The Mission Grey Guild

MONTHLY NEWSLETTER

June 2026

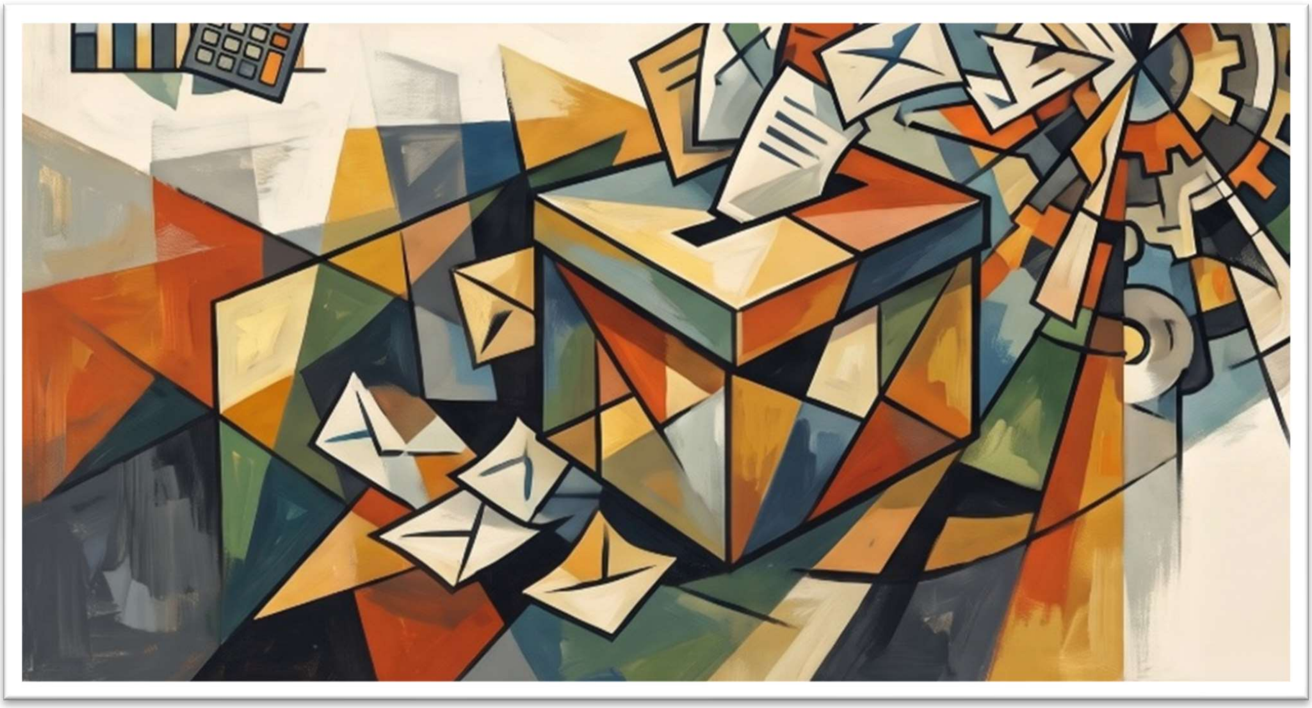
Elections

BALLOTS MOVE MARKETS

(UN)CONVENTIAL WISDOM

“People never lie so much as after a hunt, during a war, or before an election.”

– Otto von Bismarck



Foreword

When Ballots Meet Balance Sheets

Democracy has always been about more than elections. It is about the choices societies make when confronted with scarcity, uncertainty and competing visions of the future. In 2026, however, those choices are increasingly constrained not by ideology alone, but by the hard realities of economics, infrastructure, and geopolitics.

That is the central conclusion of this month's Mission Grey Guild Newsletter.

Across continents, voters are returning governments to office, removing incumbents and reshaping political landscapes. Yet beneath the campaign rhetoric, a quieter transformation is underway. Markets have become less interested in whether governments are nominally left or right, and more concerned with whether they can govern at all. Fiscal credibility, institutional competence, inflation management and the ability to execute policy have become the decisive variables. Elections still matter, but they increasingly function as tests of state capacity rather than ideological preference.

The same dynamic is unfolding in an unexpected arena: artificial intelligence. Only a year ago, discussions around AI focused primarily on innovation, productivity and strategic competition. Today, another question has entered the political mainstream. Who pays for the electricity, water and infrastructure required to power this revolution? Across democratic societies, local elections are increasingly becoming referendums on data centers, grid expansion and rising utility bills. Global technological competition is colliding with local democratic accountability, creating one of the fastest-moving political risks for investors, infrastructure developers and policymakers alike.

Taken together, the articles in this issue point to a broader lesson. Political risk is not confined to election nights, parliamentary debates or international summits. It is embedded in electricity grids, shipping lanes, fiscal balances, demographic trends and supply chains. The organizations that thrive will not be those that merely follow political events. They will be those capable of understanding how seemingly separate developments reinforce one another across domains.

That has always been the philosophy of the Mission Grey Guild. In an increasingly interconnected world, strategic advantage belongs not to those who know the most about one subject, but to those who best understand the relationships between many.

I hope this edition contributes to that understanding.

Pekka Virkki
Guildmaster
Editor-in-Chief

Global Conjunctures

When Ballots Move Markets: Four Elections That Could Reshape Investment Decisions in 2026

Why boards should pay closer attention to fiscal credibility than campaign rhetoric?

