as consumers and businesses adopt a wait-and-see approach. For instance, increased global tariffs have fueled the expectation of higher prices and subdued global trade heading into 2026 and as such, could weigh significantly on consumer and business sentiment.

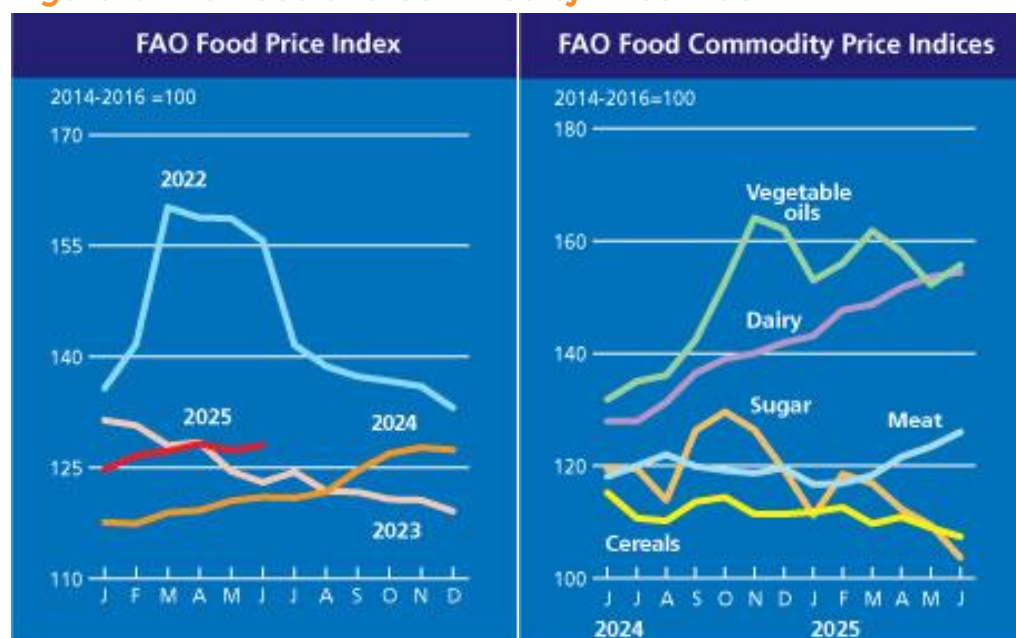
Commodities

Food

In June 2025, the Food and Agriculture Organisation's (FAO) **Food Price Index (FFPI)** rose by 0.7 points (0.5 percent) from May. An increase in the price index for dairy products, meat and vegetable oils outweighed the decreases in cereals and sugar.

The FFPI was 7.0 points (5.8 percent) above the value recorded in the corresponding period one year earlier.

Figure 1: FAO Food and Commodity Price Index



Source: FAO

- The **Cereal Price Index** averaged 107.4 points in June, down 1.6 points (1.5 percent) from May and 7.8 points (6.8 percent) below the June 2024 figure.
 - **Wheat** prices increased month-on-month (m-o-m) partly due to weather concerns in the US, EU, Russia and other key wheat producing areas.
 - Global **Maize** prices fell sharply in June with rising seasonal supplies in Argentina and Brazil.
- The **All Rice Price Index** fell by 0.8 percent, driven by weaker demand for Indica varieties.
- The **Vegetable Oil Price Index** averaged 155.7 points in June, up 3.5 points (2.3 percent) m-o-m and 18.2 percent above its June 2024 level.
 - The increase mainly reflected higher prices for palm, rapeseed and soy oil, more than offsetting a slight decline in sunflower oil prices.

