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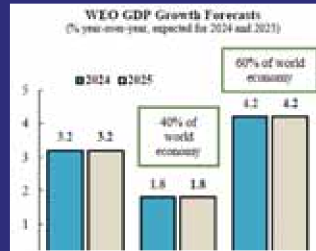

QNB COMMENTARY : Page 8

Global growth is set to 'remain stable' on steady expansion in advanced and developing economies

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Qatar leads in filling 'significant proportion' of Asia's growing needs for imported gas: IGU

By Pratap John
Business Editor

Qatar has taken the lead role in filling 'significant proportion' of Asia's growing need for imported gas over the next decades, International Gas Union (IGU) has said in a recent report.

In the Middle East, increased natural gas use has supported oil exports and met growth in power demand. Now, Qatar, the UAE and Saudi Arabia among others, are repositioning natural gas to meet the energy and decarbonisation goals of coal-dependent Asia even as they boost intra-regional gas trade, IGU noted in the latest issue of its 'Global Voice of Gas'.

Just as the move from oil to gas made more oil available for export, the shift from gas to lower carbon generation sources should support the export of gas, primarily as liquefied natural gas (LNG), it said.

"A large part of this LNG will end up in Asia, where it can displace both oil in transport and coal in power and heat provision," IGU said.

Alongside Qatar's much larger expansion of its LNG export capacities (at the North Field), the Middle East's LNG producers will likely fill a significant proportion of Asia's growing need for imported gas over the next decades, IGU said.

Together with the accelerated growth of renewables, this could eventually turn the tide on the 135.7 exajoules of coal consumed in Asia in 2023.

Asia's gas demand is forecast to rise 78% by 2050 to reach 1,590bn m3, according to the Gas Exporting Countries Forum, equating to a 16% share of the region's energy mix, compared with 11% in 2022.

This will be driven by a combination of electrification and coal-to-gas switching. Although Asian gas production will increase, it will not do so fast enough to keep pace with demand.

The GECF estimates that gas exports to Asia will, by 2050, exceed 50% of the region's total consumption.

"If gas is not available, Asia's retreat from dependency on coal will be slower," IGU noted.

A general view of the Ras Laffan Industrial City, Qatar's principal site for the production of liquefied natural gas and gas-to-liquids. Qatar, the UAE and Saudi Arabia among others, are repositioning natural gas to meet the energy and decarbonisation goals of coal-dependent Asia even as they boost intra-regional gas trade, according to IGU.

A significant proportion of Asian gas demand can be met by Middle Eastern countries. While Qatar has taken the lead with its giant North Field expansion, other countries also recognise the potential, it said.

Energy analyst Ross McCracken noted, "If there is one stand out trend across the Middle East over the last decade, it is the increase in domestic gas use, primarily for power generation. Intra-regional gas trade has also grown, with LNG imports and exports providing flexibility amid a still limited set of regional pipelines.

"This has provided energy security for those countries unable to meet rising gas demand from their own resources."

Qatar Chamber official joins Arab Women Investors Union's board of trustees

The Arab Women Investors Union has announced the appointment of Qatar Chamber board member Ibtihaj al-Ahmadani as a member of the union's Board of Trustees and a consultant to its Supreme Trade Committee.

The announcement was made during the Arab-African Investment and International Co-operation Summit, held under the theme 'Economic Links, Tourism, Industry, Agriculture, and Comprehensive Sustainable Development'.

The five-day summit, organised by the Arab Women Investors Union in Egypt, brought together delegations from 35 Arab and African countries and featured an elite group of business leaders, investors, and representatives from civil society organisations, associations, unions, and business councils.

Qatar Chamber board member Ibtihaj al-Ahmadani.

At the summit, al-Ahmadani, who is also the president of the Qatari Businesswomen Forum, underscored the importance of strengthening trade relations between Arab and African countries to expand investment ties. She highlighted the need to identify and develop areas of strength and excellence to bolster economic growth.

During a session focused on investment and inter-trade, al-Ahmadani emphasised that empowering women and supporting productive families are key strategies for driving sustainable economic growth. She noted that equipping women with the tools for success, fostering a supportive environment, and providing necessary resources can lead to significant economic advancements.

Al-Ahmadani also urged governments and civil society organisations to create an ecosystem that encourages innovation and supports small, medium, and micro enterprises. She stressed the importance of women and men working together to build a robust and sustainable knowledge-based economy.

Saudi Arabia kicks off carbon trading to unlock financing

Bloomberg
Riyadh

Saudi Arabia has started a carbon-trading market, launching the programme a day after climate negotiators secured a major breakthrough by agreeing rules for a United Nations-administered global emissions market.

Over 2.5mn tonnes of carbon credits will be auctioned on the kingdom's Regional Voluntary Carbon Market Co exchange from Tuesday, according to a statement. The trading will help fund climate projects across the global south and also support Saudi Arabia net zero goals, it said.

Supporters of carbon markets argue they unlock billions of dollars in financing, while allowing polluters to be able to meet their climate goals by buying credits from projects that cut emissions. But global demand for credits has been dampened in recent years after allegations of greenwashing. The Saudi platform is following guidelines issued by the Integrity Council for the Voluntary Carbon Market, Riham ElGizy, chief executive officer of the kingdom's RVCMC said in an interview. Credits generated from renewable energy projects and clean cooking stoves are therefore excluded from the exchange, she said.

RVCMC has two teams carrying out due diligence on the projects that generate credits and accreditation must be secured from verifiers Sylvera or BeZero, ElGizy said. "It's a lot of overhead on companies but this is the only way we can protect our buyers and provide some confidence to them," she said.

The Saudi Arabian platform — which is targeting becoming one of the largest voluntary carbon markets in the world by 2030 — will in the first auction include credits from climate projects in countries including Bangladesh, Brazil, Ethiopia, Malaysia, Pakistan and Vietnam. Twenty Saudi Arabian companies and two international firms are registered to buy credits.

RVCMC previously held two rounds of voluntary carbon credit auctions, first in Riyadh and then in Nairobi. Saudi Arabia's Public Investment Fund owns 80% of the firm, while the stock exchange owner Tadawul Group holds 20%.

In the Middle East, Abu Dhabi was the first to launch a carbon exchange but the company running the platform closed its operations last month after only one year. Governments in the region don't require companies to compulsorily offset their emissions.

Qatar Process Safety Symposium focuses on 'personalising safety'

The 14th edition of the Qatar Process Safety Symposium (QPSS), co-sponsored by QatarEnergy LNG and ConocoPhillips Qatar in collaboration with University of Doha for Science and Technology (UDST), successfully concluded recently.

QPSS remains a key fixture in the global energy calendar, uniting industry leaders to discuss the future of process safety. This year's event reinforced the importance of personalising process safety, ensuring that the well-being of individuals is prioritised across energy operations.

In his opening remarks, Sheikh Khalid bin Khalifa al-Thani, Chief Executive Officer of QatarEnergy LNG, stated: "This year we gather under the theme 'Making Process Safety Personal'.

"Process safety is not just a set of protocols or guidelines but a shared responsibility that begins with each one of us. I encourage each of you to reflect on your own experience and the role you play in ensuring a safe workplace."

The 14th edition of the Qatar Process Safety Symposium (QPSS), co-sponsored by QatarEnergy LNG and ConocoPhillips Qatar in collaboration with University of Doha for Science and Technology (UDST), successfully concluded recently.

He reaffirmed QatarEnergy LNG's commitment to continuously improving safety standards through the company's direction statement, daily operations, and long-term strategies. "Each story, each lesson learned and each commitment to process safety contributes to a collective effort that makes a profound impact on our industry," he added.

The event also saw Bill Arnold, President, ConocoPhillips Qatar, deliver a keynote address. He discussed the critical role of leadership in driving process safety and highlighted the strength of ConocoPhillips Qatar's partnership with QatarEnergy LNG in advancing safety initiatives.

"Our collaboration at QPSS underscores the importance of maintaining the highest safety standards in the energy industry. By making safety personal, we ensure every worker knows their well-being is our top priority, fostering a culture of genuine care and accountability at every organisational level," said Arnold.

The event featured 24 technical presentations, covering topics such as process safety management and culture, risk management, human factors, asset integrity, digitalisation, and advanced safety technologies.

Khalifa Ahmed al-Sulaiti, Chief Health, Safety, Environment, and Quality Officer at QatarEnergy LNG, played a leading role in shaping the event's agenda, focusing on the company's strategic approach to safety.

Al-Sulaiti has overseen the implementation of several programmes aimed at embedding process safety consciousness into every aspect of organisation.