Election years are often portrayed as moments of political rupture. Markets, however, rarely react to ideology alone. Investors price probabilities, not slogans. What matters is not merely who wins office, but whether elections alter expectations around fiscal policy, regulation, security, trade relationships, inflation, or institutional stability. In 2026, those expectations are shifting simultaneously across several strategically important economies, creating an unusually broad set of political variables that multinational companies must incorporate into capital allocation decisions.

Taken individually, Brazil's presidential election, the United States midterms, Peru's presidential runoff and Malaysia's Johor state election represent very different political contests. Collectively, however, they illustrate a broader transformation in the political economy of emerging and advanced markets alike. Across all four cases, traditional ideological divisions increasingly matter less than governments' ability to restore fiscal credibility, manage the cost of living, secure supply chains and maintain investor confidence under mounting geopolitical pressure.

For corporate boards, this distinction is critical. Elections no longer primarily determine whether economies become more market-friendly or more interventionist. Instead, they change the distribution of probabilities surrounding interest rates, exchange-rate stability, sovereign borrowing costs, infrastructure investment and regulatory execution. The commercial consequences often emerge not immediately after election day, but over the months and years in which governments attempt—or fail—to translate electoral mandates into policy.

Rather than asking which candidate offers the most attractive platform, executives should therefore ask a different question: which structural variables change quickly, and which remain remarkably resilient regardless of political turnover? The answer differs across countries, but a common pattern emerges. Fiscal arithmetic, institutional capacity and geopolitical alignment increasingly outweigh campaign promises in determining business outcomes.

Brazil: Fiscal Arithmetic Trumps Ideology

Brazil's presidential election, scheduled for 4 October with a likely runoff on 25 October, exemplifies the gap between electoral rhetoric and economic reality.

Polling roughly one hundred days before the first round places President **Luiz Inácio Lula da Silva** ahead of Senator **Flávio Bolsonaro**, although by margins that leave the contest competitive. Surveys by Quaest and Datafolha consistently show Lula leading by around ten percentage points in the first round, while CNT/MDA gives him a more comfortable advantage in a hypothetical runoff. Yet the defining feature of the race is not Lula's lead but the inability of Brazil's fragmented center-right to consolidate behind an alternative candidate. Figures such as **Ronaldo Caiado**, **Romeu Zema**, **Aécio Neves** and **Renan Santos** collectively command only modest support, creating what several pollsters describe as a paradox: although Bolsonaro has been weakened politically by the Banco Master scandal, no rival has emerged capable of unifying conservative voters. As a result, the election remains unusually sensitive to unforeseen political developments.

From a business perspective, however, the personalities involved are less important than Brazil's deteriorating fiscal trajectory.

The Independent Fiscal Institution (IFI) projects inflation exceeding the central bank's ceiling in 2026, persistent primary deficits and a debt burden rising from approximately 80 percent of GDP today toward more than 100 percent within the next decade. Stabilizing debt dynamics would require sustained annual primary surpluses exceeding two percent of GDP; an objective that currently appears politically difficult regardless of who occupies the Planalto Palace.

Monetary policy reflects these constraints. Although the Central Bank recently reduced the Selic rate by 25 basis points to 14.25 percent, policymakers simultaneously acknowledged that inflation expectations have deteriorated and that convergence toward target has been pushed back until at least early 2028. Brazil consequently continues to maintain one of the highest real interest rates among major economies, significantly increasing financing costs for investment-intensive sectors.

The consequences are already visible. Gross fixed capital formation declined to 16.5 percent of GDP during the first quarter of 2026, well below levels recorded a year earlier and substantially below many comparable emerging markets. High financing costs are suppressing productive investment even as tax revenues reach record highs, largely through higher taxation rather than productivity-enhancing reforms.

Political uncertainty compounds these macroeconomic pressures. Businesses continue to express concerns regarding judicial unpredictability, particularly the growing influence of individual Supreme Court decisions over commercial regulation. Meanwhile, relations with Washington have become more complicated following new American tariffs and the designation of Brazil's major criminal organizations as terrorist groups. The election itself is unfolding in an increasingly contested digital environment, with electoral authorities reporting a dramatic increase in complaints relating to artificial intelligence-generated disinformation and deepfake content.

Yet Brazil also presents one of the year's most significant upside opportunities.

Whoever forms the next government will confront severe fiscal constraints that make greater reliance on private capital increasingly unavoidable. Even under political continuity, concessions, public-private partnerships and selective privatizations are likely to expand because the state's balance sheet leaves few alternatives.

A Bolsonaro administration would accelerate this trend considerably. His program includes partial privatization of Petrobras during the first year of government, revisions to Brazil's recent tax reform, restructuring of the energy sector, a return to concession-based oil auctions and sweeping deregulation affecting environmental licensing and municipal approvals. Romeu Zema, widely viewed as an influential figure within Brazil's broader market-oriented coalition, has advocated privatizing virtually all state-owned enterprises to reduce public debt while introducing greater labor-market flexibility.

For investors, the principal opportunities therefore lie in sectors where fiscal necessity aligns with structural reform: energy, oil and gas, transport concessions, sanitation, healthcare diagnostics, banking and infrastructure. The principal risk is execution. Markets could rapidly re-rate Brazilian assets following a reform-oriented victory, but implementation would almost certainly encounter institutional resistance, judicial challenges and legislative negotiation. Investors who position aggressively before the election should therefore distinguish between the political announcement effect and the considerably slower process of policy delivery.

