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Lesha Bank boosts its aviation portfolio with acquisition of 5 Boeing 777-300ER



# QatarEnergy LNG reaffirms focus on delivering reliable and sustainable energy solutions

**QNA**
Doha

QatarEnergy LNG has reaffirmed its focus on delivering reliable, sustainable energy solutions while maintaining the highest standards of safety, quality, and operational excellence.

Looking ahead, this strategy will ensure QatarEnergy LNG remains well-positioned to lead the global LNG industry into the future.

During the annual town hall meeting for employees, Executive Officer of QatarEnergy LNG, Khalid bin Khalifa al-Thani, highlighted some of the key strategic themes that will shape QatarEnergy LNG's path forward, primarily the LNG fleet expansion, safety, employee development, and innovation. These are clearly aligned to the company's pillars and commitment to growth and leadership.

The meeting highlighted key achievements from 2024, including the North Field Expansion Project, which is central to increasing production capacity and meeting growing global energy demands, in addition to emphasising employee development and Qatarisation as critical to QatarEnergy LNG's success, demonstrating the company's investment in talent and local expertise as a foremost matter for the success of the company.

The meeting witnessed the honouring of employees who have spent 15 years or more in the company, in recognition of their efforts and contributions.

**The meeting highlighted key achievements from 2024, including the North Field Expansion Project, which is central to increasing production capacity and meeting growing global energy demands**




BUSINESS

# China's GDP growth expected around 5% this year, says senior official

**Reuters**
Beijing

China's economy is expected to grow by about 5% this year, the deputy director of the country's central financial and economic affairs commission said yesterday.
The world's second-largest economy is expected to contribute close to 30% of global growth, Han Wenxiu told an economic conference.
Han, who is also a senior official in the ruling Communist Party, said there was a need to boost consumption and view domestic demand expansion as a long-term strategic move that would become the main driving force for economic growth.
China pledged on Thursday to issue more debt and loosen monetary policy to maintain a stable economic growth rate, bracing for more trade tensions with the US as Donald Trump returns to the White House.
Government advisers have recommended that Beijing keep its growth target of around 5% for next year, Reuters reported last month. But while the stock market anticipates a revival in China's flagging consumption, bond investors are betting the economy will continue to struggle.
Han said a more active fiscal policy and moderately loose monetary policy would help China respond better to unstable and uncertain factors in the economy, and provide strong support for achieving annual targets.
China's foreign exchange reserves likely remained above $3.2tn this year while employment and prices are expected to remain stable, Han said.
China has room to further cut the reserve requirement ratio, with the average RRR now at 6.6%, a central bank official said yesterday, according to state broadcaster CCTV.
China said this week it will raise the budget deficit, issue more debt and loosen monetary policy to maintain a stable economic growth rate.
The People's Bank of China (PBoC) has steadily reduced interest rates and injected liquidity this year as the authorities have made efforts to hit a official economic growth target of around 5%.
Interest rates should be strengthened to facilitate transmission and guide the comprehensive social financing costs to a steady decline, PBoC research bureau director Wang Xin said in remarks about specific considerations for China's next phase of monetary policy implementation.
"As the PBoC's exploration of buying and selling government bonds in the secondary market becomes more mature, the central bank should in the future use a variety of monetary policy tools to provide sufficient medium and long-term liquidity and maintain adequate liquidity in the banking system," Wang said at an economic conference.

Chinese flags are seen on a street in Shanghai. China pledged on Thursday to issue more debt and loosen monetary policy to maintain a stable economic growth rate.

# Goldman sees Egypt pound bouncing back once seasonal outflows taper

**Bloomberg**
Cairo

Egypt's pound, which breached the milestone of 50 per dollar to hit a record low this week, may rebound in early 2025 as a series of seasonal portfolio outflows taper off, according to Goldman Sachs Group Inc.

The currency fell to 50.8 on the offshore market on Thursday, the latest in an almost uninterrupted six-week streak of declines. It's a sign of greater flexibility for the pound, which saw long periods of stability after authorities in March enacted their fourth devaluation since early 2022.

Driving the decline in December was a "huge spike" in redemptions of shorter-term Treasury-bills that were issued earlier this year, with investors opting for year-end profit-taking, said Farouk Soussa, Goldman's economist for the Middle East and North Africa. This is leading to a "lower roll-over of positions," particularly as the finance ministry has until recently resisted raising yields at auction in order to keep the cost of borrowing down, said Soussa.

But with Egypt's central bank likely to start cutting record-high interest rates in the first quarter, "a greater issuance across the curve, including in long-dated Treasury bonds, is expected," according to Soussa. This will give investors a chance to re-enter the local market, which should "lend support to the pound," he said.

There was also "significant overshoot" during March's devaluation that's yet to correct itself, Goldman's economist said.

The performance of Egypt's pound is being closely watched, both by investors seeking high returns and the International Monetary Fund, which wants the currency to accurately reflect supply and demand. Mired in a gruelling economic crisis earlier this year, authorities let the pound plunge 40% and hiked interest rates to a record in March, securing an expanded $8bn loan from the Washington-based lender.

After those moves, investors piled into the North African nation's nine-month and one-year bills in short order — notes that are in part now maturing.

"Positioning had been very heavy, and it's natural to see some clearing out toward the end of the year," said Razan Nasser, a sovereign analyst at T. Rowe Price. There may be a "pullback in the pound at the start of the year as some re-enter the trade," she added.

Carry traders, who borrow when rates are low to invest when they're high, still see Egypt as an attractive proposition, according to Nasser. "The 30% yield provides a generous buffer for FX weakness." According to a recent Emerging Markets sentiment survey by HSBC, Egypt is the "most popular" market in the Middle East among investors who are "positive" on the North African country, as seeing it "having a more favourable outlook," HSBC said in a report.

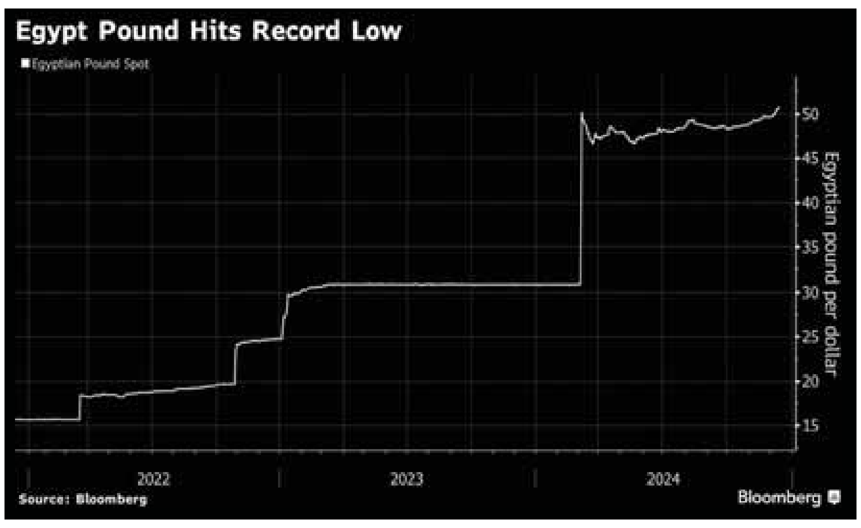
Giving reassurance is the broader global bailout of some $57bn pledged to Egypt this year as the IMF, European Union and others rushed to help a nation seen as crucial to regional stability while conflict engulfed others parts of the Middle East.

Any pressures from persistent external deficits are "manageable" given "the replenishment of buffers Egypt enjoyed this year," Nasser said.

