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Qatar charts new course after the World Cup, private sector-driven diversification requires ambitious reforms: IMF

By Santhosh V Perumal
 Business Reporter

The World Cup has accelerated Qatar's economic diversification into non-hydrocarbon sectors and the newly created infrastructure can be leveraged to chart a new path for diversification in sectors beyond the oil and gas industries for further economic growth, the International Monetary Fund (IMF) has said.

The public investment programme helped drive most of Qatar's economic diversification over the past decade, contributing on average 5-6 percentage points annually to non-hydrocarbon real GDP (gross domestic product) growth, Ran Bi and Ken Miyajima, who are in the IMF's Middle East and Central Asia Department, said in a report.

"Going forward, the newly created infrastructure can be leveraged to generate new jobs, businesses, and opportunities in sectors beyond the oil and gas industries for further economic growth," the authors said.

Qatar continues to enjoy economic gains after hosting the 2022 FIFA World Cup, which boosted its global profile, IMF said, adding visitor arrivals in 2023 were nearly twice pre-pandemic levels, and tourism this year reached new heights.

Hosting the World Cup has accelerated Qatar's economic diversification into non-hydrocarbon sectors as its massive public infrastructure investment programme since 2011 built out everything from ports and roads to metro and airports, they said, adding the cost of stadiums represented only about 5% of the total infrastructure investment, by some estimates.

The IMF analysis suggests that reforms to attract more skilled foreign workers, ease access to financing for small and medium



Qatar continues to enjoy economic gains after hosting the 2022 FIFA World Cup, which boosted its global profile, IMF said, adding visitor arrivals in 2023 were nearly twice pre-pandemic levels, and tourism this year reached new heights. **PICTURE:** AFP/FIFA

enterprises, and encourage competition and trade could generate the most significant growth gains.

Simulations suggest that a comprehensive package of labour market and business environment reforms could boost annual non-hydrocarbon growth by close to three percentage points over the medium term.

To maximise gains, the authorities should ensure that complementary reforms are properly sequenced and consistent with the country's capacity for implementation. Continuing progress with digitalisation and climate actions can generate new sources of growth and enhance sustainability, it added.

Highlighting that structural reforms have also accelerated; the report said Qatar has enhanced labour protection for foreign workers, who account for about 95% of the labour force.

Qatar was the first Gulf Cooperation Council country to abolish Kafala, a sponsorship system for foreign workers that

limits their mobility. The government also implemented initiatives to improve business efficiency and attract foreign direct investment, according to the report.

Furthermore, Qatar has advanced digitalisation efforts significantly, ranking 16th among 198 countries in the World Bank's GovTech Maturity Index.

Looking ahead, Qatar's key challenge remains transitioning from public sector-led growth to a more diversified, private sector-driven model, as envisioned by Qatar National Vision 2030, it said.

Achieving this transformation requires bold reforms to boost productivity, foster a more conducive business environment, and leverage progress in digitalisation and climate actions, according to the IMF's latest annual economic review.

Qatar's Third National Development Strategy (2024-30) was launched in January 2024 and has set the strategic priorities in line with IMF advice.



QNB and CIM have announced a partnership to deliver "best in class" marketing training to QNB's Marketing and Communications team, developing the firm's marketing capabilities and responding to the global challenges faced by leading brands around the world

QNB, CIM announce partnership to provide staff with 'best in class' marketing training

QNB and the Chartered Institute of Marketing (CIM) have announced a partnership to deliver "best in class" marketing training to QNB's Marketing and Communications team, developing the firm's marketing capabilities and responding to the global challenges faced by leading brands around the world. The partnership is the first between CIM and a Middle Eastern headquartered financial institution. CIM has helped QNB's team to develop best practice global marketing skills, driving forward their marketing output and supporting career development. This partnership bolsters the firm's marketing functionality and supports QNB's aim to drive business at both domestic and global levels. The programme was delivered by a team of highly experienced CIM course directors, individually selected for their unique skills and experience across six-half day sessions. The programme was designed to