The most probable outcome remains pragmatic continuity under Lula, implying elevated interest rates, gradual disinflation and continued fiscal drift. A Bolsonaro victory offers greater upside potential but also greater execution risk. A contested result, while less likely, would produce exchange-rate volatility and delay investment decisions, while external shocks—from disruptions in global oil markets to climate-related agricultural losses—could overwhelm domestic politics altogether.

Brazil therefore represents perhaps the strongest privatization and infrastructure opportunity among this year's elections. Yet capital deployment should remain conditional on improving fiscal credibility rather than electoral optimism alone.

The United States: Gridlock as Strategy

If Brazil illustrates the importance of fiscal credibility, the United States demonstrates a different political dynamic: institutional gridlock.

The midterm elections on 3 November will determine control of all 435 House seats, 35 Senate seats and most governorships. Current betting markets assign high probabilities to divided government, with Democrats favored to regain the House while Republicans retain the Senate.

President **Donald Trump**'s approval ratings remain subdued, driven largely by persistent concerns over inflation and household affordability. Although Democrats currently enjoy a modest advantage in generic congressional polling, structural features of the electoral map—including district boundaries and geographic concentration of Democratic voters—make a landslide improbable. Most forecasts anticipate only a narrow Democratic House majority.

For business, however, the composition of Congress matters less than many headlines suggest.

A divided legislature would substantially constrain new legislation while intensifying congressional oversight. Democratic control of the House would likely trigger extensive investigations into the administration, cabinet officials and executive decision-making. Legislative productivity would almost certainly decline as subpoena battles, constitutional disputes and partisan confrontation consume political attention.

From a corporate perspective, such an outcome produces both costs and benefits.

The costs are obvious: slower progress on tax legislation, industrial policy, immigration reform and regulatory certainty. Companies operating in highly regulated sectors or dependent upon federal procurement may encounter greater investigative scrutiny and policy ambiguity.

Yet legislative paralysis also creates a degree of predictability. With neither party capable of implementing sweeping legislative change, existing policy frameworks become more durable. Businesses can therefore make investment decisions with greater confidence that major statutory revisions remain unlikely over the medium term.

Equally important, many of the policies that matter most to international business are not primarily determined by Congress. Tariffs, export controls and many aspects of US-China economic policy remain heavily concentrated within executive authority. Consequently, the broader trajectory of strategic competition with China is likely to persist regardless of congressional outcomes.

The more significant commercial variables are macroeconomic rather than political. Persistent inflation, the possibility of further Federal Reserve tightening and continued energy-price volatility—particularly if conflict involving Iran escalates—remain the principal drivers of corporate planning.

State governments also deserve considerably greater attention than Washington.

With dozens of governorships contested, regulatory divergence across states is likely to widen. Decisions concerning data-center permitting, artificial intelligence governance, electricity infrastructure and industrial development increasingly occur at state rather than federal level. This fragmentation creates opportunities for firms specializing in energy efficiency, distributed power generation, grid modernization and demand management, particularly as growing electricity consumption from AI infrastructure generates local political resistance centered on affordability.

For manufacturers, Trump's continued emphasis on reshoring, domestic industrial production and critical mineral supply chains reinforces investment opportunities that appear relatively insulated from congressional politics.

The United States therefore presents relatively limited regime-change risk. The more important question is whether inflation, energy markets and state-level regulation evolve in ways that alter investment economics. For most multinational companies, those variables deserve greater attention than the partisan balance within Congress itself.

Peru: Political Fragility Meets a Structural Mining Story

If Brazil illustrates the constraints imposed by fiscal arithmetic and the United States demonstrates the economic consequences of institutional gridlock, Peru offers a different lesson altogether: even a fragile political mandate can coexist with a compelling long-term investment case. The country's presidential runoff produced one of the closest electoral outcomes in its modern history, yet the underlying economic story extends well beyond the narrow margin of victory.

On June 7, conservative candidate **Keiko Fujimori** secured an irreversible lead of roughly 43,000 votes—50.11 percent to 49.88 percent—over left-wing challenger **Roberto Sánchez**. Overseas ballots, which favored Fujimori by a substantial margin, ultimately proved decisive. Sánchez has rejected the result, alleged electoral fraud and encouraged public demonstrations, although Peru's electoral authorities have dismissed attempts to invalidate overseas votes. Fujimori's Popular Force also emerges as the largest bloc in the Senate, holding 22 of 60 seats; enough to block impeachment efforts but far short of a governing majority.

The immediate political implication is straightforward: Peru is likely to enter the next administration with a president who possesses legal legitimacy but only a razor-thin political mandate. That distinction matters because Peru's recent political history has been defined less by ideological conflict than by chronic instability. Presidents have struggled to govern, Congress has repeatedly obstructed executive authority, and impeachment has become a recurring feature of national politics. The election does little to eliminate those structural tensions.

For investors, legitimacy rather than ideology therefore constitutes the principal near-term risk.

The new administration inherits a deeply polarized electorate divided not only politically but geographically. Fujimori performed strongly in urban centers and among overseas Peruvians, while Sánchez dominated many rural and Indigenous regions of the Andes, in some provinces securing overwhelming majorities. Demonstrations in Lima, Arequipa and Huancayo suggest that the electoral contest is unlikely to end with certification of the result. Political contestation may therefore continue into the early months of the new government, limiting its room for maneuver.