Egyptian Prime Minister Mostafa Madbouly on Wednesday said the IMF is expected to complete the latest program review "in days," which would clear the path for the disbursement of a $1.3bn loan tranche.

A more flexible exchange rate and IMF-backed reforms are "antidotes to the boom-bust cycle that characterized the Egyptian economy in recent history," said Hussein Khattab, portfolio manager at Morgan Stanley Investment Management.

Long-term investors should have "relief" that "the pound is not being defended at the supposed psychological levels," he said.




An employee counts Egyptian pounds at a foreign exchange office in central Cairo. The performance of Egypt's pound is being closely watched, both by investors seeking high returns and the International Monetary Fund, which wants the currency to accurately reflect supply and demand.

# Transformer supply crunch sparks foreign expansion for Turkiye's Astor

**Bloomberg**
Ankara

Turkish transformer maker Astor Transformator Enerji plans to open its first factories abroad, in Spain and the US, to help address a global shortage of the devices that are key to the energy transition.
The $40bn transformer market is a critical bottleneck in the push to modernize electricity grids and meet surging demand from electric vehicles and data centres. Waiting times have ballooned to four years in some cases, up from less than one just a few years ago.
Istanbul-listed Astor will launch small-scale production at a factory in Spain in 2025 initially making distribution transformers, which adjust voltage between power distribution and consumption, CFO Olcay Dogan told Bloomberg in an interview.
After Spain he wants to open a factory in the US, betting on a push toward domestic manufacturing under Donald Trump and demand for alternatives to Chinese technology as the country seeks to overhaul its ageing electricity network.
Astor shares rose as much as 5.4% to 109.2 liras in Istanbul on Friday while the benchmark index fell.
Surging demand has allowed Astor to increase its prices by around 30% in dollar terms in the past three years but means the company is working at as high as 95% of current production capacity. Dogan expects the supply shortage to moderate over the next three to four years but the overall imbalance to continue for a decade.
The global transformer market is set to grow from $40bn this year to $51bn in 2028, according to Global-Data, a research firm.
Astor is funding its initial expansion plans with its own resources and a €75mn ($78.8mn) seven-year loan that it's in the "final stages" of negotiating with a European bank, Dogan said. It's also been approached by Arab Gulf companies for potential projects, but currently plans to grow on its own. "There are requests to do joint investments," he said, without elaborating. "We'll evaluate those kind of requests."
The United Arab Emirates and Saudi Arabia have both held talks on potential energy investments in Turkiye, following a political rapprochement in recent years.
The international push follows growth at home.
Production at the company's second factory in the Turkish capital Ankara, a $200mn project, is set to start in April or May.
From 2026, it will bring production of some copper and aluminium cables that it currently sources from abroad in-house, both for use in Astor's own transformers and to sell to the car and defence industries, Dogan said.

**Bloomberg** QuickTake Q&A

# What's Fed 'neutral' interest rate and why does it matter?

**By Matthew Boesler and Kate Davidson**

Central banks seek to manage economies by setting interest rates at levels that encourage or discourage activities such as car purchases and construction projects. These efforts revolve around a number that's right in the middle — the rate that does nothing at all, also known as the neutral interest rate. It's an important guidepost right now because monetary policymakers across advanced economies are cutting rates as the inflationary years of the pandemic period draw to a close, but they're doing it with some caution as new inflation risks simultaneously emerge. That means the debate over the neutral rate will influence how long central banks will keep cutting interest rates.

### What is the neutral interest rate?

In theory, the neutral interest rate — or, as it's usually expressed in economic models, r*, pronounced "r-star" — is the rate at which monetary policy is neither stimulating nor restricting economic growth. As former US Federal Reserve Vice-Chair Lael Brainard put it in a 2018 speech, it's the level that "keeps output growing around its potential rate in an environment of full employment and stable inflation." (The benchmark the Fed uses to direct monetary policy is known as the federal funds rate.)

### Why is it an important number for central banks?

In the long run, central banks want their policy to be consistent with what they think the neutral rate is. The number also guides their thinking about where interest rates should be in the short term. If the economy is operating below full capacity, they want to make sure interest rates are below neutral levels so that they're helping boost economic growth. Conversely, if inflation is too high, they want to keep interest rates above neutral levels in order to slow things down.

### How does the Fed know what the neutral rate is?

It doesn't, but it has estimates. Central bankers tend to think that long-run trends in productivity and demographics dictate where it is. In 2012, when Fed officials first began publishing their estimates of the neutral rate on a quarterly basis, the median figure provided by members of the Federal Open Market Committee (the Fed body that determines monetary policy) was 4.25%. Over the ensuing years, that figure dropped, and from 2019-2023 it hovered around 2.5%. In 2024, however, it has edged higher every quarter, to 2.875% as of September.

### How do estimates of the neutral rate affect what the Fed is doing?

The Fed wants to hew closely to the neutral interest rate due to a combination of factors: The US economy is doing well, which reduces the need to fuel it with significant rate cuts. But inflation is largely under control, which means there's probably little need to keep rates high, either. In other words, there's not a strong reason to stimulate or restrict the economy. As a result, the Fed's recent strategy reflects an effort to aim for the estimated neutral interest rate without dipping below it. The Fed took a relatively aggressive approach to cutting rates in early fall, when rates were well above neutral, implementing a larger-than-usual half-point reduction in September. But now, with the rate set to end the year at 4.33% — just 1.5 percentage points above the Fed's estimate of neutral — officials say they can slow down the pace of cuts. "We can afford to be a little more cautious as we try to find neutral," Fed Chair Jerome Powell said at a *New York Times* conference on December 4.


**The Fed's recent strategy reflects an effort to aim for the estimated neutral interest rate without dipping below it**

### How does uncertainty over the neutral rate affect investors?

The debate over where neutral lies is becoming increasingly important for bond-market investors. Yields on Treasury bonds tend to follow the Fed's benchmark interest rate. If the Fed's estimate of neutral keeps going up, and officials therefore don't cut rates much further, investments in bonds could result in losses. But if the Fed's estimate of neutral stays below 3% and rate cuts continue, bets on bonds stand to make a lot of money. Fed officials will publish new estimates of the neutral rate on December 18.

# Canada eases rules for domestic pension funds

Bloomberg
Ottawa

Prime Minister Justin Trudeau's government is relaxing the rules for domestic pension funds, allowing them to buy more than 30% of a Canadian business, as part of a plan to spur more investment.

"At a time of rising economic nationalism, the fight for capital has never been more fierce," Finance Minister Chrystia Freeland said in a statement on Friday. "Canada needs to fight harder than ever for capital, including facilitating and supporting the investment of Canadian capital here at home. This is key to the future prosperity of all Canadians."

The change will apply to federally regulated pension managers like the Canada Pension Plan Investment Board, but Freeland's department said it will consult with provincial governments on the treatment of pension plans regulated by them. The government also said it plans to provide as much as C\$15bn (\$10.5bn) in loans and equity to help build artificial intelligence data centres — adding that seven pension funds have already expressed interest in backing such projects.

The announcements come at a time when country is in the midst of a debate over how to solve weak productivity and soft business spending. Non-residential business investment in Canada has lagged the US for several years. Canada has a vibrant technology sector, but many promising startups sell or move to the US at a relatively early stage in their development as they pursue growth.

Chrystia Freeland, Canada's finance minister.

The Canadian market has seen few initial public offerings over \$100mn in recent years. In the broad set of measures, there are also plans to launch a fourth round of the Venture Capital Catalyst Initiative, including C\$1bn in funding in 2025-26, which will have "more enticing terms for pension funds and other institutional investors," the government said.