Further adding to the theme, Sheikh Khalid Abdulla al-Thani, Chief Engineering and Projects Officer at QatarEnergy LNG, stressed that process safety should be measured by the integrity of barriers, not just the absence of incidents. He highlighted risks from ageing infrastructure to the complexity of expanding operations, warning against siloed risk management.

Notable international contributions came from Shakeel Kadri, Executive Director and CEO of the Centre for Chemical Process Safety (CCPS) and Michael Hatfield, Chief Technology Officer and Senior Vice-President of Global Technical Functions at ConocoPhillips.

In addition, the symposium included the presentation of the QPSS Excellence Award to Dr Luc Vechot, Associate Professor and Managing Director of the Mary Kay O'Connor Process Safety Centre in Qatar.

As part of QPSS's commitment to promoting collaboration between academia and industry, students from UDST presented their research on the latest advancements in the field, underscoring the role of education in developing future safety leaders.

Dr Salem Al-Naemi, President of UDST, highlighted the importance of partnerships between industry and academia in driving safety innovation. He explained that the collaboration between UDST and industry leaders serves as a cornerstone in advancing process safety that creates an environment where students can apply their knowledge alongside industry experts.

As the 2024 symposium ended, organisers expressed their commitment to building on this year's success. Looking ahead, they plan to continue exploring emerging challenges and innovations in process safety, ensuring the event remains at the forefront of the industry.

Bloomberg QuickTake Q&A

What will Trump do? Why Project 2025 invites intrigue

By Stephanie Lai

As President-elect Donald Trump's transition team begins shaping his second administration — an effort already far more organised than after his first win — one especially divisive topic continues to invite intrigue: Project 2025.
Project 2025, an extensive plan for reshaping the US government led by conservative thinkers, was intended as a resource for Trump (or any future Republican administration) to quickly advance his agenda. The plan echoes many of the positions Trump took during his campaign, and a number of people close to him were deeply involved in the effort. While Democrats were eager to tie the former and future president to the plan throughout the presidential campaign, Trump distanced himself from the initiative, repeatedly lambasting it.
As Republican politicians, advisers and policy experts jockey for consideration in the Trump 2.0 universe, involvement with Project 2025 seems to have even become a liability. According to Bloomberg reporting, those associated with the disavowed plan have found they need not apply.

What is Project 2025?

The project, a collaboration spearheaded by the Heritage Foundation that attracted more than 100 conservative groups, arose from a broad concern among Republicans that Trump wasn't adequately prepared at the start of his term in 2017. It aimed to ease the transition back to the White House and eliminate the infighting and legal challenges that marked the early part of Trump's first presidency.
More broadly, the initiative's stated goal is to "rescue the country from the grip of the radical Left." Heritage Foundation President Kevin Roberts said in July that the US was "in the process of the second American Revolution" — one he said would "remain bloodless if the left allows it to be." Project 2025 gathered resumes of individuals interested in staffing a Republican administration and has offered related training. The organisers said they were creating a "playbook of actions" for the first 180 days of a future Trump administration. In April 2023, they released their 900-page guide, called the Mandate for Leadership, that detailed policy recommendations. The sections were bylined by authors whose ideas weren't necessarily shared by everyone involved, according to an introductory note.

What policies did Project 2025 call for?

The policy guide includes proposals to:

■ Dismantle the so-called "administrative state," in part by making it easier to fire federal government workers. The argument is that career bureaucrats in federal departments and agencies have excessive power over policy making that should belong to political appointees devoted to the ambitions of the president.
■ Crack down on illegal border crossings and increase deportations of undocumented immigrants by deploying the military to the borders; combining immigration agencies to simplify enforcement; working with Congress to increase funding for additional immigration officers and detention space; and imposing sanctions on countries that fail to accept people designated for deportation.
■ Simplify the system for taxing personal income at the federal level. The highest earners would pay 30% and the rest would pay 15%; currently there are seven brackets and the rates range from 10% to 37%. Most deductions and credits would disappear.
■ Reduce the corporate tax rate to 18% from 21%.
■ Abolish the Department of Education.
■ Prioritise fossil-fuel production and deemphasise environmental concerns by reducing regulation to encourage exploitation of US oil and gas reserves; working to repeal the Inflation Reduction Act, which offers tax credits and other incentives for the production of electric vehicles and renewable energy; and downsizing the National Oceanic and Atmospheric Administration, which is described as "one of the main drivers of the climate change alarm industry."
■ Remove diversity, equity and inclusion considerations from the work of the executive branch and its policies, and ban transgender people from the military.
■ Increase defence spending and expand the US nuclear arsenal.
■ Further regulate pregnancy and abortion, including by working with Congress to pass a restrictive nationwide abortion law; rescinding regulatory approval of drugs such as mifepristone used in medication abortion, the most common method of terminating a pregnancy in the US; and conducting expansive government tracking of every instance of "spontaneous miscarriage; treatments that incidentally result in the death of a child (such as chemotherapy); stillbirths; and induced abortion."

What was Trump's position on Project 2025?

Trump posted on his social media platform Truth Social that he hasn't endorsed any of Project 2025 and found some of its policy recommendations "absolutely ridiculous," without singling out any of them. His campaign repeatedly pushed back on Democratic efforts to tie him to the project.

How do the project's proposals compare with Trump's campaign rhetoric?

Neither the Trump campaign agenda, called Agenda 47 because he will be the 47th US president, nor the Republican Party's 2024 platform offer proposals nearly as detailed as those drafted by Project 2025. But during his time on the campaign trail, Trump called generally for the destruction of what he calls the "deep state" bureaucracy, better border enforcement and mass deportation of undocumented immigrants, the abolition of the education department, an unleashing of the US fossil fuel industry and loosening of environmental rules, the strengthening of the military, and a rollback of diversity policies including protections for transgender people. Trump also proposed to lower taxes. He said he wanted a corporate rate as low as 15%. And he proposed renewing his 2017 cuts to personal income taxes, which retained the seven brackets but reduced the rate in most of them.
On abortion, Trump's stance in the campaign departed from that of Project 2025. The initiative proposed that the next president work to pass a federal law that is as restrictive as Congress will support — Republican Senator Lindsay Graham has proposed limiting abortions nationwide after the 15th week of pregnancy — and using federal powers in other ways to reduce abortions. Trump, who has held a variety of positions on the subject, most recently has opposed federal legislation, saying abortion laws should continue to be set by each state. He's also said he would not block access to mifepristone.
At the Republican National Convention in mid-July, the Heritage Foundation's Roberts acknowledged there were differences between his group and a Trump agenda, saying, "We will work on those when we're talking about specific legislative vehicles" once a new president is inaugurated. A spokesman for the foundation said, "We do not speak for President Trump or his campaign."

Who, close to Trump, was involved in Project 2025?

The original director of Project 2025, Paul Dans, worked in the Trump administration as the chief of staff at the Office of Personnel Management. Roberts announced that Dans would step down from the role in July. The project's associate director is Spencer Chretien, who served as the associate director of presidential personnel under Trump. Much of the policy guide was written by people who were high-ranking officials in Trump's administration. Many have been floated as top contenders for positions in a second term. They include former Housing Secretary Ben Carson, former acting Defense Secretary Chris Miller, economist and informal adviser Stephen Moore, former Director of the Office of Management and Budget Russ Vought and former White House trade adviser Peter Navarro.

Iran blackouts keep happening despite vast gas reserves

Bloomberg
Dubai

Iran has the world's second-biggest reserves of natural gas, but that's still not enough for the country to keep the lights on this winter.
The Gulf nation is facing widereaching power outages — including scheduled blackouts across Tehran and other major cities in recent days — as US sanctions restrict investment.
It's the latest example of Iran's economic struggles as it tries to balance its domestic energy needs. The sanctions have hit Iran's energy sector hard for years, leaving vast gas fields underdeveloped, power lines in dire need of upgrades, and industries battered by interruptions to electricity.
Natural gas is critical to fuelling Iran's power stations, heavy industry and chemical facilities. With reserves of the fuel second only to Russia, it supplies households in a country of 90mn whose consumption of gas and electricity has hit successive records for the past decade. That's driven a 58% increase in gas production in the decade to 2022, according to the US Energy Information Administration.
One example of how the sector has struggled is Iran's ability to build its own gas compression platforms, without which production levels at gas fields like South Pars drop significantly. According to Iranian state media, the giant South Pars alone needs 20 gas compressor platforms requiring $20bn of investment. The country doesn't have the technology or expertise to produce them and can't import the required components because of sanctions.

