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GULF TIMES
BUSINESS

DIGITAL HORIZONS : Page 8

QDB inaugurates 10th edition of Rowad Entrepreneurship Conference

HE the Minister of Communications and Information Technology Mohammed bin Ali al-Mannai delivering the opening speech at the GSMA M360 in Doha. ***Right:*** Ooredoo Qatar CEO Sheikh Ali bin Jabor bin Mohammad al-Thani and GSMA director general Mats Granryd during the event.

GSMA M360 Mena opens in Doha with AI, digital partnerships in focus

Qatar is committed to creating a knowledge-based economy, with technology and digital transformation at the core of its sustainable development aspirations, HE the Minister of Communications and Information Technology Mohammed bin Ali al-Mannai said yesterday.

Speaking at the opening ceremony of the GSMA M360 Mena event in Doha, HE al-Mannai said: "M360 Mena in Doha stands as a testament to Qatar's enduring commitment to fostering digital innovation and collaboration across the Mena region.

"We truly believe that by embracing advanced technologies like AI and 5G, and by building strategic digital partnerships, we can drive sustainable growth and enhance the quality of life for all citizens. This event is a valuable platform to discuss and strategise the digital future of Mena to support its advancement."

Under the minister's patronage, the event was sponsored by Ooredoo Qatar, in partnership with the GSMA and the Ministry of Communications and Information Technology (MCIT) of Qatar, and Media City Qatar.

During the opening ceremony, HE al-Mannai was joined by Ooredoo Group CEO Aziz Aluthman Fakhroo, Ooredoo Qatar CEO Sheikh Ali bin Jabor bin Mohammad al-Thani, and GSMA head of Mena Jawad Abbassi, with attendance from high-level dignitaries, ministers, government officials, and other delegates from across the region.

The opening ceremony was followed by a tour of key exhibits, including the Ooredoo booth, Media City Qatar, Invest Qatar, SAP, and Google, where dignitaries explored innovative solutions aimed at accelerating digital transformation.

Key topics on this year's M360 Mena agenda include 5G monetisation, the importance of building AI-ready networks, the smart projects unlocked by digital innovations, and the digital partnerships key to advancing the region's digital economy.

Sheikh Ali said: "Hosting M360 Mena in Doha reflects Ooredoo Qatar's commitment to advancing digital transformation across the region. We are proud to be at the forefront, leading initiatives in AI and 5G that directly impact enhancing connectivity and quality of life for the people of Qatar.

"By collaborating with the GSMA and our regional partners, we are dedicated to creating a robust digital ecosystem that supports our nation's vision of becoming a leader in technology and innovation. Together, we are laying the foundations for a future where digital connectivity empowers communities and strengthens our economy."

GSMA director general Mats Granryd said: "It's fantastic to be hosting M360 Mena in Doha for the first time, and we look forward to exploring the powerful potential of AI, digital partnerships, and mobile connectivity for Mena. With mobile services projected to contribute $360bn to the region's GDP by 2030, M360 Mena stands as a powerful platform for collaboration and innovation that will advance the region's digital transformation."

Ooredoo and Batelco were the latest partners to join the GSMA Open Gateway initiative in the Middle East region. These latest additions mean 67 mobile operator groups, representing 279 networks and three-quarters of global mobile connections have now signed up to the initiative alongside many of the world's leading technology companies.

Early Open Gateway implementations in Mena have focused on fraud prevention and security, supporting the region's drive towards digital collaboration. Launched at MWC Barcelona 2023, the GSMA Open Gateway is a framework of network APIs that provides developers with universal access to operator networks, designed to speed up the creation of new digital products and services.

The GSMA launched its 'Mobile Economy Mena 2024' report, which forecasts that 5G will account for half of all mobile connections in Mena by 2030. The report finds that genAI adoption is gaining significant momentum across Mena, with operators leveraging AI to enhance customer service, optimise network performance, and drive new business opportunities. Page 8

Commercial Bank spotlights on 'financial freedom' at Nest Qatar workshop

Commercial Bank, a leader in innovative digital banking solutions in Qatar, took part in a workshop organised by the Nest Qatar at Alfardan Towers recently.

Reham Thawabi, assistant general manager and senior director (Premium Banking) at Commercial Bank, presented a topic titled the "Financial Freedoms Starts in Your Mind: How Attitude Influences Decision" where she emphasised that financial empowerment stems from maintaining a receptive mindset in today's rapidly evolving financial landscape.

"Commercial Bank has been an active player in the market of financial literacy for years now. We see our role as extending beyond that of a traditional financial service provider; it includes a commitment to offering comprehensive financial guidance to empower our clients," said Thawabi.

"Financial freedom begins with a positive attitude and a growth mindfulness, along with an adeptness to conform to market changes, new financial trends, and new opportunities that are waiting to be seized. We also provide real-life examples to help our clients manage day-to-day budgeting, savings, and investment to align with their short and long-term goals."

With a proven track record of contributing to financial literacy, the Bank is establishing itself as a trusted mentor in the community. Through a variety of initiatives and programmes, Commercial Bank continues to empower individuals with the knowledge and skills needed to navigate their financial journeys confidently.

Through a variety of initiatives and programmes, Commercial Bank continues to empower individuals with the knowledge and skills needed to navigate their financial journeys confidently

Qatar remains among top three LNG exporters globally: GECF

- **In October, global LNG exports rose by 1.8% y-o-y to reach at 34.62mn tonnes, marking highest level since March, according to Doha-headquartered GECF**

By Pratap John
Business Editor

Qatar remains among the top three LNG exporters globally, according to the GECF report released yesterday.

In October, global LNG exports rose by 1.8% (0.63mn tonnes) y-o-y to reach at 34.62mn tonnes, marking the highest level since March this year, the Doha-headquartered Gas Exporting Countries Forum (GECF) noted.

In October, Qatar, the US and Australia were the top three LNG exporters globally.

Last month, LNG exports from GECF Member and Observer countries saw a slight y-o-y decline of 0.3% (0.05mn tonnes), totalling 15.52mn tonnes, the report said.

The decrease was led by reduced exports from Algeria, Peru, and Trinidad and Tobago, which offset increases from Malaysia and Qatar.

Algeria's LNG exports declined in October due to planned maintenance at the Arzew LNG facility.

Peru shipped three LNG cargoes, two fewer than the same period in 2023 and half of September's total.

Meanwhile, Trinidad and Tobago's LNG exports fell due to reduced feedgas availability for LNG exports.

Conversely, Malaysia's exports increased as feedgas availability to the Bintulu facility improved after repairs to the Sabah-Sarawak pipeline.

Furthermore, in Qatar, lower maintenance activity compared to the previous year contributed to higher LNG exports.

The Asia Pacific region was the primary market for GECF LNG, receiving 71% of its exports, followed by Europe at 23%, and both Latin America and the Mena region at 3% each.

From January to October 2024, GECF's LNG exports totalled 160.31mn tonnes, reflecting a slight y-o-y increase of 1% (1.53mn tonnes).

For the period, global LNG exports stood at 341.83mn tonnes, representing an increase of 1.5% (5.15mn tonnes) y-o-y, driven by stronger exports from both GECF and non-GECF countries.

The projected growth in global gas consumption for 2024 has been revised upwards to 2.3%.

This revision is primarily due to a faster-than-expected increase in gas consumption in key consuming countries, which together account for 60% of global gas demand.

In the first nine months of 2024, gas consumption in these countries rose by 2.8% y-o-y, reaching 1,798 bcm.

The growth was primarily driven by Asia and North America, while the EU and the UK experienced declines.

There were 523 LNG cargoes exported in October, which was one cargo less than a year ago, according to GECF. Moreover, this represented a 2% increase when compared with the total shipments in the previous month.

For the period January to October 2024, the total number of cargoes reached 5,237, which was an increase of 1%, or 66 shipments, when compared with the same period in 2023.

LuLu Exchange Qatar inaugurates new customer engagement centre at Al Murra

LuLu Exchange Qatar, which is a subsidiary of LuLu Financial Holdings, inaugurated its 6th Customer Engagement Centre in the country.

The new customer engagement centre at Al Murra was inaugurated by Indian ambassador Vipul in the presence of Adeeb Ahamed, managing director, LuLu Financial Holdings and senior management team of LuLu Exchange Qatar among others.

LuLu Exchange Qatar, a name synonymous with trust and reliability, has firmly positioned itself as a significant player in the financial landscape of the nation.

This momentous occasion signifies the opening of the 365th Global Customer Engagement Centre, highlighting LuLu Financial Holding's global footprint and dedication to providing unparalleled financial services.

At the event, Adeeb Ahamed said: "Qatar is a key market for our operations, and we extend our gratitude to our valued customers and partners for their unwavering support towards our continued growth."

LuLu Exchange Qatar has consistently pioneered digital transformation initiatives, introducing industry-first innovations to enhance services for retail and corporate customers alike.

The company's focus on technology is evident through its mobile payments app - LuLu Money - providing financial services with timeliness, transparency, and reliability.

The new customer engagement centre at Al Murra was inaugurated by Indian ambassador Vipul in the presence of Adeeb Ahamed, managing director, LuLu Financial Holdings and senior management team of LuLu Exchange among others.

BUSINESS

BlackRock gets Abu Dhabi licence weeks after nod for Saudi HQ

Bloomberg
Dubai

BlackRock Inc received a commercial licence to operate in Abu Dhabi, the latest sign that the asset manager is looking to deepen its ties across the region. The company also plans to seek regulatory approval to operate in ADGM, the city's financial centre, according to a statement. The new office will allow it to work more closely with sovereign wealth funds, wealth managers and investment vehicles based in Abu Dhabi, BlackRock said.

