ECOTEENS

CURRENT ECONOMIC STATE — AROUND THE WORLD

The US Federal Reserve held interest rates steady on July 29, voting 9-3 to keep policy unchanged. New Fed Chair Kevin Warsh cited "elevated uncertainty" from the Middle East conflict and reaffirmed the 2% inflation target, even as three committee members pushed for a rate hike instead.

US economic growth slowed sharply in Q2 2026, with GDP rising just 1.5% annualized, well below the 2.3% consensus estimate. Despite the miss, private domestic demand stayed strong at 3.9%, and business investment in equipment jumped 15.2%, largely fueled by continued AI-related spending.

China's economy cooled further in Q2, extending a slowdown from earlier in the year. By late July, factory activity unexpectedly contracted, worsened by weak demand and disruptive typhoons, reinforcing concerns that the world's second-largest economy faces mounting structural and trade-related headwinds.

Despite mixed data, US consumer sentiment jumped 12% in July, its biggest gain in months, as inflation expectations eased to 4.2%. Yet job growth disappointed, with the economy unexpectedly shedding 23,000 jobs, highlighting a labor market losing steam even as confidence recovered.

GOLD PRICES HIT A RECORD HIGH: WHAT'S DRIVING THE RALLY AND WHY IT MATTERS

Gold prices jumped over 5% in early August 2026, touching roughly $4,277 per ounce, a fresh record high. Investors piled into the metal as a safe haven amid Middle East tensions, a firm US dollar, and lingering uncertainty over global trade and interest rate paths.

This rally reflects a broader "flight to safety" pattern seen throughout 2026. As geopolitical risks and inflation worries persist, gold has repeatedly outperformed riskier assets, reminding markets why it's still considered the ultimate hedge against uncertainty and currency depreciation.

Central banks have also been steady gold buyers this year, diversifying away from dollar-heavy reserves. This institutional demand adds a structural floor beneath prices, separate from the day-to-day investor sentiment swings.

For everyday investors, gold's rise is a signal worth watching, it often moves opposite to stocks and shows where global confidence really stands right now.

Fun fact: Gold is so chemically stable it barely tarnishes or corrodes, which is why ancient Egyptian gold artifacts, some over 4,000 years old, still gleam today almost exactly as they did when first crafted by goldsmiths in the pharaohs' workshops.

MEET SANJAY MALHOTRA: THE MAN STEERING INDIA'S BANK THROUGH TURBULENT TIMES

Sanjay Malhotra is the 26th Governor of the Reserve Bank of India, taking charge in December 2024. A 1990-batch IAS officer from Rajasthan, he holds an engineering degree from IIT Kanpur and a Master's in Public Policy from Princeton University.

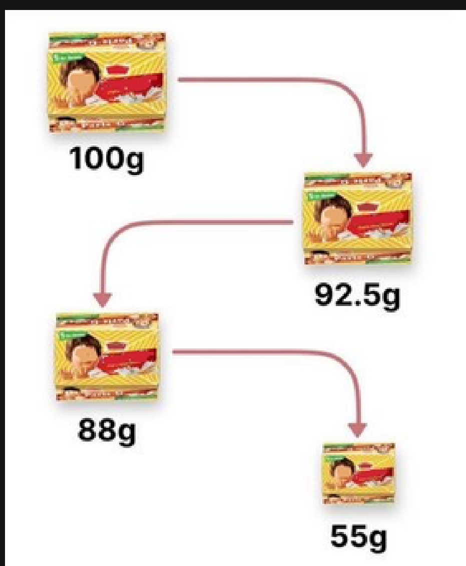
He's known for a low-key, data-driven style, favoring stability and coordination between fiscal and monetary policy over dramatic interventions, a notable shift after Shaktikanta Das's six-year tenure steering the RBI through the pandemic years.

Before leading the RBI, Malhotra served as India's Revenue Secretary, where he helped rationalize capital gains tax, overhaul income tax slabs, and remove the windfall gains tax on oil refiners, hands-on experience shaping fiscal policy at the highest level.

As Governor, Malhotra has kept the repo rate steady at 5.25% through multiple meetings in 2026, maintaining a neutral stance while raising growth forecasts despite a wobbly rupee and rising inflation projections tied to higher energy costs.

TARIFFS EXPLAINED: HOW TRADE TAXES ARE RESHAPING THE GLOBAL ECONOMY IN 2026

Tariffs are taxes governments place on imported goods, historically used to protect domestic industries, raise revenue, or pressure trading partners. In 2026, tariffs remain a dominant global theme, reshaping supply chains and trade relationships built over decades.



The US significantly raised tariff barriers in recent years, disrupting global trade flows and creating market volatility. Since then, it has struck new trade deals with several countries, restoring some predictability, though often at higher costs for businesses and consumers.

THE UAE DIRHAM'S 27-YEAR DOLLAR PEG: WHY IT NEVER MOVES

Fun fact: In early 2026, Dubai's real estate market hit a record AED 55.18 billion in transactions in a single month, with the dirham's rock-solid peg cited as a magnet for wealthy investors from unstable currencies seeking a safe place to park their money.

Unlike most currencies that float and shift daily, the UAE Dirham has stayed fixed at exactly 3.6725 AED per US dollar since November 1997, nearly three decades of unbroken stability, making it one of roughly 60 currencies worldwide pegged to the dollar.

The peg exists because the UAE's economy runs heavily on oil, and oil is priced globally in dollars. Pegging removes currency risk from trade, so exporters, investors, and everyday residents never have to worry about sudden AED-USD swings disrupting contracts or budgets.

To defend the peg, the UAE Central Bank mirrors US Federal Reserve rate decisions almost exactly, currently holding at 3.65% alongside the Fed. This means Washington's monetary policy quietly shapes mortgage rates and borrowing costs across Dubai and Abu Dhabi.

Interestingly, high US tariffs have pushed other nations closer together, sparking a wave of trade deals among non-US countries. This is quietly reshaping global trade networks, with some economies reducing their historical reliance on American markets.

For consumers, tariffs typically mean higher prices on imported goods, effectively acting as a hidden tax. For students studying economics, tariffs are a great real-world lens into trade-offs between protecting local industry and keeping costs low.

BEHIND THE SCENES:
WORD FROM OUR FOUNDER

Global growth is cooling to near 2.5-3.1%, even as gold rockets to record highs above $4,277/oz on Middle East tensions and safe-haven demand.
Meet Sanjay Malhotra, the Princeton-educated technocrat steering India's central bank through a weakening rupee, and explore why the UAE Dirham hasn't budged from its dollar peg in 27 years.
Finally, decode tariffs — the trade taxes quietly reshaping global supply chains, alliances, and the price tags on everyday imported goods.

CONTACT US: