THE FUTURE IS YOURS

AIP

17th July 2026

Inflation cools, but focus shifts back to oil

A soft US inflation release helped cool inflation concerns, but a new Middle East conflict escalation remains a risk via oil prices.

US inflation provides relief, but oil prices remain a risk

A soft June US CPI inflation print helped deflate prior concerns over the extent of inflation – and thus, Fed rate hike – risks. However, renewed escalation in the Middle East conflict has led to a new rise in oil prices, which could reignite some inflation worries. Oil prices are likely to stay centred within a USD 70-90/bbl range, with any temporary rise above this range unlikely to be sustained. This should help cap inflation worries and allow the Fed to stay on hold through H2 2026.

Higher yields an opportunity to lock in income

The tussle between easing CPI inflation and a renewed rise in oil prices means that US yields are likely to be rangebound in the very short term across both short and long maturity yields. Any rise in the US 10-year bond yield above 4.6% is likely to be relatively short-lived, unless geopolitical tensions push oil prices higher than we expect. Bond yields in the UK, nonetheless, are at risk of greater short-term volatility given recent political uncertainty.

Broaden technology sector equity exposure

Investor scrutiny on the extent of capex spending by the major hyperscalers is likely to persist through the current earnings season. In Asia, the Hang Seng Tech index as another way of capturing the broadening trade within technology, though Chinese and Indian equities should benefit more broadly as well. Beyond the technology and communication services sectors, US banks are also delivering strong earnings, led by trading and investment banking activity.

DISCLAIMER

Information provided in this document is indicative and has no contractual value. It is subject to frequent changes, especially due to evolutions in the legislative and regulatory environment. This information does not constitute an investment, legal, accounting or tax advice. Before any implementation the recipient of this document must consult an independent professional advisor in order to determinate if his objectives are compatible with proposed operations and to obtain all financial accounting legal and tax information necessary to allow him to appreciate characteristics risks and suitability of each intended operation and cannot be held responsible for any consequences especially financial as the result of operations which would be realized based on this only document.
Information provided in this document are coming from the best sources. Nevertheless, Arabian International Partners LLC (AIP), its subsidiaries and employees, cannot be held responsible for any financial or other consequences that may arise from the use or distribution of this document.

This confidential document is exclusively intended for the person to whom it is given and may not be communicated to third parties (except for external advisers under the condition they respect this confidentiality undertaking) and may not be reproduced, copied or circulated without prior authorization of Arabian International Partners LLC (AIP).

THE FUTURE IS YOURS

AIP

Corporate Finance
Structured Debt
Debt Capital Markets
Financial Sponsor Coverage
Advisory

arabianipl.com