"Abu Dhabi has rapidly transformed into a global financial centre," Charles Hatami, head of the Middle East for BlackRock, said in a statement. "Its strategic location, proactive government policies, and commitment to sustainable growth make it an ideal location for capital markets."

For BlackRock Chief Executive Officer Larry Fink, having operations in the two countries makes sense: Abu Dhabi and Riyadh each control over $1tn in sovereign wealth, making them among the biggest pools of capital in the world.

BlackRock received approval from Saudi Arabia last month to set up its regional headquarters in Riyadh. The $11.5tn asset manager has been intensifying its efforts to grow in the kingdom and earlier this year announced it would get as much as $5bn from the Public Investment Fund to invest in the Middle East and build a Riyadh-based investments team.

While Riyadh has asked international firms to boost their local presence, BlackRock has already teamed up with Abu Dhabi's Sheikh Tahnoon bin Zayed al-Nahyan on one of the largest efforts to date to bankroll the build-out of data warehouses and energy infrastructure.

"We look forward to continuing our contribution to the region's economic development," Hatami said, noting the company's focus in the region is on "private markets, including AI infrastructure."

The latest move comes after BlackRock appointed Mohammad Alfahim as head of its business in the United Arab Emirates, while Ben Powell relocated to the region to be the first-ever chief Middle East and Asia Pacific investment strategist for the BlackRock Investment Institute.

IIF: Geopolitical risks unlikely to adversely affect Gulf economies

By Santhosh V Perumal
Business Reporter

The geopolitical risks are unlikely to "adversely" affect the Gulf economies on account of strong fundamentals and ample public foreign assets, according to the Institute of International Finance (IIF).

"Geopolitical risks are unlikely to adversely affect GCC economic performance, as strong fundamentals and ample public foreign assets make the GCC (Gulf Co-operation Council) less susceptible to lower oil prices and a global economic slowdown," the Washington-based IIF said in its latest report.

Expecting oil prices to average $70 per barrel in 2025, assuming no further escalation in the conflict between Israel and Iran; IIF said downside risks include a prolonged, broadened or escalating conflict and considerably lower oil prices.

"In our baseline scenario, which assumes no disruption of oil exports from the region, average oil prices could decline from $80 per barrel in 2024 to $70 in 2025," it said.

Finding that oil production cuts in 2023 and 2024 have contributed to sluggish overall growth in the GCC; IIF said it sees overall growth (hydrocarbon and non-hydrocarbon) rebounding from 1% in 2024 to 4.4% in 2025, as the oil production cuts of the past two years gradually unwind.

Non-hydrocarbon growth, a more representative measure of overall economic activity, will "remain strong" at 4% (as in the previous two years), driven by private consumption and public investment, the report said.

IIF said inflation (in the GCC) has declined to below 2%, aided by pegged exchange rates and labour market flexibility. "The pegged exchange rates to the US dollar will be maintained (for the next few years) and the policy rates should track the US Federal Reserve's policy rate," it added.

The real effective exchange rates (REER) of the six GCC countries have moderately appreciated over the past few years, due to an appreciating dollar and this could intensify in the coming years as the greenback is expected to appreciate with (Donald) Trump's presidency, IIF said.

Highlighting that import and export volume elasticities with respect to real exchange rate changes are low, given the limited domestic manufacturing and non-oil tradable goods sector; it said while there would be some benefit from a significant devaluation or de-pegging in the form of boosting oil revenue in local currency and stimulating tourism and foreign investment, the short-term costs of de-pegging would be "significant".

Finding that the GCC countries have begun to slowly diversify away from the US dollar as bilateral trade with other countries, most notably China and India, increases; it said while the US remains the most important geopolitical and military partner in the region, it has long trailed both China and the European Union when it comes to trade.

China is now the region's largest trade partner by a wide margin. While trade is still mostly conducted in US dollars, the GCC countries have slowly started to sign bilateral trade agreements that would allow them to settle trade in other currencies.

"However, we foresee this shift to be limited in scope as all GCC currencies are pegged to the dollar, which provides an anchor for financial stability in the region. Furthermore, the currency composition of GCC assets held by BIS banks has remained stable (at around 80%), indicating that no drastic change has occurred," it said.

Oman's OQBI seeks to raise as much as $490mn from IPO in Muscat

Oman's OQ Base Industries (OQBI) plans to raise as much as 188mn Omani riyals ($490mn) from listing a 49% stake on the local stock exchange, it said yesterday, giving the firm an overall valuation of up to $1bn, reports Reuters.

The methanol, ammonia and liquefied petroleum gas (LPG) arm of state-owned OQ said in a statement the indicative price range for the offering was set at between 106-111 Omani baisas (bzs) per share for institutional investors, which represent 30% of the offering.

Another 30% will be allocated to anchor investors Falcon Investments, Gulf Investment Corp, Saudi Omani Investment Company and Social Protection Fund, which have each committed to subscribe for 7.5% of the share sale.

Retail investors in Oman, which account for the remaining 40%, will be offered shares at a price of 111 bzs.

The listing is part of a privatisation programme by state-owned energy group OQ, which is helping Oman — a small non-Opec oil producer — to diversify its economy and cut its debt.

The subscription period for the offer will start on November 24 and run until December 1, with shares expected to start trading on or around December 15.

BUSINESS

Delivery Hero eyes about $1.5bn from Talabat IPO

Bloomberg
Dubai

Delivery Hero SE is considering seeking about $1.5bn from the initial public offering of its Middle Eastern unit in Dubai, according to people familiar with the matter.

The German food delivery firm is eyeing a valuation of about $10bn for Talabat, the people said, declining to be identified as the information is confidential. It plans to sell a 15% stake in the business, retaining a majority interest.

No final decisions have been made on the size. Representatives for Talabat and Delivery Hero declined to comment.

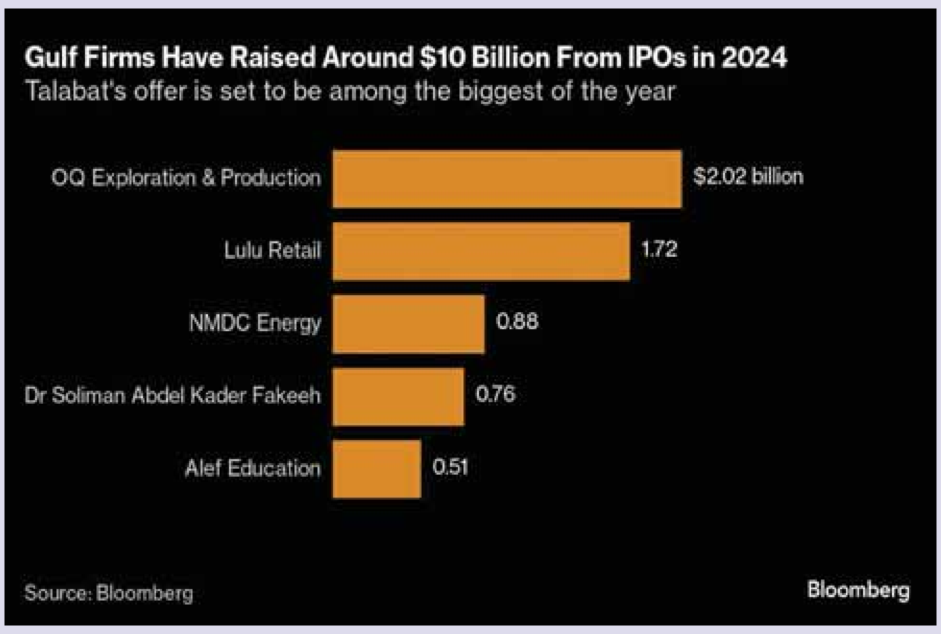
The firm is set to announce a price range for the offer Tuesday, and the shares are expected to begin trading on the Dubai Financial Market on December 10. The deal is set to be one of the largest listings of the year in the Middle East, where firms have raised about $10bn from new share sales in 2024. But while the region continues to be a hotspot for IPOs, some recent large deals have had lacklustre debuts.

Hypermarket chain Lulu Retail raised $1.7bn in an Abu Dhabi offering last month soon after a $2bn IPO from a unit of Oman's state energy company. Both firms had muted debuts, with the Omani firm closing 8% below its offer price.

Still, Talabat's margins and higher growth prospects support a valuation premium, according to Bloomberg Intelligence's Tatiana Lisitsina, who called it the "crown jewel" of the Delivery Hero portfolio in a report last month. The firm plans to pay at least $100mn in dividends in April relative to fourth quarter financial results, plus $400mn in two instalments in October 2025 and April 2026. After that, dividends are expected to be paid twice each calendar year, with Talabat targeting a net income payout of 90%.

Talabat operates across eight countries — United Arab Emirates, Kuwait, Oman, Qatar, Egypt, Jordan, Iraq and Bahrain. It has cemented its position in the region helped by Delivery Hero's acquisition of Indian firm Zomato's food delivery business in the UAE in 2019 and online grocery platform InstaShop in 2020.

The deal comes days after Swiggy Ltd's $1.3bn share sale in India, which valued the company at just over $12bn. The food-delivery firm's shares closed 17% higher on debut.



UAE stocks worth more than $1tn for first time

Bloomberg
Abu Dhabi

Stocks listed in the United Arab Emirates are now worth more than $1tn for the first time, helped by a surge in firms tied to an Abu Dhabi royal that account for more than a third of the total value, and a flurry of local listings.

That makes the combined UAE market, which includes exchanges in Dubai and Abu Dhabi, bigger than Milan or Madrid. While dwarfed by the nearly $3tn Saudi Arabian bourse, the UAE is larger than most emerging markets, barring a few like India and China, according to data compiled by Bloomberg.

