

Capital Intelligence affirms Qatar's rating; outlook remains 'stable'



TO ADVERTISE HERE
Call: 444 11 300

To advertise here
CONTACT: 444 666 21

Monday, July 22, 2024
Muharram 16, 1446 AH

GULF TIMES BUSINESS



SWEEPING PLANS: Page 6

Xi vows to rewire China's finances and support indebted regions

البنك التجاري
COMMERCIAL BANK

Shop with Confidence 16001

Trade with confidence!

The campaign is valid from 20 May 2024 to 31 August 2024.

FIRST 3 TRADES FOR FREE

App Store Google Play

Terms and conditions apply.

CB Alpha Trader

To know more, please contact us on +951 4449 5552, or scan the QR code:

QIIB half-yearly net profit rises 6.5% to QR655mn

QIIB posted a net profit of QR655mn in the first half of the year (H1) with a growth rate of 6.5% compared to the same period of 2023.

The bank's results were announced by chairman Sheikh Dr Khalid bin Thani bin Abdullah al-Thani after a meeting of its board of directors here yesterday.

He said QIIB results demonstrated the bank's consistent improvement and validated its alignment with the high level of solvency that the Qatari economy enjoys thanks to the patronage and support of His Highness Sheikh Tamim bin Hamad al-Thani, the Amir of the State of Qatar.

Earnings per share reached QR0.38 in H1, QIIB said.

During its meeting, QIIB board of directors approved the distribution of interim cash dividends to the shareholders, amounting to 23% of nominal share value (QR0.23 per share), which will be paid to eligible shareholders as at the close of trading on July 30.

Sheikh Dr Khalid said: "In the first half of 2024, QIIB maintained its outstanding results, which is a testament to the tremendous efforts made at all levels of the organisation to enhance performance and stay up with the State of Qatar's economic revival across a range of industries".

"We have continued to implement our strategy by focusing on the local market, as there are many rich opportunities for different local business sectors. Additionally, we are dedicated to actively participating in development initiatives that will improve society and strengthen the Qatari economy.

"QIIB has been able to solidify its financial position and stable growth for a long period, and has consolidated its position locally through the growing confidence it has gained, and externally through the partnerships it has forged with partners in various countries of the world, which have manifested in a high



QIIB Chairman Sheikh Dr Khalid bin Thani bin Abdullah al-Thani; and Chief Executive Officer Dr Abdulbasit Ahmed al-Shaibei.



level of trust and desire in continuing co-operation and strengthening business ties in line with the prestigious position of QIIB."

Sheikh Dr Khalid bin Thani noted: "Based on the distinguished position of the bank and the stable financial results, leading international credit rating agencies rated the bank at high ratings. Fitch upgraded QIIB rating to "A" from "A-", with a stable outlook. In turn, Capital Intelligence affirmed QIIB rating at "A+" with a stable outlook".

Moody's assigned "A2" Ratings to QIIB with a stable outlook. QIIB chief executive officer Dr Abdulbasit Ahmed al-Shaibei noted: "At the end of H1-2024, the bank's total income reached QR1,681mn compared to QR1,393mn in the same period (2023) with a growth rate of 20.6%.

Total assets at the end of the first half of the year amounted to QR59.3bn compared to QR58.1bn at the end of the same period in 2023, with a growth rate of 2.1%, while the financing assets have grown by 7.6% reached QR38.6bn.

"Customer deposits at the end of the first half of this year amounted to QR40.4bn, compared to QR36.3bn at the end of the same period in 2023. Total equity amounted to QR9.4bn and the capital adequacy under Basel III reached 19.46%, which indicates the strength and robustness of QIIB's financial position in the face of various potential risks.

Dr al-Shaibei noted: "The distinguished results achieved by QIIB during the period ending on June 30 this year are the result of implementing the plans and strategies developed by the board of directors, which focus on the local market, and working closely with the local business sector, as the Qatari economy offers distinct opportunities that we are keen

to take advantage in accordance with our adopted standards, which we are keen to be in line with the requirements of the markets".

"QIIB continued to respond to the expansion of its customer base through many ways, including increasing services and products innovation, and accelerating digital transformation through various available channels, which provided the various categories of our customers with an advanced banking experience that keeps pace with the best global banking developments".

The CEO said: "The first half of this year witnessed the launch of many products, whether for companies or retails, including products launched for the first time in Qatar, such as the Visa debit card for medium and small companies.

"The bank also launched promotional offers with competitive benefits for the bank's customers, which included prizes that the bank granted for the first time. These services and offers have received a great positive response from our customers and have strengthened our position in the banking market in the face of competitive factors".

He continued: "The first half of 2024 also witnessed an important investment at the international level, represented by the success of QIIB in issuing sustainable sukuk (ORYX) worth \$500mn, which were listed on the London Stock Exchange. QIIB was the first Qatari bank to issue sustainable sukuk.

The bank issued these sukuk as part of its engagement in keeping up with the third strategy for the financial sector launched by the Qatar Central Bank, and also as part of keeping up with government trends and plans that pay special attention to sustainability issues and the importance they entail".

QNB wins 'Best Retail Bank for Digital Customer Experience' award in Qatar, Middle East

QNB, the largest financial institution in the Middle East and Africa, has been awarded the prestigious title of 'Best Retail Bank for Digital Customer Experience (CX)' in both Qatar and Middle East by *The Digital Banker* magazine.

This recognition underscores QNB's commitment to delivering customer-centric and innovative digital banking solutions.

The bank's focus on digital transformation has positioned it as a leader in the region and beyond, attracting a growing customer base as a forward-thinking financial institution. *The Digital Banker* has recognised QNB's outstanding efforts in enhancing the digital banking experience for its customers. The award acknowledges the bank's continuous investment in cutting-edge technologies and its dedication to provide seamless, secure, and convenient customer experience through its digital ecosystem.

QNB has consistently pushed the boundaries through digital touch points such as QNB Mobile and Internet banking, and self-service machines, by introducing a range of services designed to meet the evolving needs of its customers.

The new services include advanced technological and payment solutions, such as digital account opening, eLoan, virtual credit card, Fawran (instant payments to anyone in Qatar), and cross-border payments via Ripple Net. The bank's digital transformation strategy focuses on leveraging artificial intelligence, big data analytics, blockchain, augmented reality,



QNB's focus on digital transformation has positioned it as a leader in the region and beyond

and contactless solutions to create personalised and efficient banking experience.

Commenting on the achievement, Adel Ali al-Malki, senior executive vice-president, QNB Group Retail Banking said: "We are honoured to receive these prestigious awards from *The Digital Banker*. These recognitions reflect our long term and unwavering commitment to enhancing our digital services and providing our customers with the best possible banking customer experience. "As we continue to innovate and invest in the latest technologies, we remain dedicated to setting new standards in the banking industry and offering our customers tomorrow's digital banking, today."

QNB Group currently ranks as the most valuable bank brand in the Middle East and Africa. Through its subsidiaries and associate companies, the Group's presence spans some 28 countries across three continents providing a comprehensive range of advanced products and services. The total number of employees is 30,000, operating from approximately 900 locations, with an ATM network of 5,000 machines.



The recognition underscores QNB's commitment to delivering customer-centric and innovative digital banking solutions



QIIB board of directors approved the distribution of interim cash dividends to the shareholders, amounting to 23% of nominal share value (QR0.23 per share)

Doha Bank's 6-month net profit surges 10.3% to QR432mn

Doha Bank has reported net profit of QR432mn in the first half (H1) of 2024, representing an increase of 10.3% on an annualised basis.

Total assets reached QR105.9bn to grow by 13.8% year-on-year, while net loans and advances stood at QR59bn with a growth of 5.7% on a yearly basis, according to Sheikh Fahad bin Mohamed bin Jabor al-Thani, chairman of Doha Bank.

Customer deposits grew by QR7.5bn or 17% to QR51.6bn at the end of June 30, 2024.

"The bank continues to maintain stable capital and liquidity positions. The common equity tier 1 (CET1) ratio remains at 13.43% and the total capital adequacy ratio is strong at 19.71%," said Sheikh Abdul Rahman bin Mohamed bin Jabor al-Thani, managing director of Doha Bank.

The loan-to-deposit ratio has improved significantly, reaching 96.2%, which is well within the limits of the regulator, he said.

