Monday, December 23, 2024
Jumada II 22, 1446 AH
GULF TIMES
BUSINESS

WEEK AHEAD: Page 4
Wall Street investors hope for rally as stocks lose steam

GCC Sustainability Innovation Hub releases white paper on achieving net-zero emissions in telecom sector

The GCC Sustainability Innovation Hub, an initiative formed by leading GCC telecommunications operators, including Ooredoo, e&, Beyon, Du, STC, Zain, and Omantel, has announced the release of its first white paper, in collaboration with GSMA.

Titled 'Green Shoots: A New Model for Renewables from the GCC,' the document outlines the collective strategy and challenges telecom operators face on their journey towards net-zero carbon emissions.

It provides a comprehensive overview of the operational, technological, and regulatory challenges that telecom operators encounter in achieving decarbonisation. The white paper also delivers actionable strategies to drive sustainable energy adoption within the telecom industry, positioning the GCC as a leader in telecom sustainability and innovation.

Fatima Sultan al-Kuwari, Group Chief HR and Sustainability Officer, Ooredoo, said: "The release of this white paper marks a significant step forward for the GCC telecom sector and highlights the power of collaboration in tackling environmental challenges. Through the GCC Sustainability Innovation Hub, we are uniting as an industry to pioneer sustainable solutions, share best practices, and create a greener future for our region.

Fatima Sultan al-Kuwari, Group Chief HR and Sustainability Officer, Ooredoo.

"This is just the beginning, and we are committed to pushing forward with innovative projects that support our journey toward net zero and demonstrate the leadership role the GCC can play in global sustainability efforts."

The white paper highlights the urgent need to address high energy consumption in telecom operations, identifying that renewables currently account for just 20% of the sector's energy.

It also outlines the significant role telecom operators can play in enabling emissions reductions across industries, such as oil & gas, agriculture, and transportation through IoT and 5G connectivity.

By tackling energy costs, which represent up to 20% of operating expenses, and deploying energy-efficient technologies, the telecom industry stands to improve profitability while supporting broader regional decarbonisation goals.

The GCC Sustainability Innovation Hub, established as a collaborative platform as part of the region's post-COP28 commitment to sustainability, is the first initiative of its kind in the region's telecom sector.

The hub serves as a centralised platform for developing and testing sustainable solutions tailored for telecom operators, encouraging innovation and partnership across industries.

By pooling resources and knowledge, the initiative aims to create an ecosystem that fosters collaboration and accelerates the adoption of renewable energy sources. The operators involved in the GCC Sustainability Innovation Hub plan to build on this momentum with further projects and partnerships.

By advancing renewable energy adoption and exploring innovative technologies, the initiative seeks to set a benchmark for sustainability practices in the telecom industry and inspire solution providers worldwide to join this critical mission.

The full white paper is now available for download on the GSMA website.

Qatar Credit Bureau launches strategy to achieve healthy and sustainable credit environment

QNA
Doha

The Qatar Credit Bureau (CB) has announced the launch of its five-year strategy aimed at enhancing and advancing its services to keep abreast with global changes.

The strategy seeks to create a healthy and sustainable credit environment that fosters trust in the State of Qatar's credit sector.

The strategy aims to expand the Qatar Credit Bureau's credit database by including new sectors. Currently, the database encompasses 32 sectors, such as banks, finance companies, telecom companies, and automotive companies. It will now be expanded to include insurance companies, increasing the total number of regulated sectors.

The bureau stated that its five-year strategy will leverage big data and artificial intelligence technologies to develop innovative products. These products will help credit providers make more accurate credit decisions, fostering greater transparency and mitigating credit risks.

The bureau also reaffirmed its commitment to raising public awareness about the importance of maintaining a good credit record.

Through its awareness initiatives, the bureau aims to guide individuals toward improved financial management and achieve financial stability that benefits all.