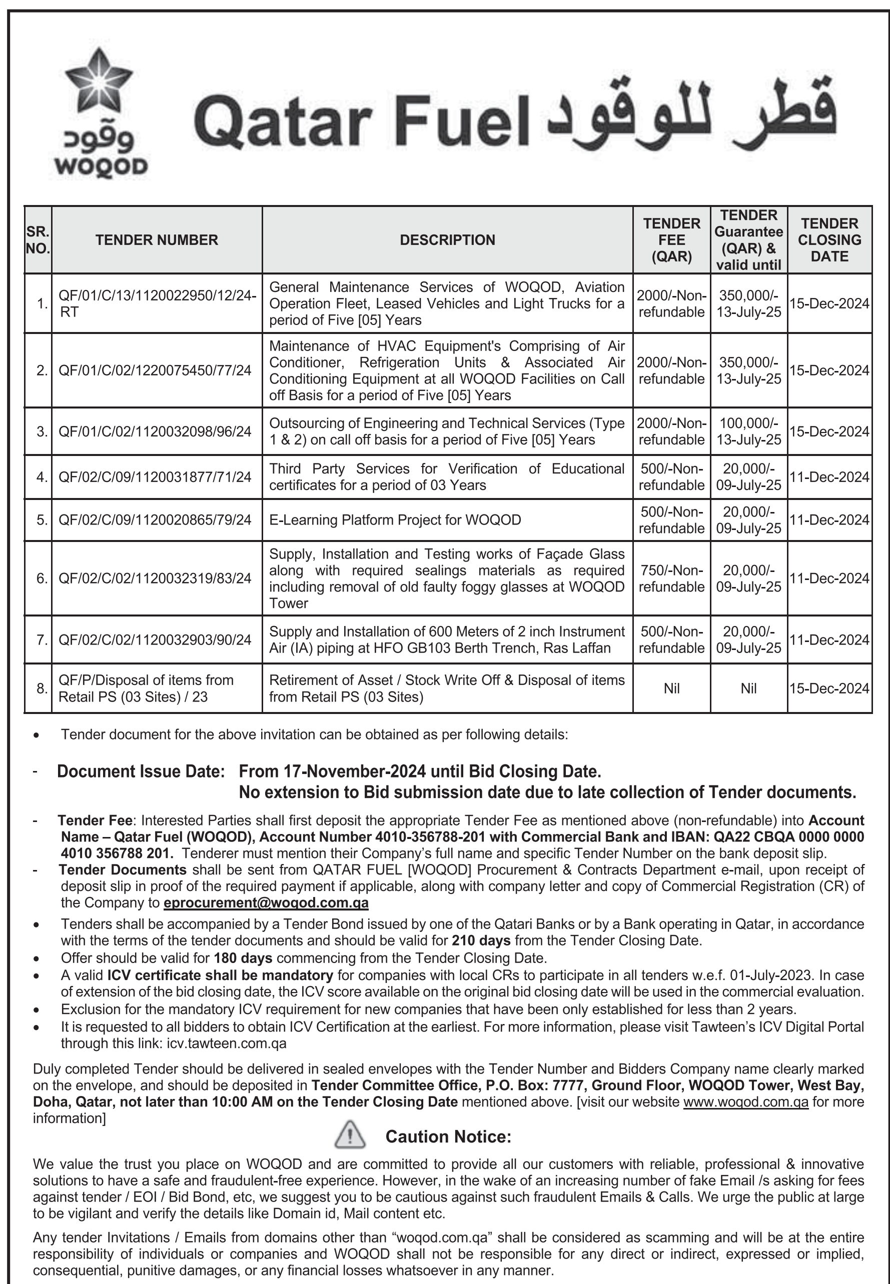
A gas flame is seen through a bus window in the South Pars gas field facilities in the Iranian port of Assaluyeh. Iran is facing wide-reaching power outages — including scheduled blackouts across Tehran and other major cities in recent days — as US sanctions restrict investment.

At the same time President Masoud Pezeshkian has urged his officials to "mobilise" all their efforts to help develop clean energy in order to avoid power outages in the long term.
The re-election of Donald Trump brings greater focus to Iran's fossil-fuels industry and also the possibility that he revives his so-called maximum pressure strategy on Iran by squeezing the country's energy sector. That could spell more bad news for the country by continuing to keep out foreign investment and by cutting into oil revenues. Since Trump's last term, Iran's oil output has surged back to near capacity, bringing billions of dollars more into the economy. While the administration of Joe Biden prioritised maintaining global supply and targeting lower crude prices in the face of sanctions on Russia, Trump could target Chinese purchases of Iranian oil to squeeze the country's income even further, according to analysts.

Saudi Arabia's inflation rate edges up to 1.9% in October

Reuters
Abu Dhabi

Saudi Arabia's annual inflation rate continued to edge up in October to 1.9% from 1.7% in September, according to government data released on Thursday, driven by an increase in housing rents.
Rents for housing rose by 11.6% in October, with apartment rents up 11.3%, the General Authority for Statistics said, pushing up prices for the combined Housing, Water, Electricity, Gas and Other Fuels category by 9.6%.
The category carries a significant weight in the overall basket measuring inflation. Rental price hikes, especially in the bigger cities like Riyadh, have been the key factor behind inflation in Saudi Arabia for much of this year.
Prices in the food and beverage category rose by 0.1% in October and increased by 2.3% for personal goods, led by an almost 25% increase in jewellery and watches prices.
Prices in the restaurants and hotels category also rose.
On a month-on-month basis, prices increased 0.3% in October. Transportation costs continued to fall in October.
While inflation has remained relatively low in Saudi Arabia this year compared with global levels, it has been inching upwards since July. The International Monetary Fund expects Saudi inflation to remain stable at about 2% over the medium term.



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1.	QF/01/C/13/1120022950/12/24-RT	General Maintenance Services of WOQOD, Aviation Operation Fleet, Leased Vehicles and Light Trucks for a period of Five [05] Years	2000/-Non-refundable	350,000/-13-July-25	15-Dec-2024
2.	QF/01/C/02/1220075450/77/24	Maintenance of HVAC Equipment's Comprising of Air Conditioner, Refrigeration Units & Associated Air Conditioning Equipment at all WOQOD Facilities on Call off Basis for a period of Five [05] Years	2000/-Non-refundable	350,000/-13-July-25	15-Dec-2024
3.	QF/01/C/02/1120032098/96/24	Outsourcing of Engineering and Technical Services (Type 1 & 2) on call off basis for a period of Five [05] Years	2000/-Non-refundable	100,000/-13-July-25	15-Dec-2024
4.	QF/02/C/09/1120031877/71/24	Third Party Services for Verification of Educational certificates for a period of 03 Years	500/-Non-refundable	20,000/-09-July-25	11-Dec-2024
5.	QF/02/C/09/1120020865/79/24	E-Learning Platform Project for WOQOD	500/-Non-refundable	20,000/-09-July-25	11-Dec-2024
6.	QF/02/C/02/1120032319/83/24	Supply, Installation and Testing works of Façade Glass along with required sealings materials as required including removal of old faulty foggy glasses at WOQOD Tower	750/-Non-refundable	20,000/-09-July-25	11-Dec-2024
7.	QF/02/C/02/1120032903/90/24	Supply and Installation of 600 Meters of 2 inch Instrument Air (IA) piping at HFO GB103 Berth Trench, Ras Laffan	500/-Non-refundable	20,000/-09-July-25	11-Dec-2024
8.	QF/P/Disposal of items from Retail PS (03 Sites) / 23	Retirement of Asset / Stock Write Off & Disposal of items from Retail PS (03 Sites)	Nil	Nil	15-Dec-2024

- Tender document for the above invitation can be obtained as per following details:

- **Document Issue Date: From 17-November-2024 until Bid Closing Date.**
No extension to Bid submission date due to late collection of Tender documents.
- **Tender Fee**: Interested Parties shall first deposit the appropriate Tender Fee as mentioned above (non-refundable) into **Account Name – Qatar Fuel (WOQOD), Account Number 4010-356788-201 with Commercial Bank and IBAN: QA22 CBQA 0000 0000 4010 356788 201.** Tenderer must mention their Company's full name and specific Tender Number on the bank deposit slip.
- **Tender Documents** shall be sent from QATAR FUEL [WOQOD] Procurement & Contracts Department e-mail, upon receipt of deposit slip in proof of the required payment if applicable, along with company letter and copy of Commercial Registration (CR) of the Company to **eprocurement@woqod.com.qa**

- Tenders shall be accompanied by a Tender Bond issued by one of the Qatari Banks or by a Bank operating in Qatar, in accordance with the terms of the tender documents and should be valid for **210 days** from the Tender Closing Date.
- Offer should be valid for **180 days** commencing from the Tender Closing Date.
- A valid **ICV certificate shall be mandatory** for companies with local CRs to participate in all tenders w.e.f. 01-July-2023. In case of extension of the bid closing date, the ICV score available on the original bid closing date will be used in the commercial evaluation.
- Exclusion for the mandatory ICV requirement for new companies that have been only established for less than 2 years.
- It is requested to all bidders to obtain ICV Certification at the earliest. For more information, please visit Tawteen's ICV Digital Portal through this link: icv.tawteen.com.qa