The bank has "significantly" improved its funding profile over the last six months, and this will allow the bank to fund future lending growth, which it is anticipating



Sheikh Fahad bin Mohamed bin Jabor al-Thani, Chairman of Doha Bank; Sheikh Abdul Rahman bin Mohamed bin Jabor al-Thani, Managing Director; and Sheikh Abdulrahman bin Fahad bin Faisal al-Thani, Group CEO.



for this year, according to him. Liquidity coverage ratio continues to be high at 166%, up from year-end 142%. The total shareholder's equity reached QR14.6bn, showing an increase of 3.2% compared to last year.

Doha Bank's group chief executive officer, Sheikh Abdulrahman bin Fahad bin Faisal

al-Thani, said it launched many new initiatives during the first half of 2024.

"We have a clear way forward as we advance on the transformation of Doha Bank. Our priorities for the year include driving profitable assets and low-cost liabilities growth, advancing our digital capabilities, driving cost efficiencies, and strengthening the stability

and sustainability of the bank. Doha Bank is committed to delivering long-term value and sustainable growth for its shareholders," he added.

The lender returned to the international debt capital markets with a bond issuance of \$500mn, the success of this transaction demonstrates the positive investor recep-

tion of strategic changes being implemented by the bank. Fitch, the international credit rating agency, upgraded the bank's long-term issuer default rating (IDR) to 'A' from 'A-' and short-term IDR to 'F1' from 'F2'; with a "stable" outlook. While Moody's has maintained its bank's deposit long-term rating at 'Baa1' with a "stable" outlook.



A taxi waits outside the Selfridges & Co department store in London. Saudi Arabia's Public Investment Fund has made an offer that would boost its stake in Selfridges to 50%, according to documents seen by Bloomberg News, after the UK department store's co-owner fell into insolvency.

Saudi PIF offers to boost stake in Selfridges to 50%

Bloomberg
London

Saudi Arabia's Public Investment Fund has made an offer that would boost its stake in Selfridges to 50%, according to documents seen by Bloomberg News, after the UK department store's co-owner fell into insolvency.

PIF already owns a 10% share in the Selfridges properties and has offered to buy the remaining 40% stake for a cash price of £1mm (\$1.3mm) from Signa's flagship property unit, accord-

ing to an insolvency report filed by the division of the troubled real estate and retail empire dated July 15.

The properties include sites in London's Oxford Street and Manchester.

The Saudi wealth fund is undertaking due diligence with the help of advisers, according to the document. The other 50% of Selfridges is owned by the Thai retail conglomerate Central Group.

A representative for PIF declined to comment. A spokesperson for Signa Prime's administrator also declined to

comment on the report. The potential deal comes as the sprawling group of companies founded by Rene Benko is slowly unwound after its key property units fell into insolvency processes at the end of 2023. The Austrian tycoon purchased the stake in Selfridges in 2022 in one of his most ambitious acquisitions, before syndicating a portion of the 50% share to the PIF.

PIF, which is a creditor to Signa, would reduce its claims against the group by as much as £52mm as part of the deal, according to the document. Bang-

kok Bank, which provided the senior loan for Selfridges' Oxford Street site, would also waive certain claims against Signa Prime to the amount of about €733mn, it said.

Signa also previously had joint ownership of Selfridges' operating business, which has been now taken over by Central Group.

The department store chain, founded in 1908 by Wisconsin-born Harry Gordon Selfridge, is best-known for its Oxford Street flagship store which for decades was synonymous with high-end London retail.

Goldman joins rivals in setting up new Mideast-focused fund

Bloomberg
Dubai

Goldman Sachs Group Inc is working on raising a Middle East-focused fund and hired a longtime JPMorgan Chase & Co banker to run it, according to people familiar with the matter. The Wall Street bank has held talks with investors in the region about raising money for the open-ended fund, the people said, asking not to be named as the information isn't public. Talks are ongoing and the fund's final size hasn't been decided yet, they said.

"We are continuing to expand our presence in Saudi Arabia

across divisions," Fadi Abuali, co-chief executive officer of the firm's Middle East and North Africa business, said in a statement. A spokesperson declined to give further details on the fund.

With the move, Goldman joins a raft of rivals across the industry in raising Middle East-focused funds. That marks a shift for the giants of the asset management industry, who've long flocked to the region to court sovereign wealth funds and raise money that they would then use to invest around the world.

Now, under pressure from the sovereign funds, they're increasingly looking to raise that same money and deploy it

within the region. Brookfield Asset Management Ltd, for instance, has explored raising separate pools of capital to invest in the Middle East, while Investcorp Holdings, the region's biggest alternative asset manager, has announced it will set up a \$1bn investment vehicle backed by Beijing's sovereign wealth fund that is meant to invest in companies across the Persian Gulf as well as China. BlackRock Inc is seeking to invest in the Middle East, backed by \$5bn from Saudi Arabia's sovereign wealth fund. Habib Saikaly is joining Goldman as head of the bank's fundamental equity business across the Middle

East and North Africa and is expected to oversee the fund's development, people familiar with the matter said. A 13-year veteran of JPMorgan, Saikaly will report to Basak Yavuz and Hiren Dasani, the co-heads of Goldman's emerging market equity division, for the new role, the people said.

Goldman's fresh push in the Middle East comes only months after becoming the first Wall Street bank to secure a license in Saudi Arabia to set up its regional headquarters there. Other major banks are also stepping up efforts to expand in the kingdom which is in the middle of an ambitious economic reform programme.

QSE MARKET WATCH

COMPANY NAME	Lt Price	% Chg	Volume
Zad Holding Co	13.70	0.00	28,667
Widam Food Co	3.08	0.75	2,599,026
Vodafone Qatar	1.71	0.06	553,676
United Development Co	1.13	0.27	2,612,789
Salam International Investme	0.69	0.15	916,352
Qatar & Oman Investment Co	0.77	-0.13	828,325
Qatar Navigation	11.85	1.28	300,502
Qatar National Cement Co	3.66	-0.81	326,979
Qatar National Bank	14.90	0.81	1,445,257
Qim Life & Medical Insurance	2.03	1.25	204,157
Qatar Islamic Insurance Grou	8.00	0.01	59,609
Qatar Industrial Manufactur	2.52	0.64	656,928
Qatar International Islamic	10.27	-1.34	372,111
Qatar Islamic Bank	1.59	-1.85	2,805,527
Qatar Gas Transport(Nakilat)	19.30	0.78	944,898
Qatar General Insurance & Re	4.44	-2.70	2,354,634
Qatar German Co For Medical	0.91	0.00	-
Qatar Fuel Qsc	1.88	0.75	10,813,873
Lesha Bank Lic	14.77	-0.67	267,147
Qatar Electricity & Water Co	1.29	-0.39	744,224
Qatar Exchange Index Etf	15.27	0.07	229,474
Qatar Cinema & Film Distrib	9.64	0.00	-
AI Rayan Qatar Etf	2.70	0.00	150
Qatar Insurance Co	2.18	0.00	-
Qatar Aluminum Manufacturing	2.10	0.00	68,221
Ooredoo Qpsc	1.33	-0.15	8,271,770
Aljjarah Holding Company Qps	10.45	2.35	1,177,415
Mazaya Real Estate Developme	0.72	0.56	1,758,942
Mesaieed Petrochemical Holdi	0.62	-0.64	9,298,930
Mekdam Holding Group	1.67	-0.77	3,841,409
AI Meera Consumer Goods Co	3.58	-0.44	113,107
Medicare Group	14.36	-0.14	15,365
Mannal Corporation Qpsc	4.37	2.01	1,870,224
Masraf Al Rayan	3.89	-0.51	174,532
Industries Qatar	2.33	0.22	5,203,037
Inma Holding Company	13.10	1.08	1,032,012
Estithmar Holding Qpsc	4.27	-0.07	376,982
Gulf Warehousing Company	1.91	-0.47	1,997,166
Gulf International Services	3.31	-0.51	516,021
AI Fahh Education Holding	3.42	-0.29	3,668,282
Ezdan Holding Group	0.67	-1.18	39,359
Doha Insurance Co	0.78	-2.39	18,956,560
Doha Bank Qpsc	2.41	0.00	56,255
Diala Holding	1.51	-0.20	6,206,257
Commercial Bank Pscq	1.22	-1.30	340,013
Barwa Real Estate Co	4.07	0.02	1,364,360
Baladna	2.78	-0.14	992,148
Damaan Islamic Insurance Co	1.35	0.75	12,418,455
AI Khaleej Takaful Group	3.82	-1.01	2,504
Aamal Co	2.38	-0.71	1,498,826
AI Ahil Bank	0.80	0.50	1,027,861
	3.83	3.38	8,000

Temasek's Mapletree to open Abu Dhabi office for Mideast foray

Bloomberg
Singapore

Mapletree Investments Pte is opening an office in Abu Dhabi, betting on a bright spot in the global commercial real estate market to revive its beleaguered portfolio.