Commodities

- The **Dairy Price Index** averaged 154.4 points in June, up 0.8 points (0.5 percent) from May. It increased 26.5 points (20.7 percent) year-on-year (y-o-y).
 - The butter price sub-index recorded the largest monthly increase, rising by 2.8 percent to a new record of 225 points. Cheese prices also rose for the third consecutive month, on continued solid retail and food service demand in East Asia. By contrast, skim milk powder prices edged down by 0.6 percent, while whole milk powder fell (2.3 percent) amid reduced demand and ample global supplies.
- The **Meat Price Index** averaged 126.0 points in June, rising 2.6 points (2.1 percent) from May and up 7.9 points (6.7 percent) y-o-y from its value a year earlier, marking a new record high.
 - The increase was driven by higher prices across all meat categories, except poultry. Global bovine meat prices reached a new peak, reflecting tighter export supplies from Brazil and strong demand from the US. Pig meat quotations rose due to firm global import demand amid stable supplies, while ovine meat prices increased sharply for the third consecutive month, supported by steady international demand and lower export availabilities from Oceania. By contrast, poultry meat prices continued to decline, pressured by ample domestic supplies in Brazil following the introduction of export restrictions after the detection of high pathogenicity avian influenza (HPAI) in mid-May. This led key trading partners to temporarily suspend imports.
- The **Sugar Price Index** averaged 103.7 points in June, down 5.7 points (5.2 percent) from May, marking the fourth consecutive monthly decline and the lowest level since April 2021, when it averaged 100.0 points.
 - The decline was mainly the result of improved supply prospects in key producing countries, with drier weather conditions accelerating harvesting and crushing, alongside greater usage of sugarcane for sugar production in Brazil. Early and above-average monsoon rains, combined with expanded plantings in India and Thailand, improved crop prospects for the 2025/26 season, further contributing to the decline in global prices.

Extracted from the FAO Food Price Index, June 2025

Commodities

Energy

According to OPEC, the energy price index rebounded in June 2025, after four consecutive months of decline, increasing by 9.7 percent m-o-m. The price of most energy commodities rose during the period, but a decline in US natural gas prices partially offset the gains. The index was down by 11.2 percent, year on year (y-o-y), under pressure from declines in Australian and US coal prices as well as average crude oil prices, although higher natural gas prices in the US and EU partially offset losses over the period.

Figure 2: Select Energy Prices

Commodity	Unit	Monthly average			% Change		Year-to-date	
		Apr 25	May 25	Jun 25	Jun 25/ May 25	Jun 25/ Jun 24	2024	2025
Energy*	Index	87.9	84.0	92.2	9.7	-11.2	103.9	93.6
Coal, Australia	US\$/boe	9.4	10.0	10.4	4.4	-19.3	12.6	10.2
Coal, US	US\$/boe	6.9	6.9	6.9	0.8	-2.0	6.7	6.8
Crude oil, average	US\$/b	65.9	62.7	69.1	10.2	-14.8	82.1	70.1
Natural gas, US	US\$/boe	18.4	16.9	16.3	-3.0	20.3	11.4	19.8
Natural gas, Europe	US\$/boe	62.7	63.1	66.9	6.0	13.8	50.8	71.1

Note: * World Bank commodity price index (2010 = 100).

Source: World Bank and OPEC

- **Average crude oil prices** increased in June, rising by 10.2 percent m-o-m after declining for four consecutive months. Prices were supported by stronger market fundamentals and geopolitical developments over the period. Prices were down by 14.8 percent y-o-y.
- **Henry Hub natural gas prices** declined for a fourth consecutive month in June. Prices fell by 3.0 percent, m-o-m, amid mild weather and lower US LNG demand. Reports of high storage levels added more downward pressure on prices, with average weekly natural gas storage increasing by 23.9 percent m-o-m. Prices were up by 20.3 percent y-o-y.
- **Australian thermal coal prices** rose for a second consecutive month in June, increasing by 4.4 percent m-o-m. A combination of healthy Asian demand (China and India) and supply constraints in Australia, added support to prices. Gas-to-coal switching was incentivised by elevated natural gas prices in the EU. Coal prices were down by 19.3 percent y-o-y.

In June, coal prices continued to advance in the **US**, increasing by 0.8 percent m-o-m, with steady domestic power demand setting a floor.

Global oil demand is forecast to rise by 2.5 million barrels per day (mb/d) from 2024 to 2030, plateauing at around 105.5 mb/d by the end of the decade. Based on current policies and market trends, annual growth is expected to register at 700 thousand barrels per day (kb/d) in 2025 and 2026, before slowing, with a small decline expected in 2030. This slowdown is driven by below-trend economic growth, weighed down by global trade tensions and fiscal imbalances, and the accelerating move away from oil in the transport and power generation sectors.