Freeland and the government are also examining whether to change ownership rules that prevent pension funds from owning more than 10% of municipal utilities, such as electricity distributors.

In April, former Bank of Canada Governor Stephen Poloz was asked to study how to get the country's pension funds to invest more in Canada.

The removal of the 30% ownership limit was floated as one option. In September, Poloz told Bloomberg that that some pension funds were saying they'd like to play a more active role in their investments, including board seats where they could leverage their expertise.

Jack Mintz, president's fellow in the school of public policy at the University of Calgary, says that while he agrees that the federal government is taking a "carrot approach as opposed to a stick approach" to encouraging domestic investment, he has concerns about dropping the 30% stake limit.

"We need to ask some serious questions about whether we want pension funds to be running companies, as opposed to just investing in them," Mintz said, adding that the favourable tax treatment of the funds gives them a significant advantage and will allow them to outbid other investors.

Canada's largest pension plans, also known as the Maple Eight, have nearly C\$600bn of investments in Canada, representing around a quarter of their total investments, according to Bloomberg calculations.

The pension funds, including CPPIB, Ontario Teachers' Pension Plan and Caisse de Depot et Placement du Quebec, are considered among the most sophisticated investors in the world — owning data centres, airports and the Middle East's largest port.

The Canadian government wants more infrastructure investment, too.

"We welcome all additional measures to stimulate productivity and private investment in Canada, and build a pipeline of attractive projects for investors such as La Caisse," a spokesperson for CDPQ said in an emailed statement.

Canadian companies make up a little more than 3% of the MSCI World Index.

Freeland also announced on Friday an expansion of the government's tax incentives for scientific research and development. That includes increasing the annual expenditure limit on which Canadian-controlled private companies are entitled to earn a 35% investment tax credit, to C\$4.5mn from C\$3mn.

Freeland is set to provide an update on the country's fiscal situation on Monday.

# Day-trader enthusiasm proves hard to kill at market's riskiest edges

Bloomberg
New York

A five-day runup in Treasury yields finally tamped down the post-election fervour in big US stocks last week. Not so at the market's speculative edges, where Bitcoin and its memed-up cousins keep testing the limits of speculative zeal.

As they have for more than a month, gambler spirits raged along the fringe, pushing Bitcoin back above \$100,000, sending Michael Saylor's MicroStrategy Inc past \$400 and igniting a rally in a crypto token called "fartcoin" that saw its market value swell above \$700mn.

The rally happened as Donald Trump went to the New York Stock Exchange and promised to "do something great with crypto" when president.

Gains like those underline the staying power of the day-trader set in a week when the major US equity benchmarks posted their smallest moves since Trump was voted back into office.

The jump in US 10-year yields, which at 24 basis points was biggest of the year, did nothing to discourage speculators. Besides pumping up crypto, they continued to plough money into levered—up exchange-traded funds and anything to do with Elon Musk.

"It is just boredom and excess liquidity," said Vincent Deluard, director for Global Macro at StoneX. With excitement from the election waning, "it's more fun to inflate a bubble in meme coins, the best symbol of which is fartcoin, whose market cap is now greater than that of 50% of US-listed companies."

The front facade of the New York Stock Exchange. A five-day runup in Treasury yields finally tamped down the post-election fervour in big US stocks last week. The jump in US 10-year yields, which at 24 basis points was biggest of the year, did nothing to discourage speculators.

Meme traders held fast amid a fairly dismal week for conventional risk taking that saw various longstanding trades come under pressure.

A long-short Morgan Stanley basket tracking momentum stocks slid nearly 3.5% over the five days, its third-worst week this year. The Russell 2000 and an index of tech companies that have yet to generate profits both fell nearly 3%.

The S&P 500 snapped a three-week string of gains with a 0.6% drop. Breadth also deteriorated, with less than a half of the index's constituents trading above their 50-day moving average. The biggest long-dated Treasuries ETF had its worst week this year, tumbling more than 4%.

But outside the more buttoned-up parts of the market, the trading frenzy is still going full bore. Bitcoin, which gave hints of weakness on Tuesday when it dipped below \$95,000, quickly righted itself to post a sixth straight weekly advance. Rallying alongside the largest digital asset was a panoply of more dubious meme tokens.

The dominance of little-guy investors in the market continues to assert itself. One proxy, the volume of trading done on off-exchange venues such as those run by equity wholesalers serving clients like Robinhood Markets Inc, has jumped to well above 50%, recently hitting a record.

Almost everything Elon Musk surged. Tesla Inc's shares added another 12%, bringing the increase in its market cap to more than \$500bn since the election. A closed-end fund called Destiny Tech100 Inc, which has soared more than 500% since the election in part due to exposure to Musk's privately held SpaceX, also rose, pushing its market value to more than 10 times its stated net assets.

"The markets still have their animal spirits, but it's getting more selective," said Marvin Loh, senior macro strategist at State Street Global Markets. "Without an additional catalyst, the more esoteric names are more vulnerable."

One sign of a stretched market: A gauge of risk-on positioning and sentiment kept by Goldman Sachs Group Inc, which plots flows to everything from equity futures to bullish stock options, just hit the highest level since 2018, with more than half its indicators at notably elevated levels. Similar readings have preceded a pullback.

"Our aggregate positioning and sentiment indicator has reached the 70th percentile despite macro data improving only marginally so far," said Christian Mueller-Glissmann, head of asset allocation research at Goldman Sachs. "Historically a similarly elevated positioning and sentiment indicator pointed to a speed limit for equity returns."

Wall Street has held off on big bets ahead of the Federal Reserve's policy meeting next week, at which policymakers are expected to push through a quarter-point rate cut.

The view isn't unanimous, though: Deutsche Bank AG and BNP Paribas forecast no more Fed action this year.

Monetary easing is also seen slowing next year by more than officials had projected three months ago, with a majority of economists predicting just three reductions in 2025.

# EU bonds may be a threat to Dutch debt, says Treasury chief

Bloomberg
Amsterdam

European Union bonds could pose a threat to Dutch bonds if they are reclassified as sovereign securities by index providers, said the head of the nation's treasury agency.

The government would prefer it if EU bonds continue to be treated as supranational debt, Saskia van Dun, head of the Dutch State Treasury Agency, said in an interview with Bloomberg, thereby avoiding any competition with bonds sold by member states.

The EU has been advocating for its bonds to be treated as government debt so that it can access a wider pool of investors. Officials have said that would help lower borrowing costs, which remain higher than the Netherlands' despite having the same credit rating.

"I know that the Dutch government is not in favour of this development, but on the other hand, the question is whether you can withhold it," said Van Dun. "We don't mind if it stays that way."

Her comments are a rare public interjection into the debate from a European government official, who added that reclassifying the bonds would still be a positive development from a social point of view.

"For us as the treasury agency, it could be a threat," Van Dun said. "But you could also co-operate and work together as debt management agencies; and that is, I personally think, the way forward in the end."

So far, the EU's attempts to reclassify its debt have proved unsuccessful, with MSCI Inc, Intercontinental Exchange Inc and S&P Global all rejecting such proposals after consultations.

However, it's likely they will revisit the question in the coming years.

Bloomberg Index Services Limited has also consulted on the EU's status. It is a subsidiary of Bloomberg LP, the parent of Bloomberg News.

The Dutch treasury needs to finance an estimated borrowing requirement of €105bn (\$110bn) for the year, according to plans published on Friday. The shortfall is significantly higher than this year's €70.7bn.