The property manager owned by Singapore state investor Temasek Holdings Pte has re-hired Khairul Abdullah to lead its foray into the Middle East and scout for opportunities in the region, according to people familiar with the matter who asked not to be identified discussing private matters.

Abdullah was previously a vice-president at the firm before leaving to join Abu Dhabi's biggest listed developer Aldar Properties PJSC, according to his LinkedIn profile.

A spokesperson for Mapletree confirmed plans to set up an office in Abu Dhabi as part of the firm's growth and expansion plans, but declined to provide further details.

The commercial real estate market has boomed in Abu Dhabi and neighbouring Dubai, in sharp contrast to cities like New York, London and Hong Kong where of-

office vacancies are at multi-year highs.

Abu Dhabi's sovereign wealth funds that control over \$1.5tn have been a big draw for hedge funds and billionaires. Perks like a tax-free income, sunny weather and a time zone that allows workers to trade across Asian, European and US hours are also helping both emirates attract global financial firms.

Mapletree previously said it has expanded its private capital management team with representatives in the Middle East, for "wider investor coverage and to enhance its existing global network of capital partnerships," in its annual report published earlier in July.

The foray into the Middle East comes at a time when Mapletree's bets on commercial real estate elsewhere have soured. It posted its first loss in two decades, which it attributed largely to valuation declines on its office portfolios in the US, Europe and Australia.

More than 40% of Mapletree's \$77.5bn assets under management are in North America and China. It aims to increase AUM to \$100bn to \$120bn in five years, despite falling short of its targets in the preceding half-decade plan.

Opec+ delegates don't see oil-hike plan changes at meeting

Bloomberg
London

Opec+ delegates expect the group's monitoring session next month to be routine, making no changes to plans for a supply hike starting in the fourth quarter.

The group led by Saudi Arabia and Russia agreed last month to begin gradually restoring roughly 2.2mn barrels a day of halted crude output from October. When prices immediately slumped, officials stressed that a committee due to gather on August 1 could postpone the hike if necessary. The market has since rebounded, with Brent futures trading back near \$85 a barrel, easing the group's sense of urgency. There are no plans for the Joint Ministerial Monitoring Committee to issue any recommendations on output policy, said the delegates, who asked not to be identified as the talks are private.

That would still leave the Organisation of Petroleum Exporting Countries and its allies with several more weeks to consider whether to proceed with the supply boost — in

theory up until cargo allocations need to be set for customers in early September. This would be in keeping with previous decisions by the eight Opec+ members involved in the so-called "voluntary" cutbacks. "Opec+ will most likely wait and see if the much anticipated demand increase this summer materialises before taking any decision on production," said Jorge Leon, senior vice-president at consultant Rystad Energy AS. The coalition has been withholding supplies for almost two years to prop up crude prices by staving off a surplus threatened by burgeoning American output. Their intervention has had some success, pushing the market into an expected deficit this quarter and stabilising a source of vital revenue for the group. Some members, such as the United Arab Emirates, have been eager to return the shuttered output and deploy new production capacity. Others, such as Russia, Iraq and Kazakhstan, have dragged their heels in delivering agreed cuts while they seek to maximise revenue. Russian President Vladimir

Putin and Saudi Crown Prince Mohamed bin Salman spoke on Wednesday about Opec+ co-operation, the Kremlin said in a statement. Moscow has pledged to make up for failing to deliver its share of cutbacks with additional compensatory curbs, but has yet to provide full details of how it will do this. "The consensus is that, if demand increases in the second half of this year, Opec+ would have room to start unwinding cuts starting in October," said Rystad's Leon. Yet there are still reasons why the group may exercise its option to "pause or reverse" the scheduled supply increase. While global inventories should deplete at a steady pace this quarter, markets are likely to slacken considerably after that as China's demand growth cools, according to the International Energy Agency. Stockpiles are set to stabilise in the fourth quarter and supply could tip into surplus next year, even if Opec+ shelves the planned hike. "I still don't think the market will be strong enough for long enough to substantiate significant Opec volumes," said Aldo Spanjer, commodities strategist at BNP Paribas.



Opec+ has been withholding supplies for almost two years to prop up crude prices by staving off a surplus threatened by burgeoning American output. Their intervention has had some success, pushing the market into an expected deficit this quarter and stabilising a source of vital revenue for the group

cbq.qa



Trade with confidence!

FIRST 3 TRADES FOR FREE

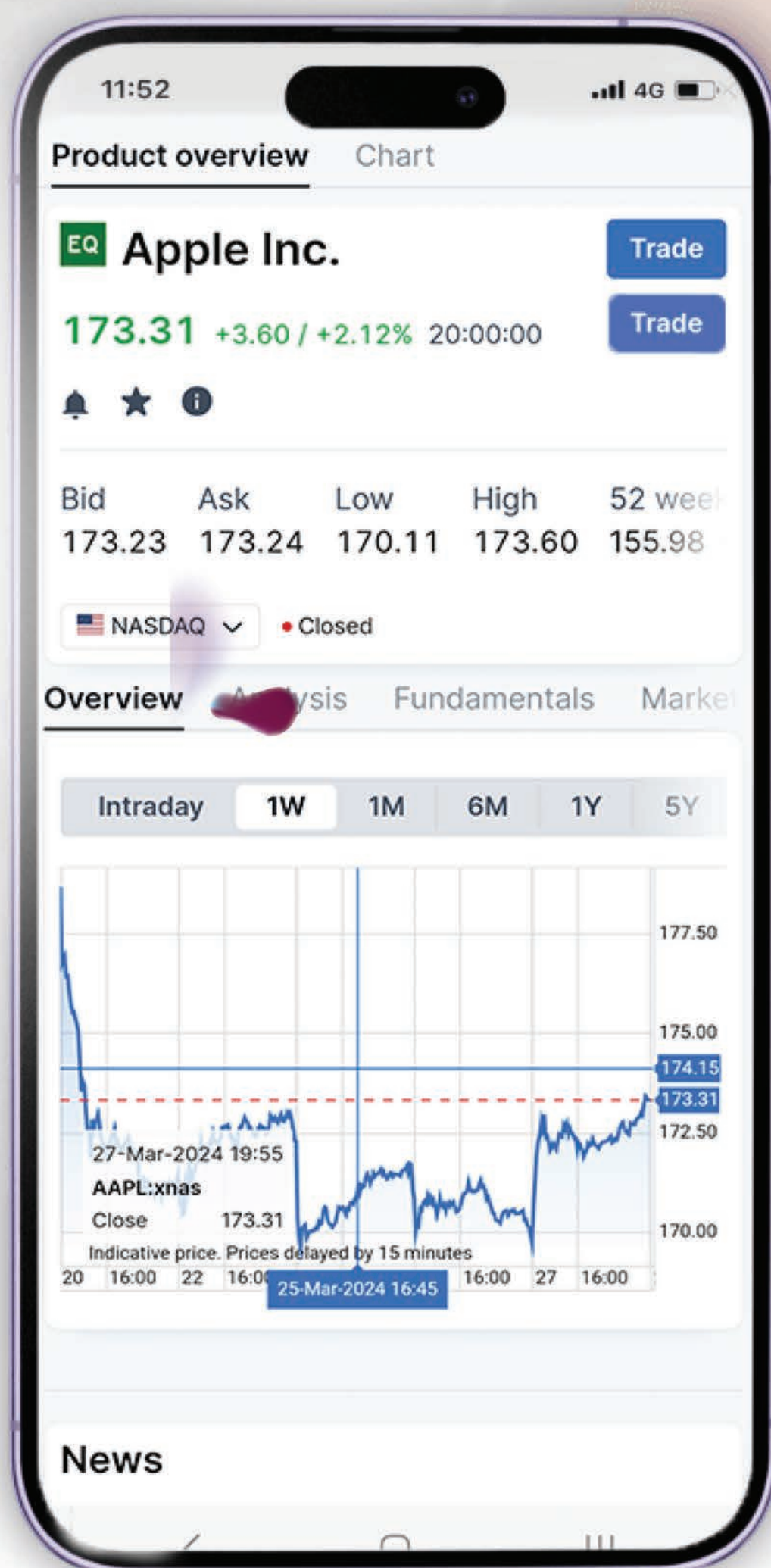


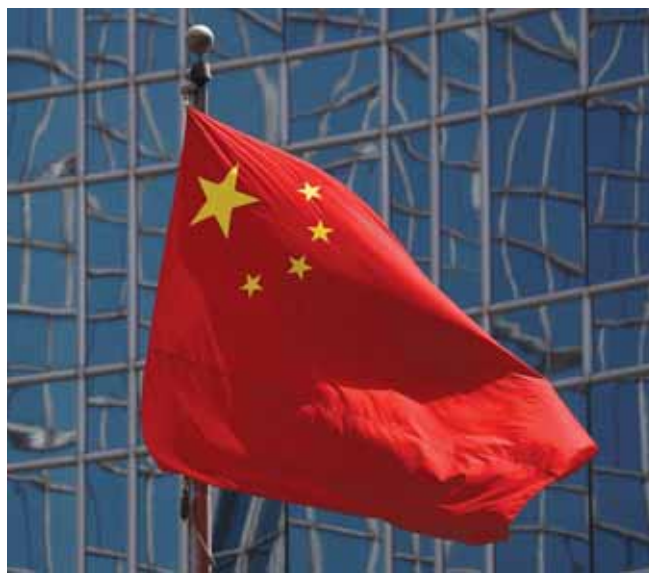
CB Alpha Trader

To know more, please contact us on +974 4449 5552, or scan the QR code:



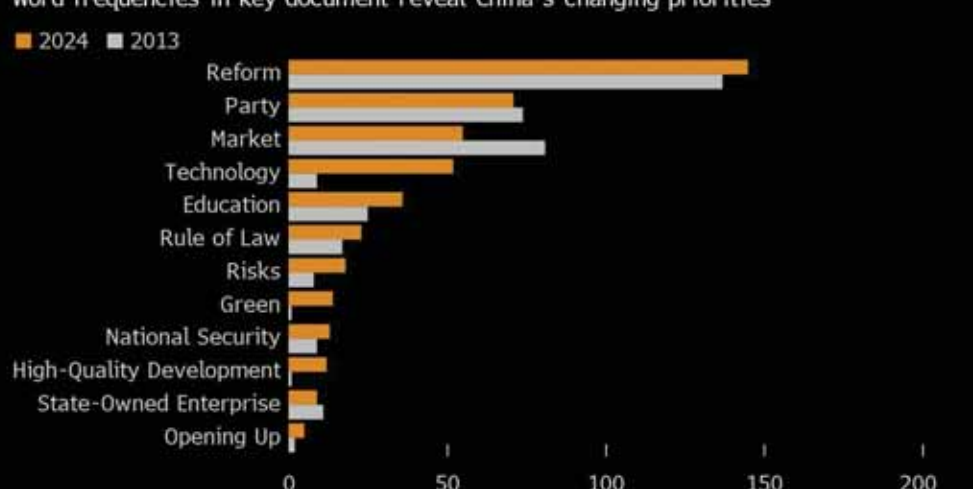
Terms and conditions apply.
The campaign is valid from
20 May 2024 to 31 August 2024.





The Chinese national flag is seen in Beijing. President Xi Jinping unveiled sweeping plans to bolster the finances of China's indebted local governments, as the ruling Communist Party announced its long-term blueprint for the world's second-largest economy.

Xi Emphasizes Tech, High-Quality Development at Third Plenum
Word frequencies in key document reveal China's changing priorities



Source: Bloomberg News
Note: The 2024 document is about 2% longer

Xi vows to rewire China's finances and help indebted regions

Bloomberg
Hong Kong/Singapore

President Xi Jinping unveiled sweeping plans to bolster the finances of China's indebted local governments, as the ruling Communist Party announced its long-term blueprint for the world's second-largest economy. China's top leader mapped out measures for fixing the debt crisis facing regional authorities in a near-22,200 character resolution published by the official Xinhua News Agency yesterday. Those plans centred around shifting more revenue from the central to local coffers, such as by allowing regional governments to receive a larger share of consumption tax.

Xi's proposals mark the "third major taxation and fiscal reform" in recent history, said Ding Shuang, chief economist for Greater China and North Asia at Standard Chartered Plc. He cited the 1994 move to increase central governments' share of revenue over regional authorities, and a string of decisions starting in 2013 that allowed localities to issue bonds on their own, as the other major shifts.

"The central government's income was set too high and now it's being adjusted," Ding said of the framework set under then President Jiang Zemin. The changes "will alleviate the imbalance between the central and local government's spending responsibilities and income," he added.

Xi presided over a twice-a-decade conclave in Beijing this month, where some 400 senior officials endorsed his vision for advanced manufacturing to propel China's \$17tn economy. The resolution from that conclave signalled that while the top leader is fine-tuning

China to improve supervision mechanism for finance industry

China will improve its supervision mechanism for the \$66tn financial sector and regulate all sorts of financial activities, according to the ruling Communist Party's long-term plan for the world's second-largest economy, reports Bloomberg. The government will formulate financial law to strengthen regulatory responsibilities and accountability, according to a document published by the official Xinhua News Agency yesterday. Chinese regulators will also support qualified foreign-funded institutions to participate in financial business pilot projects and optimise the system for qualified overseas investors, it added. China has tightened its grip on the finance industry in recent years with President Xi Jinping's "common

prosperity" campaign, triggering belt-tightening across the board. An anti-graft drive also brought down more than 100 financial officials and executives last year alone. Indications are growing that Xi is shifting away from four decades of market-oriented reforms and financial innovation. He has emphasised the Communist Party's "centralised and unified leadership" of the sector and pledged to build "a modern financial system with Chinese characteristics" that's completely different from the West. Xi's economic slogan for pursuing "high-quality development" also signalled a desire to avoid another bout of unsustainable debt-fuelled growth, potentially squeezing profits at the financial sector.

policies to manage risks, no major shifts are afoot in his overarching plans.

Chinese policymakers are under pressure to resolve local governments' 66tn yuan (\$9.1tn) hidden debt crisis and rebalance the economy, as foreign leaders accuse Beijing of using exports to compensate for weak demand at home. Giving a larger portion of consumption tax to regions could address both issues by incentivising officials to lift consumer spending and offering them a new finance stream.

Other Highlights of the Report:
PROPERTY: Establish housing system that promotes renting and purchasing; will fully give each city autonomy in regulating real estate.

MARKETS: Vows to let markets play "decisive roles in resource allocation."

RETIREMENT AGE: Pledged to

gradually raise in a "voluntary, flexible manner."

COMMON PROSPERITY: Regulate executives' wages at state-owned firms, as well as mechanisms for controlling wealth accumulation.

PRIVATE SECTOR: Break down market entry barriers by further opening up the infrastructure sector and allowing firms to participate in more major national construction and technology projects. Improve private firms' access to financing.

Slapping additional taxes on goods, however, risks stifling sentiment further among Chinese consumers already reluctant to spend due to a property slump that's hitting their primary store of wealth. Retail sales rose at the slowest pace last month since December 2022, as China's second-quarter growth fig-

ures undershot expectations.

Officials also pledged to give city governments more autonomy in regulating local property markets, in line with policies over the past two years that allowed localities to better arrest the housing downturn. They also vowed to build more subsidised housing, as well as reforming the pre-sale model, which has led to developers being unable to deliver millions of homes already paid for by residents.

China's most-powerful leader since Mao Zedong said in a separate explanation that national security had been put in a "more prominent" position by the four-day conclave, suggesting its preeminence over the economy. The official resolution, however, stated Beijing would strive to "achieve positive interactions" between development and security.

Officials also signalled a potential expansion to Beijing's surveillance architecture, vowing to "explore and establish a national unified population management mechanism." That marked the first use of that phrase by senior leaders.

"Xi's emphasis on security shows that the development is eventually aimed at protecting national security," said Alfred Wu, an associate professor at the National University of Singapore's Lee Kuan Yew School of Public Policy.

Investors may find their hopes were too high for the Third Plenum, he added, noting the report was mostly "sprinkling" vague measures rather than signalling concrete changes.

Markets reacted poorly to the lack of policy signals in an initial communique published after the gathering wrapped on Thursday. More specific policies could be unveiled later this month by a meeting of the 24-man Politburo which focuses on economic policies for the year in July.

Asia deals on agenda for Omani wealth fund-backed port operator

Bloomberg
Dubai

Asyad Group, backed by Oman's sovereign wealth fund, is looking to buy or operate ports in southeast Asia, India and Africa as it seeks a bigger share of the world shipping market.

The company is in talks to manage a port in Malaysia, Chief Asset Management Officer Ahmed al-Bulushi said in an interview, without providing details. It's also chasing deals elsewhere in the continent and some are likely to be concluded next year, he said. The company will finance these internally, he said.