Commodities

Non-Energy

- **The non-energy price index** declined in June, falling by 1.1 percent m-o-m. The index was down by 0.9 percent y-o-y.
- **The base metal index** rose for a second consecutive month in June, increasing by 2.6 percent m-o-m. Ongoing supply tightness in key metals such as aluminium and copper continued to support metal prices in the period. Metal prices were further supported by stable industrial activity, particularly in China. The global manufacturing PMI rebounded in June, with the benchmark rising to 50.3, up from 49.5 in May, a 1.7 percent increase m-o-m. The base metal index remained unchanged y-o-y.
- **Aluminium prices** increased by 3.0 percent in June m-o-m. Prices were up by 0.8 percent y-o-y. At the London Metal Exchange (LME) warehouses, inventories fell by 10.7 percent m-o-m, and were down by 67.2 percent y-o-y.
- **Average monthly copper prices** advanced in June. Prices rose by 2.4 percent m-o-m, and were up by 1.0 percent y-o-y. At LME warehouses, inventories in June fell by 36.4 percent m-o-m, and were down by 21.8 percent y-o-y.
- **Lead prices** increased in June by 0.9 percent m-o-m, while prices were down by 8.0 percent y-o-y. At LME warehouses, inventories increased by 4.3 percent m-o-m, and were up by 36.0 percent y-o-y.
- **Nickel prices** decreased in June by 2.2 percent m-o-m and prices were down by 14.3 percent y-o-y. At LME warehouses, inventories in June rose by 1.1 percent m-o-m, and were up by more than 100 percent y-o-y.
- **Zinc prices** saw marginal gain in June, rising by 0.4 percent m-o-m and were down by 5.5 percent y-o-y. At LME warehouses, inventories fell in June by 19.7 percent m-o-m, and were down by 48.5 percent y-o-y.
- **Iron ore prices** fell in June by 4.0 percent m-o-m and were down by 11.4 percent y-o-y. China's steel industry PMI fell further to 45.9 in June, down from 46.9 in May, a 1.1 percent m-o-m decrease.
- **The precious metals index** continued to advance in June, rising by 2.6 percent m-o-m. All precious metal components experienced gains in the period with **gold, silver and platinum** rising by 1.3 percent, 9.9 percent, and 27.8 percent m-o-m, respectively.
- **The other minerals price index** declined for a second consecutive month in June, falling by 1.7 percent m-o-m. Cobalt and lithium prices fell in June by 0.9