Duly completed Tender should be delivered in sealed envelopes with the Tender Number and Bidders Company name clearly marked on the envelope, and should be deposited in **Tender Committee Office, P.O. Box: 7777, Ground Floor, WOQOD Tower, West Bay, Doha, Qatar, not later than 10:00 AM on the Tender Closing Date** mentioned above. [visit our website www.woqod.com.qa for more information]

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Lebanon taps dollar reserves to support battered currency as conflict extends

Bloomberg
Dubai

Lebanon's foreign-exchange reserves dropped for the first time in more than a year as the central bank spent dollars to prop up the pound after weeks of war.
Banque du Liban's reserves fell by more than $400mn in October, the first decline since July 2023, according to central bank data. Total liquid reserves now stand at about $10.3bn, excluding the $5bn in eurobonds on which the Lebanese state defaulted.
Israel launched a ground invasion of southern Lebanon in September, seeking to degrade Hezbollah that had been firing rockets and drones into Israel for the more than a year. That, combined with sustained air strikes across much of Lebanon, had cost the economy $20bn by late October, Economy Minister Amin Salam told Bloomberg at the time.
Prior to the ground war, Lebanon had managed to keep expanding its reserves and inflation in check, in part thanks to the extensive Lebanese diaspora returning home for the summer. The central bank had also generated an additional $1.7bn of reserves through foreign exchange transactions, according to a central bank official, who asked not to be identified because of the sensitivity of the matter.
The draw-down of reserves marks a reversal from when Wassim Mansouri became acting central bank governor in July 2023. He stopped the central bank financing the government and moved instead to dollarise the economy. That helped stabilise the pound at about 89,500 to a dollar.

A currency dealer holds US dollars and Lebanese pounds bills in Beirut. Banque du Liban's reserves fell by more than $400mn in October, the first decline since July 2023, according to central bank data.

About 1.2mn people have been displaced in Lebanon in the past two months and more than 2,000 killed. Hezbollah started firing on Israel in support of Hamas amid the war in Gaza.
Lebanon's economy was in crisis even before the current conflict began. The pound crashed and the government defaulted on about $30bn of Eurobonds in 2020. Many lost their life savings, inflation hit triple digits and the economy shrank by 30%. The UN has warned that Lebanon's economy could contract by as much as 9.2% by the end of the year if the fighting continues.
"The fear is for the central bank to keep using the reserves, especially if the war goes on longer," said Marwan Barakat, group chief economist at Lebanon's Bank Audi.

Euro area to see consumer pickup but risks are high, says EU

Bloomberg
Brussels

The euro area's economic growth will pick up as obstacles to consumption and investment fade away, though geopolitics poses an increasing threat, according to the European Commission.
Gross domestic product will increase by 1.3% next year and by 1.6% in 2026, the EU's executive arm said in a report published yesterday. That's slightly stronger than what the International Monetary Fund predicted last month and notably higher than the 0.8% seen by officials for 2024.
Consumer-price growth is seen moderating to 2.1% next year and to 1.9% in 2026, just below the European Central Bank (ECB)'s 2% target. Despite some expected volatility in the short term, the disinflationary process "appears solidly in place," the Brussels-based commission said.
"As inflation continues to ease and private consumption and investment growth pick up, with unemployment at record lows, growth is set to gradually accelerate over the next two years," EU Economy Commissioner Paolo Gentiloni said in a statement. "However, structural challenges and geopolitical uncertainty weigh on our future prospects."
The report doesn't mention Donald Trump, who won the US presidential election several days after its cut-off date for incoming information. He presents a sizeable risk to the European economy because of his pledge to raise tariffs on China and everyone else.
Speaking to journalists in Brussels, Gentiloni said the trade relationship between the EU and the US is one of the world's largest and most strategically significant, with a volume of €850bn ($898bn) last year for goods and another €650bn for services.
"A possible protectionist turn in US trade policy would be extremely harmful to both economies," he said. "The commission will work with the incoming US administration to advance a strong transatlantic agenda and ensure that international trade channels remain open, while making them more secure."
Ask how potential US levies might impact euro-area inflation, Gentiloni told Bloomberg Television in a separate interview that "if these tariffs will be decided, that could have an inflationary impact." Still, he highlighted that this would be "particularly in the US."
Officials acknowledged that ongoing wars in Ukraine and the Middle East present another important risk as they fuel the "vulnerability of European energy security."
Bundesbank President Joachim Nagel already warned this week that Trump's tariff plan could cost Germany 1% of output. That would aggravate the situation in Europe's biggest economy, which has lagged the rest of the region because of persistent weakness in its manufacturing sector.
The commission still predicts growth there of 0.7% next year after a slight contraction in 2024, as easing inflation and rising wages lead to a pickup in household consumption. While those factors had been expected to ignite a region-wide rebound earlier this year, Brussels officials noted that the "restraint to consumption appears to be loosening."
They expect households to lower their savings rate as interest rates fall, and corporate investment to rebound robustly due to strong balance sheets, recovering profits and improving credit conditions.
Euro-area gross domestic product rose more than expected in the third quarter, though some of that has been credited to volatile Irish numbers and one-off effects from the summer Olympics in France.
Growth has held up better outside of the currency bloc's two biggest economies, with Spain expected to rack up expansion of 3% in 2024.
Momentum there is seen slowing to 2.3% in 2025, while expansion in Italy is expected to pick up to 1% from 0.7%.
Monetary policy will provide a tailwind as the ECB keeps cutting borrowing costs. Concerns about the region's growth outlook already prompted officials to bring forward such a move last month, and economists widely expect further easing at future meetings.
While policymakers in October expected to reach their inflation target earlier than previously foreseen, the commission still forecast a return to the 2% goal only in the fourth quarter of 2025. The ECB will present its own set of projections when officials next meet in December.
Brussels officials see the euro area's collective budget deficit narrowing below the 3%-of-output ceiling next year, though France is a notable outlier. The gap there will only decline to 5.4% in 2026 from 6.2% this year, according to the commission. Italy's deficit is projected to decline to 2.9% in 2026.
"Member states will have to walk a narrow path of bringing down debt levels while supporting growth, aided by the new economic governance framework and the continued implementation" of the recovery fund put in place after the pandemic, Gentiloni said.

Strong US data feeds doubts about Fed December rate cut

Reuters
Washington

Strong US economic and inflation data continue to reshape the debate among Federal Reserve policymakers over the pace and extent of interest rate cuts as investors on Friday further downgraded their expectations for a rate reduction at the central bank's December meeting.

In the latest round of comments on US monetary policy, US central bankers continued to express faith that inflation was coming under control and would allow the central bank to lower its benchmark rate over time from the current 4.5-4.75% range, a level felt to discourage spending and investment, to a more neutral setting.

But how fast they do that, and what level represents "neutral", remain under debate, with Fed Chair Jerome Powell on Thursday saying the economy's continued strength meant the Fed could take its time with the discussion.

The signs of increasing hesitancy over what a month ago had been baked-in expectations for a quick run of cuts into next year come as a major political shift is underway following Donald Trump's victory in last week's election, with Wall Street trying to reconcile what it sees as further inflationary pressures arising in the year ahead as the incoming Republican president pushes for tax cuts, higher tariffs and a crackdown on immigration.

Fed officials have been reluctant to say they are taking that into account, but investors already are and market bets on how quickly and how much the Fed will cut rates have ratcheted down over the last week. Boston Fed President Susan Collins said she did not see a big urgency to lower rates but did not rule out another rate cut at the Fed's next meeting on December 17-18.

"I certainly wouldn't take December off the table. But again, we're not on a preset path and so we'll have a look carefully at the data and see what makes sense when we get" to the next Federal Open Market Committee meeting, she told Bloomberg TV.

And while several Fed policymakers appear to be on the fence over another rate cut in December, they have also signalled that skipping a meeting would mean they are going slower on rate cuts rather than stopping altogether.

Thomas Barkin, president of the Richmond Fed, told Yahoo! Finance that he liked how Dallas Fed President Lorie Logan put it earlier this week: that a captain should be " slowing the boat down as you approach the dock."

Data that arrived Friday morning continued firmer than expected, with strong retail sales and rising prices for imported goods. After the data, traders reduced bets on a December rate cut to around a 60% chance from about 70% on Thursday.

Citigroup's gauge of the degree to which incoming data exceeds consensus expectations among economists was at a seven-month high as of Thursday ahead of the stronger-than-expected retail sales figures.