The firm with \$4bn of assets is keen to branch out from its Middle East base to play a larger global role as economic growth expands demand for shipping. Supply of container vessels is likely to rise both this year and next, according to an organisation whose members account for more than half of the world's fleet. Asyad's shipping division owns or operates 91 vessels that transport crude, LNG, chemical products and other supplies.

"There are discussions and we're looking to manage international ports whether in the Asian market, India or Africa or any other opportunity that we think is reasonable," al-Bulushi said. "By having a port we can leverage our assets like shipping lines and we can capitalize on access to that market and that area."

Asyad wants only majority stakes or full ownership because that suits its "strategic direction," he said.

The company operates three of Oman's major ports. Sohar in the north is an equal venture with the Port of Rotterdam, while Antwerp Port is a partner in Duqm and Maersk in Salalah. The company also provides a drydock and logistical economic zones, and is close to awarding a contract to build roads, utilities, warehouses and offices for the country's first airport free zone, al-Bulushi said.

The company's unit Asyad Shipping Co is planning to sell shares in an initial public offering by the end of this year, he said, confirming a Reuters report that the firm has selected banks as advisers.

The group's revenue increased at a compound annual growth rate of 21% last year compared with the previous 12 months, mainly driven by shipping, al-Bulushi said.

"We aim to reduce the contribution of shipping by 2027 to close to 60%" by growing "the other verticals and by focusing more on Asyad Logistics," he said. The company's target is to increase the share of the logistics unit to as much as 40% of overall revenue, he added.

"We're trying to redraw the supply chain map in the area," al-Bulushi said. "Our strategy is to reach everywhere in the world."

Bloomberg QuickTake Q&A

Why making computer chips has become such a big deal

By Ian King and Debby Wu

Computer chips are the engine room of the digital economy, and their growing capabilities are enabling technologies such as generative artificial intelligence that promise to transform multiple industries. Their critical role was highlighted when the coronavirus pandemic disrupted chip production in Asia, tipping global technology supply chains into chaos. Small wonder, then, that the devices are now the focus of intense competition between the world's economic superpowers.

1. Why are chips so critical?

They're what's needed to process and understand the mountains of data that have come to rival oil as the lifeblood of the economy. Made from materials deposited on disks of silicon, chips – shorthand for semiconductors, or integrated circuits – can perform a variety of functions. Memory chips, which store data, are relatively simple and are traded like commodities. Logic chips, which run programs and act as the brains of a device, are more complex and expensive. Access to components such as Nvidia Corp's H100 AI accelerator has become linked to both national security and the fortunes of giant companies such as Alphabet Inc.'s Google and Microsoft Corp as they race to build out giant data centres and steal the lead in what's seen as the future of computing. But even every-day devices are increasingly reliant on chips. Every press of a button in a car full of gadgetry requires simple chips to translate that touch into electronic signals. And all battery-powered devices need chips to convert and regulate the flow of electricity.

2. Why is there a battle over chip manufacturing?

Most of the world's leading semiconductor technology originates in the US, but today it's Taiwan and South Korea that dominate

chip manufacturing. China is the biggest market for the electronic components and has a growing desire to make more of the chips it uses itself. That's made the industry a focal point for Washington as it tries to limit the rise of its Asian rival and address what it says are national security concerns. The US is deploying export controls and import tariffs to contain China's chip ambitions. It's also set aside huge sums of government money to bring back physical production of the components, reducing what it sees as a dangerous reliance on a few facilities in East Asia. Several other nations including Germany, Spain, India and Japan are following its lead.

3. Who controls supply?

Chipmaking has become an increasingly precarious and exclusive business. New plants have a price tag of more than \$20bn, take years to build and need to be run flat-out for 24 hours a day to turn a profit. The scale required has reduced the number of companies with leading-edge technology to just three – Taiwan Semiconductor Manufacturing Co (TSMC), South Korea's Samsung Electronics Co and Intel Corp of the US. TSMC and Samsung act as so-called foundries, providing outsourced manufacturing for companies around the world. The world's biggest tech firms are dependent on access to the best manufacturing, most of which is located in Taiwan. Intel used to focus on making chips for its own use, but is also now trying to compete with TSMC and Samsung for contract manufacturing business. Lower down the food chain there's a huge industry that makes so-called analogue chips. Companies such as Texas Instruments Inc and STMicroelectronics NV are leading makers of these components that do things like adjust power inside smartphones, control temperatures and turn sound into electrical pulses. This is the area that China, blocked from access to many of the machines needed to make more cutting edge parts, is targeting, investing heavily to boost production and grab market share.

4. How is the chip battle playing out?

Despite the Chinese spending spree, the country's chipmakers still depend on US and other foreign technology, and their access to chip equipment designed and made overseas is shrinking.

- The US imposed tighter export controls in 2023 on the most cutting-edge chips and chipmaking equipment to stop China from developing capabilities that Washington regards as potential military threats, such as supercomputers and AI. It also pressed allies to restrict China's access to a less-advanced chipmaking technology known as immersion deep-ultraviolet lithography, while moving to restrict its own imports of Chinese chips.
- China managed to hoard large numbers of immersion DUV machines before the export restrictions kicked in. By July 2024, Washington was leaning on allies to ban chipmaking equipment manufacturers such as ASML Holding NV and Tokyo Electron Ltd from servicing and repairing those machines.
- Leading Chinese tech companies including Huawei Technologies Co have been placed on a so-called US entity list, meaning American chip technology suppliers must get government approval to sell to these blacklisted companies.
- US politicians have decided they need to do more than just hold back China. The 2022 Chips and Science Act set aside \$39bn for direct grants, as well as loans and loan guarantees worth \$75bn, to revitalize American chipmaking.
- China isn't sitting idle. Huawei is building a collection of secret semiconductor-fabrication facilities across China, a shadow manufacturing network that would let the blacklisted company skirt the US sanctions and further the nation's technology ambitions. In 2023, Huawei unveiled a smartphone powered by a processor with so-called 7-nanometre technology – more advanced than the US rules allow.
- The European Union has forged its own \$46.3bn plan to expand local manufactur-



ing capacity. The European Commission estimates that public and private investments in the sector will total more than \$108bn. The goal is to double the bloc's output to 20% of the global market by 2030.

- India in February approved investments powered by a \$10bn government fund, including a Tata Group bid to build the country's first major chipmaking facility.
- In Saudi Arabia, the Public Investment Fund is eyeing an unspecified "sizeable investment" to kick off the kingdom's foray into chips as it seeks to diversify an economy dependent on fossil fuels.
- Japan's trade ministry has secured about \$25.3bn for a chips campaign launched in 2021. Projects include two TSMC foundries in southern Kumamoto and another foundry in northern Hokkaido, where Japan's homegrown venture, Rapidus Corp, aims to mass produce 2 nanometre logic chips in 2027.

5. What's the biggest risk to global chip production?

A potential conflict over Taiwan, which makes most of the world's advanced logic semiconductors and a lot of lagging-edge chips as well. China has long claimed the island, just 100 miles off its coast, as its own territory and threatened to invade to prevent its formal independence. The US has promised to defend Taiwan if that ever happens. A war could cut Taiwanese chipmaking giant TSMC off from its global customers. The company almost single-handedly created the "foundry" business model – building chips designed by others. Big customers like Apple Inc gave TSMC the massive volume to build industry-leading expertise, and now the world relies on it. The company overtook Intel in terms of revenue in 2022. Matching its scale and skills would take years and cost a fortune.



ECB is pushing UK fintech Revolut to bolster EU bank controls amid review

Bloomberg
Frankfurt

The European Central Bank (ECB) is pressing Revolut Ltd to improve the financial crime controls and governance of its unit in the bloc, after a review flagged concerns similar to those delaying the UK fintech's bid for a banking license in its home market.

The ECB, which earlier this year assumed direct supervision of the firm's European Union subsidiary Revolut Holdings Europe UAB, has been carrying out a thorough assessment of the unit, people familiar with the matter said. The regulator has already identified several shortcomings in the control environment and is pushing for improvements, they said, asking not to be named discussing the private information.

While the assessment is standard for any lender that comes under ECB supervision, its intensity and thoroughness have been a bigger adjustment than usual for Revolut, partly because of its strong growth in previous years, some of them said.

An ECB spokesperson declined to comment. A representative for Revolut said the firm works "closely with regulators around the world, ensuring that we maintain strong governance and compliance practices across our business."

The ECB assessment comes as Revolut faces scrutiny from UK financial regulators over similar topics. The company applied for a banking license in the country more than three years ago and has been waiting for approval ever since, causing founder Nikolay Storonsky to lash out publicly and threaten to take business elsewhere.