A particularly eye-catching feature of the $1tn milestone is the weighting of companies linked to Sheikh Tahnoon bin Zayed al-Nahyan. The royal — one of Abu Dhabi's two deputy rulers, the UAE's National Security Adviser and brother to its President — has emerged as one of the most important names in global business and sits atop a $1.5tn empire.

That includes International Holding Co, which is chaired by Sheikh Tahnoon and is the UAE's largest public company. IHC has surged over 43,000% in the past few years, giving it a market capitalization of close to $250bn — a quarter of the combined exchanges' value.

Locals own 88% of IHC, according to data from the Abu Dhabi bourse and the firm is at the forefront of a drive to diversify the UAE's economy away from oil. The company and its units — some of them listed in Abu Dhabi — have made investments spanning everything from Elon Musk's SpaceX to Aldar Properties PJSC, the emirate's largest property developer.

Sheikh Tahnoon is also chairman of First Abu Dhabi Bank PJSC, which last year considered an offer for Britain's Standard Chartered Plc. Together, the lender and IHC have a weighting of over 50% on Abu Dhabi's benchmark FTSE ADX General Index.

The UAE stock market is part of the widely-tracked MSCI Emerging Markets Index, comprising 1.2% of the benchmark, according to data compiled by Bloomberg. IHC is not a member of the index, while its units Aldar and Multiply Group PJSC — as well as First Abu Dhabi Bank — are included.

The surge to $1tn was also helped by a string of new share sales in the country. The UAE, alongside Saudi Arabia, has led a rush of listings in the Gulf since 2021 as governments sought to raise cash to diversify economies. A wealth fund overseen by Sheikh Tahnoon in 2020 bought a stake in Lulu International Holdings, the parent company of the hypermarket chain operator that pulled off the UAE's biggest listing of the year.

That rush of deals is likely to continue, including a potential offering of Abu Dhabi flag carrier Etihad Airways, Delivery Hero SE's Middle Eastern unit Talabat and IT services firm Alpha Data.

Electronic boards displaying stock information are seen on the floor of the ADX Abu Dhabi Securities Exchange (file). Stocks listed in the United Arab Emirates are now worth more than $1tn for the first time, helped by a surge in firms tied to an Abu Dhabi royal that account for more than a third of the total value, and a flurry of local listings.

PureHealth 'weighs bid' for Mideast hospital chain NMC

Bloomberg
Dubai

PureHealth Holding PJSC, a healthcare group controlled by Abu Dhabi sovereign fund ADQ, is considering a potential acquisition of hospital operator NMC Healthcare, according to people familiar with the matter.

PureHealth, which listed last year on the local bourse, is in the early stages of studying a potential bid for NMC, the people said, asking not to be identified because the information is private. Any deal could value the hospital chain at a few billion dollars, according to the people.

Other suitors could also emerge, the people said. NMC said in June it has appointed Rothschild & Co to review strategic alternatives for its shareholders including a potential sale or listing. The move comes after the group's main operating entities emerged from administration in 2022.

NMC is one of the largest private health providers in the United Arab Emirates, operating about 85 medical facilities including community clinics, day surgery centres and fertility clinics. David Hadley, the former Middle East head of Mediclinic Group, took over as chief executive officer at NMC in early 2023.

Abu Dhabi-based NMC was once listed on the London Stock Exchange and was a member of the FTSE 100 index. It collapsed in 2019 after revealing that it had more than $4bn of undisclosed borrowings. The business is now majority-owned by its creditors after it completed a restructuring process.

Deliberations are ongoing and no final decisions have been made, according to the people. Spokespeople for PureHealth and NMC declined to comment. A representative for Abu Dhabi Commercial Bank PJSC, which was one of NMC's main creditors, also declined to comment.

NMC founder Bavaguthu Raghuram Shetty has said he was the victim of fraud at his own firm because it was perpetrated behind his back by a former executive and his associates. Prasanth Manghat, NMC's former chief executive officer, has denied Shetty's claims.

Healthcare is among the key industries where the oil-rich emirate of Abu Dhabi is looking at deals. M42, which was established through the combination of the healthcare assets of two of Abu Dhabi's investment firms last year, is looking at possible acquisitions and expansion of its operations into Europe, Latin America and Asia, Chief Executive Officer Hasan Jasem al-Nowais said in a recent interview.

PureHealth, which has a market value of $10.3bn, holds a portfolio of more than 10 companies across the UAE, as well as Circle Health Group in the UK and Ardent Health Services in the US. The company operates more than 100 hospitals and over 300 clinics with 56,000-plus employees, its website shows. It also offers health insurance and runs more than 147 laboratories.

The firm raised about 3.62bn dirhams ($986mn) in an initial public offering last year. Ahead of the listing, several companies including Abu Dhabi Health Services Co, known as SEHA, and National Health Insurance Co, known as Daman, were merged into PureHealth by ADQ.

ADQ has separately been consolidating some of its pharmaceutical assets to create one of the region's largest life sciences firms, with operations across four continents. It is combining Egypt's Amoun Pharmaceutical Co, Switzerland's Acino International and Turkiye's Birgi Mefar Group under a single holding company called Arcera, it said in April.

Bloomberg QuickTake Q&A

The 'Trump trade' is still moving markets, but how long can it last?

By Lu Wang

Republican Donald Trump's election win quickly pushed up US stocks, the dollar and Bitcoin — reshaping the outlook for investments as he prepares to return to the presidency in January. The "Trump trade" is set to hang over markets, with his disruptive policy agenda of tariffs, tax cuts and deregulation driving big moves across the global investment landscape. The era could get even more volatile with Trump looking to break norms on everything from free trade to Federal Reserve independence.

But how much further can the Trump trade go?

Assets from stocks to corporate bonds look expensive relative to history, and protectionist policies threaten to refuel inflation. On top of this, the US economy already faces a ballooning fiscal deficit and a softer labour market that could weigh on growth prospects. And remember: in his first term, key wagers — like betting on small companies and the US dollar — petered out.

What exactly is the Trump trade?

The Trump trade concept took off after his first presidential win in 2016, which was followed by a surge in US equities and the dollar — similar to what happened after the election this November. Another market echo from eight years back: in the equity market, bank stocks have been among the fastest risers, bolstered by expectations of a lighter regulatory burden, while small-cap stocks have jumped on optimism over lower taxes and investment-related policy promises. More broadly, the moves signal investor faith in the Trump administration's policies to stoke economic growth and corporate profits.

Is the market reaction the same as eight years ago?

Sort of. Like in 2016 election, the dollar surged. The S&P 500 rallied to fresh highs after the 2024 vote given the Republican Party's tax-cutting pledges, while bank stocks and the Russell 2000 index measuring the stock performance of companies with relatively small market capitalisations outperformed. But the market reaction in fixed income has been less consistent. After jumping on the first day after the election, 10-year Treasury yields retreated in the following two sessions before rising again. The gyrations reflected the doubts of market players on where the Trump trade goes next. Adding to the mix is the Fed now being in a mode of lowering interest rates.

Cryptocurrencies are a key plank of the Trump trade this time around, given his vow to implement a game-changing regulatory agenda in favour of digital assets and create a strategic US stockpile of Bitcoin. All that is spurring day traders and institutional pros alike to lavish billions of dollars on digital currencies, in turn sending coins across the asset class to record highs.

Is all of this good for Wall Street?

No. There are big industries vulnerable to Trump's agenda. Clean energy is one, as the president-elect has long criticised climate policies as the "green new scam." For stocks and currencies from the US's major trading partners, such as Europe and China, Trump's threat to increase tariffs on US imports is a risk. Tariff hikes could also exact a heavy toll on the US economy by fuelling inflation.

Is there always a trade tied to a new president?

Not really. Traders try to spot winners and losers when a new administration moves into the White House, especially when the opposing party takes over. Democrat Joe Biden's election in 2020 was viewed as a boon for electric-vehicle, but a bane for private prisons.

But Trump is unique. Rarely have markets reacted in unison on this scale to presidential prospects. Trump's victory in 2016 defied predictions based on major polls. It initially sparked a 5% drop in S&P 500 futures, but losses were erased hours later as traders quickly came to terms with his business-friendly policies.

This time, the S&P 500 climbed 2.5%, marking the best post-Election Day in history, as Trump emerged as the absolute winner in what was forecast to be a tight race.

Can Trump take credit for overall market gains?

Markets have tended to go up over the long haul irrespective of who occupies the White House, and the link between presidents and the performance of stocks overall seems tenuous.

Returns in the S&P 500 are on track to do better under Biden than during Trump in his first term. As much as Trump wanted to take credit for an equity bull market, US shares gained momentum way before he was elected in 2016. The stage was set right after the 2008 financial crisis, when the Fed shifted to a rescue mode, helping sustain a prolonged economic expansion. The stock market boom has continued under Biden's presidency with the largest publicly traded US companies leading the trade during pandemic lockdowns and the artificial-intelligence craze driving the recent surge.

This year, stocks and Treasury yields started climbing months before Trump's odds of winning picked up in the betting markets. The climb was driven by an economy that proved more resilient than expected.

How long can the Trump trade last?

It's hard to say. Momentum from the 2016 election began petering out several months later. At the time of the next presidential vote in 2020, a slew of Trump trades — a stronger dollar, higher Treasury yields and outperformance in bank and small-cap stocks — were either pared or reversed due in large part by the pandemic disruption.

Today's economy and markets are at a more mature stage than they were eight years ago. The S&P 500 is traded at 26 times reported earnings, a multiple that's 35% higher than in 2016. That leaves little room for a fresh valuation-driven rally and raises the bar for Trump's policies, such as tax cuts, to boost corporate profits. What's more, tax cuts without commensurate spending cuts risk a revival of inflation, which could force the Fed to rethink its plan to continue reducing interest rates.