provide the QNB marketing team with everything they need to know about the key marketing models and the techniques vital for developing their own future marketing programmes. This partnership will enable the team to deliver value across the business, with a focus on developing commercially viable marketing strategies, leveraging customer insights, and maximising digital capabilities. Discussing the partnership, James Sutton, strategy and commercial director at CIM, said: "It is a testament to CIM's reputation as a standard-bearer for marketing that QNB has chosen us to deliver its training programme. We deliver the definitive marketing course, setting the standard for best marketing practice and professional development. "I am confident the knowledge and insight delivered by our course directors will enable QNB's marketing team to operate

competitively at a global level. Best-in-class marketing practices are vital for all firms pursuing global growth and we are proud of this new partnership in what hopes to be a long-standing working relationship for both parties," he added. Heba Ali al-Tamimi, senior executive vice-president, QNB Group Communications, said: "The demands of the banking sector are constantly changing. That's why we are always assessing the market and have chosen to invest in CIM's flagship marketing training programme to enable our team to navigate the exceptional challenges faced by brands across the world." "We are proud of this partnership and its announcement exhibits our continuous commitment to investment in our staff, providing them with the tools for their own personal career development and to achieve CIM Chartered Status," she added.

Qatar public spend may pick up this year; energy prices support revenue, says Oxford Economics

By Pratap John
 Business Editor

Qatar's public spending is expected to pick up this year, while elevated energy prices support its revenue, Oxford Economics has said in its latest country report. The rise in the Brent oil price to above \$85 per barrel supports the researcher's projection that the budget surplus will average above 5.5% of GDP in 2024-2026. Oxford Economics forecasts the 2024 Brent oil price at \$82.1 per barrel, much higher than the \$60/barrel assumed in Qatar's latest budget. "We still project a 2024 budget surplus at QR47.9bn (5.8% of GDP), similar to last year. This is a significantly better outcome than what is pencilled into Qatar's 2024 budget,"

Oxford Economics noted. According to Oxford Economics, Qatar's oil output has been "relatively flat" in recent years at around 600,000 barrels per day (bpd). "As the country is not involved in the Opec+ pact on production quotas, we expect production to rise modestly this year," Oxford Economics noted. A recovery in oil production will boost the energy sector to 1.7% growth this year, up from an estimated 1.5% expansion in 2023. Commodity prices have eased but are still elevated, supporting the macroeconomic environment. The North Field gas expansion project will have a "positive medium-term impact" on the economy. The target liquefied natural gas (LNG) capacity was raised to 142m tonnes per year (mtpy) by the end of

2030, up nearly 85% from 77 mtpy currently and 13% on the intermediate target of 126mtpy by 2027. The new North Field West project is in the early stages. Last year, Qatar awarded a \$10bn contract for the second phase of the project, North Field South, which will include the delivery of two LNG trains. Qatar is also "making progress" in contracting future gas output, Oxford Economics noted. In early June, the government signed a long-term supply contract with Taiwan for 4mn tonnes of LNG annually. It followed similar deals with India, China, France, Germany, and Hungary, with more likely in the coming months. Oxford Economics estimates the non-energy economy will grow by 2.5% this year, up from an estimated 0.8% in 2023.

Moody's affirms QIIB rating at 'A2/Prime-1' with stable outlook

Moody's Ratings has affirmed QIIB rating at (A2/Prime-1) with a stable outlook, "confirming" that the bank has high liquidity, strong profitability and solid capitalisation. In its report on ratings' affirmation of QIIB, Moody's stated: "The bank has a strong profitability underpinned by its well-established Islamic assets with banking privilege, strong liquidity reserves, sound capital and good operational efficiency. "Moreover, the stable outlook of the bank rating on the long-term balances our expectations that the bank will maintain its strong profitability". Moody's added: "The bank has a resilient financing profile, supported by a privilege focused on retail, sound liquidity buffers and sound capital, as well as the bank's position is fostered

by a highly probable government support when needed." Commenting on Moody's affirmation of QIIB rating with stable outlook, chief executive officer Dr Abdulbasit Ahmad al-Shaibei said: "We are pleased to maintain our high credit ratings. Moody's affirmation of QIIB at this rating reflects our outstanding performance, strong financial position, and alignment with the prosperity and growth witnessed by Qatar's economy in various fields. Our financial strength is supported by Qatar's