That's mostly because of a loan facility for Tennet Holding BV said Van Dun, referring to a bridge loan the Dutch government has extended to the grid operator. The financing makes up €14.2bn of its estimated cash deficit in 2025.

Despite the higher financing requirement, bond issuance plans are steady at €40 billion, with the rest coming from money markets.

In September, the Dutch government said it would lend the capital-strapped grid operator another €19bn after talks with Berlin over a sale of its German network failed. The financing came on top of the €25bn loan it provided in January for its much needed grid investments this year and in 2025.

Van Dun indicated the treasury's plans wouldn't be affected by political turmoil. Last month, the Dutch coalition led by far-right lawmaker Geert Wilders' Freedom Party came close to collapsing after a secretary resigned in protest over alleged racist comments.

"If this cabinet would fall, I think the discipline and the prudent debt management will survive," she said.

The new coalition took office in July as the most right-leaning Dutch government in decades, pushing for the strictest-ever immigration policies. But unlike in other countries, the management of the Dutch treasury isn't affected by changes in the government, Van Dun said.

"We can do our job," she said. "We just have to make sure that the Netherlands can pay its bills every day."

# US junk-bond market is increasingly just for refinancing itself

Bloomberg
New York

Companies are increasingly using the \$1.4tn US junk-bond market to refinance existing debt, while new borrowing is happening more in private and leveraged loan markets.

Nearly 80% of junk-bond sales in the US so far this year were for refinancing bonds or loans, the highest percentage since at least 2010, according to data from Barclays Plc. There have been just \$59bn of new high-yield note sales this year through December 4, one of the lowest in more than a decade.

The appeal of private credit is hard for many companies to resist. Direct lenders have raised vast amounts of money in recent years, with the total assets in the industry topping \$1.5tn as of late March, giving them ample capital to lend out. They also tend to offer more flexibility to borrowers, and the loans are relatively easy to execute compared with selling bonds, which can be a multistage process where final pricing is only revealed at the end.

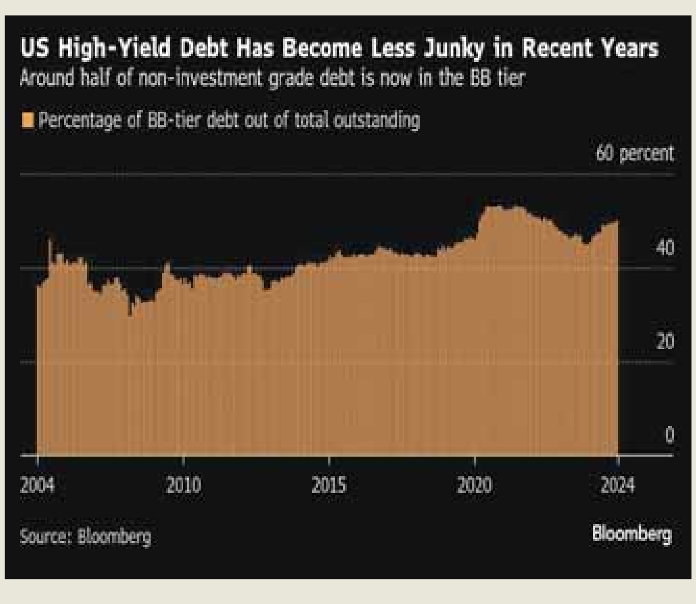
Private credit loans also make fewer demands on bank balance sheets, a positive at a time when capital rules known as Basel III Endgame are set to further constrain some types of risky bank lending. There are regulatory incentives for lending in private markets, and potentially higher returns for investors there too, said Scott Kimball, chief investment officer at Loop Capital Asset Management.

"High-yield bonds will keep losing market share, until investors grow concerned about illiquidity, transparency and credit quality," Kimball said.

Money moving from more public credit markets into more private ones mirrors what's happening in stocks, where the market value of public equity is shrinking while private equity grows. Investors are broadly giving up liquidity in pursuit of potentially higher returns.

The US junk-bond market has shrunk about 13% to \$1.39tn of debt outstanding from \$1.59tn peak in October 2021, according to Bloomberg index data, based on the face value of the debt. For junk-bond investors, the drop in new sales is a positive. As the amount of debt outstanding shrinks, the value of existing bonds grows.

Risk premiums, or spreads, have also narrowed this year. The average junk-bond spread could be about two percentage points wider if not for factors including private credit, Edward Altman, a finance professor emeritus at New York University's Stern School of Business who has spent years studying defaults, said previously.




Many of the companies opting for private credit are lower rated, and the issuers who remain in the junk-bond market tend to be at the upper end of the high-yield spectrum.

That's resulting in the credit quality improving for the junk-bond market as a whole.

High-yield default rates have fallen to 1.1%, the lowest level in more than two years, according to a report by JPMorgan Chase & Co strategists. In contrast, default rates in the syndicated loan market rose to 4% in November, the highest since Covid. Ratings-wise, around half of total outstanding junk bonds are in the BB tier, the highest part of the non-investment grade basket. Until the pandemic, when a large number of high-grade companies were suddenly cut to junk, that percentage had averaged closer to 40% going back to 2004.

"The credit quality of the bond market is better than I've ever seen" in 25 years in the high-yield market, said Geof Marshall, head of fixed income and private markets at Toronto-based CI Global Asset Management.

Rising interest rates often weigh on sales growth for new corporate debt, particularly for companies at the weaker end of the credit spectrum.

But even as the Federal Reserve hiked rates in 2022 and 2023, the US leveraged loan and private credit markets both managed to grow, as has the US investment-grade bond market.

Any company raising funds today is looking at all options, including private debt, according to Dominique Toublan, head of credit strategy at Barclays.

Private credit is particularly attractive for companies looking to finance leveraged buyouts, CI Global's Marshall said. The lenders can often promise particular pricing, ready in time for the close of the buyout, which may be more difficult for buyouts depending on funding in public markets.

While junk-bond sales volume is tepid in the US, the debt is becoming more popular in Canada, growing off a low base. As of December 6, no fewer than eight new issuers — out of 20 total — entered the loonie high-yield market for the first time this year, spurred by relatively cheap funding, and yet unencumbered by a much-smaller private credit presence in the country.

Companies have raised around C\$6.47bn (\$4.57bn) through high-yield debt sales as of early December, the second fastest pace of issuance since at least 2017, according to data from National Bank of Canada and Bloomberg. The pick-up in Canadian corporate new issuance this year has improved the depth and breadth of the Canadian junk-bond market, and that's one of the reasons asset-management firm Picton Mahoney is switching out US-dollar bonds for Canadian ones, according to Phil Mesman, partner and portfolio manager.

# QNB FINANCIAL SERVICES

# Weekly Market Report

The Qatar Stock Exchange (QSE) index increased by 136.90 points or 1.3% during the week to close at 10,528.65. Market capitalisation was higher by 1.2% to reach QR622.5bn from QR615.1bn at the end of the previous trading week. Of the 52 traded companies, 43 ended the week up, eight ended down, and one remained the same. Alkhaleej Takaful Insurance (AKHI) was the best performing stock for the week, gaining 9.2%. Whereas, Widam Food Company (WDAM) was the worst performing stock for the week, down 2.1%.

Al Rayan Bank (MARK), Industries Qatar (IQCD) and Commercial Bank (CBQK) were the main contributors to the weekly index rise. MARK and IQCD added 23.78 and 21.36 points to the index, respectively. Further, CBQK put on another 18.07 points.