Institutional fragility coincides with mounting fiscal pressures. Since 2021, the outgoing Congress has approved hundreds of measures creating permanent spending commitments estimated at more than 36 billion soles annually, meaning approximately three percent of GDP. Peru's fiscal deficit leaves the incoming administration with limited choices. Spending cuts, tax increases or politically painful reallocations appear increasingly unavoidable.

Compounding these domestic pressures is the prospect of another El Niño cycle between December and April. Climate shocks remain among the country's most significant macroeconomic risks, threatening agricultural production, food prices and emergency spending requirements precisely when fiscal resources are already constrained.

Security presents another challenge. Fujimori has proposed a US$500 million artificial intelligence-based surveillance system for Lima and Callao, positioning public security as one of her administration's defining priorities. Yet the proposal faces substantial implementation hurdles. Existing infrastructure remains inadequate, and voters are likely to judge the program not by technological ambition but by visible improvements in everyday safety. Failure to demonstrate early progress could rapidly erode the administration's already limited political capital.

Despite these considerable risks, Peru remains one of Latin America's more attractive structural investment stories.

The explanation lies in continuity rather than change.

Mining continues to dominate Peru's economic model, and neither electoral outcome fundamentally alters that reality. As the world's second-largest producer of copper, Peru remains central to global supply chains supporting electrification, renewable energy and advanced manufacturing. Membership of the Pacific Alliance, integration into Asia-Pacific trade networks and the growing strategic importance of critical minerals provide sources of continuity that transcend electoral cycles.

High commodity prices further strengthen the outlook. Unlike several previous administrations that inherited deteriorating external conditions, Fujimori takes office during a period of comparatively favorable mineral markets. Her program seeks to reinforce these advantages through accelerated permitting, shorter investment approval timelines, deficit reduction and more permissive environmental regulation intended to expand mining activity.

Perhaps the strongest confidence signal is institutional rather than political. Fujimori has indicated her intention to retain central bank governor **Julio Velarde**, whose stewardship has earned broad credibility among both domestic and international investors. Continuity at the central bank reassures markets that macroeconomic management will remain insulated from day-to-day political turbulence.

Financial markets have already responded positively. The Lima Stock Exchange rose sharply following the runoff and has delivered gains exceeding twenty percent during 2026. Financial institutions such as Credicorp argue that electoral volatility has historically created attractive entry opportunities rather than reasons to avoid Peru altogether, particularly when supported by strong mining fundamentals and improving corporate earnings.

Yet Peru's investment story cannot be understood without considering geopolitics.

The Chancay megaport has become one of the most strategically significant infrastructure projects in South America. Majority-owned by China's Cosco alongside Volcan, the facility symbolises Peru's growing importance within Chinese trade networks across the Pacific. At the same time, it has attracted increasing scrutiny from both domestic regulators and the United States. Judicial decisions concerning tariff authority, investigations into tax refunds and broader debates over Chinese ownership of strategic infrastructure have transformed Chancay into more than a commercial asset; it is now a geopolitical bargaining chip.

The incoming administration will therefore confront a delicate balancing act. China remains Peru's largest trading partner and an indispensable source of investment, particularly in mining and infrastructure. Washington, however, has intensified pressure on regional governments to reduce strategic dependence on Chinese-controlled assets. How Lima navigates these competing pressures will influence not only the future of Chancay but also broader investment opportunities across logistics, ports and critical minerals.

The most likely scenario is one of cautious continuity. Markets stabilize, Velarde remains in office and mining investment continues to expand despite slower legislative progress. Gridlock represents a more probable constraint than outright policy reversal. A return to prolonged political confrontation remains possible but would primarily affect short-term financial conditions through currency depreciation, wider sovereign spreads and delayed foreign direct investment. Over the longer term, however, Peru's comparative advantage in copper production is unlikely to disappear.

For investors, the central lesson is that Peru's structural strengths coexist with unusually high political volatility. Election-related turbulence may therefore create opportunities for disciplined investors prepared to tolerate short-term uncertainty while maintaining explicit contingency planning for protests, fiscal deterioration and climate-related disruptions.

Malaysia: Stability as a Competitive Advantage

Compared with the turbulence visible elsewhere, Malaysia's Johor state election appears almost parochial. Yet for businesses assessing Southeast Asia's investment landscape, the contest offers a useful reminder that political importance does not always correlate with constitutional significance.

The election on 11 July will determine the composition of Johor's state government but will not alter Prime Minister **Anwar Ibrahim**'s federal parliamentary majority. Barisan Nasional (BN), which currently governs Johor, enters the campaign with substantial organizational advantages and remains the favorite to retain power. Pakatan Harapan (PH), despite governing alongside BN federally, competes directly in the state contest, while Perikatan Nasional (PN) remains comparatively weaker. Twenty-one marginal constituencies that changed hands in 2022 are expected to determine the outcome, with turnout likely to prove decisive after relatively low participation in the previous election.

From a macroeconomic perspective, the stakes are limited.

Malaysia enters the election with comparatively healthy economic fundamentals. Economic growth remains robust, inflation is subdued, unemployment is low and trade has reached record levels. Unlike Brazil or Peru, Malaysia is not confronting an immediate fiscal credibility crisis. Nor does the Johor election threaten the survival of the federal government.

Instead, the election functions primarily as a barometer of political momentum ahead of the next general election, due no later than early 2028.