These initiatives align with the Qatar National Vision 2030, which aims to build a strong and sustainable economy and reinforce Qatar's position in the global economic arena.

This expansion will provide a comprehensive and accurate picture of the country's credit landscape, enabling credit providers to confidently offer their services to customers with a clearer understanding of risk levels and market-specific offers.

As part of the bureau's steps towards digital transformation, the focus will be on enhancing the electronic services portal and mobile applications.

This will make it easier for customers to access the bureaus services quickly and conveniently, 24/7.

This shift aligns with the bureau's commitment to delivering modern services that support the Third Financial Sector Strategy and Qatar National Vision 2030.

Both initiatives aim to achieve comprehensive technological advancements that meet beneficiaries' needs and support sustainable economic development.

Investors to gain from enhanced 2025 business directory: Chamber official

By Peter Alagos
Business Reporter

Qatar Chamber's initiative to update its Commercial & Industrial Directory for 2025 will streamline the country's business landscape and serve as a valuable reference for investors and company owners, an official has said.

Ali Saeed Bu Sherbak al-Mansouri, acting general manager, emphasised that the 2025 edition of the chamber's Commercial & Industrial Directory is touted as "the leading source of information on active companies in Qatar".

"As part of its strategy to support the private sector and provide a comprehensive reference for local and international investors and companies, Qatar Chamber is committed to regularly publishing its Commercial & Industrial Directory," al-Mansouri stated in the latest issue of *Al Moltaqa*, the chamber's monthly economic magazine.

Al-Mansouri said: "There is no doubt that this publication enhances the ability of Qatar's business community to access up-to-date data and statistics across various economic sectors. It serves as an essential tool for promoting commercial and industrial activities in Qatar, providing an updated and comprehensive database for the private sector.

"Moreover, it helps domestic and international companies open new channels for communication and cooperation, fostering strong commercial relationships that positively impact the national economy."

Qatar Chamber acting general manager Ali Saeed Bu Sherbak al-Mansouri.

Al-Mansouri explained that the directory will feature comprehensive listings and the latest information about commercial and industrial companies registered with the chamber, including their contact details.

He said: "Overall, the publication aims to enhance the state's economic environment by providing accurate and up-to-date information about the commercial and industrial companies registered with the chamber.

"This underscores the chamber's commitment to issuing a new version of the directory, thereby facilitating the business environment and providing a comprehensive reference for investors and merchants."

Al-Mansouri added: "The directory, which aligns with the development of Qatar's business and economic sectors, reflects the chamber's commitment to supporting and protecting the interests of its members by facilitating communication that enhances the investment environment and benefits the business sector in the country."

Last September, al-Mansouri signed an agreement with Saad Abdulla al-Tawah al-Hajri, the chairman of Al Ikhtyaar Investment Group, which will prepare, print, and publish the chamber's Commercial & Industrial Directory 2025.

In an earlier statement from Qatar Chamber, al-Hajri thanked the chamber for its role in the initiative. He ensured that the company would leverage its potential and expertise in preparing and printing the directory following the highest technical standards. Al-Hajri added that the directory would be widely available to the Qatari business community and distributed to chamber members and relevant bodies in Qatar.

The directory, which is finely tuned to the progression of Qatar's dynamic business and economic environment, reflects the chamber's enduring dedication to protecting the interests of its members. It achieves this by fostering effective communication that not only elevates the investment climate but also benefits the broader business sector within the country.

AlRayan Bank and HSBC complete first Islamic ESG KPI-linked repo transaction

Masraf Al Rayan QPSC (AlRayan Bank) and HSBC have completed the first Islamic ESG KPI-linked repurchase agreement (repo), a sustainable finance deal in support of AlRayan Bank's transition journey.

The structure includes Sustainable Performance Targets (SPTs) that AlRayan Bank needs to reach within the next three years.