The recent see-saw in Treasury yields reflects some of these concerns.

Weak Europe market forces firm to grow abroad: Ericsson CEO

Bloomberg
New York


Börje Ekholm, Ericsson chief executive officer.

Europe is one of the weakest telecom markets in the world. And unless policymakers encourage more consolidation and cut regulation there, Ericsson AB Chief Executive Officer Börje Ekholm said his company will continue to shift investments to markets abroad.

During an interview with Bloomberg in New York, Ekholm compared the state of connectivity in the UK with that of India, saying wireless customers can't make video calls going from London's Heathrow Airport into the city while they can in Mumbai or Delhi.

"Europe is falling behind," the head of the Swedish telecom-equipment maker said. "The natural conclusion of that is we'll be shrinking in Europe and growing in North America."

Ericsson and Nordic rival Nokia Oyj have struggled for years with a dismal market for their wireless equipment in Europe, where telecom operators say they don't have the scale to make strong enough returns on capital.

Ericsson has instead turned to markets such as the US, where last year it won a $14bn contract with AT&T Inc. As part of the shift, it has invested in a Texas factory to satisfy US requirements meant to encourage domestic production.

Ericsson's strategic importance drew the attention of President-elect Donald Trump's administration during his first term, when the White House floated the possibility of the US buying a controlling stake in Ericsson or Nokia to weaken China's dominance over telecom supplies. "We have a stock that trades every day," Ekholm said in the interview. "So who knows?"

Relocating Ericsson's headquarters from Sweden to the US is "always a question that comes up," Ekholm said, while noting that the company has deep ties to the European country. "But, you know, we always need to also look at: How will the world look in the future? So we don't know," he said. "Would we relocate at some point in time? That could well happen."

Biggest competitor: Ekholm said China's Huawei Technologies Co remains his biggest competitor, adding that US sanctions against the Asian rival have proven ineffective.

Ericsson's strategy for competing with Huawei involves bigger investments in research and development.

It's also pushing ahead with OpenRAN, which is the technology at the core of its AT&T contract.

OpenRAN is a new way of building networks that allows different parts of the system to be supplied by different vendors, in the same way a computer made by one company is compatible with the chips and hard drives of others.

Ekholm acknowledged that the OpenRAN approach comes with the risk of exposing Ericsson to more competition, but he said a "horizontal platform" is "the way for us to actually beat the Chinese."

Ekholm highlighted India as another strong market for Ericsson. "India's moment is for sure getting closer," he said, citing that most companies today have located "a large part" of their R&D in the nation. "India is our biggest market from an employment point of view — 25,000 people," he said.

"That competence that's been built up over the last two decades" in India is starting to drive entrepreneurship, according to Ekholm. He described the nation's digital infrastructure as "second to none."

Telecom mergers: Meanwhile, the Ericsson chief is downbeat about the European market, where 5G adoption rates lag many other developed nations.

He's thrown his weight behind efforts by the region's telecom operators to combine after seeing a number of mergers either rejected or heavily modified by regulators. "Europe is in need of consolidation," Ekholm said. "It's too many operators."

The European Commission has long thwarted consolidation, in part to maintain affordable service. Operators are now offering phone plans at such low prices that they can't afford to invest, Ekholm said.

There are some signs his concerns are being heard. In September, former European Central Bank President Mario Draghi said in a long-awaited report on strengthening the region's economy that the European Union should encourage more telecom mergers.

Draghi more broadly called on the EU to invest as much as €800bn ($845bn) extra a year to make the bloc more competitive with China and the US.

Ekholm said he isn't a fan of subsidies. "It's much better to create an investment environment that attracts private capital," he said. "There is a lot of private capital on this planet, and it will flow where returns are the best expected."

Lost focus: Nokia has been trying to diversify its portfolio to remain competitive, investing in the data centre and defence industries. Ekholm said that, while Ericsson has been building a presence in the defence space, it doesn't have a competitive edge in the data centre business.

"Our advantage is knowing the mobile networks," Ekholm said. "Our fundamental view is everything that can go wireless will go wireless out there. So for us, we build around that."

Ericsson has come under intense criticism by some investors for its $6.2bn acquisition of Vonage Holdings Corp in 2022 as a bet on network APIs, which help software application developers communicate directly with mobile platforms.

To explain the business case for the technology, Ekholm gave the example of a TV broadcaster that has to park a van at a sporting event and set up a camera, satellite and antenna. In an API-powered future, he said, that same broadcaster could communicate directly with 5G networks to automatically adjust bandwidth and switch service between 20 different on-site cameras instantaneously.

Ekholm acknowledged that, in building a business adjacent to Vonage's existing one, his company "lost focus" on Vonage's core. "That's where we dropped the ball, honestly," he said. Ekholm said he isn't worried about the network API business, which he expects will generate revenue in the next one to two years. But he said Ericsson is now "more focused" on how to execute on Vonage's existing business.

Big Tech traders are in wait-and-see mode on Trump's second term

Bloomberg
New York

Big Tech stocks have had a relatively muted reaction to Donald Trump's election victory as investors parse how his second term might play out. So far, many are reserving judgment.

There's a multitude of new risks to consider.

Tariffs on products from China and elsewhere could lead to a resurgence of inflation or disrupt supply chains for the likes of Apple Inc, while anti-immigration policies could potentially disrupt companies that use skilled worker visas.

Trump's personal dislike of Meta Platforms Inc and Alphabet Inc is also something investors in those stocks are worried about.

But there's also a possible benefit for tech giants in a friendlier regulatory climate — especially those currently under antitrust pressure. Much has also been made of a potential artificial intelligence push by the new administration, which could have ripple effects through the tech sector. Top of mind for all, though, is the unpredictability of the President-elect — and how much of his campaign rhetoric will actually make it into policy.

These cross-currents have left most of the Magnificent 7 in a less-than euphoric mood.

With the exception of Tesla Inc, which has surged more than 20% due to Elon Musk's vocal support for Trump, none of the group has participated in a big way in the post-election stock market rally. Apple is up less than 1%, while Facebook parent Meta is down 0.6%. Amazon.com Inc has fared better, gaining 3.5%. The Nasdaq 100 Index is up 2%.

As the dust settles after the election result, we asked Big Tech investors what they're thinking about.

Here's what they're saying:

Tiffany Wade, senior portfolio manager at Columbia Threadneedle

"Tariffs are the biggest risk for parts of tech. Tariffs on imports from China can certainly impact prices for a number of products including consumer electronics and also some enterprise components like servers that are often manufactured in China. And then higher prices could potentially depress demand for those products.

We have seen some pressure on Meta and Alphabet since the election. I think part of that is concern about the rhetoric that he has made regarding those companies."

Mark Luschini, chief investment strategist at Janney Montgomery Scott

"The market is looking at things through rose-coloured glasses. It seems to be ignoring trade and tariffs. Some of this depends on what the priorities are. If the focus is on tax policy and deregulation, that will sort of act as a down payment of the move we've seen, and it could provide another boost to stocks. If Trump focuses on deportation and tariffs, that will become problematic for stocks. I don't think the market will swoon, or that there will be an a-ha moment, but if tariffs are a priority, we could experience a period of weakness as people adjust to that."

Mark Foster, chief investment officer at Kirr Marbach & Co

"The regulatory backdrop is clearly going to get better.

The Trump administration has indicated that one of its key focuses will be in reducing regulation, which should be pretty much across-the-board positive for the market and the economy.

I think Khan being gone from the FTC would be a huge plus. I think she's pretty extreme, which gave everyone anxiety. That will be a plus for next year."

Threats against Alphabet and Meta are "just talk at this point. He felt these internet companies had their thumbs on the scales against him, and he doesn't take kindly to that. However, I don't think anything like this will make it into policy."

Kevin Walkush, portfolio manager at Jensen Investment Management

"Trump says a lot of stuff and he can be very contradictory. Words are one thing, actions are another.

The dual edged sword on Google and Meta is that he doesn't like them. They have platforms that he thinks didn't put him in the best light.

The thing that's contra to that is that he wants to back off on the regulatory side. That's a counter perspective to that. We'll see."

Robert Pavlik, senior portfolio manager at Dakota Wealth Management

"I don't know how much universal tariffs remain a policy priority. There are still a lot of question marks. It would be a problem for semis, and for parts of the computer sector. But it wouldn't necessarily sink the tech sector overall.

There will still be demand. People aren't going to give up their iPhones, though they will cost more.

I don't think software faces much risk from tariffs, and the impact on hardware is to be determined.

I have exposure to Nvidia, Broadcom, and Apple. I don't know how tariffs will impact Nvidia, since the demand will remain there no matter what. Broadcom goes kind of hand in hand with that. I think that at Apple, Cook will take steps to keep the products from exploding in price."

Adam Grossman, chief investment officer of global equity at Riverfront Investment Group

"It's still unclear a week after the election. I do think he could get tariffs through on China, but getting tariffs through on Europe, that's another ball of wax.

For someone like Donald Trump, I think he's going to have enough other issues that they're going to kind of fly off of his radar."

Druckenmiller leads family offices boosting US bank stock bets

Bloomberg
New York

Stanley Druckenmiller's family office led investment firms for the world's rich in boosting allocations to US bank shares last quarter, putting them in line to profit from a rally in financial stocks.

The billionaire's Duquesne Family Office added almost a dozen US banks, including Wall Street giant Citigroup Inc and regional lender KeyCorp to its holdings in the quarter ended September 30, according to its 13F filing. That was the largest allocation by sector during the period for the New York-based firm's new investments.