Traded value during the week shot up 38.4% to reach QR1,742.8mn from QR1,259.3mn in the prior trading week. QNB Group (QNBK) was the top value traded stock during the week with total traded value of QR171.3mn.

Traded volume gained by 32.0% to 668.1mn shares compared with 506.1mn shares in the prior trading week. The number of transactions moved up 16.4% to 64,188 vs 55,147 in the prior week. Qatar Aluminum Manufacturing Company (QAMC) was the top volume traded stock during the week with total traded volume of 123.6mn shares.

Foreign institutions turned bullish, ending the week with net buying of QR76.9mn vs net selling of QR28.3mn in the prior week. Qatari institutions remained bullish with net buying of QR52.8mn vs net buying of QR71.6mn in the week before. Foreign retail investors ended the week with net selling of QR10.7mn vs net selling of QR11.4mn in the prior week. Qatari retail investors recorded net selling of QR119.0mn vs net selling of QR31.9mn the week before.

YTD, global foreign institutions were net sellers by $185.5mn, while GCC institutions were net sellers of Qatari stocks by $385.1mn.

| Market Indicators | Week ended. Dec 12, 2024 | Week ended. Dec 05, 2024 | Chg. % |
|---|---|---|---|
| Value Traded (QR mn) | 1,742.8 | 1,259.3 | 38.4 |
| Exch. Market Cap. (QR mn) | 622,486.7 | 615,069.7 | 1.2 |
| Volume (mn) | 668.1 | 506.1 | 32.0 |
| Number of Transactions | 64,188 | 55,147 | 16.4 |
| Companies Traded | 52 | 52 | 0.0 |
| Market Breadth | 43:8 | 16:35 | – |

Source: Qatar Exchange (QE)

| Market Indices | Close | WTD% | MTD% | YTD% |
|---|---|---|---|---|
| Total Return | 24,010.85 | 1.3 | 1.1 | 3.3 |
| ALL Share Index | 3,764.51 | 1.3 | 1.1 | 3.7 |
| Banks and Financial Services | 4,715.74 | 1.3 | 1.7 | 3.0 |
| Industrials | 4,203.73 | 1.5 | 0.4 | 2.1 |
| Transportation | 5,192.60 | 1.3 | 0.7 | 21.2 |
| Real Estate | 1,647.80 | 1.7 | 1.1 | 9.7 |
| Insurance | 2,349.17 | 1.3 | 0.9 | (10.8) |
| Telecoms | 1,824.77 | 0.0 | (0.6) | 7.0 |
| Consumer Goods & Services | 7,620.55 | 0.9 | 0.3 | 0.6 |
| Al Rayan Islamic Index | 4,862.29 | 1.3 | 0.7 | 2.1 |

Source: Qatar Exchange (QE)

QSE Index and Volume


Source: Qatar Exchange (QE)

Weekly Index Performance


Source: Bloomberg

## DISCLAIMER

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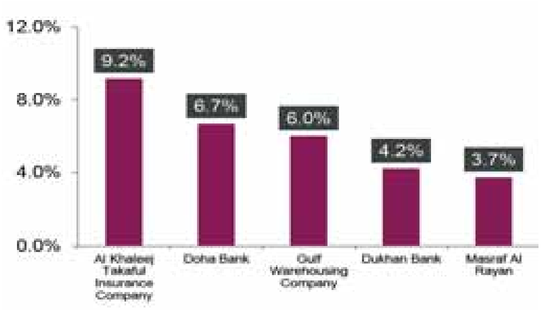
| Regional Indices | Close | WTD% | MTD% | YTD% | Weekly Exchange Traded Value ($ mn) | Exchange Mkt. Cap. ($ mn) | TTM P/E** | P/B** | Dividend Yield |
|---|---|---|---|---|---|---|---|---|---|
| Qatar* | 10,528.65 | 1.3 | 1.1 | (2.8) | 479.38 | 170,748.1 | 11.4 | 1.3 | 4.1 |
| Dubai | 4,811.61 | (0.2) | (0.7) | 18.5 | 852.60 | 226,888.5 | 9.2 | 1.4 | 5.0 |
| Abu Dhabi | 9,275.63 | (0.0) | 0.4 | (3.2) | 1,073.79 | 727,292.1 | 16.6 | 2.5 | 2.2 |
| Saudi Arabia# | 12,149.19 | 1.8 | 4.4 | 1.5 | 8,067.07 | 2,767,737.4 | 19.6 | 2.3 | 3.7 |
| Kuwait | 7,331.01 | 0.6 | 1.2 | 7.5 | 1,055.02 | 155,240.7 | 18.8 | 1.7 | 4.0 |
| Oman | 4,545.92 | (0.6) | (0.4) | 0.7 | 44.84 | 30,232.0 | 11.2 | 0.9 | 5.9 |
| Bahrain | 2,005.84 | (1.5) | (1.3) | 1.7 | 17.14 | 20,661.6 | 16.3 | 1.3 | 3.6 |

Source: Bloomberg

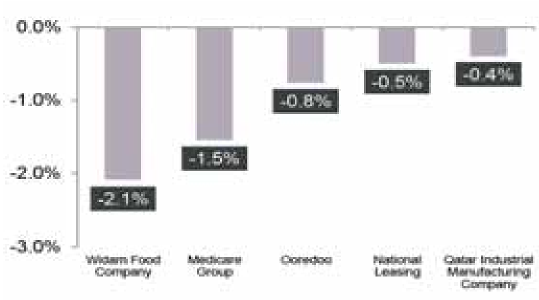
Qatar Stock Exchange

Top Five Gainers



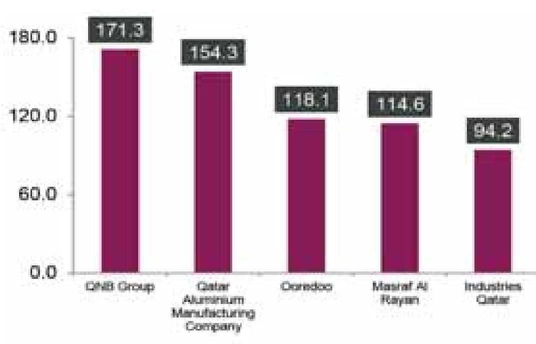

Source: Qatar Stock Exchange (QSE)

Top Five Decliners



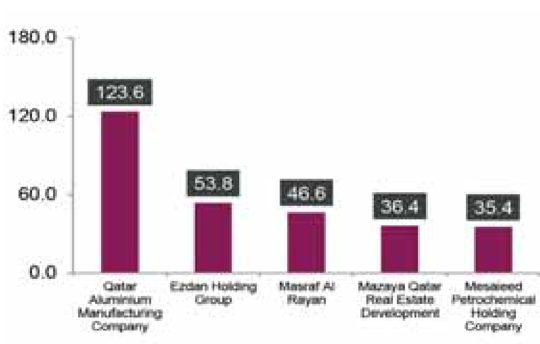

Source: Qatar Stock Exchange (QSE)

Most Active Shares by Value (QR Million)



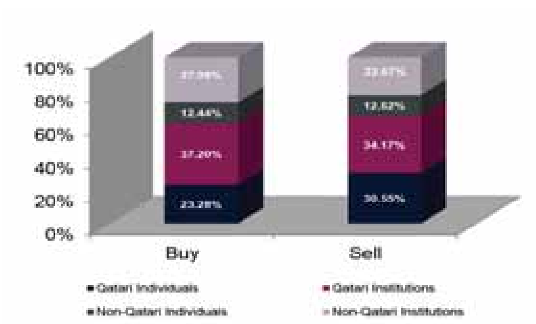

Source: Qatar Stock Exchange (QSE)