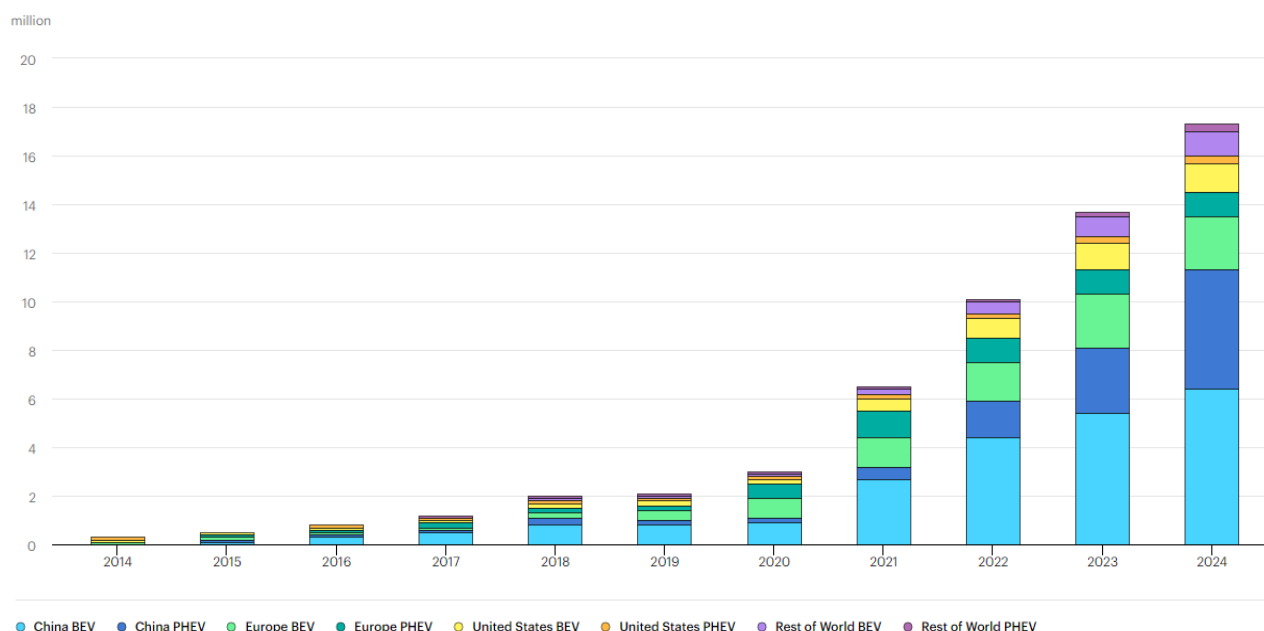
Commodities

percent and 6.6 percent m-o-m, respectively. Meanwhile, graphite prices remained flat over the same period. Other minerals prices were under pressure from a combination of electric vehicle (EV) demand uncertainties and reports of a well-supplied market. Moreover, ongoing trade uncertainties remained a drag on the trade outlook for these minerals.

Global Electric Vehicle Outlook

Despite some recent headwinds, global electric car sales have continued their remarkable growth trajectory. Sales exceeded 17 million units in 2024 and are expected to surpass 20 million in 2025, representing around one-quarter of all cars sold, according to the IEA's Global Electric Vehicle Outlook 2025. It is projected that EVs will displace 5.4 mb/d of global oil demand by the end of the decade.

Figure 3: Global Electric Car Sales, 2014-2024



PHEV- Plugin Hybrid Electric Vehicle

BEV- Battery Electric Vehicles

Source: IEA

Implications

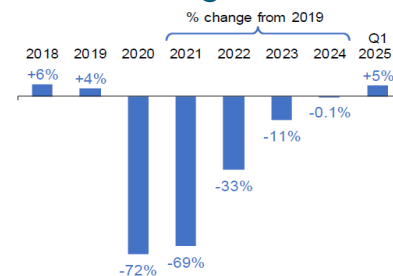
Downside risks emanate from the impact of the newly announced US tariffs on the exports of many nations, with the expiration of the pause on reciprocal tariffs on August 1st. These tariffs were accompanied by a 50 percent levy on copper, effective August 1st, which followed 50 percent steel and aluminum tariffs that went into effect on June 4th. However, the extent to which the tariffs impact the demand for oil, copper, steel and other commodities remains to be seen.

Tourism

Recent Performance

- In the first quarter of 2025, international tourist arrivals grew 5 percent year-on-year (y-o-y), reaching 3 percent above pre-pandemic levels (Figure 1).
- Over 300 million tourists travelled internationally, 14 million more than in the same period of 2024.
- Despite growing geopolitical and trade tensions, the start of 2025 saw robust and sustained travel demand, though results were mixed among regions and subregions.

Figure 1: International tourist arrivals (% change)



Source: UN Tourism (May 2025)

* Provisional data

Note: percentage change for 2021 to 2024 is relative to 2019

Tourist Arrivals by Region

- In the first quarter of 2025, Europe welcomed 125 million international tourists, recording y-o-y growth of 2 percent.
- Africa recorded growth of 9 percent, with notable increases in Gambia (46 percent), Morocco (20 percent), Ethiopia (7 percent) and South Africa (6 percent).
- The Americas posted growth of 2 percent, supported by strong performances in several South American destinations (13 percent).
- The Middle East saw modest growth of 1 percent, with Egypt (21 percent), Jordan, and Bahrain (both 9 percent) recording the highest growth.
- Asia and the Pacific recorded the strongest growth, with arrivals increasing by 12 percent. North-East Asia (23 percent) registered the best performance.

Global Air Travel Trends

Activity in the global airline industry is a strong indicator of the health of the tourism sector. Air travel continued to expand in June 2025, although the momentum slowed compared to earlier months. According to the IATA June 2025 Air Passenger Market Analysis:

- Global passenger traffic, measured in Revenue Passenger Kilometres (RPK), rose by 2.6 percent y-o-y, the slowest monthly growth so far in 2025 (Figure 2). RPK measures passenger demand based on the number of paying passengers and the distance they travel.
- The Passenger Load Factor (PLF), which measures how full planes are, reached 84.5 percent, reflecting the onset of the peak summer season demand.
- The strongest performance came from Latin America and the Caribbean, where airlines posted 7.9 percent y-o-y RPK growth, the highest among the regions. It was also the only region where international traffic growth accelerated compared to May (Figure 3).
- All regions registered growth, except the Middle East, where the ongoing conflict disrupted airline operations.