Boosting financial crime and money laundering controls is often expensive due to the cost of adding people to do the work and investing in technology. Revolut has already announced plans to hire substantially in an effort to fortify its crime defences, UK Chief Executive Officer Francesca Carlesi said earlier this year.

"We're working very, very well with regulators," Carlesi said in a Bloomberg TV interview on Wednesday, referring to the UK application, in a market where approvals typically take 12 months.

"Things are moving forward, we are working well and we have no concerns at this point."

Revolut's EU unit forms a big part of its business, accounting for more than 40% of total revenue. It's also Lithuania's third-biggest bank, with €12.1bn (\$13.2bn) in assets at the end of last year.

The lender's position as one of the country's largest is the reason why the ECB took over supervision from the Bank of Lithuania at the beginning of this year.

European officials have since been coming through the firm, and they are now in intense talks with it over issues including controls and governance, the people familiar with the matter said.

Firms that migrate to direct ECB supervision, including the EU subsidiaries of foreign banks set up in the aftermath of Brexit, are typically part of much older financial institutions than Revolut, which was founded nine years ago.

That usually means their governance and financial crime systems are more established. Revolut's license in Lithuania, which has less than 3mn residents, allows the firm to offer banking services across the vast EU market with around 450mn people in it.

All eyes on AI to drive Big Tech quarterly earnings

AFP
New York

Over the next two weeks, the quarterly results of Big Tech giants will offer a glimpse on the bankability of artificial intelligence and whether the major investments AI requires are sustainable for the long haul.

Analysts at Wedbush Securities, one of Wall Street's biggest believers in AI's potential, expect "growth and earnings to accelerate with the AI revolution and the wave of transformation" it is causing. The market generally agrees with this rosy AI narrative. Analysts forecast double-digit growth for heavyweights Microsoft and Google, in contrast to Apple, a latecomer to the AI party, with only 3% growth expected.

The iPhone maker, which releases its results on August 1, unveiled its new Apple Intelligence system only last month and plans to roll it out gradually over the next months, and only on the latest models. CFRA analyst Angelo Zino believes that the impact of these new features will not be felt until the iPhone 16 launches in September, the first to feature the new

AI powers built-in across all options. But he expects Apple's upcoming earnings to show improvement in China sales, a black spot since last year.

"Apple's forecasts for the current quarter will be important" in assessing the company's momentum, said Zino. But "if there's one that we were maybe a little bit more concerned about, versus the others, it would be Meta," he said.

He pointed out that Mark Zuckerberg's company raised its investment projections last April as it devoted a few billion dollars more on the chips, servers and data centres needed to develop generative AI. CFRA expects Meta's growth to decelerate through the end of the year. Combined with the expected increase in spending on AI, that should put earnings under pressure.

As for the earnings of cloud giants Microsoft (July 30) and Amazon (August 1), "we expect them to continue to report very good results, in line with or better than market expectations," said Zino. Microsoft is among the best positioned to monetise generative AI, having moved the fastest to implement it across all its products, and pouring \$13bn into OpenAI, the startup stalwart behind ChatGPT.

Winning the big bet on AI is "crucial" for the group, said Jeremy Goldman of EMarketer, "but the market is willing to give them a level of patience." The AI frenzy has helped Microsoft's cloud computing business grow in the double digits, something that analysts said could be hard to sustain.

"This type of growth cannot hold forever, but the synergies between cloud and AI make it more likely that Microsoft holds onto reliable cloud growth for some time to come," Goldman said.

As for Amazon, "investors will want to see that the reacceleration of growth over the first quarter wasn't a one-off" at AWS, the company's world-leading cloud business, said Matt Britzman of Hargreaves Lansdown. Since AWS leads "in everything data-related, it should be well placed to capture a huge chunk of the demand coming from the AI wave," he added. The picture "might be a little less clear" for Google parent Alphabet, which will be the first to publish results on Tuesday, "because of their search business" online, warned Zino.

"Scepticism around AI Overviews," introduced by Google in mid-May, "is certainly justified," said EMarketer analyst

Evelyn Mitchell-Wolf. This new feature, which offers a written text at the top of results in a Google search, ahead of the traditional links to sites, got off to a rocky start.

Internet users were quick to report strange, or potentially dangerous, answers proposed by the feature that had been touted by Google executives as the future direction of search.

According to data from BrightEdge, relayed by Search Engine Land, the number of searches presenting a result generated by AI Overviews has plummeted in recent weeks as Google shies away from the feature. Still, many are concerned about the evolution of advertising across the Internet if Google pushes on with the Overviews model, which reduces the necessity of clicking into links. Content creators, primarily the media, fear a collapse in revenues.

But for EMarketer's Mitchell-Wolf, "as long as Google maintains its status as the default search engine across most smartphones and major browsers, it will continue to be the top destination for search, and the top destination for search ad spending."

Yield hunters target EM corporate debt as Fed and US vote cap rally

Bloomberg
New York

Investors are turning more selective on emerging-market corporate bonds, betting that only a few will continue to provide strong returns and insulation from monetary policy turmoil in what's expected to be a volatile second half of the year.

Money managers from Aegon Asset Management to Lazard Asset Management and T Rowe Price are among those touting high-yield, dollar-denominated bonds from emerging-market firms.

Shorter durations and credit quality that often surpasses that of their host nations help make the trade attractive, they say, even as the murkiness around the Federal Reserve's timing to lower interest rates – not to mention the US presidential election – puts a lid on a wide-spread rally in risk assets.

"Our focus has been shifting out of lower-rated corporates into either more stable or higher-rated corporates," said Jeff Grills, head of emerging markets debt at Aegon, who's overweight on corporate debt. "We're nervous as we get into the second half of the year, depending on what the Fed does."

Fed officials are widely expected to hold borrowing costs steady in July. Soft data from the world's largest economy has the market betting on at least two cuts before the end of 2024, starting in September, according to futures pricing.

It's been a year of outperformance for emerging-market corporate bonds so far. The Bloomberg EM USD Aggregate Corporate Index gained in seven out of the past eight months, returning 4.8% year-to-date compared to a 3.4% gain by the sovereign gauge. Local currency debt is down less than 0.1% in



The Federal Reserve building in Washington, DC. Fed officials are widely expected to hold borrowing costs steady in July. Soft data from the world's largest economy has the market betting on at least two cuts before the end of 2024, starting in September, according to futures pricing.

the span. "EM corporates are more shielded than sovereigns from tighter financial conditions," said Samy Muaddi, head of emerging markets fixed income at T. Rowe Price, pointing to the notes' shorter duration profile compared with sovereigns and "conservatively leveraged" balance sheets. Muaddi likes BBB and BB-rated corporates in Brazil, Mexico, Colombia, Philippines, India, and eastern Europe.

Credit quality has also been improving for companies in developing nations. The yield spread between EM corporate debt and the Bloomberg US Corporate Total Return Index has tumbled 60 basis points this year, hitting the lowest level since April 2018 and signalling increased strength in the asset

class. Even with the rally, absolute yields continue to look attractive relative to many other fixed income asset classes, according to Omotunde Lawal, head of EM corporate credit at Barings Investment Services.

Default rates in emerging markets will also decline this year, Moody's Ratings projects, with the rate for speculative-grade, nonfinancial corporate issuers falling to 3.9% by year-end. That's lower than a historical average of 5.3%, and pushes close to the estimated advanced economy rate.

"There is some relative pickup in emerging-market high yield corporates," said Anthony Kettle, senior portfolio manager at RBC Bluebay, who likes double-B names in Mexico and triple-C credits in Argentina. "And with

the falling default rate, it leads you to be reasonably constructive on the asset class."

Lazard's Arif Joshi looks for names that have a high probability of getting an upgrade to investment grade. Over the long term, he said, the spread compression for a company going from double B to triple B is "much greater in terms of capital return than any other credit upgrade."

Utilities and pipelines with long-dated contracts are particularly attractive, offering "exaggerated spread" while being less exposed to macroeconomic uncertainties, he added.

The primary market has also been providing opportunities.

"The new issue market, especially for corporates, have been very much in demand by man-

agers like ourselves," said Aegon's Grills. "Especially when you get into double B and single Bs, they still offer very interesting value on the new issue market because those tend to need to come with a premium."

Grills cited a newly issued \$500mn bond by Dominican Republic airport operator, Aeroportos Dominicanos, as an example. With a 7% coupon, the note that matures in 2034 is trading just above par at 102 cents on the dollar, according to Trace data.