Most Active Shares by Volume (Million)



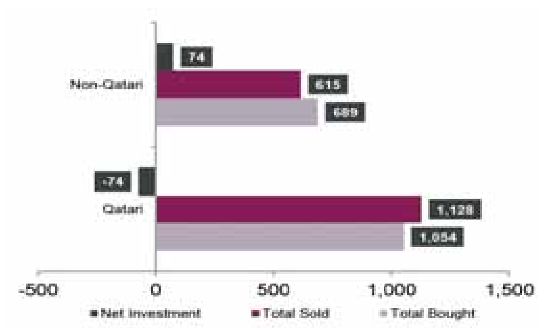

Source: Qatar Stock Exchange (QSE)

Investor Trading Percentage to Total Value Traded




Source: Qatar Stock Exchange (QSE)

Net Traded Value by Nationality (QR Million)




Source: Qatar Stock Exchange (QSE)

| Company Name | Price December 12 | % Change Weekly | % Change YTD | Market Cap. QR Million | TTM P/E | P/B | Div. Yield |
|---|---|---|---|---|---|---|---|
| Qatar National Bank | 17.32 | 0.70 | 4.78 | 159,975 | 10.5 | 1.7 | 3.8 |
| Qatar Islamic Bank | 20.95 | 0.10 | (2.56) | 49,503 | 11.5 | 1.9 | 2.4 |
| Commercial Bank of Qatar | 4.40 | 3.19 | (29.11) | 17,788 | 6.3 | 0.9 | 5.7 |
| Doha Bank | 1.98 | 6.68 | 8.14 | 6,136 | 7.7 | 0.6 | 3.8 |
| Al Ahli Bank | 3.48 | (0.37) | (3.98) | 8,873 | 10.7 | 1.2 | 7.2 |
| Qatar International Islamic Bank | 10.63 | 0.28 | (0.56) | 16,090 | 15.4 | 2.2 | 4.3 |
| Masraf Al Rayan | 2.50 | 3.73 | (5.84) | 23,250 | 16.0 | 1.0 | 4.0 |
| Lesha Bank | 1.38 | 1.62 | 4.01 | 1,541 | 11.7 | 1.1 | N/A |
| National Leasing | 0.80 | (0.50) | 9.33 | 394 | 22.9 | 0.6 | 3.8 |
| Dlala Holding | 1.15 | 0.61 | (13.03) | 219 | 36.3 | 1.2 | N/A |
| Qatar & Oman Investment | 0.72 | 1.56 | (24.50) | 226 | N/A | 1.0 | N/A |
| Islamic Holding Group | 3.90 | 2.61 | (5.98) | 221 | 12.8 | 1.3 | 1.3 |
| Dukhan Bank | 3.61 | 4.22 | (9.31) | 18,869 | 15.2 | 1.5 | 4.4 |
| **Banking and Financial Services** | | | | **303,085** | | | |
| Zad Holding | 13.63 | 1.94 | 0.96 | 3,918 | 19.8 | 2.9 | 4.8 |
| Qatar German Co. for Medical Devices | 1.42 | 1.57 | (2.14) | 164 | 486.5 | 4.7 | N/A |
| Salam International Investment | 0.67 | 1.36 | (2.05) | 765 | 12.6 | 0.5 | 4.5 |
| Baladna | 1.34 | 1.99 | 9.07 | 2,538 | 13.7 | 1.1 | 5.2 |
| Medicare Group | 4.45 | (1.55) | (18.93) | 1,252 | 14.7 | 1.3 | 4.9 |
| Qatar Cinema & Film Distribution | 2.50 | 0.68 | (13.72) | 157 | 35.0 | 1.2 | 2.8 |
| Qatar Fuel | 14.92 | 0.81 | (10.01) | 14,834 | 14.2 | 1.7 | 5.4 |
| Widam Food | 2.53 | (2.09) | 7.33 | 456 | 24.4 | 3.0 | N/A |
| Mannai Corp. | 3.78 | 2.11 | (10.02) | 1,724 | N/A | 1.8 | 6.6 |
| Al Meera Consumer Goods | 14.52 | (0.21) | 5.29 | 2,991 | 16.2 | 1.9 | 5.9 |
| Mekdam Holding Group | 3.58 | 0.70 | (10.87) | 590 | 13.2 | 2.2 | N/A |
| Meeza QSTP | 3.25 | 2.98 | 13.28 | 2,109 | 37.5 | 3.0 | 2.5 |
| Al Faleh Education Holding | 0.73 | 3.38 | (13.34) | 176 | 14.1 | 0.7 | 2.6 |
| **Consumer Goods and Services** | | | | **31,675** | | | |
| Qatar Industrial Manufacturing | 2.51 | (0.40) | (16.50) | 1,190 | 8.9 | 0.6 | 5.2 |
| Qatar National Cement | 3.82 | 2.80 | (3.12) | 2,499 | 13.6 | 0.8 | 7.8 |
| Industries Qatar | 12.99 | 1.48 | (0.69) | 78,590 | 14.7 | 2.1 | 4.8 |
| Qatari Investors Group | 1.56 | 2.90 | (4.93) | 1,942 | 10.7 | 0.6 | 9.6 |
| Qatar Electricity and Water | 16.06 | 1.13 | (14.57) | 17,666 | 10.7 | 1.2 | 3.1 |
| Aamal | 0.88 | 1.62 | 3.79 | 5,525 | 13.6 | 0.7 | N/A |
| Gulf International Services | 3.09 | 2.76 | 11.89 | 5,737 | 10.0 | 1.4 | 4.9 |
| Mesaieed Petrochemical Holding | 1.53 | 1.19 | (14.54) | 19,197 | 24.1 | 1.2 | 3.5 |
| Estithmar Holding | 1.81 | 0.61 | (13.84) | 6,144 | 16.1 | 1.2 | N/A |
| Qatar Aluminum Manufacturing | 1.26 | 1.05 | (10.21) | 7,014 | 13.5 | 1.1 | 4.8 |
| **Industrials** | | | | **145,504** | | | |
| Qatar Insurance | 2.10 | 0.86 | (18.92) | 6,859 | 12.6 | 1.1 | 4.8 |
| QLM Life & Medical Insurance | 2.07 | 0.93 | (17.21) | 724 | 9.1 | 1.1 | 6.0 |
| Doha Insurance | 2.57 | 1.98 | 7.57 | 1,286 | 7.9 | 1.0 | 6.8 |
| Qatar General Insurance & Reinsurance | 1.18 | (0.17) | (19.73) | 1,033 | N/A | 0.3 | N/A |
| Al Khaleej Takaful Insurance | 2.53 | 9.17 | (14.98) | 645 | 8.8 | 1.0 | 4.8 |
| Qatar Islamic Insurance | 8.61 | 1.41 | (3.29) | 1,291 | 8.4 | 2.3 | 5.8 |
| Damaan Islamic Insurance Company | 3.90 | 0.00 | (2.23) | 780 | 9.8 | 1.4 | 4.6 |
| **Insurance** | | | | **12,616** | | | |
| United Development | 1.13 | 0.90 | 5.82 | 3,991 | 9.7 | 0.4 | 4.9 |
| Barwa Real Estate | 2.84 | 2.38 | (1.73) | 11,067 | 9.0 | 0.5 | 6.3 |
| Ezdan Real Estate | 1.17 | 1.56 | 36.36 | 31,034 | 368.9 | 0.9 | N/A |
| Mazaya Qatar Real Estate Development | 0.60 | 1.18 | (17.15) | 599 | N/A | 0.6 | 4.2 |
| **Real Estate** | | | | **46,690** | | | |
| Ooredoo | 11.70 | (0.76) | 2.63 | 37,477 | 11.4 | 1.3 | 4.7 |
| Vodafone Qatar | 1.87 | 2.81 | (2.15) | 7,888 | 13.5 | 1.6 | 5.9 |
| **Telecoms** | | | | **45,365** | | | |
| Qatar Navigation (Milaha) | 11.02 | 2.04 | 13.61 | 12,521 | 11.6 | 0.7 | 3.4 |
| Gulf Warehousing | 3.33 | 6.02 | 6.32 | 195 | 10.0 | 0.8 | 3.3 |
| Qatar Gas Transport (Nakilat) | 4.19 | 0.36 | 18.89 | 23,186 | 14.1 | 2.0 | 3.3 |
| **Transportation** | | | | **35,902** | | | |
| **Qatar Exchange** | | | | **622,487** | | | |