The principal risks are therefore political and reputational rather than macroeconomic.

Ethnic narratives have re-emerged during the campaign, with BN's positioning towards the Democratic Action Party generating renewed debate over coalition cohesion and Malaysia's multiethnic political model. A disappointing performance by PH could complicate relations within the governing coalition, increasing uncertainty ahead of the next national election.

Financial markets are also attentive to election timing. Analysts note that speculation surrounding an early general election has historically encouraged foreign investors to reduce exposure to Malaysian equities, particularly in the banking sector. Mid-cap financial institutions appear especially vulnerable to temporary portfolio outflows should expectations of an early federal contest intensify.

Yet these risks should not obscure Johor's considerable strategic importance.

The state occupies the center of Malaysia's cross-border economic integration with Singapore. The Johor–Singapore Special Economic Zone and the Rapid Transit System (RTS) Link—scheduled to begin operations later this year—represent some of Southeast Asia's most significant infrastructure initiatives. Crucially, these projects enjoy support across political actors at both state and federal levels. Whether BN retains power or PH performs unexpectedly well, there is little evidence that either side intends to disrupt projects central to Malaysia's long-term investment strategy.

For multinational firms, this continuity matters more than electoral arithmetic.

Competition between political parties may even accelerate project delivery as incumbents seek to demonstrate visible improvements in employment, logistics and public services. Faster permitting, industrial expansion and improved transport connectivity all strengthen Johor's attractiveness as a manufacturing and logistics hub serving Singapore and the wider ASEAN market.

The state's rapidly expanding data-center ecosystem illustrates both the opportunities and constraints of this model. Strong investor interest has transformed Johor into one of Asia's fastest-growing digital infrastructure markets, but accompanying concerns regarding electricity consumption, water usage and local affordability have become increasingly politically salient. Companies capable of improving energy efficiency, water management, cyber resilience and community engagement are therefore likely to enjoy structural advantages over competitors focused solely on capacity expansion.

Malaysia thus presents perhaps the cleanest market-entry story among the four elections examined here. Political competition exists, but it occurs within an institutional framework that continues to favor investment, cross-border infrastructure and export-oriented industrial development. The challenge for investors is less about political risk than about demonstrating tangible economic benefits for local communities, thereby reducing reputational exposure in an increasingly competitive political environment.

Conclusion: The New Political Economy of Elections

Viewed individually, Brazil, the United States, Peru and Malaysia appear to have little in common. They differ in institutional design, economic structure, political maturity and geopolitical orientation. One is confronting an existential fiscal challenge, another an era of legislative paralysis, a third a crisis of political legitimacy and the fourth a largely stable contest over state-level governance.

Yet together they illustrate an important shift in the relationship between politics and business. Elections are becoming less about ideological realignment and more about the state's capacity to finance its ambitions, preserve institutional credibility and navigate an increasingly fragmented international economy. For multinational companies, the central question is therefore no longer whether a government is "pro-business" or "anti-business". It is whether it can sustain macroeconomic stability while delivering the public goods—security, infrastructure, affordable energy and predictable regulation—upon which long-term investment depends.

This distinction marks a departure from the conventional political-risk framework that has guided corporate decision-making for decades. Historically, investors often treated elections as binary events. One candidate represented reform, another continuity. One coalition implied deregulation, another intervention. Markets responded accordingly.

The 2026 electoral cycle suggests that this framework has become increasingly inadequate.

Brazil provides perhaps the clearest example. The principal commercial question is not whether Lula or Flávio Bolsonaro occupies the presidency. It is whether any administration can restore confidence in the country's deteriorating fiscal trajectory while maintaining sufficient political support to implement structural reform. A Bolsonaro victory may generate an immediate market rally through expectations of privatization, deregulation and tax reform. Yet those gains will ultimately depend on execution rather than announcement. Conversely, a Lula victory does not preclude continued private-sector participation in infrastructure and concessions if fiscal constraints leave the government with few alternatives. Fiscal arithmetic, not ideology, becomes the decisive variable.

A similar dynamic is visible in Peru. Investors naturally focus on Keiko Fujimori's narrow victory and the possibility of renewed political unrest. Yet the country's longer-term investment story continues to be driven primarily by copper, critical minerals and integration into Asia-Pacific supply chains. Political instability may affect the timing of investment, the valuation of financial assets and exchange-rate volatility, but it is unlikely to alter Peru's structural position within global mining. Here too, underlying economic geography proves more durable than electoral politics.

The United States presents a different but equally revealing case. The outcome of the midterm elections will shape the intensity of congressional oversight and the likelihood of legislative gridlock, but many of the policies most relevant to multinational firms—including tariffs, export controls and strategic competition with China—remain concentrated within executive authority. Equally important, the regulatory environment increasingly varies across states rather than being determined solely in Washington. Energy permitting, artificial intelligence governance, industrial siting and electricity infrastructure have become state-level competitive variables. Companies that evaluate only federal election outcomes risk overlooking where many commercially significant decisions are now made.

Malaysia, meanwhile, demonstrates that political stability itself can constitute a competitive advantage. The Johor election is unlikely to transform federal policy or reverse major infrastructure projects. Instead, electoral competition may reinforce investment by encouraging faster delivery of cross-border logistics, industrial parks and transport links. The key challenge for investors lies not in anticipating policy reversal but in ensuring that projects visibly improve local employment, affordability and public services. Increasingly, commercial legitimacy and political legitimacy reinforce one another.