AlRayan Bank launched its Sustainable Finance Framework in 2022 to support the wider commitments of the State of Qatar's net-zero transition journey, Qatar National Vision 2030 and the recently launched Sustainability Strategy from the Qatar Central Bank. The bank offers a number of Environmental, Social and Governance (ESG) products including green deposits and financing for electric vehicles.

As part of the strategy to reach the Sustainable Performance Targets for Environment, Social and Governance aspects, AlRayan Bank collaborated with key partners to develop an outline for activities and projects. "We are fully committed to delivering on the Sustainable Performance Targets as part of our ESG strategy that also indicates the progress that the bank is making on its transition journey," said Fahad bin Abdulla al-Khalifa, GCEO, AlRayan Bank.

"We are grateful for the support and co-operation from HSBC as a key partner supporting us delivering on the country's ESG agenda." "Transactions like the first Islamic ESG KPI-linked repo demonstrates the importance and focus HSBC places in helping our clients achieve their ambitions in their net zero journey in Qatar.

This landmark transaction further builds on the close collaboration we have with AlRayan Bank in partnering with them on their transition journey," said Abdul Hakeem Mostafawi, CEO, HSBC in Qatar.

Oil prices expected to average $70 in 2025: NBK

By Pratap John
Business Editor

Oil prices are expected to remain at the lower end of the current trading range in 2025, averaging $70/barrel, amid continued soft oil demand growth and strong non-Opec supply gains that will combine to deliver a market supply overhang, according to the National Bank of Kuwait (NBK).

Opec+ may have to extend already-delayed production rises beyond first quarter (Q1-2025) or risk further downward price pressures, NBK said.

Downside risks to this already subdued price outlook include more severe-than-expected weakness in the Chinese economy, the global impact of US trade tariffs and higher US supply growth under incoming president Trump's pro-energy agenda.

Moreover, Opec+ could decide to increase supply to recapture market share. On the upside, stricter US sanctions policies could remove more Iranian oil from the market – although Opec+ output could rise to compensate.

Meanwhile, ongoing strength in the refined products market and still-low global petroleum inventories may be underappreciated.

NBK noted: "We have set an oil price expectation of $70/b (average) in 2025 with a balance of risks skewed to the downside, although there are pockets of opportunity for higher prices. We see the most significant downside threat to oil prices coming on the supply side, from either non-compliance within the Opec+ group or from a shift in policy to abandon supply cuts in favour of recapturing market share.

"While the probability of this is limited at the moment, Opec+'s patience with serial quota violators is not limitless. Nor would the Opec+ group be content with the growing ranks of non-Opec producers making more headway with Opec's traditional customers."

According to NBK "positive" oil price drivers in 2025 could include global economic growth that responds positively to central bank monetary policy easing, and geopolitics. Irresolution to the ongoing Russia-Ukraine and Middle East conflicts would be price-supportive. Moreover, oil product markets are also signalling some tightness, heading into 2025, especially gasoline.

This appears partly related to expectations of planned refinery outages and the fact that inventory drawdowns in 2024 have surprised on the upside, leaving stock levels well under seasonal averages.

With oil markets seemingly focused on crude fundamentals, these trends have flown under the radar. Also, oil prices could stand to benefit from a slower pace of decarbonisation as governments across the globe recognise that they and their public do not have the technology in place yet and/or are largely unprepared for the costs and lifestyle changes that an accelerated energy transition timetable would place upon them.

"We have already seen some pushing back of net zero targets in the EU and the UK energy and transportation sectors," NBK noted.

Wall Street investors hope for rally as equities lose steam

Reuters
New York

An external view of the New York Stock Exchange. The benchmark S&P 500 is up more than 23% for 2024, even after a major stumble this week, and Wall Street has historically often enjoyed a strong annual close.

With December so far delivering returns in an otherwise stellar year for US stocks, investors hope the tail end of 2024 offers some holiday cheer, but warn of potential headwinds. The benchmark S&P 500 is up more than 23% for 2024, even after a major stumble this week, and Wall Street has historically often enjoyed a strong annual close.