Speaking to CNBC, Chicago Fed President Austan Goolsbee acknowledged that one important indicator of inflation, the Personal Consumption Expenditures price index stripped of food and energy costs, remains "too high" at an estimated 2.8% for October.

And, he said, if officials disagree on where they see the "neutral" stopping point, "it does make sense to start slowing at some point how rapidly you are getting there just to figure out…are we at neutral, are we getting close?" But he also reiterated his broad expectation that inflation will continue to fall towards the Fed's 2% target, and in an interview with Bloomberg TV later Friday signalled he feels the Fed will end up cutting rates by a quarter of a percentage point next month and by another full percentage point over the course of next year, as Fed policymakers projected in September.

Those projections also reflected an expectation that the policy rate would fall to 2.9% some time in 2026. Investors in contracts tied to that rate now see rates staying as much as a percentage point higher than that.

Nvidia results in focus as US stock market's election boost stalls

Reuters
New York

Nvidia Corp's results in the coming week could guide the US stock market on its next path, as investors turn their focus to the technology sector and artificial intelligence trade after an election-fuelled rally stalled.

A nearly 800% run in shares of Nvidia over the past two years, driven by its gold standard AI business, has propelled the semiconductor company to the world's top spot by market value.

That heft gives Nvidia huge sway in market benchmarks, such as the S&P 500 and Nasdaq 100, while its results on November 20 will also be a gauge for the market's appetite for tech stocks, the AI trade and sentiment for equities broadly, investors said.

The benchmark S&P 500 has pulled back from record highs following the Nov. 5 US election that gave Donald Trump a second term as president and his fellow Republicans control of Congress.

Markets are "looking for direction right now," said Garrett Melson, portfolio strategist at Natixis Investment Managers. "If those results are pretty strong, that tells you that there's still momentum behind that investment and that trade and I think that helps to broaden out risk appetite." Nvidia's dominant AI position has catapulted its share price and led to an astonishing financial performance. For its fiscal third quarter, the company is expected to post net income of $18.4bn as revenue jumped over 80% to $33bn, according to LSEG data.

However, after soaring past analysts' earnings estimates last year, Nvidia's surprises have become more modest, with earnings beating by 6% in its most recently reported quarter, LSEG data showed.

An external view of the New York Stock Exchange. Nvidia Corp's results in the coming week could guide the US stock market on its next path, as investors turn their focus to the technology sector and artificial intelligence trade after an election-fuelled rally stalled.

"It's getting harder to hurdle those expectations," said Mark Luschini, chief investment strategist at Janney Montgomery Scott. Nvidia's results cap a mixed third-quarter earnings season for US companies. S&P 500 earnings are on pace to have risen 8.8% from a year earlier, with 76% of companies beating estimates compared to an average of 79% in the past four quarters, according to LSEG IBES data.

As in recent quarters, results from Nvidia and a small group of other megacap tech and related companies are carrying the load. Those so-called Magnificent 7 companies, which also include Apple and Microsoft, are expected to have increased earnings by 30% in the third quarter compared to 4.3% for the other 493 companies in the index, said Tajinder Dhillon, senior research analyst at LSEG.

"It's really the Mag 7 led by Nvidia that's done the heavy lifting to address the kind of earnings growth that has supported the advance we've seen in stock prices," Luschini said.

Nvidia's results may also be crucial to support the broader market's lofty valuation, with the S&P 500's forward price-to-earnings ratio above 22 times and near its highest level in more than three years, according to LSEG Datastream. The benchmark index is up 23% this year. Trump's victory initially sparked broad stock gains on optimism about his agenda of lower taxes and deregulation.

But stocks have pulled back this week as markets continue to digest the implications from the election. Investors will keep focus on Trump's transition plans, including his picks for key cabinet roles, after some of his initial appointees drove weakness in areas of the market such as pharmaceutical and defence shares. Stocks also fell after Federal Reserve Chair Jerome Powell said on Thursday that the central bank does not need to rush to lower interest rates, which will keep monetary policy at the forefront for markets in coming weeks.

"Given that the stock market has become so expensive, the fact that the Fed is signalling that they're not going to be as accommodative as they had indicated before the election…will create at least some headwinds in the days and weeks ahead," Matthew Maley, chief market strategist at Miller Tabak, said in a note on Friday.

Wall Street banks hope Musk's Trump ties boost X's prospects

Reuters
New York

Elon Musk's political ascendancy has some Wall Street banks hoping they may soon be able to offload $13bn of debt that backed the billionaire's purchase of the social media platform X, three banking sources said.

Some of the lenders in the consortium, which included Morgan Stanley and Bank of America, think Musk's emergence as a close aide to Republican President-elect Donald Trump could boost the prospects of X, previously known as Twitter, the sources said. If that were to happen, it would allow them to sell the debt without having to take a massive loss on the deal, the sources said.

Musk, X, Morgan Stanley and Bank of America did not immediately respond to a request for comment.

Banks typically sell such loans to investors soon after the deal is done, but in the case of X, which Musk bought for $44bn in 2022, they have been stuck holding the debt. Musk's sweeping changes to the platform, including laying off many people who worked to moderate content, and one of his posts on X, scared away advertisers and hit revenues. That reduced the value of the debt, as the risk of default increased.

In recent months, one of the sources said, some banks expected X had seen increased traffic as users flocked to the platform around big events like the US elections.

Trump, whose account on the platform was restored by Musk after the previous management banned him in January 2021, has been regularly posting on it.

The banking sources said they wanted to see whether that and a robust US economy would translate to increased revenues for the platform.

Analysts have said Musk's ties with Trump — who put him in charge of a new government department on efficiency — could benefit the entrepreneur's various business ventures, which range from Tesla electric vehicles to SpaceX rockets.

Elon Musk, Tesla CEO and X owner.

Tesla's market value surpassed $1tn for the first time in two years in the days after the election results. The Trump campaign did not immediately respond to a request for comment.

It is unclear to what extent Musk's close connection in the new administration could help revive X's business. One of the sources said it could also further divide its user base. Newer platforms like Bluesky and Meta's Threads have been benefiting from a user exodus from X since the election.

US web traffic on X reached its highest point this year on election day with 42.3mn visits, which climbed another 10% to 46.5mn visits the day after the election, according to data from web analytics company Similarweb. But by the weekend, X's web traffic tapered off to more normal levels, Similarweb said.

The data firm said 115,000 web users in the US deactivated their X account on Nov 6, higher than any other day since Musk took over the platform.

The social media company is expected to report its latest finances to the lending consortium in the weeks after the quarter ends next month, the sources said. The banks could then decide whether they should continue holding onto the debt or look to engage investors on it, the sources said. Other banks in the consortium include Barclays, Mitsubishi UFJ, BNP Paribas, Mizuho and Societe Generale.

BNP, SocGen, and Barclays declined to comment. The other banks did not immediately respond to a request for comment.

Sources have said banks have marked down the value of the debt to different degrees on their books, depending on their outlook on it.

One of the lenders is marking potential losses on the loan weekly, and had already set aside reserves to fully cover them, according to a source familiar with the situation.

Attempts to sell the debt in late 2022 attracted bids which would have seen banks taking as much as a 20% loss on the face value of the debt, sources at the time said.

Instead of crystallising those losses, banks have been holding on to the paper, the sources said. X has kept up with interest payments on the bonds, they said.

BUSINESS

QNB FINANCIAL SERVICES

Weekly Market Report

The Qatar Stock Exchange (QSE) index declined by 113.44 points or 1.1% during the week to close at 10,455.08. Market capitalisation went down by 1.2% to QR619.5bn from QR627.1bn at the end of the previous trading week. Of the 52 traded companies, 39 ended the week down and 13 ended up. Al Faleh Educational Holding Company (FALH) was the worst performing stock for the week, going down 4.5%. Meanwhile, Widam Food Company (WDAM) was the best performing stock for the week, going up by 8.1%.

Industries Qatar (IQCD), QNB Group (QNBK) and Commercial Bank (CBQK) were the main contributors to the weekly index drop. IQCD and QNBK removed 41.60 and 22.56 points from the index, respectively. Further, CBQK removed another 13.55 points.

Traded value during the week shot up 93.2% to reach QR1,997.8mn from QR1,033.9mn in the prior reduced trading week. QNB Group (QNBK) was the top value traded stock during the week with total traded value of QR239.4mn.

Traded volume rose 51.1% to reach 707.2mn shares compared with 468.0mn shares in the prior shortened trading week. The number of transactions jumped 123.9% to 75,873 vs. 33,881 in the prior week. Ezdan Holding Group (ERES) was the top volume traded stock during the week with total traded volume of 93.3mn shares.