renowned regional and international economic position. "QIIB maintains its key financial indicators, achieves stable growth, expands its customer base, responds to various competitive factors in markets, and benefits from the rich opportunities provided by the Qatari economy. The bank also responds appropriately to emerging market pressures and conditions. We were able to often turn challenges into opportunities. We are thus optimistic that the strength of our position and credit

ratings will continue to achieve outstanding rates." Dr al-Shaibei noted: "Moody's expectation that QIIB will maintain its strong profitability reflects confidence, in comparison to our success in translating the plans and strategies approved by the bank's board of directors, which take exceptional care of the local market while benefiting from external opportunities that are of high feasibility. "We are optimistic that the bank will continue its upward trajectory for various indicators and will continue to capitalise on the successful trends in the global banking market, especially in the digital transformation field where we have made significant leaps, and have had a tangible impact on increasing our operational efficiency."



QIIB chief executive officer Dr Abdulbasit Ahmad al-Shaibei.



Flailing US market to get a lifeline from earnings, shows survey

Bloomberg
New York

Despite the recent stock market slump that has some Wall Street pros bracing for a summer correction, respondents to Bloomberg's Markets Live Pulse survey expect the latest round of corporate earnings to reinvigorate the S&P 500 Index.

As the reporting season ramps up, with results from headlines like Tesla Inc and Google-parent Alphabet Inc on deck in the coming days, nearly two-thirds of the 463 respondents to the questionnaire expect earnings to boost the US equities benchmark.

About half of the participants predict that Corporate America's scorecard will be better in the coming months than it was in the first half of the year.

At JPMorgan Chase & Co's trading desk, US Market Intelligence head Andrew Tyler expects positive earnings catalysts to lift

the S&P 500 from its slough, particularly with analyst estimates for the so-called Magnificent Seven technology stocks – Nvidia Corp, Apple Inc, Amazon.com Inc, Meta Platforms Inc, Microsoft Corp, Tesla and Alphabet – signalling “another monster quarter,” he wrote in a note to clients. The cohort is expected to post earnings growth of roughly 30% for the second quarter from the year-ago period. Upbeat results would be a much-needed driver for US equities, with the S&P 500 starting to go sideways after a roaring first half of the year.

The stock market is facing pressure heading into a seasonally weaker period, with volatility likely to be heightened by uncertainty surrounding the US presidential election.

Stretched valuations, particularly among technology shares, have also worried investors. With that in mind, about 70% of survey respondents say they have no plans to increase their exposure to US big tech in the second half of the year.

The recent declines in American equities indexes have been more of a “change” than a “slump,” according to Michael Sansoterra, chief investment officer at Silvant Capital Management. In his view, companies in the artificial intelligence space are still spending, giving the generative AI story legs to keep powering tech stocks higher. Sansoterra has held Nvidia since 2019 in at least one of the firm's funds.

“We expect earnings to actually go well,” Sansoterra said. “We expect the quarter to look more like the previous quarter, same types of companies beating for the same kinds of reasons.”

Stocks in the technology sector were pummeled last week as concerns over trade restrictions triggered a selloff in semiconductor shares and investors rotated out of large-capitalisation equities into small caps.

Goldman Sachs Group Inc tactical strategist Scott Rubner deemed the moves the start of a summer correction,

spurred by weak seasonality, stretched positioning and all the good news already being priced in.

Earnings can “help stabilise things, but I'm not sure it will be an epic catalyst,” said Kevin Gordon, senior investment strategist at Charles Schwab & Co. “The zone of earnings growth we're moving into is historically consistent with more tepid gains for the S&P 500.”

“Nothing terrible, but it makes sense when you consider the fact that the strongest gains tend to happen as earnings are emerging from their recession,” he added. “That already happened, so now with the earnings cycle maturing, the market is already looking through that.”

The bar will be highest for tech, said Dave Mazza, chief executive officer at Roundhill Investments. He remains constructive on markets broadly, but says “unless we see results that are truly spectacular, I don't think it will be enough to offset this correction in

the very short term.” While headlines about the US presidential election are intensifying as Vice-President Kamala Harris is likely to take President Joe Biden's place as the Democratic Party's nominee, the lion's share of survey participants said their equity positioning is not reliant on the outcome of the campaign.

The second half of election years have historically supported the S&P 500, according to Bloomberg Intelligence strategists Gina Martin Adams and Michael Casper. Since 1928, the benchmark stock index has gained an average 5.2% in the third quarter of election years, and returns were positive 62.5% of the time, according to their data.