Tourism

- June also marked the first month since May 2022 that Asia Pacific was not the top-performing region.
- Looking ahead, global flight schedules are projected to expand by 2.4 percent y-o-y in July and 1.8 percent in August.

Figure 2: Global RPK, billion

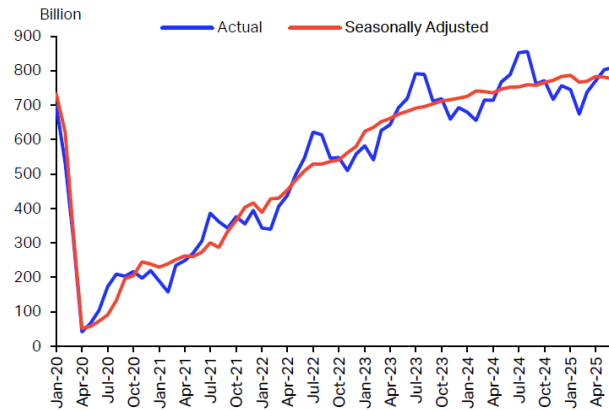
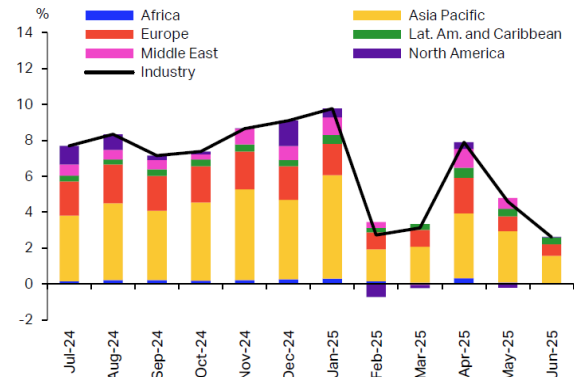


Figure 3: Regional contribution to industry-wide RPK growth



Caribbean Tourism Update

The tourism sector continues to be supported by expanded airlift, steady demand, and new hotel developments across the region. According to Caribbean Tourism Organisation (CTO) data, thirteen of the twenty reporting destinations recorded year-on-year growth in stop-over arrivals during the first quarter of 2025, with data available for only part of the period in some cases. In several countries, including Jamaica and Curaçao, arrivals have surpassed pre-pandemic levels.

Recent Airlift Developments

Expanded airlift remains a key contributor to tourism growth. Several airlines have increased capacity or launched new routes across the region:

- Sunrise Airways launched six new nonstop routes from St. Maarten to several Eastern Caribbean countries on July 27, 2025, enhancing intra-regional connectivity.
- Delta Airlines expanded service to Barbados from Atlanta for the Summer 2025 season.
- KLM Royal Dutch Airlines introduced a twice-weekly flight between Amsterdam and Georgetown (via St. Maarten) beginning June 2025.
- LIAT 2020 began new flights to Jamaica in July 2025.
- Spirit Airlines is expected to commence a nonstop service from Fort Lauderdale to Belize on November 21, 2025.
- Air Canada will launch a new nonstop flight from Montreal to Belize in December 2025 and will also add nonstop flights to Jamaica during the same period.
- Copa Airlines expanded service to Jamaica, operating 12 weekly flights to the country and providing over 10,000 monthly seats alongside LATAM Airlines.

Tourism

Spotlight: Jamaica

Jamaica remains one of the Caribbean's top performing destinations and the second most-visited. The country welcomed a record-breaking 2.3 million visitors during the first seven months of 2025, generating US\$2.4 billion in tourism revenue, the highest earnings ever recorded in a January-July period. The surge in tourist arrivals was supported by expanded international and regional airlift and hotel and resort development.