Foreign institutions turned bearish, ending the week with net selling of QR251.6mn vs. net buying of QR58.7mn in the prior week. Qatari institutions turned bullish with net buying of QR191.3mn vs. net selling of QR10.7mn in the week before. Foreign retail investors ended the week with net buying of QR12.8mn vs. net selling of QR3.0mn in the prior week. Qatari retail investors recorded net buying of QR47.4mn vs. net selling of QR45.0mn the week before.

YTD, global foreign institutions were net sellers by $144.0mn, while GCC institutions were net sellers of Qatari stocks by $361.1mn.

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Market Indicators	Week ended. Nov 14, 2024	Week ended. Nov 05, 2024	Chg. %
Value Traded (QR mn)	1,997.8	1,033.9	93.2
Exch. Market Cap. (QR mn)	619,509.9	627,078.3	(1.2)
Volume (mn)	707.2	468.0	51.1
Number of Transactions	75,873	33,881	123.9
Companies Traded	52	52	0.0
Market Breadth	13:39	18:33	–

Source: Qatar Exchange (QE)

Market Indices	Close	WTD%	MTD%	YTD%
Total Return	23,843.08	(1.1)	(0.7)	2.6
ALL Share Index	3,739.36	(1.0)	(0.8)	3.0
Banks and Financial Services	4,628.86	(0.8)	(0.4)	1.1
Industrials	4,214.77	(2.0)	(1.7)	2.4
Transportation	5,254.07	(0.6)	(1.6)	22.6
Real Estate	1,663.63	(1.0)	(0.3)	10.8
Insurance	2,361.55	(0.7)	(1.5)	(10.3)
Telecoms	1,830.66	0.1	2.2	7.3
Consumer Goods & Services	7,700.77	(1.1)	(1.3)	1.7
Al Rayan Islamic Index	4,854.86	(1.0)	(0.2)	1.9

Source: Qatar Exchange (QE)

QSE Index and Volume

10-Nov: 10,623.63; 11-Nov: 10,605.07; 12-Nov: 10,458.21; 13-Nov: 10,420.04; 14-Nov: 10,455.08

Volume — QE Index

Source: Qatar Exchange (QE)

Weekly Index Performance

Dubai 1.8%; Kuwait 1.6%; Bahrain 1.1%; Abu Dhabi (0.7%); Qatar* (1.1%); Oman (1.3%); Saudi Arabia# (1.7%)

Source: Bloomberg

Regional Indices	Close	WTD%	MTD%	YTD%	Weekly Exchange Traded Value ($ mn)	Exchange Mkt. Cap. ($ mn)	TTM P/E**	P/B**	Dividend Yield
Qatar*	10,455.08	(1.1)	(0.7)	(3.5)	550.71	169,869.6	11.3	1.2	4.1
Dubai	4,729.23	1.8	3.0	16.5	736.13	212,194.6	8.4	1.4	5.1
Abu Dhabi	9,399.56	(0.7)	0.8	(1.9)	1,672.98	722,251.7	16.4	2.6	2.1
Saudi Arabia#	11,930.45	(1.7)	(0.8)	(0.3)	8,633.58	2,706,061.9	19.1	2.3	3.7
Kuwait	7,298.84	1.6	2.0	7.1	1,691.63	154,494.7	19.3	1.8	4.1
Oman	4,643.51	(1.3)	(2.2)	2.9	111.20	31,362.2	12.4	0.9	5.6
Bahrain	2,052.40	1.1	1.7	4.1	24.19	21,018.8	8.0	0.7	3.6

Source: Bloomberg

Qatar Stock Exchange

Top Five Gainers

Widam Food Company 8.1%; Doha Bank 5.6%; Al Khaleej Takaful Insurance Company 3.5%; Gulf Warehousing Company 1.9%; Doha Insurance Group 1.4%

Source: Qatar Stock Exchange (QSE)

Top Five Decliners

Al Faleh Educational Holding Company -4.5%; Qatari German Company for Medical Devices -3.2%; Industries Qatar -2.8%; The Commercial Bank -2.4%; Dlala Brokerage & Investment Holding Company -2.4%

Source: Qatar Stock Exchange (QSE)

Most Active Shares by Value (QR Million)

QNB Group 239.4; Industries Qatar 177.5; Qatar Islamic Bank 164.4; Ezdan Holding Group 110.9; Masraf Al Rayan 107.7

Source: Qatar Stock Exchange (QSE)

Most Active Shares by Volume (Million)

Ezdan Holding Group 93.3; Qatar Aluminum Manufacturing Company 79.7; Masraf Al Rayan 45.2; Mazaya Qatar Real Estate Development 42.0; Doha Bank 41.1

Source: Qatar Stock Exchange (QSE)

Investor Trading Percentage to Total Value Traded

Buy / Sell — Qatari Individuals; Qatari Institutions; Non-Qatari Individuals; Non-Qatari Institutions

Source: Qatar Stock Exchange (QSE)

Net Traded Value by Nationality (QR Million)

Non-Qatari: -242; 913; 671
Qatari: 242; 1,085; 1,327

Net Investment; Total Sold; Total Bought

Source: Qatar Stock Exchange (QSE)

Company Name	Price November 14	% Change Weekly	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	17.05	(1.39)	3.15	157,481	10.4	1.7	3.9
Qatar Islamic Bank	21.05	0.86	(2.09)	49,740	11.6	1.9	2.4
Commercial Bank of Qatar	4.11	(2.42)	(33.65)	16,650	5.9	0.8	6.1
Doha Bank	1.88	5.62	2.73	5,829	7.3	0.5	4.0
Al Ahli Bank	3.61	(1.77)	(0.47)	9,197	11.1	1.3	6.9
Qatar International Islamic Bank	10.48	(2.06)	(1.96)	15,863	15.2	2.2	4.4
Masraf Al Rayan	2.36	(1.01)	(11.26)	21,911	15.0	0.9	4.2
Lesha Bank	1.36	(0.44)	2.80	1,523	13.7	1.2	N/A
National Leasing	0.80	(0.37)	9.74	396	23.0	0.6	3.7
Dlala Holding	1.17	(2.42)	(11.29)	223	37.1	1.2	N/A
Qatar & Oman Investment	0.73	(1.08)	(23.13)	230	N/A	1.0	N/A
Islamic Holding Group	3.89	(0.31)	(6.25)	220	12.7	1.3	1.3
Dukhan Bank	3.68	(1.90)	(7.55)	19,235	15.5	1.5	4.4
Banking and Financial Services				**298,499**			
Zad Holding	13.78	0.58	2.07	3,961	20.0	2.9	4.7
Qatar German Co. for Medical Devices	1.44	(3.24)	(1.10)	166	491.6	4.7	N/A
Salam International Investment	0.68	(0.73)	0.15	782	12.8	0.5	4.4
Baladna	1.32	(1.20)	7.92	2,511	13.6	1.1	5.3
Medicare Group	4.68	(0.89)	(14.68)	1,318	15.4	1.3	4.7
Qatar Cinema & Film Distribution	2.60	(2.37)	(10.34)	163	36.4	1.2	2.7
Qatar Fuel	15.06	(2.02)	(9.17)	14,973	14.3	1.7	5.3
Widam Food	2.72	8.06	15.30	490	26.2	3.2	N/A
Mannai Corp.	3.78	(0.63)	(10.00)	1,725	N/A	1.8	6.6
Al Meera Consumer Goods	14.60	(0.21)	5.87	3,008	16.2	1.9	5.8
Mekdam Holding Group	3.62	1.32	(9.90)	597	13.3	2.2	N/A
Meeza QSTP	3.21	(1.93)	11.71	2,080	37.0	2.9	2.5
Al Faleh Education Holding	0.76	(4.50)	(9.80)	183	14.7	0.7	2.5
Consumer Goods and Services				**31,957**			
Qatar Industrial Manufacturing	2.54	0.04	(15.47)	1,205	9.0	0.6	5.1
Qatar National Cement	3.72	(1.06)	(5.85)	2,429	13.0	0.8	8.1
Industries Qatar	13.06	(2.76)	(0.15)	79,013	14.8	2.1	4.7
Qatari Investors Group	1.51	0.60	(8.16)	1,876	10.3	0.6	9.9
Qatar Electricity and Water	15.99	(1.17)	(14.95)	17,589	10.7	1.2	3.1
Aamal	0.90	1.01	6.15	5,651	14.0	0.7	N/A
Gulf International Services	3.07	(1.61)	11.09	5,696	9.9	1.4	4.9
Mesaieed Petrochemical Holding	1.54	(2.22)	(13.81)	19,360	24.4	1.2	3.5
Estithmar Holding	1.82	0.55	(13.37)	6,178	16.2	1.2	N/A
Qatar Aluminum Manufacturing	1.26	(1.41)	(9.86)	7,042	13.6	1.1	4.8
Industrials				**146,039**			
Qatar Insurance	2.12	(1.31)	(18.30)	6,911	12.7	1.1	4.7
QLM Life & Medical Insurance	2.05	(0.97)	(18.17)	716	9.0	1.1	6.1
Doha Insurance	2.51	1.41	5.02	1,255	7.7	1.0	7.0
Qatar General Insurance & Reinsurance	1.27	(0.16)	(13.95)	1,107	N/A	0.3	N/A
Al Khaleej Takaful Insurance	2.40	3.54	(19.29)	612	8.4	1.0	5.0
Qatar Islamic Insurance	8.58	(1.15)	(3.58)	1,287	8.4	2.3	5.8
Damaan Islamic Insurance Company	4.05	(0.78)	1.50	810	10.2	1.5	4.4
Insurance				**12,697**			
United Development	1.15	(0.61)	7.98	4,072	9.9	0.4	4.8
Barwa Real Estate	2.86	(0.83)	(1.31)	11,113	9.0	0.5	6.3
Ezdan Real Estate	1.17	(2.34)	36.36	31,034	368.9	0.9	N/A
Mazaya Qatar Real Estate Development	0.61	(2.39)	(15.21)	613	N/A	0.6	4.1
Real Estate				**46,833**			
Ooredoo	11.76	(0.08)	3.16	37,670	11.5	1.3	4.7
Vodafone Qatar	1.86	0.59	(2.46)	7,862	13.4	1.6	5.9
Telecoms				**45,532**			
Qatar Navigation (Milaha)	11.20	(0.09)	15.46	12,725	11.8	0.8	3.3
Gulf Warehousing	3.25	1.85	3.61	190	9.8	0.8	3.4
Qatar Gas Transport (Nakilat)	4.23	(1.15)	20.17	23,435	14.3	2.0	3.3
Transportation				**36,351**			
Qatar Exchange				**619,510**			