The move was part of a broader trend. George Soros' family office increased its allocation to First Citizens BancShares Inc, which acquired Silicon Valley Bank's assets out of bankruptcy last year amid a US regional banking crisis that saw stocks plummet. And Cercano Management, a multifamily office once part of Microsoft Corp co-founder Paul Allen's private investment firm, added JPMorgan Chase & Co and Bank of America Corp.

The moves positioned some of the world's largest family offices - provided the kept those allocations - to reap the benefits from the surge in bank stocks on Donald Trump's presidential election win this month. Investors have wagered the industry is set to be a key beneficiary of his promise to lower taxes and cut regulations.

Trump has vowed to lower the corporate tax rate to as low as 15%, from 21%, and to eliminate 10 regulations for every new one during his campaign — offering a more attractive environment for banks than his rival Kamala Harris, who had planned to increase corporate taxes.

He's also promised sweeping changes to the country's regulatory bodies, adding to a string of good news for US bank bosses who had already been optimistic in recent months about navigating a falling interest-rate environment and the Federal Reserve's ability to pull off a soft landing for the economy.

Overall, that's all helped push the 24-company KBW Bank Index up almost 40% so far this year. It's up 9.6% since the November 5 election, while an index of smaller US regional lenders has jumped 11%.

Druckenmiller, 71, also added allocations to US regional lenders M&T Bank Corp, Truist Financial Corp and Citizens Financial Group Inc worth more than $30mn overall at the end the last quarter, filings show. His biggest new investment in the period by market value was a roughly $116mn holding in an exchange-traded fund tracking the performance of US regional banks.

Former Barclays Plc Chief Executive Officer Bob Diamond said late last month that he sees consolidation in the US banking industry as the biggest investment opportunity in the US. That's after a string of regional lenders collapsed last year.

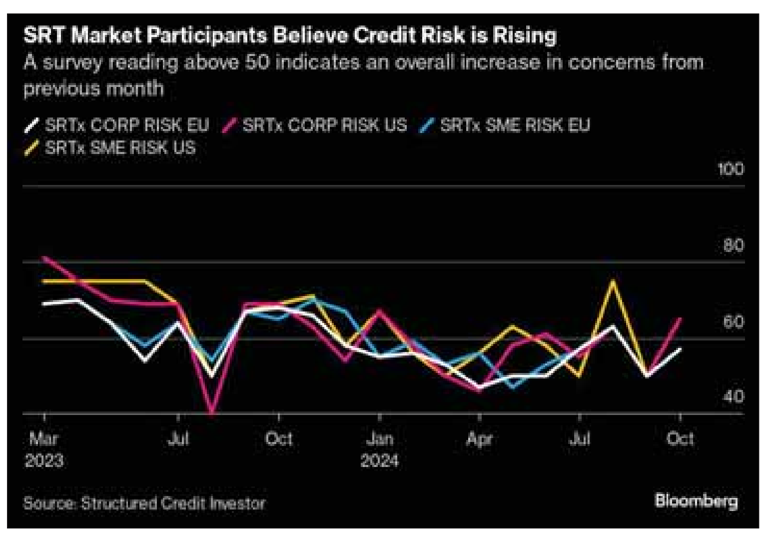
Soros Fund Management, meanwhile, boosted other investments in the US finance sector through buying a stake in Rithm Capital Corp, the owner of asset manager Sculptor Capital Management, adding to a portfolio that already included holdings in JPMorgan and Lazard Inc.

Druckenmiller and Soros, 94, have a net worth of about $10bn and $6.5bn, respectively, according to the Bloomberg Billionaires Index.

Money managers overseeing more than $100mn in US equities have to file a 13F form within 45 days of the end of each quarter to list their holdings in stocks that trade on US exchanges. It offers one of the few glimpses into how hedge funds and some large family offices invest.

Concerns about credit risk in SRTs are growing

Bloomberg
London



Market participants are growing increasingly concerned about the credit risk from significant risk transfers (SRTs), a type of capital relief for banks, amid warnings from watchdogs that they could pose a risk to financial stability.

A series of surveys show respondents have been negative or neutral since June on credit risk across multiple types of SRTs in the US and Europe, according to Structured Credit Investor, a financial information provider.

Global watchdogs have been monitoring the risk transfers because of the danger that the transactions, which are often bought by private credit funds, could make banks look stronger than they are.

The Federal Reserve, Bank of England and European Central Bank have been discussing the market as part of a larger dialogue on the nexus of risk between traditional lenders and non-banks, according to a person with knowledge of the matter.

Banks use SRTs to offload part of the risk of credit losses from corporate and consumer loans, shifting that exposure to investors in return for regular payments.

That frees up capital for the traditional lenders to lend in more profitable areas. Outstanding SRTs globally have reached around $70bn, according to Chorus Capital Management, compared with around $50bn a year ago.

The BoE's Prudential Regulatory Authority is closely monitoring the risk transfers because of their growth but has yet to see anything troubling, the person with knowledge of the matter said. So far, losses have been modest and none of the UK transactions has seen banks taking a hit, they said, asking not to be identified discussing confidential matters.

Barclays Plc, for example, has only claimed about £250mn ($317mn) in credit losses on portfolios subject to risk transfer deals since 2016, the lender disclosed at the end of the second quarter. Still, "such structures retain substantial risk within the banking system but with lower capital coverage," the International Monetary Fund warned in a report last month.

A surge in the number of new investors looking at the space is causing risk premiums to fall, meaning buyers are being paid less for taking on risk that some have less expertise in analysing.

Spreads are now so tight that some private credit managers are opting to invest in collateralised loan obligation equity instead, according to a partner at one SRT investor.

BUSINESS

No clarity on RBI governor's term weighs on rate cut hopes

Bloomberg
New Delhi

Uncertainty about the future of India's central bank governor, whose contract ends in less than a month, is adding another layer of complexity to interest rate expectations.

Shaktikanta Das, who has been at the helm of the Reserve Bank of India for six years, will come to the end of his contract on December 10. With just over three weeks to go, there's been no indication from the government or the RBI if Das, 67, will be given an extension or be replaced. The Appointments Committee of the Cabinet, which comprises Prime Minister Narendra Modi and Home Affairs Minister Amit Shah, has the final say on the position.

Economists are already calibrating their rate-cut expectations following the election of Donald Trump as US president — who threatens to upend global trade with widespread tariffs — and data last week showing a spike in India's inflation to above the 6% upper-end of the RBI's target band. Most analysts have already ruled out a December rate cut, with some, including State Bank of India economist Soumya Kanti Ghosh, seeing a move only in April next year.

Das's position at the RBI "will definitely have an impact because ultimately the rate decision is based on the voting of the monetary policy committee members," said Teresa John, an economist at Nirmal Bang Institutional Equities. There's "not much difference" if Das remains in his post, but "if there's a new person we don't really know the view of the new person." Speculation among economists and some bureaucrats in New Delhi is that Das is favoured to get an extension on his contract given his steering of the economy through shocks such as the pandemic. No other notable candidate names for the governor's position have been doing the rounds in the media or among analysts.

Modi has also shown a preference for continuity in his third term, having retained key ministers in his cabinet and advisers as he looks to deliver on an ambitious goal to make India a developed nation by 2047.

Spokespeople for the Prime Minister's Office, Ministry of Finance and the RBI didn't respond to requests for information. Das himself has sidestepped any questions about his future when asked about it publicly.

The government will also need to fill the position of Das's deputy in charge of monetary policy, Michael Patra, whose term ends in January. His job was already advertised earlier this month. In October, the government also appointed three new members to the MPC, which decides interest rates.

"The MPC decision is a cumulative decision" when it comes to interest rates, said Sakshi Gupta, economist at HDFC Bank Ltd. "But the shape and form of MPC will perhaps have a bearing on RBI's views on what is happening to growth and whether they can look through some of the food inflationary pressures that we are seeing."

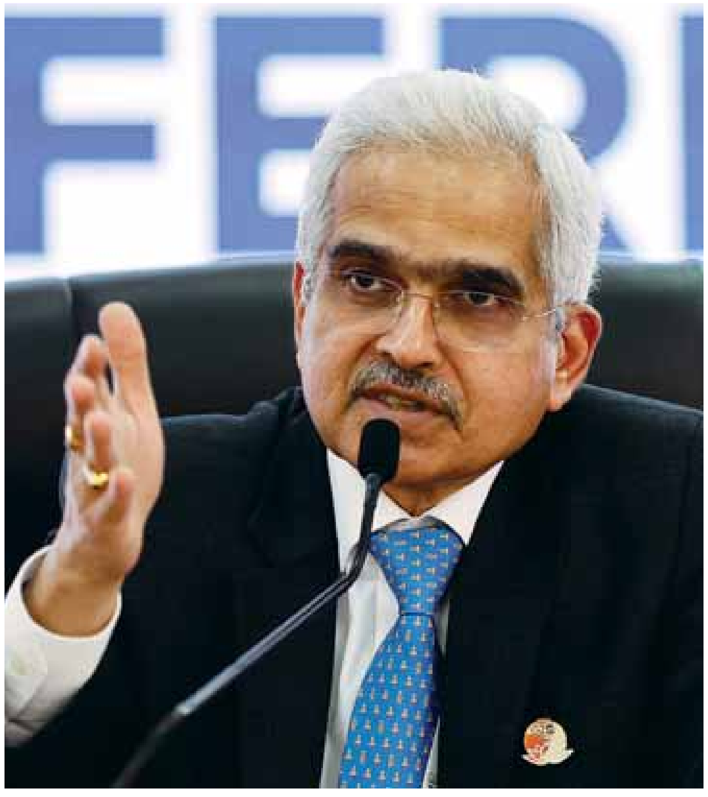
Das has been relatively hawkish on inflation, refraining from cutting interest rates despite the Federal Reserve's recent pivot and growing calls for easing.