The MLIV Pulse survey was conducted from July 15-July 19 among Bloomberg News terminal and online readers worldwide who chose to engage with the survey, and included portfolio managers, economists and retail investors.

Sliding airline profits and plane delays cast shadows at airshow

Reuters
Farnborough, England

A plunge in Ryanair's quarterly profits cast a shadow over the opening of the Farnborough airshow yesterday, where aviation leaders were already fretting about supply chain snags, aircraft delays and floundering plans to cut emissions.

Boeing announced a bumper order from Korean Air for 20 777X jets and 20 787s, worth \$7bn according to estimated delivery prices from Cirium Ascend, in a boost for the US planemaker's long-delayed 777X programme.

But many delegates at the July 22-26 gathering of aviation leaders were not expecting the traditional deluge of deals as Airbus struggles to reach output goals and Boeing adopts a low-key posture amid its safety crisis, which was triggered by a panel flying off a 737 MAX jet in January.

Aviation was hit hard by the pandemic which saw air travel collapse only to bounce back sharply. That left many firms scrambling to resolve labour and parts shortages. The situation has been exacerbated by a spiralling crisis at Boeing, which has had to slow production of its best-selling 737 MAX plane following the panel blowout.

Delays in delivering planes have hampered airlines' efforts to capitalise on the post-pandemic surge in travel and inflated costs, and signs are growing they are struggling to pass those costs on to consumers as demand starts to normalise.

Ryanair, Europe's biggest budget airline, reported on Monday an almost halving in quarterly profit, with fares plunging 15% and management warning of more pressure to come on prices.

CEO Michael O'Leary added there had been some improve-



Britain's Prime Minister Keir Starmer addresses visitors to open the Farnborough International Airshow 2024, south west of London, yesterday.

ment on deliveries from Boeing, but that there were still delays and he was getting a little concerned about deliveries due next year.

Separately, flydubai said its fleet expansion plans had been hit by delays in Boeing deliveries, while the boss of Air India said it was having to rob parts from some of its other aircraft to keep planes flying amid industry supply chain snags.

“The big question for the airlines here at Farnborough is what has happened to the halo effect of demand after the pandemic – has that recovery stalled?” said veteran aviation journalist Mark Pilling, who was due to host a panel of CEOs. Pegasus Airlines CEO Guliz Ozturk told reporters customers were going “back to basics” seeking lower fares.

“We have started seeing the normalisation of demand. What does it mean? I mean, the de-

mand is there, but now the travellers are looking for, as before the pandemic, for the most affordable, the lowest, the best price for their travel,” she said. Ryanair's warning on fares deepened worries about pressure on yields – a measure of average fare paid per mile by each passenger and a key barometer for airline profitability.

Airline shares were among the biggest fallers in Europe. Ryanair was down almost 17% at 1405 GMT, with rival easyJet down 7%, TUI off 4.7% and BA-owner IAG 3.9% lower.

However, Boeing's vice president of commercial marketing, Darren Hulst, said there was no sign of a weakening in demand for planes and suggested the warnings from airlines was just a sign of a “little bit more reality in the marketplace”. With dealmaking expected to be limited, the focus

at the airshow is likely to fall on how manufacturers are tackling supply chain blockages.

Asked about flydubai's complaints, Hulst conceded that Boeing had “disappointed our customers...over and over again, in many cases,” but that the work the company was doing this year was focused on ensuring that wouldn't happen again.

Airbus CEO Guillaume Faury also said on Sunday that the European planemaker was making progress ramping up production of its top passenger jets. Some deals will get over the line, delegates said. Japan Airlines said it had ordered 10 Boeing 787-9s and agreed options for 10 more, while industry sources said Virgin Atlantic was close to placing a top-up order for Airbus A330neos and Saudi low-cost carrier Flynas was poised to order up to 30 of the same widebody aircraft.

Investors remember 'stocks can go down too' in return to hedging

Bloomberg
New York

Hedging is back as investors fret over concerns about everything from the US presidential election to second-quarter earnings, economic growth and interest rates.