Artificial Intelligence and the Tourism Industry

Like much of the global economy, the tourism industry is also undergoing a digital transformation, driven by artificial intelligence (AI). From contactless airport check-ins to personalised travel recommendations and virtual concierges, AI is reshaping how travel is planned, booked, and experienced. According to a report from Markets and Markets, AI in tourism was estimated to be worth US\$2.95 billion in 2024 and is projected to reach US\$13.38 billion by 2030. In addition, a 2025 survey found that 64 percent of travel companies plan to increase their technology budgets over the next year, with AI cited as the top priority.

The adoption of AI in tourism spans both the supply side (businesses/tourism operators) and the demand side (consumers/travellers). On the supply side, AI tools are increasingly being used by airlines, hotels, and travel platforms to analyse customer data, personalise offers, automate bookings, and improve inventory and revenue management. A 2024 global study on the main uses of generative AI in tourism reported that over 50 percent of travel companies used AI to assist travellers during bookings, while nearly 50 percent used it to recommend activities or venues.

On the demand side, AI-powered apps are being used to enhance travel experiences by offering more tailored recommendations, smart itineraries, or virtual travel assistants, all of which have redefined how tourists plan and experience their vacations. According to Deloitte's 2024 Holiday Travel Survey, consumer use of generative AI tools for trip planning doubled, increasing from 8 percent in 2023 to 16 percent in 2024.

Tourism

Figure 4: AI applications in the tourism industry

Expedia	<ul style="list-style-type: none">• In 2023, Expedia launched an AI-powered travel planning chatbot on its mobile app.• Expedia members can get recommendations on places to visit, where to stay, and what to see and do based on the chat
TripAdvisor	<ul style="list-style-type: none">• TripAdvisor launched an AI-powered travel planning product that creates personalised travel itineraries utilising generative AI technology
Trip.com	<ul style="list-style-type: none">• In 2023, Trip.com introduced TripGen, an AI chatbot to "generate your dream trip."• TripGen, gives instant travel tips, inspiration and itinerary suggestions.
Hilton	<ul style="list-style-type: none">• In 2023, Hilton's "Green Breakfast" pilot program utilised AI to reduce food waste by 62% in 13 UAE-based hotels. The program prevented 726 tons of CO₂ emissions in a period of one year.
Airbnb	<ul style="list-style-type: none">• Airbnb launched its AI-based "Photo tour," which helps hosts instantly create a photo tour of a listing• In 2023, Airbnb also acquired GamePlanner.AI to accelerate some of Airbnb's AI projects on its platform.

Source: Prepared by EYSC based on the WTTC's "Artificial Intelligence (AI) in Action: Use Cases & Impacts of AI in Society, Business and Travel & Tourism" (January 2024)

AI has also been making its way through the Caribbean tourism sector. In July 2025, the Caribbean Hotel and Tourism Association (CHTA) launched version 2.0 of its AI Transformation Guide for Caribbean Tourism, aimed at helping regional stakeholders automate services and enhance visitor experiences. The CHTA also partnered with C&W Business in 2024 to promote digital innovation in the industry. Across the region, many countries have begun integrating AI in tourism. Sandals Resorts has adopted AI tools to streamline operations, support staff, and personalise guest experiences. Antigua and Barbuda is also exploring technical AI innovations, including a Virtual Reality (VR) tour experience designed specifically for travel agents.

Implications

Although international tourism expanded in the first half of 2025, rising global uncertainty, driven by ongoing geopolitical conflicts and trade tensions pose notable risks to the sector. Higher tariffs and inflationary pressures could increase travel costs and lead travellers to shorten trips or stay closer to home.

In the Caribbean, the tourism sector continues to benefit from encouraging levels of demand, increased airlift, and continued hotel development. Nonetheless, economic slowdowns in key source markets such as the US, alongside rising crime in some destinations, could weigh heavily on the sector's outlook in the coming months.

Tourism

Disclaimer:

The information contained in this report is shared with you in your capacity as an Investor. The information in this report is general in nature and does not address any particular circumstances of Republic Financial Holdings Limited, any of its subsidiaries or related parties. The report is for information purposes only and does not constitute nor is it intended to constitute investment, financial or other advice to be relied on. The past performance of Republic Financial Holdings Limited is not an indicator, predictor nor guarantee of its future performance. You should always seek independent professional advice, including investment, legal and tax advice, in relation to any investment you may consider in Republic Financial Holdings Limited or any of its subsidiaries now or at any time in the future and no reliance must be placed on the information provided in this report to make any investment decisions.