First appointed in 2018, Das's contract was extended three years later, with that announcement made well over a month before his term ended. If he's given another extension beyond 18 months, it will make him the longest-serving governor of the central bank since Benegal Rama Rau, who served for more than 7 years between July 1949 to January 1957.

"Das has done an incredible job," said Upasna Bhardwaj, chief economist at Kotak Mahindra Bank Ltd. "There is a high probability that his term will get extended."

A long-time bureaucrat, Das took the helm at the central bank after his predecessor Urjit Patel resigned unexpectedly. He's avoided public disagreements with the government — unlike Patel and former governor Raghuram Rajan — allowing for better co-ordination of monetary and fiscal policy.

During his six-year term, he's focused on stabilising the rupee by building up foreign exchange reserves to about $700bn, the fourth-largest stockpile in the world.



Reserve Bank of India Governor Shaktikanta Das.

'India central bank chief's term likely to be extended further'

The Indian government is likely to extend the term of central bank governor Shaktikanta Das for a second time, three sources with direct knowledge of the matter told Reuters, an unprecedented move that would make him the longest serving chief since the 1960s, reports Reuters.

Das was one of the most trusted bureaucrats in Prime Minister Narendra Modi's administration before he was appointed to lead the Reserve Bank of India in December 2018, at a time when the relationship between the government and the regulator was tumultuous.

Das, whose current term is due to end on December 10, has already been the RBI's governor for longer than the typical five-year maximum of recent decades and a further extension would make him the longest-serving since Benegal Rama Rau, who filled the role for 7-1/2 years between 1949 and 1957.

Two government sources with direct knowledge of the matter said no other candidates are being considered at this point nor had any selection committee been set up, with Das' term likely to be extended for at least another year. The decision is due to be announced after polling in Maharashtra state elections is complete, a third source, also with direct knowledge of the matter said.

The country's Election Commission bars the ruling party from making ad-hoc appointments that could affect voter behaviour.

The finance ministry, prime minister's office and the central bank did not immediately respond to e-mailed requests for comment.

The three sources, who did not wish to be identified due to the confidential nature of the matter, said the final decision would be taken by the Prime Minister.

China nears record $1tn trade surplus as Trump returns

Bloomberg
Hong Kong

China's trade surplus is on track to hit a fresh record this year, increasingly leaving it on a collision course with some of the world's biggest economies by aggravating an imbalance in global commerce that risks provoking President-elect Donald Trump.

The difference between Chinese exports and imports is set to reach almost $1tn if it continues to widen at the same pace as it has in the year to date, according to Bloomberg calculations.

The goods trade surplus soared to $785bn in the first 10 months, according to data released last week, the highest on record for that period and an increase of almost 16% from 2023.

"With Chinese export prices still falling, export volume growth was enormous," Brad Setser, senior fellow at the Council on Foreign Relations, said on X. "The overall story is of an economy that is again growing off exports."

China has been relying more on exports to compensate for the weakness of domestic demand that Beijing has only recently tried to redress by injecting stimulus into the economy.

The increasingly lopsided picture has generated pushback from a growing number of countries, and the new Trump administration is likely to impose tariffs that would reduce the flow of exports to the US. Countries from South America to Europe have already raised tariff barriers against Chinese goods such as steel and electric vehicles.

Foreign companies are also pulling money from China, with foreign direct investment liabilities dropping in the first nine months of the year, according to data released on Friday. Should the decline continue for the rest of the year, it would be the first annual net outflow in FDI since at least 1990, when comparable data begins.

The response from Beijing so far has been to promise more support for companies, with the state council recently announcing it would lift financial support to industries to promote stable foreign trade growth, foster economic development, and stabilise employment.

Chinese companies have been ramping up their export performance over the past few years. By contrast, the slowing economy, increasing electrification and rising replacement of foreign manufactured goods with domestic alternatives are suppressing demand for imports.

The result in October was the third widest surplus in history that came just below June's record. The trade surplus calculated in yuan hit 5.2% of nominal gross domestic product in the first nine months of this year, the highest since 2015 and well above the average level for the last decade.

The surplus with the US rose 4.4% so far this year from the same period last year. It increased 9.6% with the European Union and jumped almost 36% with the 10 south-east Asian nations in Asean, the latest data shows.

Imbalances are also growing with many other nations. China now exports more goods to almost 170 countries and economies than it buys from them, the most since 2021.

A currency war may be brewing as well. India's central bank has said it's ready to let the rupee weaken if China lets the yuan drop to counter US tariffs.

A falling yuan would make Chinese exports cheaper and could further widen the surplus with India, which hit $85bn so far this year, 3% higher than in 2023 and more than double the level five years ago.

Domestic funds lift QSE sentiments as index gains 43 points

By Santhosh V Perumal
Business Reporter

Reflecting the gains in the world oil markets, the Qatar Stock Exchange (QSE) yesterday rose about 43 points on the back of buying interests, especially in the banks, real estate and telecom counters.

The domestic institutions were increasingly net buyers as the 20-stock Qatar Index gained 0.41% to 10,453.36 points, recovering from an intraday low of 10,414 points.

The foreign funds' weakened net profit booking had its effect in the main bourse, whose capitalisation added QR3.75bn or 0.61% to QR619.58bn primarily on the back of small and microcap segments.

The foreign individuals continued to be net buyers but with lesser intensity in the main market, which saw as many as 0.01mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.06mn change hands across four deals.

The domestic institutions were increasingly net buyers as the 20-stock Qatar Index gained 0.41% to 10,453.36 points, recovering from an intraday low of 10,414 points

The Islamic index was seen gaining slower than the other indices of the main bourse, whose trade turnover and volumes were on the increase.

The local individual investors were seen increasingly bearish in the main market, which saw no trading of treasury bills.

The Gulf retail investors were increasingly into net profit booking in the main bourse, which saw no trading of sovereign bonds.

The Total Return Index gained 0.41%, the All Islamic Index by 0.14% and the All Share Index by 0.48% in the main market.

The banks and financial services group index jumped 0.85%, realty (0.78%), telecom (0.59%), consumer goods and services (0.23%) and transport (0.13%); while insurance declined 0.53% and industrials 0.09%.

Major movers in the main bourse included Ezdan, QNB, Commercial Bank, Barwa and Baladna. In the venture market, both Al Mahhar Holding and Techno Q saw their shares appreciate in value.

Nevertheless, as much as 56% of the traded constituents were in the red with major losers being Qatar General Insurance and Reinsurance, Al Faleh Educational Holding, Qatar German Medical Devices, Widam Food, Qatar Electricity and Water and Estithmar Holding.

The domestic institutions' net buying increased substantially to QR24.02mn compared to QR13.91mn on November 17.

The foreign institutions' net profit booking decreased significantly to QR8.81mn against QR20.43mn the previous day.

However, the Qatari individuals' net selling expanded markedly to QR12.77mn compared to QR2.19mn on Sunday.

The Gulf retail investors' net profit booking grew noticeably to QR3.75mn against QR0.07mn on November 17.

The Arab individuals were net sellers to the extent of QR0.64mn compared with net buyers of QR3.31mn the previous day.

The Gulf institutions turned net profit takers to the tune of QR0.53mn against net buyers of QR0.57mn on Sunday.

The foreign retail investors' net buying weakened notably to QR2.46mn compared to QR4.91mn on November 17.

The Arab institutions had not major net exposure against net profit takers to the tune of QR0.02mn the previous day.

Trade volumes in the main market soared 15% to 108.82mn shares, value by 44% to QR307.17mn and transactions by 70% to 13,199.

The venture market saw 43% plunge in trade volumes to 0.08mn equities, 42% in value to QR0.21mn and 55% in deals to 17.

A near-$1tn ETF rush this year breaks Wall Street records

Bloomberg
New York

This year was already a landmark one for exchange-traded funds, but as of Friday the ETF universe can add another superlative: Biggest annual inflows on record.

The insatiable appetite for the investor-friendly wrapper, an all-time high number of product launches and a relentless bull market fuelled by Donald Trump's presidential victory have helped push total net inflows into US ETFs past $913bn, according to data compiled by Bloomberg Intelligence. That beats 2021's record haul with still one more month to go.

Further signs of the markets ebullience: Total US ETF assets hit the $10tn mark for the first time in September, more than 600 new products have debuted since the start of the year and nearly all ETFs in the US posted positive 12-month returns, up from 8% just two years ago, BI data show.

Such milestones are a testament to the appeal of the easy-to-trade and low-cost vehicles to traders of all stripes. Investors have been passing over more staid mutual funds in favour of ETFs to take advantage of their more liquid, tax-friendly structures.

"In a year where stocks, bonds and commodities are all up, ETFs have record inflows while mutual funds are in net outflows," said Matt Bartolini, head of Americas ETF Research at State Street Global Advisors. "Some investors are fine-tuning their asset allocations with low-cost building blocks while others are making more tactical portfolio changes, evidenced by the sizeable post-election flows."

The pick-up in flows was especially pronounced in the second half of the year, when Trump's decisive White House win unleashed investor euphoria. ETFs took in a record $53bn in the three days after the election, outpacing the $16bn of inflows that followed President Joe Biden's victory four years ago, BI compiled data show.

"It seems that more people than not believe that what Trump will do for the economy is better than what the Democrats would have done," Joe Ferrara, investment strategist at Gateway Investment Advisers, said in an interview. "That's where the exuberance comes from."

The rush into ETFs started well before Trump's win though, with issuers offering up ever-more complex strategies in the wrapper. This year, actively managed funds and those that use derivatives or leverage to juice returns accounted for over 80% of the new launches as issuers seek to capture market share in a highly saturated space.

