Oil prices, US inflation stoke Fed hike worries

AFP | London, United Kingdom

High oil prices, record American diesel costs and hot US inflation data on Friday cemented investor fears that the Federal Reserve is all but certain to hike rates soon, despite the potential to dent growth in the world's biggest economy.

After a rollercoaster week for markets, bonds and energy, driven by a sharp escalation in the US-Iran war, US consumer inflation was unchanged at 3.4% in August, in line with analyst expectations -- and well above the Fed's two% target.

It comes a day after the European Central Bank raised eurozone borrowing costs, citing the effects on energy costs from a Middle East conflict that has broadened in the past days following an offensive by the Iran-backed Houthis in Yemen.

After data released Friday by the US Bureau of Labor Statistics showed that the consumer price index (CPI) rose 0.4% from a month earlier, Wall Street rose in the morning's trading to recoup some losses from the week's selling.

Bucking four straight tumbling sessions, the Dow added one% while the S&P 500 followed shortly behind on 0.9% and the tech-heavy Nasdaq with 0.8%.

European stocks also closed higher, with Paris and Frankfurt both finishing up 0.8% after a volatile week.

"If you needed evidence that stock traders really don't care about bonds and oil and things of that nature, you just have to look to the reactions of stocks yesterday and today," said Steve Sosnick, chief strategist at Interactive Brokers.

Patrick O'Hare, chief market analyst at Briefing.com, however said that "arguably, the market has already been absorbing the likelihood of a rate hike" through the past week's sell-off.

"That doesn't mean (the CPI data) was good. It just means it was good enough for a market that had been on the defensive ahead of its release, mindful that it is a report that needed to lean more toward 'great' to relieve the pressure of an anticipated rate hike that has been building," O'Hare said.

Any increase would put Fed chairman Kevin Warsh on a collision course with President Donald Trump, who has launched an unprecedented campaign against the Fed's independence, demanding policymakers lower interest rates to spur economic activity.

"With the labour market still resilient and monthly core inflation firming, the Fed will find it harder to avoid a hike next week. Markets are pricing around a 90% probability, giving policymakers room to act without catching investors off guard," said eToro US Investment Analyst Bret Kenwell.

James Knightley, chief international economist at ING, suggested however that the increase could be a one-off, "similar to the hike implemented by Alan Greenspan's Fed in 1997", rather than the first of a series of hikes that would draw Trump's ire.

While oil prices retreated Friday, they remain at levels deemed far too high by central banks hoping to keep inflation pressures from becoming entrenched in the wider economy -- especially with the Houthis cementing their hold on the Bab Al-Mandab strait, a vital shipping corridor linking Europe and Asia.

Average diesel prices in the United States climbed above $6 a gallon on Friday for the first time, a shock increase for a key fuel in the transport and agriculture sectors -- and a potential headache for Trump ahead of November's midterms.

Brent oil also almost touched $110 per barrel on Friday, its highest level since May, but fell back after the International Energy Agency slashed its forecast for global oil demand this year, citing the recent escalation in the Middle East war and resurgent energy prices.

Asian stocks slumped across the board in the wake of Thursday's heavy selling, with AI and other heavily indebted tech stocks hit as bond yields soared.

Bond yields for major economies from Japan to Europe and the US are now at levels last seen during the 2007-08 global financial crisis, a sign that investors worry governments will not curb spending enough even as deficits and debt levels soar.

Key figures at around 1545 GMT

Brent North Sea Crude:	▼ 2.7% at $104.72 per barrel
West Texas Intermediate:	▼ 3% at $99.46 per barrel
New York - Dow:	▲ 1%t at 52,561.82 points
New York - S&P 500:	▲ 1.1% at 7,672.09
New York - Nasdaq:	▲ 1.3% at 26,425.54
London - FTSE 100:	▲ 0.4% at 10,650.44 (close)
Paris - CAC 40:	▲ 0.8% at 8,179.77 (close)
Frankfurt - DAX:	▲ 0.8% at 25,568.56 (close)
Hang Seng Index:	▼ 0.6% at 24,805.63 (close)
Shanghai - Composite:	▼ 1.2% at 3,888.11 (close)
Dollar/yen:	▼ at 153.49 yen from 154.34 yen on Thursday
Euro/dollar:	▼ at $1.1605 from $1.1609
Pound/dollar:	▲ at $1.3523 from $1.3510
Euro/pound:	▼ at 85.84 pence from 85.94 pence

MG cars are seen on a dock while waiting to be loaded onto a ship for export at the port in Lianyungang, in China's eastern Jiangsu province

Venezuela signs oil, gas deals with Suriname

AFP | Paramaribo, Suriname

Venezuela's interim leader yesterday signed several cooperation agreements including one to provide training for Suriname's oil and gas industry professionals during a visit to Paramaribo.

Delcy Rodriguez and Surinamese President Jennifer Geerlings-Simons signed a series of accords in the Dutch-speaking country's capital, signalling a new era of rapprochement.