The Cboe Volatility Index, a gauge of options prices, surged the most in more than a year last week as stocks sank with growing calls for Joseph Biden to quit the presidential race. Now that he's done so and thrown US politics into uncharted territory, futures on the gauge have slipped after earlier climbing as much as 1.8% in Asian trading. October contracts, which measure swings around the vote, rose even more and were still up in Hong Kong. Should Vice-President Kamala Harris become the Democratic nominee, risk pricing is likely to look similar to what it was before Biden's debate against Donald Trump, according to Stuart Kaiser, head of US equity trading strategy at Citigroup Global Markets.

“Policy continuity means she is the closest proxy for Biden among the alternatives so the volatility pricing will look very similar,” Kaiser said. “Perhaps with a bit more risk premium given the late change and recent events on the Trump/GOP side of things.”

After shunning protection against a selloff that never happened in the first half of the year, traders are now switching modes. Beyond politics, they're watching whether technology company earnings can support still-lofty valuations – Tesla Inc and Google's parent Alphabet Inc are reporting this week – while chatter on when the Federal Reserve will start to lower interest rates will remain in focus. With increased chances of Trump winning the presidency largely baked in, positioning in the rates market is shifting to gauge the chances of a cut at the end of this month or a bigger one in September.

Some of the froth has come out of the stock market as earnings ramp up. Just a couple of the biggest tech companies have a

positive call skew – when bullish options are more expensive than bearish ones – according to Scott Nations, president of volatility and options index developer Nations Indexes. That's a sharp change from earlier this month, when seven out of the top 10 stocks in the S&P 500 did, he said.

“It seems investors have finally figured out that stocks can go down too and want protection,” Nations said.

The VIX ended last week at its highest level since April, and the cost of options on the gauge – often used to hedge against sharp market selloffs – also hit a three-month high. More than 170,000 August calls betting the VIX would go to 21 traded, for a level the index hasn't reached since October.

When it comes to equity options, not only have puts been bid up, but calls are also under pressure, according to Nations. His company's index of call volatility was down 6.3% on Friday. That may be a sign traders are willing to risk being short bullish contracts, expecting implied volatility to ease if the S&P 500 rebounds.

In Treasury futures, large short positions were unwound in the long end of the strip on Wednesday, helping flatten the curve in an indication that investors were starting to lose patience with the so-called Trump steepener trade. The shift may be an indication that the Treasuries curve looks more likely to be driven in the near term by Fed monetary policy rather than swings in odds for a Trump presidency.

In options linked to the Secured Overnight Financing Rate, which closely tracks policy expectations, traders are protecting for a tail risk of a half-point rate move by the September meeting versus swaps pricing a quarter-point change. The hedges would cover dovish scenarios such as a quarter-point rate-cutting cycle starting as early as this month, a July hold and fifty-point move in September, or any inter-meeting move during the extended seven-week period between July and the September gathering.

Most Asia bourses fall as Biden drops out of White House race

AFP
Hong Kong

Asian markets fell yesterday as Joe Biden's decision to drop out of the US presidential race fuelled fresh uncertainty, while traders appeared unmoved by China's decision to cut interest rates in a bid to boost its stuttering economy.

In Tokyo, the Nikkei 225 closed down 1.2% to 39,599.00 points; Hong Kong – Hang Seng Index ended up 1.3% to 17,635.88 points and Shanghai – Composite closed down 0.6% to 2,964.22 points yesterday.

After last weekend's assassination attempt on Donald Trump – and the following Republican convention – boosted bets he would win November's election, investors were trying to work out the ramifications of the latest news out of the White House.

Biden on Sunday gave in to weeks of calls for him to step aside in the wake of a poor debate performance

that amplified questions about his health, and endorsed Vice-President Kamala Harris to succeed him.

The news has left traders wondering who will go head to head with Trump, whose expected victory had lifted equities and the dollar on expectations of tax cuts and deregulation.

Analysts said markets would likely be volatile in the near term.

“While market instinct will be to say that the news adds a degree of uncertainty to the outcome of the November 5 election that wasn't present last week, it will be many weeks...before anyone can reasonably determine if the race for the White House is significantly narrower than looked to be case previously,” said National Australia Bank's Ray Attrill.

“In short, there'll be more noise than signal on US politics for markets to contend with in the coming few weeks at least.”