Ninety One's Alan Siow says he's overweight Latin America, with exposure in Mexico and Brazil. The former should continue benefiting from the so-called nearshoring, while in Brazil he likes companies including Braskem SA and BRF SA.

The region is also a favourite of Rodica Glavan, head of EM corporate fixed income at Insight Investment Management in London, who sees it as "most attractive" in its spread pickup versus fundamentals.

"Look at this period we're in, with the macroeconomic backdrop of healthy global growth environment and a Fed about to cut not just once, but twice this year," said Glavan. "This is the right time for money to start pouring in into emerging-market corporate bonds."

In Brazil, the mid-July CPI print will likely show inflation remained tame despite currency pressure; meanwhile in Mexico, the inflation rate likely rose in the first two weeks of July, driven by higher non-core food and energy prices.

Both Russia and Nigeria look set to lift interest rates, while Turkey's central bank will likely keep rates steady.

The Central Bank of Sri Lanka is likely to cut rates and South Korea is set to publish GDP data that show growth slowed sharply in the second quarter.

S&P 500's next leg up hinges on battered stocks getting revenge

Bloomberg
New York

Corners of the stock market outside of Big Tech are barreling higher as traders grow more confident about interest-rate cuts in the near future – fuelling hopes that another leg of the bull run could be in the offing.

A version of the S&P 500 that strips out market-cap bias just posted the best two-week stretch relative to the S&P 500 since November 2020.

This is a notable shift for the equal-weighted index that's trailed the benchmark gauge for months, and it comes as optimism over eventual monetary easing is pushing investors away from the perceived safety of Big Tech.

"This is all about the bench of the stock market finally stepping up," said Todd Sohn, managing director of ETF and technical strategy at Strategas Securities. "While all of the best players from Nvidia to Microsoft pause their rally, the rest of the team is holding up their end of the bargain, with the most

neglected groups catching a bid." With the S&P 500 Index and Nasdaq 100 Index posting their worst weeks since April, investors are now asking whether performance in roughed-up groups will continue and what stocks will do when the Federal Reserve eventually does cut rates. Historically, interest-rate cuts have ushered in strong stock-market returns – but only for cycles that aren't triggered by a recession, like this one. Easing cycles tended to spur gains in rate-sensitive groups like utilities, staples and healthcare. As the S&P 500 marched from one record to the next in the first half of the year, some on Wall Street grew concerned that only a handful of members outside of technology giants were participating in the rally. To see just how top-heavy the S&P 500 Index has become, consider this: since the bull market began 21 months ago, the S&P 500 has gained 54% while its equal-weight peer has added just 31%. At this point of a bull-market run during four previous cycles, the equal-weight index has outpaced the cap-weighted benchmark by 15



A monitor displays S&P 500 market data in front of the New York Stock Exchange (file). Corners of the stock market outside of Big Tech are barreling higher as traders grow more confident about interest-rate cuts in the near future – fuelling hopes that another leg of the bull run could be in the offing.

percentage points, on average, data compiled by Bloomberg show. The S&P 500 has gone nowhere but up for months – advancing in 28 out of 38 weeks since its near-term low in late-October – and fund managers are starting to

boost exposure in sectors beyond technology megacaps. Small caps notched their second-largest inflow ever at \$9.9bn in the week through Wednesday, according to data compiled by EPFR Global and Bank of America.

Jim Paulsen, a well-known stock strategist who correctly called this month's rebound in previously forgotten corners of the market, predicts companies outside of tech will support the next phase of the bull market.

"It's a rare feat historically to have what many people perceive as a bubble being deflated without igniting a much larger selloff," Paulsen said. "The crucial question is whether there can be a pullback in big-tech stocks that slightly reduces their hefty concentration without having a massive rout more broadly."

Whether the trend continues is anyone's guess, but some technical indicators are looking stretched. The S&P 500 traded 15% higher than its 200-day moving average at some point last week. That kind of gulf preceded losses for the index in 2011, 2015 and 2018, data compiled by Andrew Thrasher, technical analyst and portfolio manager at Financial Enhancement Group, show. The S&P 500 just exited what's historically been its best two-week stretch of the year in the first half

of July, and is approaching its most challenging stretch in August and September.

Further potential catalysts include the start of the tech earnings later this month as well as the US government's first reading on second-quarter gross domestic product, due Thursday, and the Fed's preferred measure of inflation on Friday. All of that may provide insight into the rate outlook and, ultimately, the direction of stocks.

The consensus expectation is that economic growth will remain sturdy, with the Atlanta Fed's GDPNow model projecting second-quarter real GDP growth climbing to a 2.7% annual rate, from a 1.4% pace in the first quarter. "Investors won't tolerate owning companies that struggle with profit growth for more than a quarter," said Julie Biel, a portfolio manager at Kayne Anderson Rudnick. "But whenever there's any whiff of a change in rotation, money managers chase it because it profoundly benefits their portfolio performance – if they catch it early."

The political pendulum swings

By Fahad Badar

Trends in western politics appear alarming, with right-wing populist parties gaining support. Is this the start of a weakening of moderation and democracy, or just part of a natural cycle?

A rise in support for far-right political parties in some European states has given rise to concern that a long period of relative moderation in the politics of the continent, since the Second World War and the dictatorships of the mid-20th century, may be coming to an end.

There are two reasons why such fears are overstated, at least for now. Such movements are less aggressive than in the era of dictatorships, and the trend is not all one way.

While the rhetoric of many populist right-wing leaders in Europe is strong, comparison with Mussolini, Franco and Hitler in the 1930s is

inaccurate. Those leaders installed exceptionally cruel, oppressive dictatorships. The modern European right-wing leaders have - so far, at least - operated within the constitution and the rule of law. They don't encourage toleration of minorities or dissidents, but they don't massacre them.

Giorgia Meloni, head of the Brothers of Italy party, which has a fascist movement as one of its predecessor organisation, has governed largely as a conventional centre-right leader since she became Prime Minister in 2023. Jordan Bardella, head of a similar party in France, the Rassemblement National (RN), trimmed some policies when it appeared that he was en route to becoming Prime Minister in the elections on June 30 and July 7. As it turned out on July 7, the tactic of the centre and left-wing parties of selectively dropping their candidates, and tactical voting by their supporters, prevented the RN from winning. The result was a hung parliament with left, right and

centre on a roughly equal number of seats.

There was a similar pattern in the UK election on July 4, where tactical voting supported Labour and the Liberal Democrats, limiting the representation of the Conservative Party and the right-wing Reform party. Labour won with a landslide majority. Nonetheless, the experience of discrimination for minorities from right-wing attitudes in Europe can still be harsh. The secular policies of France discourage the wearing of traditional Muslim attire, for example, and representatives of RN are openly anti-Muslim. A significant number of educated French Muslims have emigrated to the United Kingdom or the Middle East, according to a recent book *France: Loving It But Leaving It*, by researchers Olivier Esteves, Alice Picard and Julien Talpin. The geopolitical picture is that relatively prosperous, democratic countries have been attracting immigrants - both those fleeing war or persecution, and economic

migrants. Nations with falling birthrates may welcome controlled immigration, but there can be a backlash from indigenous populations who are either xenophobic, or fear pressure on housing, services and jobs from an increasing population.

But while the far-right likes to seize on fears over immigration, the issue is typically not the main concern of most voters. Some of the right-wing parties have expressed opposition to supporting Ukraine's resistance to Russian forces, but this is not a popular opinion in Western Europe, where sympathy for Ukraine is strong.

While the right has been gaining in France and Germany, it has been falling back elsewhere. In the UK, it reached its high points with the vote for Brexit in 2016, and the election of the Conservatives in 2019, having purged moderate pro-EU ministers, with the promise to 'get Brexit done'. In 2024 Labour won on a centrist platform and the three centre-left parties (Labour,

Liberal Democrats and Greens) between them polled 53% of the vote.

In Poland, the centrist Donald Tusk returned to power last December, ending eight years of rule by the right-wing Law and Justice Party. And in Sweden and the Netherlands, support for the right-wing parties fell back in the European elections.

In the EU parliament, there are enough votes from the centre-right, centre-left and left to keep the moderate Ursula von der Leyen as European Commission president.

Of course, the dominant right-wing populist in Western politics is Donald Trump, who may well return as US president after the election at the end of the year. He is unpredictable.

If he does win, he will likely seek retribution against internal political enemies, be protectionist in trade policy, and seek a compromise peace deal between Ukraine and Russia while reducing US contributions to Nato. Beyond



that, it is difficult to anticipate his presidency. Assuming the US Constitution, and its institutions, remain intact, his tenure will be just four more turbulent years, at the end of which the political pendulum may swing back to the Democrats. Western politics has become more febrile in recent years, but talk of its disintegration amid competing populist forces has been an overstatement so far. The centre is holding - for now.