Since 1969, the last five trading days of the year combined with the first two of the following year have yielded an average S&P 500 gain of 1.3%, a period known as the "Santa Claus Rally", according to the Stock Trader's Almanac.

But this year, there are signs Santa Claus may disappoint.

The S&P 500 on Wednesday suffered its biggest one-day drop since August after the Federal Reserve caught investors off guard by signalling fewer-than-expected interest rate cuts in 2025.

The market also looks less healthy beneath the surface: Eight of the 11 S&P 500 sectors are in negative territory for December, while the equal-weight S&P 500, a proxy for the average index stock, is down 7%. Congress also dealt the markets a year-end curveball on Thursday evening, rejecting a package that would have averted a partial government shutdown that could affect a range of services.

"I think investors are somewhat concerned about the potential for a government shutdown, particularly if one were to linger through the weekend," said Anthony Saglimbene, Chief Market Strategist at Ameriprise Financial.

Another worry for stocks as the year winds down is rising Treasury yields, said Matt Maley, chief market strategist at asset manager Miller Tabak. Benchmark 10-year yields hit 4.55% on Thursday following the Fed meeting, their highest level in over six months.

With the S&P 500 trading at 21.6 times forward earnings estimates, well above its 15.8 historical average, according to LSEG Datastream, that jump in yields will put more pressure on equity valuations.

"We're ending the year with people finally facing the reality that the stock market is extremely expensive and the Fed is not going to be as accommodative as they had been thinking," Maley said.

Still, this week's pullback could be positive because it eliminated some of the frothy sentiment in equities, "setting up the market for a rebound," said Chuck Carlson, chief executive officer at Horizon Investment Services. "If there is further follow through on the downside, that could be a little bit more dangerous to the bullish trend." The Santa Claus period, when combined with the following first five trading days of January and the performance of January overall, is a harbinger for the year: when those three indicators are positive, the year has ended higher more than 90% of the time in the past 50 years, according to the Almanac.

But that seasonal strength may have come early this year, given the S&P 500 posted a blockbuster 5.7% return in November driven by Donald Trump's Nov. 5 presidential election victory, Carlson said. "It's been a strong year for the market, and you can make an argument that we kind of got the year-end rally in November instead of December," Carlson said. Signs that the market rally is increasingly narrow could also spoil any holiday cheer.

A number of megacap stocks have performed well in December, including Tesla and Alphabet, which are up 26% and more than 12% respectively so far this month. Broadcom shares are up 35% for December after the company this month predicted booming demand for its custom artificial intelligence chips, pushing its market value over $1tn.

But such gains are increasingly sparse. The number of S&P 500 components that declined outpaced those that advanced for 13 straight sessions as of Wednesday, the longest such losing streak in LSEG data that stretches back to 2012.

Europe's big stocks are shrinking deeper into US megacaps' shadow

Bloomberg
London

A $93bn plunge in Novo Nordisk A/S shares has provided the latest blow to Europe's largest listed companies, which have spent another year struggling in vain to match the returns of Wall Street's biggest stocks.

While the top 10 US stocks have notched double-digit returns in 2024, powered by the so-called Magnificent Seven, six of Europe's biggest names are in the red.

They include Ozempic maker Novo, whose gains for the year were fully erased in Friday's selloff, as well as Nestle SA and LVMH Moet Hennessy Louis Vuitton SA.

All that has put the Stoxx Europe 600 index on course for its worst performance relative to the S&P 500 in almost a quarter century. And a basket of sector-dominant European stocks compiled by Goldman Sachs Group Inc has fared even worse, lagging the Stoxx for the first time since 2017.

"To a large degree, the Magnificent Seven carried the S&P 500," Morningstar strategist Michael Field said. "It's not like we don't have big companies in Europe, but the scale difference is so huge."