Technical analysis of the QSE index

The QSE index closed down 1.1% and printed last 10,455.1 points for the week. The index remains inside the broader flat price-range. Our thesis remains intact: Possible profit booking is around here, as the index could not move above the 10,500 psychological level. The weekly resistance level remains around the 10,850 points level and the support at 10,000 points.

Definitions of key terms used in technical analysis

RSI (Relative Strength Index) indicator – RSI is a momentum oscillator that measures the speed and change of price movements. The RSI oscillates between 0 to 100. The index is deemed to be overbought once the RSI approaches the 70 level, indicating that a correction is likely. On the other hand, if the RSI approaches 30, it is an indication that the index may be getting oversold and therefore likely to bounce back.

MACD (Moving Average Convergence Divergence) indicator – The indicator consists of the MACD line and a signal line. The divergence or the convergence of the MACD line with the signal line indicates the strength in the momentum during the uptrend or downtrend, as the case may be. When the MACD crosses the signal line from below and trades above it, it gives a positive indication. The reverse is the situation for a bearish trend.

Candlestick chart – A candlestick chart is a price chart that displays the high, low, open, and close for a security. The 'body' of the chart is portion between the open and close price, while the high and low intraday movements form the 'shadow'. The candlestick may represent any time frame. We use a one-day candlestick chart (every candlestick represents one trading day) in our analysis.

WEEKLY ENERGY MARKET REVIEW

Oil prices settle down 2% on weaker Chinese demand

www.abhafoundation.org

Oil

Oil prices settled down more than 2% on Friday as investors fretted about weaker Chinese demand and a potential slowing in the pace of US Federal Reserve interest rate cuts. Brent crude futures settled down $1.52, or 2.09%, to $71.04 a barrel. US West Texas Intermediate crude futures (WTI) settled down $1.68, or 2.45%, at $67.02. For the week, Brent fell around 4%, while WTI declined around 5%. China's oil refiners in October processed 4.6% less crude than a year earlier because of plant closures and reduced operating rates at smaller independent refiners, data from the National Bureau of Statistics showed on Friday.

The country's factory output growth slowed last month and demand woes in its property sector showed few signs of abating, adding to investors' concerns over the economic health of the world's largest crude importer. US President-elect Donald Trump has pledged to end China's most-favoured-nation trading status and impose tariffs on Chinese imports in excess of 60% - much higher than those imposed during his first term. Oil prices also fell this week as major forecasters indicated slowing global demand growth. The IEA forecasts global oil supply to exceed demand by more than 1mn barrels per day in 2025 even if cuts remain in place from Opec+. Opec, meanwhile, cut its forecast for global oil demand growth for 2024 & 2025, highlighting weakness in China, India and other regions.

Gas

Asian spot LNG rose slightly last week tracking European gas markets, while warm weather forecasts, strong storage inventories and weak economic data in China helped keep demand muted.

The average LNG price for December delivery into northeast Asia rose slightly to $13.60 per million mmBtu from $13.40 per mmBtu last week, industry sources estimated. Economic numbers have been pressuring industrial demand, most notably the disappointing inflation numbers from China accompanied by lower producer prices. Asian prices were supported by European gas prices which rose to a near one-year high amid ongoing concerns over Russian supply and as cold weather sapped gas stocks.

Extremely low wind output, particularly in Germany, coincided with temperature declines, resulting in high gas consumption for power and heating purposes, leading to significant net withdrawals from underground gas facilities across the continent. European gas storage sites were last 92.1% full, down from 95.2% seen at the start of the month.

On the back of this rally, the US arbitrage, diverting a physical cargo from one market to another, to north-east Asia in December has decreased, indicating that prompt-month US cargos continue to favour Northwest Europe for an extended period.

Meanwhile, US natural gas futures edged up about 1% on Friday, with a 6% gain for the week, driven by increased gas flows to LNG export plants to a 10-month high.

■ *This article was supplied by the Abdullah bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.*

Growth of developed, emerging economies to remain resilient: QNB

Global economic growth is set to remain stable on the back of steady growth in both advanced and developing economies, easing monetary policy in advanced economies, and the absence of radical shifts in international trade volumes, according to QNB.

At the beginning of the year, significant headwinds outlined a bleak global growth outlook for 2024. But the global economy has once again demonstrated remarkable resilience in the face of significant headwinds, QNB said in an economic commentary.

Although the 3.2% growth expected for this year is below the 3.6% average during 2000-2023, it is still comfortably above the threshold of 2.5% below which the global economy is considered to be in a recession.

Moreover, expectations for next year also stand at 3.2%, signalling continued stability.

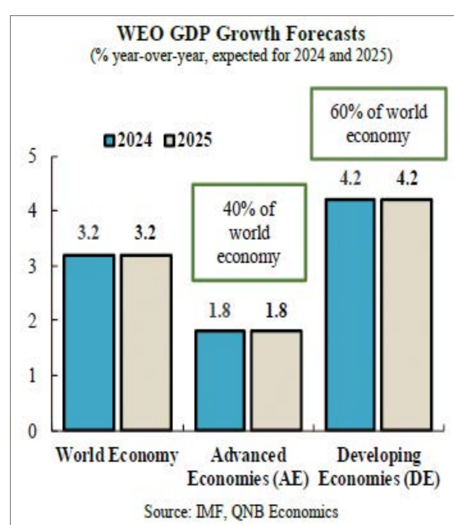
The World Economic Outlook (WEO) is a valuable tool to discuss the global economic prospects. The WEO is the flagship publication crafted by the International Monetary Fund (IMF) twice a year, and is a standard benchmark for industry and markets.

It provides a coherent and unified analysis of global economic conditions, trends and risks, and is therefore a useful complement to the consensus outlook, which is a summary of diverse views. The recent publication of the WEO offers a timely opportunity to revisit and reassess the global outlook.

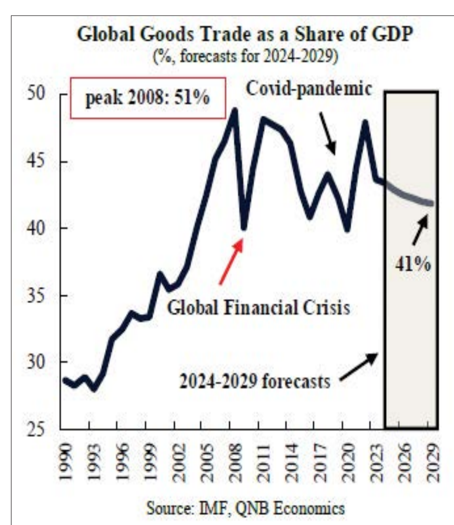
In this article, QNB has shed light on the main factors that underline the stability of the growth outlook for the global economy.

First, stable global economic growth is supported by steady growth in the major groups of economies. While economic growth in the US is expected to decelerate from 2.8% to 2.2% according to the IMF, this decrease would be compensated by the improvement in the Euro Area, UK, Japan and other developed nations.