■ The author is a Qatari banker, with many years of experience in the banking sector in senior positions.



Dr Fatih Birol, executive director, International Energy Agency.

IEA's Birol urges energy industry to slash emissions and avert climate catastrophe

The energy industry must urgently reduce its carbon emissions if the world is to avoid catastrophic climate change in the coming decades.

Dr Fatih Birol, executive director, International Energy Agency (IEA) told Al-Attayah Foundation in an interview.

Dr Birol warned that no continent will be spared the effects of global warming, and countries must collaborate to cut fossil fuel use.

"About 80% of emissions that cause climate change come from fossil fuels. This is the reason there is a need to reduce emissions if we want a planet in the future that is like it is today," Dr Birol explained to Nawied Jabarkhyl of Al-Attayah Foundation.

He stressed the need to reduce fossil fuel use, starting with coal, but also other fossil fuels. "This doesn't mean that tomorrow we will not need fossil fuels, but the share of fossil fuels needs to decline.

"If we don't, we will face catastrophic implications like floods, heatwaves, and other extreme weather events. Continuing with the current fossil fuel-based energy system is not good news for anybody - producers and consumers alike."

The IEA's stance is clear: a sustainable and secure energy future requires global emissions to decline faster than current trends.

Dr Birol highlighted the commitment made at 2023 United Nations Climate Change Conference or Conference of the Parties of the UNFCCC (COP28) in the United Arab Emirates, where all countries, including producing nations, agreed to move away from fossil fuels. "Of course, we want to see this transition being fair and orderly," he emphasised.



Turning to energy security - the uninterrupted process of securing the amount of energy that is needed to sustain people's lives and daily activities while ensuring its affordability, he remarked, "Energy security is our mandate, whether it is oil or gas. After Russia's invasion of Ukraine, which cut Russian gas exports to Europe, we developed a ten-point plan to help Europe survive without substantial gas imports from Russia."

In addition to oil and gas, he pointed to emerging security concerns such as critical minerals. "Critical minerals are a new area in which the IEA is working, and our ministers have given us a mandate to oversee this. The definition of energy security is evolving in the 21st century, and we are paying attention to both traditional resources like oil and gas and new issues like critical minerals."

Dr Birol concluded by underscoring the importance of a comprehensive approach to modern energy security, balancing traditional and new challenges to ensure a stable and sustainable energy future for all.

Capital Intelligence affirms Qatar's rating; outlook remains 'stable'

By Santhosh V Perumal
Business Reporter

Global credit rating agency Capital Intelligence has affirmed Qatar's long-term foreign currency rating (LT FCR) and LT local currency rating (LT LCR) at 'AA'. The sovereign's short-term (ST) FCR and ST LCR have been affirmed at 'A1+'. The outlook for the ratings remains "stable".

The ratings reflect Qatar's very strong external balances and budgetary performance, supported by still favourable liquefied natural gas (LNG) prices.

The ratings factors the country's capacity to absorb external or financial shocks given the large portfolio of foreign assets held by the Qatar Investment Authority (QIA) and consequent comfortable net external creditor position when including these assets.

The ratings continue to be supported by substantial hydrocarbon reserves, expanding LNG

(liquefied natural gas) production and export capacity, and very high GDP (gross domestic product) per capita, as well as high and increasing official foreign reserves.

Qatar's financial buffers remain large, benefitting from still favourable hydrocarbon prices, it said.

Very large budget and current account surpluses have contributed to a very high net asset position, with QIA's total assets estimated at around 175.3% of projected GDP and 163.4% of gross external debt this year - although an assessment of the quality and liquidity of these assets is hindered by limited transparency.

Highlighting that the public finances remain strong, CI said the central government budget position is expected to post a very high surplus of 4.6% of GDP in 2024 against 4.8% in 2023.

"Moving forward, the budget surplus is expected to average at 4.1% of GDP in 2025-26, supported by an expected increase

in LNG production capacity from the North Field and consequently, a lower fiscal breakeven hydrocarbon price," it said.

While the reliance on hydrocarbon revenues remains a rating constraint, the sovereign has ample leeway to respond to severe fluctuations in hydrocarbon prices given the size of fiscal buffers and the degree of expenditure flexibility.

The central government deposits stood at 13.2% of GDP in May 2024, while total government and government institution deposits in the domestic banking system alone were around 42.2% of GDP.

According to CI, gross central government debt (including short-term treasury bills and bank overdrafts) is expected to decline further to 41.8% of GDP (144.7% of revenues) in 2024, from 44% in 2023 (147.4%), reflecting nominal GDP growth and a large primary budget surplus.

The rating agency expects debt dynamics to remain favourable

in the medium term, resulting in a further decrease in the central government debt-GDP ratio to 39.1% by 2026.

Finding that external finances as "very strong", CI said the current account is slated to remain in a very large surplus of 13.2% of GDP in 2024 compared to 15.5% in 2023.

The rating agency expects the current account to average at a very high - albeit narrowing - surplus of 10.3% of GDP in 2025-26, reflecting its expectation of a slight decline in hydrocarbon prices in the medium term. As a percentage of GDP, gross external debt is expected to decrease further to 107.4% in 2024 (from 114.3% in 2023).

It is, however, projected to increase slightly to 181.5% of current account receipts (CARs) in 2024, against 179.6% in 2023, reflecting declining hydrocarbon exports.

Official foreign exchange reserves rose to \$68.3bn in May 2024 from \$67.4bn in December 2023.



The ratings by Capital Intelligence reflect Qatar's very strong external balances and budgetary performance, supported by still favourable liquefied natural gas prices

Qatar bourse opens week strong; M-cap gains QR1.76bn

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) yesterday opened the week on a stronger note with its key index gaining as much as 26 points on the back of foreign funds' buying interests.

The telecom, industrials and banking counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.26% to 10,060.21 points, recovering from an intraday low of 9,994 points.

The Gulf institutions' weakened net profit booking had its influence in the main bourse, whose year-to-date losses were at 7.11%.

The Arab individuals continued to be net buyers but with lesser intensity in the main bourse, whose capitalisation added QR1.76bn or

0.3% to QR582.02n on the back of midcap segments. The local individuals were increasingly seen bearish in the main market, which saw no trading of exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank).

The domestic institutions turned net sellers in the main bourse, which saw no trading of treasury bills.

The foreign retail investors were seen net profit takers in the main market, which saw no trading of sovereign bonds.

The Islamic index was seen outperforming the other indices in the main bourse, whose trade turnover and volumes were on the sloppy path.

The Total Return Index gained 0.26%, the All Islamic Index by 0.36% and the All Share Index by 0.27% in the main market.

The telecom sector index shot



The telecom, industrials and banking counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.26% to 10,060.21 points yesterday, recovering from an intraday low of 9,994 points

up 1.8%, industrials (0.41%), banks and financial services (0.41%) and insurance (0.01%); while transport

declined 0.96%, real estate (0.27%) and consumer goods and services (0.26%). Major gainers in the main

market included Ahlibank Qatar, Ooredoo, Medicare Group, Milaha, QLM and Industries Qatar. Nevertheless, Nakilat, Ezdan, Qatari Investors Group, QIIB, Dlala and Al Faleh Educational Holding were among the shakers in the main bourse. In the venture market, both Al Mahhar Holding and Techno Q saw their shares depreciate in value.

The foreign institutions' net buying increased significantly to QR32.04mn compared to QR7.21mn on July 18. The Gulf institutions' net profit booking decreased noticeably to QR8.22mn against QR11.32mn the previous trading day.

However, the Qatari individuals' net selling expanded markedly to QR18.8mn compared to QR7.99mn last Thursday.

The domestic institutions turned net sellers to the tune of

QR3.17mn against net buyers of QR8.01mn on July 18.

The foreign individuals were net sellers to the extent of QR3.15mn compared with net buyers of QR0.34mn the previous trading day. The Gulf retail investors turned net profit takers to the tune of QR2.07mn against net buyers of QR0.34mn last Thursday.

The Arab retail investors' net buying weakened marginally to QR3.37mn compared to QR3.41mn on July 18.

The Arab institutions continued to have no major net exposure for the fifth straight session. Trade volumes in the main market shrank 37% to 112.78mn shares, value by 45% to QR258.78mn and transactions by 52% to 9,185.

The venture market saw 49% surge in trade volumes to 0.79mn equities and 35% in value to QR1.52mn but on 8% fall in deals to 55.