Across all four elections, three broader themes emerge.

The first is that fiscal credibility has become the principal transmission mechanism between politics and markets.

Every government examined here faces some version of the same constraint: **public expectations continue to rise while fiscal space continues to narrow.** Brazil confronts rising debt and persistently high interest rates. Peru inherits structural spending commitments that exceed available resources. The United States continues to grapple with inflation, borrowing costs and affordability concerns. Even Malaysia's comparatively favorable macroeconomic position does not insulate policymakers from pressure over living costs and public service delivery.

For boards, this means political analysis should begin with sovereign balance sheets rather than campaign manifestos. Governments with limited fiscal capacity increasingly rely upon private capital to finance infrastructure, logistics, energy and industrial development. Political promises matter less than governments' ability to pay for them.

The second theme is that **the most attractive investment opportunities often emerge precisely where governments face the greatest fiscal constraints.**

This may appear counterintuitive. Political uncertainty is commonly associated with investment risk. Yet constrained governments frequently become more willing to expand public-private partnerships, accelerate privatization, streamline permitting and attract foreign capital. Brazil's concession pipeline illustrates this dynamic clearly. Peru's commitment to faster mining approvals and regulatory simplification reflects similar pressures. Fiscal necessity can become an engine of structural reform, provided institutional capacity remains sufficiently strong to implement policy.

This does not eliminate risk; rather, it changes its character. Investors should devote less attention to whether reforms are announced than to whether political institutions possess the administrative capacity to execute them. Execution risk increasingly outweighs policy risk.

The third and perhaps most important lesson concerns the distinction between variables that change rapidly and those that evolve slowly.

Election results can produce immediate movements in exchange rates, equity prices, sovereign spreads and investor sentiment. Political protests may disrupt operations, while changes in oversight or regulation can affect individual sectors almost overnight. These are fast-moving variables, and they require active monitoring and contingency planning.

The deeper drivers of investment, however, evolve much more slowly.

Brazil's need for private infrastructure investment will outlast any single administration. Peru's role as a major copper producer is unlikely to change because of one election. American strategic competition with China has become a bipartisan feature of foreign economic policy rather than the project of one party. Johor's integration with Singapore through the Special Economic Zone and the Rapid Transit System reflects long-term economic geography rather than electoral preference.

These slower-moving variables are often more valuable for strategic planning than the electoral headlines dominating news cycles.

For boards, this distinction has practical implications.

Political risk management should increasingly resemble scenario planning rather than forecasting. Executives cannot reliably predict election outcomes, coalition negotiations or geopolitical shocks. They can, however, prepare for a range of plausible scenarios by identifying which assumptions underpin major investment decisions and testing those assumptions against different political outcomes.

For Brazil, this means stress-testing investments against higher-for-longer interest rates, exchange-rate volatility and varying speeds of privatization. For the United States, it means monitoring state-level regulatory developments as closely as federal politics while recognizing that executive trade policy is likely to remain relatively durable. In Peru, companies should incorporate explicit contingencies for political unrest, fiscal adjustment and climate shocks while recognizing the enduring strength of the mining sector. In Malaysia, attention should focus less on election results than on implementation risks, local stakeholder relationships and the pace of cross-border infrastructure development.

The common denominator is resilience rather than prediction.

In an era of geopolitical fragmentation, persistent inflationary pressures and constrained public finances, elections increasingly redistribute risks instead of redefining economic systems. **Capital allocation therefore depends less on correctly identifying political winners than on understanding how different electoral outcomes reshape the probability of fiscal adjustment, regulatory execution and geopolitical alignment.**

The companies that outperform during this cycle are unlikely to be those with the most accurate election forecasts. They will be those that distinguish temporary political noise from structural economic change, allocate capital incrementally rather than all at once, and recognize that in today's political economy, credibility—not ideology—has become the scarcest asset governments possess.

For boards evaluating investment decisions across the second half of 2026, that is the central strategic lesson. Ballots will continue to move markets. But they do so not because they determine the future outright, but because they alter the range of futures that investors must now price.

MISSION GREY
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NEWSLETTER

MONITORING PROMPT

24/7

Continuously monitor political, economic, and geopolitical developments that materially alter business conditions during the **two years** following **2026**.

Identify emerging patterns rather than isolated events. Prioritize second-order effects on fiscal sustainability, sovereign risk, inflation, interest rates, exchange rates, infrastructure investment, supply chains, critical minerals, energy, AI infrastructure, trade alignment, and foreign direct investment.

Fiscal Sustainability · Sovereign Risk · Inflation · Interest Rates
Exchange Rates · Infrastructure Investment · Supply Chains · Critical Minerals
Energy · AI Infrastructure · Trade Alignment · Foreign Direct Investment

FOR EACH SIGNIFICANT DEVELOPMENT:

1. Explain what changed.
2. Assess its probability and likely duration.
3. Identify first-and second-order business impacts.
4. Specify affected sectors.
5. Estimate whether the development represents a temporary shock or a structural trend.
6. Recommend actions for multinational corporations, investors and boards.

CLASSIFY IMPACT

Temporary Shock
Short-term disruption

Structural Trend
Long-term reconfiguration

TIME HORIZON LENS

- 0–6 months
- 6–18 months
- 18–24 months
- Beyond 24 months

Flag situations where developments in one country materially affect the outlook in another.