Stocks in Asia fell yesterday following losses on Wall Street and in

Europe, where trade was dominated by a crash in global computer systems – the result of a faulty update to an antivirus program – that hit airports, airlines, trains, banks, shops and even doctors' appointments.

Tokyo, Shanghai, Sydney, Seoul, Singapore, Taipei, Mumbai, Wellington and Manila all fell, though Hong Kong rallied thanks to healthy gains in Chinese tech firms.

Stephen Innes said in his Dark Side Of The Boom commentary: “It's as if the political game of chess has flipped its board, and investors are left picking up the pieces.”

“This unexpected twist has injected a hefty dose of political uncertainty into the market, leaving everyone scrambling to determine their next move.”

The developments out of Washington have overshadowed optimism that the Federal Reserve will cut interest rates as soon as September and possibly again before January.

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30 June 2024	QAR 20.6981
30 May 2024	QAR 19.1363
Year-to-date Performance	-0.57%
Performance since Inception	143.78%
Licence No	IF/7/2006/34169

Fund Information

Currency	Qatari Riyals
Launch Date	15 th April 2007
Open ended	
Management Fee	1.50% per annum
Dealing Date	25 th July 2024
Founder	The Commercial Bank (P.S.Q.C.)
Fund Manager	National Bank of Oman (SAOG)
Custodian	HSBC Bank Middle East Limited

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Qatar Chamber holds workshop on Sustainable Development Goals

Qatar Chamber has recently held a workshop on 'International Expert on Sustainable Development Goals 2030 (SDGs) Applications', in co-operation with the Regional Network Consultancy (RNC), a member of the Regional Network for Social Responsibility. The five-day workshop, a first of its kind in Qatar, was attended by 41 trainees, who learned topics related to sustainable development, including its definition, determinants, and causes, as well as its economic, environmental, and social objectives and applications. The workshop highlighted models and applications of sustainable societies and proposed methods for applying SDGs in institutions and companies. It further discussed the role of sustainable development globally and the concept of green society and its

tools for implementing SDGs. Furthermore, it reviewed reports for professional documentation of the practices and activities of institutions with international standards. Maryam Ali al-Srou, assistant director of Administrative and Financial Affairs at Qatar Chamber, said the workshop highlighted the chamber's commitment to raising awareness about SDGs among companies and institutions. Al-Srou also emphasised that the workshop was part of an MoU signed between the chamber and the RNC, which aims to implement several training courses in the field of CSR. At the end of the workshop, the trainees received a certificate of attendance and an international expert card in SDG applications from the Regional Network for Social Responsibility.



The five-day workshop, a first of its kind in Qatar, was attended by 41 trainees.

Foreign funds lift QSE key index 60 points; M-cap gains QR3.34bn

By Santhosh V Perumal
Business Reporter

Bouyed by foreign institutions' increased buying interests, the Qatar Stock Exchange (QSE) yesterday gained more than 60 points and its key index surpassed 10,100 levels.

An across the board buying – particularly in the transport, banking and consumer goods sectors – led the 20-stock Qatar Index 0.6% to 10,120.68 points, recovering from an intraday low of 10,073 points.

The Gulf retail investors turned net buyers in the main market, whose year-to-date losses truncated to 6.56%.

The Gulf institutions' weakened net selling had its influence in the main bourse, whose capitalisation added QR3.34bn or 0.57% to QR585.36bn on the back of mid and small cap segments.

The Arab individuals continued to be net buyers but with lesser intensity in the main market, which saw as many as 4,537 exchange traded funds (sponsored by Masraf Al Rayan), valued at QR0.61mn change hands across three transactions.

The local retail investors were increasingly net profit takers in the main bourse, which saw no trading of treasury bills.

The foreign individuals were also increasingly bearish in the main market, which saw no trading of sovereign bonds.

The Islamic index was seen gaining slower than the other indices in the main bourse, whose trade turnover grew amidst lower volumes.

The Total Return Index gained 0.6%, the All Islamic Index by 0.45% and the All Share Index by 0.62% in the main market.

The transport sector index soared 1.16%, banks and financial services (0.84%), consumer goods and services (0.72%), insurance (0.57%), telecom (0.26%), real estate (0.08%) and industrials (0.06%).