Source: Bloomberg

# Technical analysis of the QSE index

Source: Bloomberg

The QSE index was higher by 1.3% from last week on slightly higher volumes, which suggests an uptick to be seen in the coming week. The index closed at 10,528. It remains inside the broader flat price-range. 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 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 climb 2% as more sanctions loom on Russia and Iran

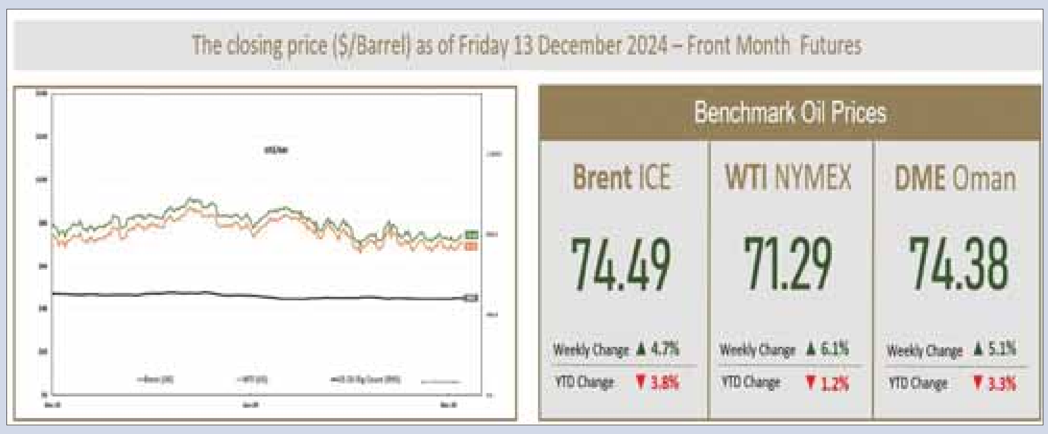
www.abhafoundation.org

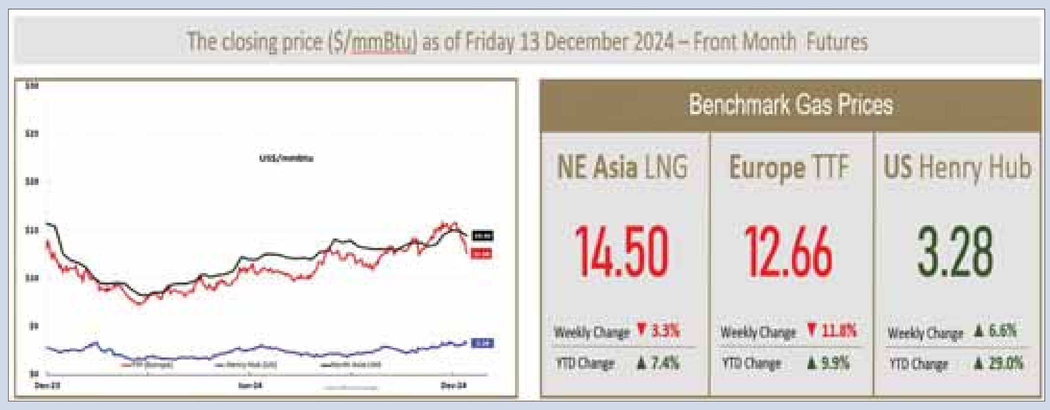
**Oil**

Oil prices climbed about 2% on Friday to settle at a three-week high, on expectations that additional sanctions on Russia and Iran could tighten supplies and that lower interest rates in Europe and the US could boost fuel demand. Brent futures gained $1.08 to settle at $74.49 a barrel. US WTI crude rose $1.27 to settle at $71.29. For the week, Brent was up 5% and WTI spiked 6%.

This strength is being driven by expectations of tighter sanctions against Russia and Iran, more supportive Chinese economic guidance, Mideast political havoc and prospects for a US Federal Reserve rate cut next week. European Union ambassadors agreed to impose a 15th package of sanctions on Russia last week, targeting its shadow tanker fleet. Chinese data last week showed crude imports in the world's top importer grew annually in November for the first time in seven months. They are set to stay elevated into early 2025 as refiners opt to lift more supply from top exporter Saudi Arabia, drawn by lower prices, while independent refiners rush to use their quota. The International Energy Agency forecast an oil surplus for next year, when non-Opec+ nations are set to boost supply by about 1.5mn bpd, driven by Argentina, Brazil, Canada, Guyana and the US Investors are also betting the Fed will cut US rates next week, with further reductions next year, after data showed weekly claims for unemployment insurance unexpectedly rose.


For the week, Brent was up 5% and WTI spiked 6%. *Picture supplied by the Abdullah bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.*




**Gas**

Asian spot LNG prices fell last week amid weak demand and the availability of more supply in the spot market.

The average LNG price for January delivery into north-east Asia was at $14.50 per mmBtu, down from $15.00 per mmBtu last week, industry sources estimated. Further dips are expected as the winter has been relatively mild.

In Europe, gas prices have fallen nearly 12% over the week on a sell-off in net long positions by investment funds and milder weather forecasts lowering heating demand.

Incremental revisions to weather forecasts for north-west Europe over the rest of this month have weighed heavily on heating demand expectations, helping to ease concerns for the region's quick underground gas storage withdrawals in recent weeks, which would have to be made up again next summer. EU gas storage inventories are currently around 80.16% full, data from Gas Infrastructure Europe showed, down from 91% at the same time last year and below the 5-year average of 83%. The fact is that the forward curve is in contango (where the LNG futures price is higher than the spot price) leaves no incentive to start buying gas in the summer for storage and usage in winter 25-26.

This could lead to even more upward price pressure in the course of next year, analysts said. Meanwhile, the US arbitrage to north-east Asia via the Panama Canal is currently closed, signalling US cargos are incentivised to deliver to north-west Europe.

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

# Lesha Bank strengthens its aviation portfolio with strategic acquisition of 5 Boeing 777-300ER aircraft on lease to a leading airline

Lesha Bank has announced the successful acquisition of five Boeing 777-300ER aircraft leased to a leading airline, marking a significant step in its renewed focus on aviation and aircraft leasing.

The acquisition reaffirms Lesha Bank's dedication to its aviation strategy, highlighting its plans for Shariah-compliant investments in the sector. The move underscores the bank's focus on building expertise in aviation and establishing this as a key pillar of its business growth strategy.