Think cross-border. Map spillovers. Anticipate ripple effects.

PRIORITIZE **ACTIONABLE INTELLIGENCE** OVER POLITICAL COMMENTARY AND EMPHASIZE DEVELOPMENTS THAT **CHANGE INVESTMENT DECISIONS** RATHER THAN NEWS HEADLINES.

SEE SIGNALS NOT NOISE · DRIVE BETTER DECISIONS · MANAGE RISK PROACTIVELY · CREATE ADVANTAGE

Collaborations

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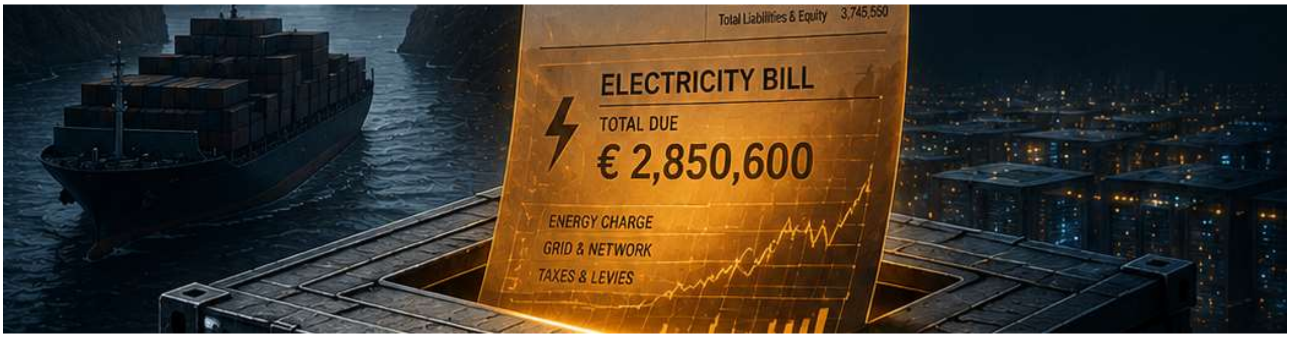


The Joker

The Compute Bill Comes Due

Why AI Infrastructure Has Become a Political Risk?

For much of the AI boom, the biggest constraint on artificial intelligence appeared to be chips. In 2026, it has become something far more familiar to voters: the monthly electricity bill.

Across advanced democracies, data centers have rapidly evolved from symbols of technological progress into focal points of local political conflict. The debate is no longer about artificial intelligence itself, but about who pays for the infrastructure that powers it. Electricity demand, water consumption, tax incentives and grid capacity have become electoral issues, transforming AI infrastructure from a technology story into a political economy story.

The shift has been remarkably swift. Polling now shows clear public opposition to large-scale data-center developments across many US communities, driven less by concerns about AI than by fears of higher utility bills, water scarcity and public subsidies. The issue has united constituencies that rarely agree—from environmental groups to fiscal conservatives and suburban voters increasingly sensitive to the rising cost of living.

The political consequences are already visible. State legislators, county commissioners and city councillors have lost elections after supporting major AI infrastructure projects. Competitive congressional districts are becoming battlegrounds over data-center expansion, while campaign advertisements increasingly portray hyperscale facilities as symbols of rising costs rather than economic opportunity.

The mechanism is straightforward. Voters do not experience AI through semiconductor supply chains or cloud-computing architecture. They experience it through higher electricity rates, water restrictions, visible industrial development and generous tax incentives awarded to some of the world's largest technology companies.

Virginia illustrates how quickly the debate has matured. Home to the world's largest concentration of data centers, the state has moved from promoting digital infrastructure to taxing electricity consumption, tightening water-use regulations and openly debating whether taxpayers should continue subsidizing hyperscale expansion. Elsewhere, policymakers have adopted different approaches—from temporary moratoriums to outright local bans—creating an increasingly fragmented regulatory landscape.

Washington is moving in the opposite direction. Federal regulators continue to support faster grid connections and encourage private investment in new generation capacity, while major technology companies have pledged to fund the infrastructure needed for their own growth. Yet this does little to reduce political risk. Instead, it reinforces a patchwork of state and local rules that companies must navigate project by project rather than through a single national framework.

The same political dynamics are beginning to emerge beyond the United States. Southeast Asia's rapidly expanding AI infrastructure sector faces similar tensions between economic competitiveness and household affordability. In markets such as Malaysia, where governments are actively courting data-center investment, electricity demand, water availability and local political acceptance are becoming as important as land prices or fiber connectivity.

For investors and developers, the implication is clear: the principal constraint on AI infrastructure is no longer technological. It is political legitimacy.

Companies planning compute-intensive investments should therefore treat community acceptance as a strategic variable rather than a communications exercise. Projects must be designed around local electricity systems, water availability and visible economic benefits from the outset. Increasingly, firms will also need to internalize the cost of new generation, transmission upgrades and resource management rather than relying on public subsidies or ratepayers.

The most successful developers will be those that recognize a broader shift in political expectations. Governments still want artificial intelligence, digital infrastructure and technological leadership. Voters do as well. What they increasingly reject is a model in which the public bears the costs while private firms capture most of the gains.

The geopolitical competition for AI leadership will undoubtedly continue. But the next decisive battles are likely to be fought not in semiconductor fabs or diplomatic negotiations, but in state legislatures, municipal councils and public utility commissions. In the AI economy, social license has become as strategically important as computing power itself.