European heavyweights suffer two disadvantages. One, as Field points out, is size. Goldman's large-cap basket — dubbed the GRANOLAS — is cumulatively worth some $2.5tn, while the Magnificent Seven have added about $5tn this year alone, taking their combined value past $16tn. Second, so-called old economy stocks dominate European large-cap ranks. The 11-member GRANOLAS basket contains only two tech-related names, SAP SE and ASML Holding NV.

Sectors such as autos, industrials and miners are usually heavily exposed to the ebb and flow of economic cycles. Luxury stocks, for instance, have been hit hard by China's consumer slowdown, while at Nestle, faltering sales growth has put shares on track for their worst year on record.

"There's a fundamental structural issue in Europe in that it doesn't have global champions really, and it certainly doesn't have global champions in the hottest part of the market — technology and artificial intelligence," said Guy Miller, chief market strategist at Zurich Insurance Company.

There are some signs of unease over the Magnificent Seven's blistering rally — and their dominance of benchmarks. For instance, Matthew Cioppa, portfolio manager of the Franklin Technology Fund, says he is happy to own some Magnificent Seven stocks, but also has significant exposure to smaller, software names.

Many also expect green shoots in Europe, citing cheap valuations, the likelihood of a Chinese stimulus bazooka and a possible spending pick-up in Germany.

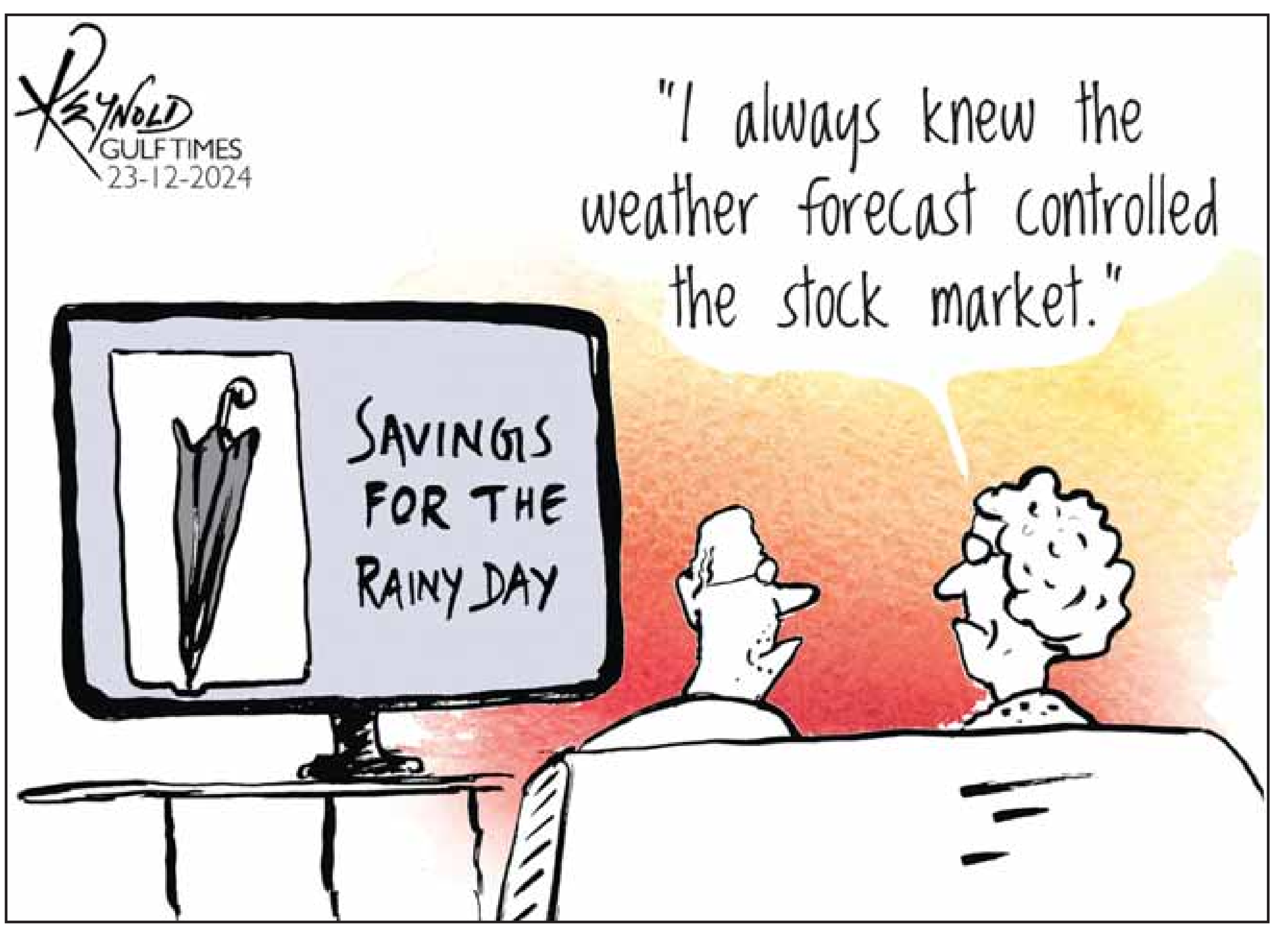
So could things change next year? Strategists polled by Bloomberg reckon not, forecasting Wall Street to triumph again in 2025.