As a result, the group of Advanced Economies (AE), which represents 40% of the world economy, would grow steadily at 1.8% per year in 2024-2025, in spite of diverging trends within the group, QNB said. Growth in Developing Economies (DE) is also expected to remain stable, at a much higher 4.2% per year in both 2024 and 2025. In this case, a modest deceleration in Emerging and Developing Asia, as well as in Emerging and Developing Europe, will be compensated by the improvement in Latin America, the Middle East and Central Asia, and Subsaharan Africa. Thus, stable world economic growth is a result of steady growth in both the AE and DE groups.



Source: IMF, QNB Economics



Source: IMF, QNB Economics

Second, the monetary policy easing cycles by major central banks will help contain headwinds, contributing to the stability of the global economy. Bringing inflation under control has allowed the US Federal Reserve and the European Central Bank, the two most important central banks in advanced economies, to kick-start their interest rate cutting cycles. This monetary easing will support activity at a time when labour markets there start to soften, and will have positive spillovers to DE.

Additionally, the new monetary cycle will weigh against potential headwinds for the global economy. The intensification of regional conflicts could lead to renewed spikes in commodity prices, which would result in higher inflation, and restrict policy of central banks.

A deeper or longer contraction of the property sector in China could generate negative global spillovers given China's importance in global trade. Sudden eruptions in financial market volatility, as seen during August this year, could tighten financial constraints and weigh on investment and growth. Against looming risks and uncertainty, monetary easing by major central banks in AE will contribute to a global growth performance in 2025 that will be overall similar to 2024.

Third, healthy international trade flows represent another key factor contributing to global growth stability.

Despite ongoing geopolitical tensions, global trade volumes as a share of GDP are set to remain relatively unchanged. International trade boosts productivity and investment and is therefore vital for global growth.

There is increasing evidence that geopolitical tensions are resulting in geo-economic fragmentation, affecting primarily trade between geopolitical blocs, which could potentially be compensated by increased trade within blocs, QNB said.

This process could have gradual effects in the long-run, via lower market efficiency and slower transfers of knowledge and technology. However, changes in trade flows will not be significant enough in the short run to lead to dramatic effects on global growth, absent a severe trade war between major economic blocs, QNB noted.

Treasury yield surge draws buyers after 10-year tops 4.5%

Bloomberg
Washington

The highest Treasury yields in months — reached on Friday after a batch of strong economic data cast additional doubt on whether the Federal Reserve will cut interest rates again next month — proved appealing to bond investors.

In particular, the benchmark 10-year Treasury yield topped 4.5% for the first time since May after the release of retail sales data including hefty upward revisions. A large block trade in 10-year note futures shortly afterward signalled that for at least one trader, that was cheap enough. Within a few hours, the yield was back to around 4.43%, adding about $5mn to the value of the block.

Yields extended their retreat from session highs as crude oil and US equity benchmarks declined, stoking demand for bonds. Ten-year yields fell to about 4.40%, two-year yields to about 4.27%, a drop of about 10 basis points from the day's high.

"The 10-year Treasury at a 4.5% yield is incredibly attractive," said Mike O'Rourke, chief market strategist at Jonestrading. "And when equities give up ground there is a good haven demand for Treasuries."

The futures block trade consisted of 16,000 December 10-year note contracts. Traders' identities aren't disclosed.

The market's earlier declines signalled a drop in confidence in an interest-rate cut next month as resilient economic data empowers Fed officials to take a more cautious approach to easing.

In the swaps market, traders on Friday temporarily priced in an only 50% chance the Fed delivers a quarter-point reduction at its December gathering, down from about 80% earlier in the week. As the bond market stabilized, the December rate-cut odds recovered to about 60%. The market had begun paring back expectations for a December reduction on Thursday after Fed Chair Jerome Powell said economic resilience gave officials room to ease more carefully. Boston Fed chief Susan Collins said on Bloomberg Television the central bank's decision will be guided by incoming data and that a cut next month remains on the table.

"There's little support for Fed easing," said Bob Sinche, a long-time markets veteran and strategist at Global Macro & Markets. "Chair Powell raised uncertainty about the need for a December rate cut and data out today do not point convincingly in favour of an immediate rate reduction."

The Chicago Fed's Austan Goolsbee on Friday said as long as inflation continues down toward the central bank's 2% goal, interest rates will be "a lot" lower over the next 12-18 months.

Still, traders and economists have been reassessing their expectations for cuts throughout 2025 since Donald Trump won the US presidential election on November 5. His policy vows, including higher tariffs, are seen by some on Wall Street as likely to spur inflation — and therefore alter the Fed's course.

Swaps contracts imply about 77 basis points worth of easing by next December, and several Wall Street economists have dialled back their forecasts for 2025 cuts. JPMorgan Chase & Co, for one, hinted after Powell's remarks on Thursday that policymakers could switch to a slower pace of easing as soon as January.

To Guy LeBas, chief fixed income strategist for Janney Montgomery Scott, a 25-basis-point reduction next month remains likely, though the path beyond is less certain. "I think they will skip doing anything in January," he said. "The Fed will probably slow the pace at that point, to maybe quarterly cuts thereafter."

Souring S&P 500 profit outlook a bad sign for stock market rally

Bloomberg
New York

Wall Street analysts are quickly scaling back their forecasts for Corporate America's earnings growth over the next year, which could pump the brakes on the blistering stock market rally before long.

A key indicator known as earnings-revision momentum — a gauge of upward-to-downward changes to expected per-share earnings over the next 12 months for the S&P 500 — has slumped into negative territory and is hovering near its second-worst reading in the past year, according to data compiled by Bloomberg Intelligence.

Corporate earnings have been the cornerstone of the stock market's rally for most of the past decade. Souring outlook on profit growth may dent a further S&P 500 advance after this year's run made valuations stretched and positioning elevated. The benchmark has been on track for its second consecutive year of gains, rising more than 20%, and is at its most expensive level since April 2021.

Stocks are being "set up for a reversal," said Gina Martin Adams, chief equity strategist at BI. "The big issue heading into 2025 is whether the Fed will be able to continue easing policy and if earnings momentum will favour laggards outside of Big Tech."

Of course, analysts still expect the S&P 500 to deliver its second-best period of profit growth since early 2022 in the third quarter as earnings broaden beyond Big Tech, BI data show. With roughly 90% of companies in the index having already reported, S&P 500 profits are projected to climb by 8.5% through September from a year ago, double the 4.2% estimate at the start of earnings season.

While profits are expected to grow for a fifth-straight quarter, analysts have marked down EPS estimates for the next 12 months after executives delivered mixed outlooks or held back on offering guidance amid uncertainty over Federal Reserve interest-rates cuts, weakness in China's economy and questions about fiscal policy in Washington.

Even before Donald Trump's presidential election win, earnings-revision breadth for the S&P 500 was hovering near neutral for the past several months.

Companies were "uncertain on 2024 outcomes and have been reluctant to guide further on 2025," strategists led by Mike Wilson at Morgan Stanley wrote in a note to clients.

The earnings outlook for all of 2025 has barely budged even as analysts have raised third-quarter estimates.

Wall Street sees S&P 500 companies earning around $274 per share next year, slightly below projections of roughly $277 a year ago, according to data compiled by BI.

"As we approach the beginning of the new year, you tend to see a bias to more realistic expectations," said Matt Lloyd, chief investment strategist at Advisors Asset Management. "Combined with Fed comments about not seeing a clear rate-cut path, the headwinds become more realistic."

Since mid-October, analysts have lowered year-ahead projections by the most for energy and materials companies as crude prices slump, BI data show.

Excluding energy, which skewed estimates due to lower commodity prices and ebbing inflation, S&P 500 earnings are forecast to grow by about 11% year-over-year in the third quarter.

All told, S&P 500 profit growth is forecast to climb 15% annually in 2025, up from estimates of 8% this year.

The problem, though, is that the index's earnings recession that concluded last year was long but relatively shallow, which could open the door to a smaller profit expansion than stock bulls hope in the coming years.

From peak to trough, the S&P 500 posted a 13% EPS contraction for its three-quarter earnings recession that ended last year, when viewed on a trailing 12-month basis, data compiled by BI show. That's well short of the median 26% peak-to-trough drop since the late 1960s.

Companies will need to post sturdy profit growth and strong outlooks for next year to sustain and justify rich valuations that have propelled the S&P 500 above the 6,000 milestone in recent months.

At 22 times future 12-month earnings estimates, the index's valuation is well above its long-term average of 18.4 over the past decade.

"Fewer rate cuts might put pressure on what are otherwise lofty earnings expectations over the next several quarters," said Adam Phillips, managing director of portfolio strategy at EP Wealth Advisors.