Rodriguez hailed the "very important" agreements after Suriname, a country of 600,000 people, recently announced the discovery of major oil and gas deposits.

"We are making Venezuela's experience in oil and gas exploration and production available... in order to provide training to Suriname's industry," she said.

Venezuela holds the world's largest proven oil reserves, and is looking to exploit these natural resources following the US ouster of president Nicolas Maduro in January.

Rodriguez, Maduro's one-time vice president who took his place, has effectively governed under Washington's thumb since Maduro's capture.

Venezuela has increased oil production by almost 30 percent and recently signed an enormous deal granting Washington access to over 65 billion barrels -- almost one-fifth -- of its reserves.

Rodriguez and Geerlings-Simons also agreed to reopen bilateral air routes and allow 200 Venezuelan fishermen to operate in the Atlantic corridor with Suriname.

China slams 'bandit' CIA after economic espionage remarks

AFP | Beijing, China

China condemned on Friday remarks by the CIA's deputy director, Michael Ellis, who has implied that US intelligence agencies were spying on Beijing, heightening tensions ahead of a planned leaders' meeting.

Ellis told a cybersecurity conference on Tuesday that the United States was carrying out economic espionage operations to respond to the Chinese "threat".

"Our economy is intertwined with theirs," giving Beijing potential leverage over Washington, Ellis said, adding that the "CIA has to respond differently".

"We have to be able to collect foreign intelligence relevant to that economic security dimension of the competition, which means we need expertise about how to collect that information, how to analyse it."

Russia rolls out long-delayed 5G, but not for iPhones

AFP | Moscow, Russia

Russia announced yesterday that it was rolling out its long-delayed 5G mobile network, but that iPhone users would be unable to connect until Apple coordinated the move with Moscow.

The Russian government first announced plans for 5G internet in 2019, but Russia's powerful Security Council blocked the move over concerns it would overlap with frequencies used by military and security agencies, according to Russian media reports.

The rollout comes amid widespread frustration in Russia at repeated internet blackouts introduced to counter Ukrainian drones, which authorities say use mobile internet to navigate.

"5G services have gone live in 16 cities, providing approximately 10 million people with access to high-speed fifth-generation mobile internet," Russia's digital ministry said in a statement.

But the restriction on iPhones means tens of millions of Russians -- as many as one in four mobile users -- would potentially be cut off from the technology.

Apple pulled out of the Russian market following Moscow's Ukraine offensive in 2022. While newer iPhone models can connect to 5G, enabling the service would require the US tech giant to coordinate with Russian mobile operators.

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5G can deliver data speeds up to 10 times faster than 4G, while also offering much lower latency — making it suitable for applications such as connected vehicles, remote operations and smart-city systems.

Europe saw record summer air traffic: Eurocontrol

AFP | Paris, France

Europe's skies were at their busiest ever during the summer holiday period from July to August, despite disruptions caused by the Middle East war, according to Eurocontrol data published Friday.

According to the continent-wide aviation safety body, Europe saw an average of 35,959 flights a day, a 2.4 percent increase on 2025, with a record 37,640 flights on Friday, July 10.

Though Eurocontrol acknowledged that the US-Iran war "influenced" this year's tourist season, the conflict has also encouraged many Europeans to holiday within their own continent, widely seen as safer.

"This translated into lower traffic in Bulgaria, Hungary, Romania and Turkey, but a high increase in traffic in Albania, Croatia, Cyprus, Greece, Montenegro, North Macedonia, Serbia and Slovenia -- and continuous growth in southwest Europe," Eurocontrol said.

Get AI models 'under control', EU tells tech firms after hacks

AFP | Brussels, Belgium

Top tech firms need to get their powerful artificial intelligence models "under control", the European Union warned Friday after a series of hacks by AI agents.

Fears over rogue AI have spiked after OpenAI technology operating outside human supervision hacked into Hugging Face, a repository of AI models.

And during an incident revealed last week, thousands of autonomous AI agents built by OpenAI defied their instructions and took over a German website.

Asked about reports that the hack was broader than suspected, an EU spokesman said: "It is high time for these providers to get their house in order and to make sure that they get their advanced models under control."

The EU said earlier this week it was looking into the incident.

The 27-nation bloc has adopted comprehensive AI rules and its enforcement powers kicked in last month, which means companies must comply with the law or face fines.

"The AI Act is fully enforced. It's not just a set of rules on paper anymore," spokesman Thomas Regnier said.

He added that the European Commission, the EU's AI watchdog, has already demanded information from several companies -- which he did not name.

"If it gets bad or worse, we can definitely evaluate models. We can require risk mitigation measures, and in extreme cases and where necessary, we can also restrict, withdraw, or even recall AI models," he said.

The EU's cybersecurity agency has received access to OpenAI's latest models, including GPT-6-ASTRA, as well as to Mythos 5, the powerful AI model from rival firm Anthropic, which it is currently testing, Brussels said Thursday.