Major gainers in the main market included Baladna, Nakilat, Beema, Zad Holding, QIIB, Commercial Bank, Dukhan Bank and Vodafone Qatar.

Nevertheless, Medicare Group, Widam Food, QLM, Doha Bank and Aljjarah Holding were among the shakers in the main bourse. In the venture market, both Al Mahhar Hold-



An across the board buying – particularly in the transport, banking and consumer goods sectors – led the 20-stock Qatar Index 0.6% to 10,120.68 points yesterday, recovering from an intraday low of 10,073 points

ing and Techno Q saw their shares depreciate in value.

The foreign institutions' net buying increased significantly to QR54.59mn compared to QR32.04mn on July 21.

The Gulf retail investors turned net buyers to the tune of QR0.49mn against net profit takers of QR2.07mn on Sunday.

The Gulf institutions' net selling declined marginally to QR7.53mn compared to QR8.22mn the previous day.

However, the Qatari individuals' net selling strengthened markedly to QR27.34mn against QR18.8mn on July 21.

The domestic institutions' net profit booking expanded noticeably to QR13.54mn

compared to QR3.17mn on Sunday. The foreign individual investors' net selling grew perceptibly to QR8.6mn against QR3.15mn the previous day.

The Arab retail investors' net buying weakened notably to QR1.95mn compared to QR3.37mn on July 21.

The Arab institutions continued to have no major net exposure for the sixth straight session. Trade volumes in the main market shrank 12% to 98.81mn shares, while value shot up 18% to QR305.91mn and transactions by 42% to 13,003.

The venture market saw 94% plunge in trade volumes to 0.04mn equities, 94% in value to QR0.09mn and 72% in deals to 15.

G20 finance ministers meet to seek consensus before US election

Reuters
Brasilia

Finance ministers and central bankers from the Group of 20 meet this week to seek consensus on economic policy ahead of the US election, with plans to avoid discussion of the wars in Ukraine and Gaza to prevent them from dominating the talks.

Negotiators from the G20 major economies have agreed to leave discussion of the conflicts out of a joint statement by the finance leaders gathering on July 25-26 in Rio de Janeiro, Brazilian diplomats said last week.

A meeting of the same ministers and central bankers in Sao Paulo in February failed to issue a joint statement, after Russia and major Western nations were unable to agree how to describe the war in Ukraine and Israel's shelling of Gaza.

Ahead of the G20 meeting of development ministers, which runs until Tuesday in Rio, Brazil released a chair statement yesterday saying the talks will leave geopolitical issues for diplomats in future meetings.

While some group members consider the impact of conflicts in Ukraine and Gaza on the global economy worthy of discussion, it said, others do not see the G20 as the appropriate forum.

"The Brazilian G20 Presidency will conduct the discussion on these issues among sherpas in the coming months in preparation for the Rio de Janeiro Leaders' Summit," it said. While avoiding deadlock, Brazil hopes the approach may also shift the focus this week to economic co-operation on issues such as climate change and poverty.

Two Brazilian government officials said the hosts also wanted to achieve an increase in support for a proposed global tax on the super-rich that Brazil has made a priority of its G20 presidency.

Pressure has mounted to make progress before the next finance track meeting in October – the last before a G20 summit gathering heads of state in November, the month when US elections

take place. "We're arriving in July aware that we need to close deals. October will be completely overshadowed by the US election," said one of the Brazilian officials, who requested anonymity so he could speak openly.

The strong polling of former US president Donald Trump, who has called for massive tax cuts for individuals, could undermine the idea of a global billionaires tax. Brazil is still prioritising a joint declaration on international tax co-operation during its G20 presidency.

Another Brazilian official who asked not to be named said tax was "a central theme in the finance track this year, regardless of the US election".

Brazil has won backing for the idea from Belgium, Colombia, France and Spain, as well as the African Union and South Africa, which will assume the G20 presidency next year.

It is seeking further support by casting the proposal as a way to make the global tax system more progressive, aligning with its G20 agenda to reduce global inequality.

That marks a shift from Brazil's approach in Washington in April, when it linked the billionaire tax proposal with funding for climate policy and global poverty reduction during the IMF and World Bank spring meetings.

US Treasury Secretary Janet Yellen balked at the idea of internationally redistributing revenue from a global wealth tax.