While some see President-elect Donald Trump's policies as a plus for the Magnificent Seven, their consistent profit growth is likely a bigger draw.

Earnings are forecast to rise about 15.7% next year, versus the 9.9% expected for the GRANOLAS, according to data compiled by Bloomberg.

"In a period of time when macroeconomic growth has been pretty unexciting and other sectors have had their challenges, that reliability of earnings delivery has given the market confidence" in US tech, said Iain Barnes, chief investment officer at Netwealth Investments Ltd.

"You just don't see that from other markets," he added.



EMs battle a surging greenback

Bloomberg
London

From Brazil to South Korea, emerging-market central banks are forming a line of defence as a rising dollar pushes their currencies to multi-year lows.

Bangko Sentral ng Pilipinas is watching the peso's drop closely and has stepped up intervention in the currency market, Governor Eli Remolona said on Friday.

Brazil's central bank has spent $17bn in the past week to support the real, while Bank Indonesia vowed to guard the rupiah "boldly" to build market confidence. In Europe, Hungary's central bank joined the trend, raising the interest rate on its foreign-currency swap tender to calm markets.

Authorities in developing economies are on the defensive as the greenback's strength wreaks havoc across global markets, with South Korea's won falling to the lowest in over 15 years while India's rupee and the real crashed to all-time lows. A rapid decline in currencies risks worsening the impact of imported inflation for emerging markets, and may also increase the cost of servicing debt on foreign liabilities.

"It is hard to go against a strong USD trend," said Christopher Wong, a currency strategist at Oversea-Chinese Banking Corp in Singapore. "Intervention in such an environment can only slow the pace of currency depreciation. Despite that, central banks may still have to use a mix of verbal and actual intervention tools."

The MSCI Emerging Markets Currency Index has fallen 3.1% since end-September and is heading for its biggest quarterly drop in two years, led by the real, Hungarian forint and the Chilean peso. The moves come after the Federal Reserve forecast fewer interest-rate cuts next year and signalled that inflation concerns are back on the radar.

The index gained on Friday as the greenback plunged after a gauge of US inflation cool to the slowest pace since May last month.

Still, traders say the dollar will remain strong, and policymakers in developing markets are taking action. South Korea said on Friday it will ease the cap on banks' foreign-exchange forward positions by 50% to boost inflows and address demand and supply imbalances in the local currency market. China's central bank continued to support the yuan with its daily reference rate by setting it significantly stronger than the market's forecast.