Adding to the frenzy of new products were the first cryptocurrency ETFs holding Bitcoin directly, which saw record-breaking demand.

"Everybody and anybody is now in the ETF space," said Eric Balchunas, senior ETF analyst at Bloomberg Intelligence. And while the main appeal of ETFs is rock-bottom fees and liquidity, he said it's the new breed of products that have revolutionized the industry.

"The traditional active, buffers and hot sauce types — those are what took ETFs to the next level," Balchunas said.

At the same time, issuer enthusiasm for launches, especially when it comes to the high-octane leveraged products, has led to an increase in closures.

There were over 250 ETFs shuttered in 2023 while this year has seen around 180 closures and counting. And as the economics of launching ETFs gets cheaper, running them — with enough assets at that — has gotten harder in a highly saturated market.

For now, active funds comprise nearly half of the 3,800 ETFs. And while they only make up roughly 10% of the assets, projections by BI show that their share and count will increase beyond passive or indexed ETFs.

UK inflation hiccup may support case for central bank's caution

Bloomberg
London

UK inflation probably surged back above the Bank of England (BoE)'s target in October, reinforcing the case for policymakers to act cautiously when cutting interest rates.

The consumer price index due on Wednesday rose an annual 2.2%, according to the median of 24 forecasts in a Bloomberg survey. That's up from 1.7% last month, when it slipped below the BoE's 2% target for the first time in more than three years.

While the headline gauge is seen quickening because of higher energy costs, underlying measures including services inflation are likely to have weakened slightly.

The overall picture — of slowly moderating but still-excessive price growth — may support the BoE's gradual approach toward monetary easing so far.

Officials delivered a second quarter-point rate cut in November and avoided sending any signal that faster easing may be needed. The stance is more restrained than that of the neighbouring eurozone, and chimes with the unhurried tone espoused in the past week by US Federal Reserve chief Jerome Powell.

"Services inflation is likely to ease gradually from here, supporting the case for the BoE moving slowly. We think it will hold rates steady in December before cutting at a quarterly pace in 2025," says Bloomberg analyst.

BoE Governor Andrew Bailey will be grilled on inflation and monetary policy when he appears before lawmakers on the eve of the data release. Questions may focus on the economic impact of the Labour government's recent budget, and Friday's news that growth cooled more than expected in the third quarter.

People walk in front of the Bank of England building in London. UK inflation probably surged back above the BoE's target in October, reinforcing the case for policymakers to act cautiously when cutting interest rates.

Alongside Bailey will be colleagues including Alan Taylor, making his first public remarks as a rate-setter since joining the policy committee in September. Speaking later in the week are Deputy Governor Dave Ramsden and Catherine Mann, the sole voter who wanted no change in borrowing costs this month.

A glimpse into the health of the UK consumer will arrive on Friday, when retail sales data for October are released. Economists anticipate the numbers showing the first decline in four months. Purchasing manager surveys come out the same day.

Elsewhere, wage numbers in the eurozone, inflation in Canada, and rate decisions from Indonesia to South Africa will be among the highlights.

The US economic data calendar lightens up in the coming week, with fresh reads on the housing market taking top billing. On Tuesday, a government report is projected to show housing starts in October declined for the third time in four months as builders focus on reducing inventory.

National Association of Realtors data on Thursday are forecast to show October contract closings on previously-owned homes rose as a decline in mortgage rates the prior month helped spur demand. On Friday, the University of Michigan will issue its final November consumer sentiment index, including responses in the wake of the presidential election.

Lisa Cook, Jeff Schmid, Austan Goolsbee and Beth Hammack are among Fed officials with scheduled events.

Statistics Canada will release consumer-price data for October, and early estimates suggest inflation may have stayed below the Bank of Canada's 2% target. The data may help settle a debate over whether officials should cut borrowing costs by 25 or 50 basis points next month.

Lenders in China, in line with guidance from the People's Bank of China, are expected to hold loan prime rates steady after making larger-than-expected cuts last month, leaving the 1-year and 5-year rates at 3.1% and 3.6%, respectively.

Bloomberg Economics forecasts another 10 basis points of reductions before the end of the year.

Elsewhere, Indonesia's central bank may trim its benchmark rate on Wednesday by a quarter-point, to 5.75%, after consumer inflation eased to the slowest pace in three years.

Bank of Japan (BoJ) Governor Kazuo Ueda will speak at an annual event on Monday that's sure to attract close scrutiny for any hints on the timing of the central bank's next rate hike. At the end of the week, Japan is expected to report that consumer inflation eased a tad in October, to 2.2% — a result that would extend the streak of months at or above the BoJ's target to 31 months.

The Reserve Bank of Australia releases minutes from its November meeting on Tuesday, and Governor Michele Bullock delivers a speech on Thursday. Australia, Japan and India all get PMI statistics for November on Friday.

Malaysia and Hong Kong also report consumer price growth in the week ahead.

Thailand's economic growth held more or less steady in the third quarter, data Monday may show, while trade figures are due during the week from Malaysia, Japan, Singapore, South Korea and Taiwan.

A hectic week is in store for investors tracking the European Central Bank. Multiple appearances by policymakers are scheduled, including two by President Christine Lagarde. In all, more than half of the Governing Council will speak.

Asset managers bet grid stocks will soar in Trump's anti-ESG era

Bloomberg
New York

After watching wind and solar stocks plummet in the hours after Donald Trump's election victory, asset managers are zeroing in on a corner of the green transition they say will defy the president-elect's anti-ESG agenda: The grid.

One day after the election, analysts at TD Securities told clients that grids and the equipment needed to build them now represent one of "the best-positioned energy transition sub-sectors."

It's a call that's already paying off. Since the November 5 election, a key stock-market gauge of the equipment that goes into grids is up about 6%, while the broader S&P Global Clean Energy Index has lost roughly a tenth of its value.

Suppliers in Asia and Europe that get sizeable chunks of their revenue from the American market also have rallied, with Japan's Hitachi Ltd up more than 8% in the same period.

Money managers say investing in US power and grids is a way to dodge the fallout of tariffs that will hurt other sectors.

And as Trump's protectionist policies look set to force more manufacturing back into the US, American demand for energy is set to soar, adding to the investment case.

"We're really bullish on US power demand," says Ran Zhou, portfolio manager at New York-based hedge fund Electron Capital Partners LLC. "And associated with that is long-term carbon-free energy."

Companies developing grid equipment that have seen their share prices rise since the November 5 election include Eaton Corp, Rockwell Automation Inc and Ametek Inc, which are all up more than 6%. Emerson Electric Co has added more than 7%.

Companies tied to electrical grids were already outperforming other corners of the green sector well before the US election, with the NASDAQ OMX Clean Edge Smart Grid Infrastructure Index up 20% last year.

But a bigger US-based manufacturing sector driven by Trump's tariffs looks set to trigger a new growth wave for US grid stocks, according to asset managers interviewed by Bloomberg.

Trump has made clear he wants to rescind unspent funds from the Biden administration's signature climate law, the 2022 Inflation Reduction Act. And his pro-fossil fuel stance has fuelled a panic among green investors that a Trump White House will stunt the development of renewable energy projects in the US.

But at the same time, the president-elect has promised US companies access to cheap electricity, something which analysts say isn't possible without building out renewables.

The changes underway in US energy policy coincide with an historic surge in demand. Wood Mackenzie, a consultancy, estimates the US is now facing the biggest energy consumption bump in several decades, with growth expected to be as high as 15% in some regions over the next five years.

Much of that demand will come from technology companies building data centres to fuel the development of artificial intelligence. Amazon.com Inc, Alphabet Inc's Google and Microsoft Corp have each announced nuclear deals in recent months, with the aim of powering their operations with carbon-free generation.

And current estimates for the renewables market "don't yet factor in the coming step change higher in renewables demand from the data-centre market," analysts at Morgan Stanley wrote in a note published the day after the US election.

Under President Joe Biden, power grid development received more than $30bn in government support. And in May, US regulators finalised rules enabling the biggest sector reforms in at least a decade designed to speed up grid construction.

Grid upgrades will benefit equipment makers globally for the next two to three years, says Jerry Goh, an investment director at Abrdn Plc. That's because production in the US isn't enough and the equipment "backlog has increased further so that's quite an immense story," he added.

The Nasdaq grid index is currently trading at 20.3 times forward earnings. While that's high relative to a global benchmark of stocks, it's still close to the 10-year average, and earnings per share indicate a roughly 11% increase in the coming year, according to data compiled by Bloomberg.

Yi Shi, client portfolio manager at Pictet Asset Management, says the firm's Clean Energy Transition fund was already investing in companies that cater to the US grid before the election, and has no intention of pulling out now.

"We aren't looking at just the headline valuation, we are looking at the underlying earnings growth," Shi said.

QCB governor meets with Goldman Sachs Asset Management International co-CEO

HE Sheikh Bandar bin Mohammed bin Saoud al-Thani, Governor of the Qatar Central Bank, met yesterday with Fadi Abuali, co-Chief Executive Officer of Goldman Sachs Asset Management International and Co-Chief Executive Officer of Goldman Sachs for the Middle East and North Africa region. During the meeting, they reviewed the latest global developments in banking and finance.

'5th World Conference on International Arbitration' kicks off today

The fifth edition of the 'World Conference on International Arbitration' will kick off today at the Waldorf Astoria Lusail Hotel in Doha under the patronage of HE the Prime Minister and Minister of Foreign Affairs Sheikh Mohammed bin Abdulrahman al-Thani.

Organised by the Qatar International Centre for Conciliation & Arbitration (QICCA), the two-day event is being held under the theme 'Arbitration in the Mena Region – Present and Future'. The opening ceremony will feature HE the Minister of Justice and Minister of State for Cabinet Affairs Ibrahim bin Ali bin Issa al-Hassan al-Mohannadi, Qatar Chamber and QICCA chairman Sheikh Khalifa bin Jassim al-Thani, along with a host of distinguished international arbitration experts.