Lesha Bank CEO Mohammed Ismail al-Emadi said: "In the evolving economic landscape, aviation and aircraft leasing present a number of compelling opportunities.

This acquisition reinforces our commitment to the expanding aviation sector, leveraging deep expertise and aligning with our strategic focus on potential long-term value creation. This milestone represents a significant step towards building out our aviation portfolio. We look forward to building scale in this area and growing aviation into a meaningful part of our investments."

Lesha Bank is the first independent Shariah-compliant bank authorised by the Qatar Financial Centre Regulatory Authority (QFCRA) and a listed entity on the Qatar Stock Exchange (QSE).

Lesha Bank CEO Mohammed Ismail al-Emadi.

# Qatar Chamber participates in 'France-Arab Economic Summit'

Qatar Chamber recently participated in the '5th France-Arab Countries Economic Summit', which was held in Paris under the theme 'Increasing France's Place in the Arab World'.

The event was jointly organised by the Arab-French Chamber of Commerce, the Union of Arab Chambers, and the Federation of Small and Medium Enterprises (CPME), with support from ICE-FRANCE, the International Chamber of Commerce-France, International Medef, and Business France.

The delegation from Doha was led by Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani and included board member Dr Khaled bin Klefeekh al-Hajri.

The summit was attended by more than 400 high-level economic figures and featured three round table discussions which focused on the Maghreb countries, the Arab Levant countries, and the Gulf Co-operation Council (GCC) countries.

On the sidelines of the summit, Sheikh Khalifa bin Jassim met with Aurelien Le Chevalier, director of the Office of the Minister for Europe and Foreign Affairs, in the attendance of Sheikh Ali bin Jassim al-Thani, Qatar's ambassador to France.

During the meeting, both sides discussed economic and commercial relations and explored ways to enhance co-operation between the Qatari and French private sectors. They also emphasised the importance of fostering mutual investments and partnerships between the business sectors of both nations.

Speaking during the third working session, al-Hajri highlighted Qatar's successful hosting of the 2022 FIFA World Cup and its management of the post-World Cup phase. He noted that Qatar recently launched the Third National Development Strategy (2024-2030) and the launch of the Qatar Research, Development and Innovation Strategy (2024-2030) as part of the Qatar National Vision 2030.

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani joins Aurelien Le Chevalier, director of the Office of the Minister for Europe and Foreign Affairs, and Sheikh Ali bin Jassim al-Thani, Qatar's ambassador to France, during a meeting held on the sidelines of the summit.

He said the strategy aims to position Qatar as a global leader in innovation and scientific research in the Middle East region, enhance the business sector's involvement in innovative activities, develop qualified domestic talent, and increase the sector's contribution to the state's GDP.

He also highlighted the state's efforts to advance innovation by fostering partnerships and cooperation with international technology leaders, such as Microsoft, Google Cloud, NVIDIA, among others, including the launch of 5G networks. Al-Hajri said Qatar ranked second globally in terms of 5G speed and ranked first in mobile Internet speed.

Al-Hajri said Qatar aims to attract $100bn in direct investments in the manufacturing, logistics, education, financial services, food, agriculture, and healthcare sectors. He added that the national economy is expected to grow by 4% annually until 2030, driven by the expansion of gas production.

# Japan's economic growth set for recovery next year: QNB

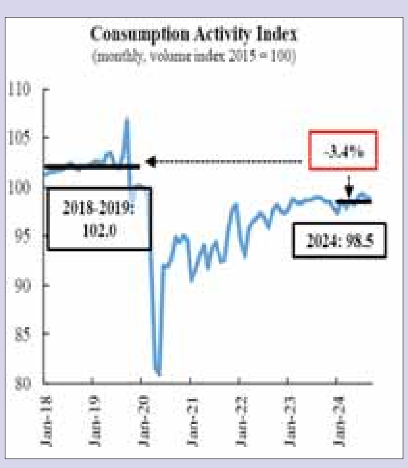
Economic growth in Japan is set for a recovery next year, on the back of real income growth boosting consumption, fiscal stimulus and an improving outlook for export oriented sectors, according to QNB.

"We expect the Japanese economy to grow 1.3% in 2025. This recovery will give room to the Bank of Japan (BoJ) to resume policy rate increases after a cautious hike in March, the first in 17 years," QNB said in an economic commentary.

At the beginning of the year, optimism shaped the outlook for economic growth in Japan. The expected pace of real GDP expansion for 2024 stood close to 1%. Even if not impressive by cross-country comparisons, this was encouragingly above the 0.75% annual average for Japan since 2000.

The relative optimism gradually faded throughout the year, amid a challenging context of weak external demand, stagnant consumption, and geopolitical uncertainty. Recent forecasts even point to a slight contraction of the Japanese economy for this year. However, headwinds are easing, and conditions are becoming more favourable for the Asian country.

In QNB's view, economic growth in Japan is set for a moderate rebound next year. In this article, we discuss three key factors that will contribute to a better performance for the Japanese economy in 2025. First, robust wage growth is set to outpace inflation, boosting income in real terms and fuelling a recovery in consumption. High inflation has eroded the purchasing power of household income during the last two years.





As a result, QNB noted consumption has stagnated, remaining significantly below the pre-pandemic average during 2018-2019. Since mid-year, growth in wages adjusted for prices began to recover, on the back of the shunto agreement – the yearly negotiations between labour unions and corporate leaders – that led to average wage increases of 5.6%, the largest in 33 years.

In Q3 this year, consumption grew at a surprisingly strong annual rate of 3.6%, the highest since the post Covid-pandemic recovery.

Going forward, the largest labour union federation aims to reach an agreement that would deliver a wage increase similar to the previous one. Average wage gains of 5% with inflation running closer to 2% would imply a substantial increase in the purchasing power of households. Prime Minister Ishiba is supporting the wage increases, seeking to bring the economy to a virtuous cycle of growth with stable inflation. Given that consumption represents approximately 60% of the Japanese economy, the boost provided by real income represents a strong support to economic growth.

Second, the government has put forth new policy initiatives and a fiscal program that will provide further stimulus to the economy. In November, the Cabinet approved a JPY21.9tn ($140bn) package that includes initiatives to mitigate the impact of inflation on household spending, as well as to increase investment in key industries.

The measures include cash transfers to low-income households, subsidies for electricity and gas bills, as well as raising the annual tax-free salary threshold to encourage workforce participation, especially among women.

The government is also targeting an increase in investment, with support to capital expenditures in artificial intelligence and semiconductor industries, in a bid to regain competitiveness of the Japanese economy, QNB noted.

In the first three quarters this year, investment has grown by only 0.2% relative to the same period last year, an underwhelming pace of capital spending that is restraining long-term economic growth. The new measures by the government will help bolster aggregate growth.

Third, export oriented sectors will benefit from the depreciation of the yen and improving external demand. This year, the yen has depreciated by 7.6% on average relative to last year; a weaker yen enhances the competitiveness of export-oriented industries by making goods and services more affordable on the global market. This currency shift has notably benefited tourism, now one of Japan's largest export sectors.

In October this year, Japan welcomed a record number of 3.3mn visitors.

Over the past 12 months, tourist spending reached approximately $37.7bn, underscoring the sector's substantial contribution to the economy.

Beyond tourism, industries such as automotive and electronics are experiencing increased demand due to better price competitiveness. Additionally, exports will benefit from improving external demand: we expect growth in global trade volumes to continue to recover, accelerating to 3.2% in 2025, from an expected 2.8% this year.

"Altogether, an improving outlook for export oriented sectors will add to the economic growth recovery in Japan," QNB added.