One of the Brazilian sources said that the G20 chair would seek to build on the language from last month's G7 meeting of major Western nations, which Brazil considered positive.

This would be an important step towards demonstrating the G20's initial support, although Brazil has acknowledged the effective implementation of such a global initiative would take years.

In its joint statement, the G7 said it would "work constructively with the Brazilian G20 Presidency to advance international co-operation. We will work to increase our efforts aimed at progressive and fair taxation of individuals."

Bailey's silent treatment stokes BoE August rate-cut suspense

Bloomberg
London

Two months of silence from Bank of England (BoE) Governor Andrew Bailey have left anyone guessing the timing of a crucial change in interest rates with not much to go on. By the time of the next decision, the UK central-bank chief won't have spoken publicly for more than 10 weeks. Barring a single-sentence statement after the June rate meeting, that's his longest period without communicating in over four years as governor. A blackout period during Britain's six-week election campaign is the main explanation, though economists observe that he and other swing voters on the Monetary Policy Committee could have opted to speak out since then. After volatile economic data in recent weeks, including faster-than-anticipated inflation numbers, the sense of radio silence is all the more consequential before a decision on whether to cut rates that investors judge to be

on a knife edge. "It is funny that Bailey hasn't spoken yet," said Tomasz Wieladek, chief European economist at T. Rowe Price and a former BoE official advising policymakers. "There's going to be a cut in either August or September, but it's hard to pin it down."

Unlike peers in the US and the eurozone, Bailey has played down the importance of spoon-feeding signals to investors. But the BoE's approach to messaging has been criticised by former US Federal Reserve chair Ben Bernanke, and a false start to rate hikes back in 2021 has bred persisting scrutiny of the governor's tactics.

The MPC entered another quiet period on Friday before the August 1 decision. By then, Bailey will not have spoken since May 21.

While four others on the nine-member committee have communicated following the July 4 election, most were already seen as being in the hawkish or dovish camps, revealing little that investors did not know already. Dan Hanson, chief UK economist at Bloomberg Economics, said that



Bank of England Governor Andrew Bailey.

it's surprising that policy makers haven't sought to provide more guidance, not least after recent data.

"It's meant we've placed a lot of weight on the June minutes to gauge what could happen next month, but it's far from clear that's the right benchmark," he said. "It's very hard to have a strong conviction about what the BoE will do." The upcoming decision could

be a pivotal turning point. Bailey must decide whether to support two rate-setters already pushing for cuts, or continue to side with hawks warning that underlying price pressures still pose a danger. The judgment not to reduce borrowing costs in June was "finely balanced" for some, according to minutes of that meeting. That fuelled speculation of a move in August, though traders now see

only a 40% chance of that after data showed lingering inflation pressures. Hawks have dominated recent communications. While Bailey is seen as likely to have been among those close to cutting rates in June, Jonathan Haskel and Catherine Mann recently signalled reluctance to loosen policy too soon. Chief Economist Huw Pill struck a more balanced approach, but still warned that the timing of a move is an "open question."

"The more important thing was the Pill speech," said Wieladek. "We should put more emphasis on the Pill speech precisely because Andrew Bailey hasn't spoken." Markets have also not heard from the BoE's three deputy governors – Clare Lombardelli, Dave Ramsden and Sarah Breeden – whose support may be key for a cut. Lombardelli, who took office this month, is in charge of compiling forecasts. Bailey would normally have spoken at two set-piece events postponed by the election. One is his regular testimony to Parliament's Treasury Committee, delayed by the process

to choose a new panel. The other is the Mansion House speech, where the governor normally addresses London's finance industry, typically in June or July.

The difficulty of reading BoE intentions isn't a new problem. Policymakers confused investors when it started 14 back-to-back rate hikes to stamp out inflation, surprising markets first by holding policy steady in November 2021 and then by raising borrowing costs the next month.

Another long silence from policymakers between December 2021 and February 2022 also raised eyebrows, as investors tried to judge when the second hike would arrive.

In response to criticism, Bailey has said that it's not the MPC's job "to steer markets day-by-day and week-by-week." Jagjit Chadha, director of the National Institute of Economic and Social Research, largely agrees, saying that "markets can be a little bit needy." Other central-bank peers have been more explicit, but with mixed results.