The event is sponsored by several leading law firms, international legal organisations, and national institutions, including the QNB as a strategic partner. It attracts significant local and international participation, including lawyers, arbitrators, judges, academics, counsellors, prosecutors, and others interested in arbitration, with over 35 speakers from prominent figures in international arbitration. It also aims to exchange expertise and insights and shed light on a wide range of topics related to arbitration and alternative dispute resolutions.

Media City Qatar partners with Ooredoo Qatar for GSMA M360 Mena 2024 event

Media City Qatar has partnered with Ooredoo Qatar in a strategic collaboration for GSMA M360 Mena 2024 event, which concludes today.

Held under the patronage and attendance of HE the Minister of Communications and Information Technology Mohammed bin Ali al-Mannai, the event, the first M360 series held in Qatar, is attracting C-suite executives, policymakers, and technology leaders from across the Mena region.

Media City Qatar has a prominent presence at the event, underscoring its commitment to supporting media tech companies, broadcasters, and diverse formats. This hub highlights Media City Qatar's role as a central player in both traditional and digital sectors, including technology and communications. A booth is also facilitating discussions on how Media City Qatar can support media companies, startups, and professionals from Qatar, the region, and beyond, promoting innovation and collaboration with the country's expanding ecosystem.

"Partnering with Ooredoo for GSMA M360 Mena 2024 aligns with our vision to position Qatar at the forefront of digital transformation in the media and technology sectors.

Through our presence at this event, we aim to demonstrate how Media City Qatar can open doors for and empower both local and international business leaders, offering them unparalleled access to resources, opportunities, and a robust environment to accelerate their business growth in this industry," stated Engineer Jassim Mohamed al-Khori, CEO of Media City Qatar.

Ooredoo Qatar CEO Sheikh Ali bin Jabor bin Mohammad al-Thani said: "Our partnership with Media City Qatar for GSMA M360 Mena 2024 reflects our shared commitment to establishing Qatar as a regional digital and media powerhouse. This collaboration enhances the event by uniting leading minds in media, technology, and digital transformation, helping to set the stage for innovative partnerships that will drive sustainable growth and accelerate Qatar's role as a hub for global connectivity and media innovation."

Through this partnership, Media City Qatar and Ooredoo Qatar demonstrate a shared commitment to positioning Qatar as a key player in global industries, fostering new opportunities for collaboration and sustainable development across the region and beyond.

Presented by the GSMA, M360 is a series of international events that unify the mobile ecosystem. The events aim to discover, develop and deliver innovation that serves as the foundation for positive business environments and societal change. Through inspirational keynotes, thought-provoking panel discussions and insightful case studies across mobile technology, senior executives from mobile and adjacent industries come to learn and discuss in detail their challenges and successes, as well as network with peers.

From left: Jawad Jalal Abbassi, head of Mena, GSMA; Sheikh Ali bin Jabor bin Mohammad al-Thani, Ooredoo Qatar CEO; Mats Granryd, director general, GSMA; Engineer Jassim Mohamed al-Khori, Media City Qatar CEO; Sabah Rabiah al-Kuwari, director of PR, CSR and Sponsorship of Ooredoo Qatar; and Thair Khaled al-Anani, director of Business Development at Media City Qatar.

QDB inaugurates 10th edition of Rowad Entrepreneurship Conference and third Arab SMEs Summit 2024

Qatar Development Bank (QDB), in collaboration with the UN Economic and Social Commission for Western Asia (ESCWA), kicked off yesterday the Rowad Entrepreneurship Conference and the Arab SMEs Summit 2024 under the theme 'Navigating Digital Horizons'.

The 10th edition of the Rowad Conference and the 3rd Arab SMEs Summit, which brought together leading entrepreneurs, innovators, policymakers and experts from various Arab countries, serves as a platform to exchange knowledge and discuss practices that foster entrepreneurship and sustainable development across the region.

HE the Minister of Communications and Information Technology Mohammed bin Ali bin Mohammed al-Mannai inaugurated the event at the Doha Exhibition and Convention Centre (DECC). The occasion was graced by Dr Rola Dashti, undersecretary-general and executive secretary of ESCWA, who delivered a keynote address, alongside Abdul Aziz bin Talal al-Saud, chairman of the Arab Gulf Programme for Development (AGFUND).

The event also brought together Arab ministers of commerce, industry, and finance, alongside senior officials and representatives from key strategic partners and sponsors, including QNB Group, Qatar Investment Authority, and the International Islamic Trade Finance Corporation, among other esteemed contributors whose support has been pivotal to the success of this flagship gathering. The conference will conclude tomorrow (November 20).

QDB CEO Abdulrahman Hesham al-Sowaidi said the event reflects the bank's commitment to cementing Qatar's position as a pioneering and innovative regional hub in line with the Third National Development Strategy. He said: "This year, we celebrate the largest and most comprehensive version of the 'Rowad' conference, hosting leading Arab entrepreneurs to promote a culture of digital innovation and lay the foundations of a sustainable economy in the region."

"Over the next two days, the conference will feature investment opportunities, training sessions, and discussions with policymakers, with the participation of the most prominent Arab startups. The event will also feature site visits, which we hope will be of great benefit to all participants from Qatar and the Arab region," al-Sowaidi added.

Dr Dashti, on the other hand, said: "It is the embodiment of a shared vision that empowers entrepreneurs and SMEs to achieve success. Entrepreneurs' and SMEs' success is essential to the prosperity of our societies, and to stimulating our economies to be more resilient, dynamic, and inclusive. In our interconnected digital world, it is essential for companies to constantly adapt and innovate to remain competitive."

The conference's first day featured a host of activities and sessions, with attendees participating in workshops and discussions that brought together over 50 experts and speakers from across the region to cover vital topics in the field of digital transformation. The startup exhibition was also opened, with over 120 innovative companies showcasing their creative solutions to an audience of investors and potential partners.

The second day of the three-day conference will feature the Sixth Investment Forum, an important platform to showcase investment opportunities, introduce promising startups, and connect entrepreneurs with experts and investors. The second day of the conference will also include site visits to leading hubs in Qatar's entrepreneurship ecosystem.

HE the Minister of Communications and Information Technology Mohammed bin Ali bin Mohammed al-Mannai leading the inauguration ceremony.

QIIB achieves ISO 27001:2022 certification for information security management system

Mohammad Jamil Ahmad Hamad.

QIIB obtained ISO 27001:2022 certification in the field of cybersecurity for the second year running.

Last year, the bank was one of the first institutions in Qatar to get this certification based on the new standards.

ISO 27001 is one of the world's highly regarded certifications, awarded to institutions and companies which meet the highest requirements and standards in information security and customer data protection, and exert their best efforts to enhance their digital security.

Obtaining ISO 27001:2022 certification is based on the bank's adoption of a comprehensive approach that focuses on cybersecurity-related risks, offering protection at several levels and high-quality customer data protection to respond to emerging threats.

Commenting on QIIB's achievement of ISO 27001:2022 certification yet again, Mohammad Jamil Ahmad Hamad, Head (Risks) at QIIB, said: "QIIB's continued leadership in cybersecurity and its unwavering commitment to maintaining the highest standards protection for customer data and other banking operations are undoubtedly positive".

"Obtaining the ISO27001:2022 certification confirms our full commitment to the updated controls to enhance data privacy protection, and this in turn is in line with the efforts required to implement Qatar Law No 13 of 2016 regarding the protection of personal data privacy".

Hamad noted: "The security standards that we apply are of great importance given that the bank has achieved great achievements in the field of digital transformation over the past few years, and most of the services and products have been made accessible through the digital channels of the bank, enhancing operational efficiency and customer confidence in the bank's services".

Hamad concluded: "We are working continuously to enhance the systems and programmes that we use and keep pace with the developments of the digital age and technological progress in line with the best standards approved in the global banking sector.

"There is no doubt that our obtaining the ISO 27001:2022 certification means that QIIB will provide updated and improved security controls that are more relevant to cyber-threat landscape, which might occur, providing more effective defences against the cyber-threats".

MoCI holds consumer rights awareness workshop for Ehsan Centre members

Participants at the Ministry of Commerce and Industry consumer awareness workshop.

The Ministry of Commerce and Industry (MoCI) has held a consumer rights awareness workshop for the members of the Ehsan Centre, a Qatar Foundation social work entity that is affiliated with the Ministry of Social Development and Family. Ehsan Centre played a key role in this initiative, which aimed to equip its members with vital knowledge about their consumer rights, empowering them to make informed and confident purchasing decisions.

The impactful workshop, which provided a comprehensive overview of the ministry's Consumer Affairs Department, highlighting its organisational structure and critical functions. These include combating commercial fraud, inspecting factories and retail outlets to ensure product compliance, and managing consumer complaints efficiently.

Key aspects of consumer rights, as outlined in Law No 8 of 2008 on consumer protection and its executive regulations, were discussed. Participants gained insights into their rights, such as receiving an invoice in Arabic with detailed information about purchased goods or services and contractual protections, including repair or replacement of defective products.

Additionally, the workshop addressed supplier obligations, such as clear pricing, sufficient product information, and avoiding misleading advertisements.

It emphasised key points to be considered when purchasing goods and services, such as the importance of visible pricing, adequate product information — including characteristics, price, and warranty — and ensuring the use of the Arabic language in all advertisements, information, documents, and warranties related to goods and services.

The session concluded with a hands-on field tour of a shopping centre, where participants took part in proper purchasing techniques and applied the knowledge acquired during the workshop, ensuring a lasting impact.