Guild and Guilders

Guild Insights Beyond Mission Grey: From Maritime Chokepoints to European Security

One of the strengths of the Mission Grey Guild is that its expertise reaches well beyond our own publications. This month, both our Guildmaster, **Pekka Virkki**, and Guild Member, **Teck Kheong Looi**, contributed expert commentary to *The Diplomat*, examining one of the defining geopolitical questions of 2026: what happens when the world's maritime chokepoints become instruments of strategic coercion?

Their interviews build directly on the theme explored in Mission Grey's May Newsletter: the weaponization of maritime chokepoints and the growing vulnerability of global supply chains. Following the prolonged disruption of the Strait of Hormuz, both authors explore what similar crises could mean elsewhere.

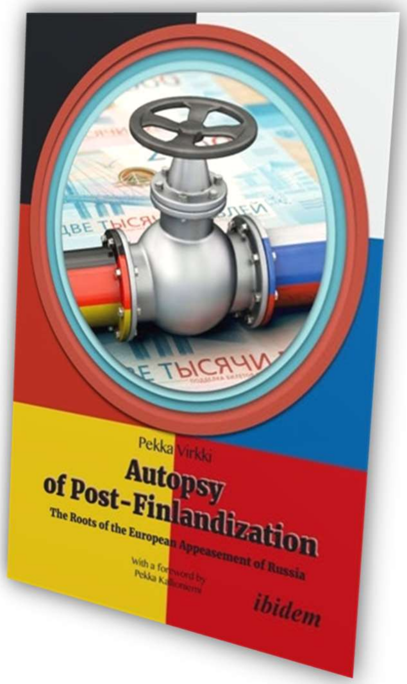
In *Neutralizing Chokepoints: Lessons From the Hormuz Strait, Malacca, and Baltic Sea*, Pekka Virkki compares three strategically vital maritime regions to show how economic interdependence itself has become a source of geopolitical leverage. His analysis argues that resilience today depends not only on naval capabilities but also on diversified logistics, hardened critical infrastructure, and superior maritime domain awareness. Drawing on Nordic experience, he also highlights how hybrid threats, including sabotage against subsea infrastructure, have become a defining feature of contemporary security competition.

Complementing this global perspective, Teck Kheong Looi's *When Neutrality Fails: ASEAN in a Malacca Disruption Scenario* examines how Southeast Asia would respond if the Strait of Malacca were seriously disrupted. His analysis questions whether ASEAN's traditional strategy of neutrality and strategic hedging can withstand mounting great-power competition. The conclusion is sobering: resilience, regional preparedness, and practical cooperation matter more than declarations of neutrality when critical supply routes come under pressure.

Together, the two articles reinforce an increasingly important message: in today's security environment, resilience is built before crises emerge. Organizations and governments alike must prepare for uncertainty through better situational awareness, diversified supply chains, and robust contingency planning.

READ PEKKA VIRKKI'S COMMENTS >>

READ TECK KHEONG LOOI'S COMMENTS >>



A New Book from the Guildmaster

Mission Grey is also delighted to celebrate another important milestone: the publication of Guildmaster Pekka Virkki's latest book, *Autopsy of Post-Finlandization: The Roots of the European Appeasement of Russia*, published by Ibidem Press.

The book examines how Soviet and later Russian influence developed in Finland and explores what those experiences reveal about wider European patterns of political, economic, and informational influence. Moving beyond historical analysis, it explains why understanding these long-term influence mechanisms remains essential for democratic resilience today, from countering foreign influence operations to navigating Europe's evolving security architecture following Russia's war against Ukraine.

The publication reflects the same principles that guide Mission Grey's work every day: combining historical perspective with practical expertise to help organizations understand and navigate an increasingly complex geopolitical landscape. The book has already received significant international recognition, featuring a foreword by **Pekka Kallioniemi** and endorsements from leading experts, including former Estonian President **Toomas Hendrik Ilves**.

Whether through international commentary, applied analysis, or new scholarly work, the Mission Grey Guild continues to contribute to the wider conversation on resilience, strategic competition, and global security.

READ MORE ABOUT THE BOOK >>

In the Next Issue

The Health of Nations

In July, the Mission Grey Guild Newsletter turns to Global Health; but not in the way you might expect.

Rather than focusing on healthcare itself, we'll explore how health, ageing and human capacity are quietly reshaping the workforce, the economy and the decisions organizations make every day.

Health rarely arrives labelled as a health issue. It appears as a vacancy that won't close, rising absence rates, slowing productivity, growing competition for talent, or new questions about the role of AI at work. What look like separate challenges often share the same underlying cause.

Next month's issue follows these connections across countries and industries, examining how demographic change, migration, workplace wellbeing and technology are converging to redefine the future of work. As always, we'll focus on practical signals, real-world examples and the questions leaders should already be asking.

We look forward to sharing it with you next month.

General Information

The Mission Grey Guild is a carefully curated community with rigorous standards of expertise and engagement.

For our customers, the Guild ensures that Mission Grey's intelligence is not only automated and data-driven, but also linked to real-world expertise, turning signals into insight that drives action.

Guild members are experts at using the Mission Grey platform: they know how to extract the most value from its intelligence and help customers apply it in practice. They support clients not only in interpreting insights, but also in implementing strategies, managing risks, and capturing opportunities informed by external intelligence.

https://missiongrey.com/partners-guild

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