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# GULF TIMES BUSINESS



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# Qatar's digital push is significant gain for nation's retail sector: LuLu Group executive

By Peter Alagos  
 Business Reporter

Qatar's strategic investments in digital transformation and partnerships with global tech giants are expected to significantly benefit stakeholders and key players in the country's retail industry.

According to LuLu Group Director of Global Operations Dr Mohamed Althaf, rapid technological advancements, the advent of artificial intelligence (AI), and the predictive maintenance of the Internet of Things (IoT) have been reshaping the global retail sector's operational landscape.

Dr Althaf highlighted that LuLu Group's digital transformation reflects Qatar's broader vision for technological progress, merging traditional retail expertise with innovative digital solutions to address changing market demands and consumer expectations.

Speaking to *Gulf Times* recently, Dr Althaf elaborated on the extensive integration of technology in modern retail operations, particularly in supermarket and hypermarket businesses, and how Qatar's digital transformation strategy will offer huge gains for the industry.

He explained that nothing may appear to have changed "in the past 25 years" when consumers enter a store, but little do people know that many retail establishments have been utilising different technologies that offer various solutions to their operations.

"The store look and feel will remain the same because this is the nature of our business. But in our backend, what is happening is that we are heavy users of technology. I don't know about the region, but if you take the US as an example,



LuLu Group Director of Global Operations Dr Mohamed Althaf.  
 PICTURE: Shaji Kayamkulam

perhaps the second biggest data users after NASA are their retail supermarkets, so we are very knowledge-based; we are very much a data-driven business," Dr Althaf emphasised.

Aside from LuLu Hypermarket's significant digital transformation in its backend operations, the implementation of cloud-based systems for cold chain management ensures food safety through comprehensive tracking and tracing capabilities. Similarly, the integration of IoT technology significantly helped optimise energy usage to meet the company's sustainability goals, Dr Althaf noted.

"AI and digital transformation are already transforming the proc-

esses that we are in. For example, our call chain management makes sure that the food is safe. All that is data-driven and stored on the cloud; we track and trace all our call chains for management. In terms of energy usage, most of our systems are benefitting from IoT - it is already helping us reduce energy bills and meet sustainability goals through digital transformation.

"The other area where we are using it heavily is in terms of training our people on data.

The company believes that we will be able to make our staff employed in much more productive and knowledge-demanding jobs. A lot of other tasks are already there, so in terms of our projections and

predictive analytics, as well as forecasting of our order, all those are already digitalised," Dr Althaf pointed out.

On the storefront, particularly on the hardware side, Dr Althaf said LuLu boasts of autonomous stores and stores that are certified as carbon neutral. At the same time, the company has implemented different automation in its payment gateway, as well, he also noted. Looking ahead, Dr Althaf announced LuLu's plans to launch an upgraded e-commerce platform featuring new AI tools. He also noted that his perspective on AI has changed from initial concern to viewing it as "an efficiency enhancer," citing global CEOs who called for a pause in research and development of Large Language Models (LLMs) in 2024.

"Looking back, we're very pleased to say that nothing has changed much - human beings are still in command. It is still emerging, and I think AI is emerging as an efficiency enhancer, so I am looking at the positive outcome. I am looking forward to AI getting more mature.

"There will be a lot of other business opportunities. For example, how do we use AI for agriculture and security? What do we do to increase the efficiency of new drug discovery processes?" Dr Althaf stressed.

He also underscored the importance of keeping the people in Qatar well-informed and educated in innovation and advancements in AI. "Perhaps, AI can expand the reach of education to a lot of people around the world, and also at some point maybe it could start as a real-life problem solver.

These are some of the things that I will be looking at very closely this coming year," he added.

# Middle East oil prices jump on scant flows from Iran, Russia

Bloomberg  
 London

The price of some Middle Eastern oil grades strengthened in the final week of December on robust demand from Asian refiners, after barrels from Iran and Russia became sparse and more expensive.

Oman and Dubai crude surged to a rare premium to Brent, while Murban futures outperformed the global benchmark in the last two months of the year. Prices gained on higher demand from China and India, and active bidding on the so-called Platts window by companies such as TotalEnergies SE, according to traders.

While the market has started on a quieter note in January, traders said it's still early and bidding can progressively intensify over the month. They are also waiting for official selling prices by major Middle Eastern producers such as Saudi Aramco, which would set the tone for buying.

Iranian and Russian oil flows have been disrupted by broadening sanctions from the US

and Europe, while Moscow faced increased pressure to abide by Opec+ production goals.

At times, Oman and Murban prices can swing dramatically in the final sessions of each month due to low volumes, though they were already trending higher before that, suggesting market strength.

In late-December, Oman futures on the Gulf Mercantile Exchange and partial lots of Dubai crude were priced at \$1 or more over Brent, compared with a typical discount to the lighter and sweeter oil.

Cargoes of Russian ESPO to China recently traded at a premium of \$2 a barrel to Brent on a delivered basis, up from a premium of between 80 cents and \$1.50 in the past two months. Indian processors have also raised concerns over fewer offers for Russian Urals, prompting at least one refiner to seek alternatives.

The availability of Iranian supplies to Chinese buyers has slowed in recent weeks, with Iranian Light cargoes priced at a discount of \$1.50 a barrel to Brent, compared with a discount of \$2-3 in late November.

## Turkish inflation slows to 44.3% in December

Turkiye's annual inflation rate slowed for the seventh consecutive month in December, official figures showed yesterday, reports AFP. Consumer prices rose by 44.3% last month, down from 47.1 in November, the Turkish statistics agency said.

The figure was largely in line with the central bank's estimation, after a year in which price increases slowed less than expected despite higher interest rates.

Last week, Turkiye's central bank lowered its key interest rate for the first time in nearly two years, dropping it to 47.5% from 50%.

The last cut was in February 2023. The central bank had said it was expecting inflation to reach 44% by the end of 2024, up from a previous estimate of 38% it had given in August.

The official figures are disputed by the ENAG group of

independent economists, which publishes its own numbers every month and said year-on-year inflation stood at 83.4 in December. Writing on X, Economy Minister Mehmet Simsek said the inflation rate had fallen "by 20 points compared to the end of 2022 and 2023", expressing confidence the decline "will continue" in line with the central bank's 2025 target of 21%.

"Solving our citizens' financial difficulties is our top priority. In this respect, we have established the necessary policy framework and are continuing to implement the disinflation programme with utmost determination," he said.

Turkiye has experienced double-digit inflation since 2019, with the annual rate peaking at 85.5% in October 2022, making life increasingly difficult for millions of families.

# Biden blocks takeover of US Steel by Japan's Nippon Steel

Reuters  
 Washington/Tokyo

US President Joe Biden officially blocked Nippon Steel's proposed \$14.9bn purchase of US Steel yesterday, citing national security concerns, in a move that dealt a probably fatal blow to the contentious merger plan after a year of review.

"A strong domestically owned and operated steel industry represents an essential national security priority and is critical for resilient supply chains," Biden said in a statement. "Without domestic steel production and domestic steel workers, our nation is less strong and less secure." The deal was announced in December 2023 and almost immediately ran into political opposition ahead of the November 5 US presidential election. Both then-candidate Donald Trump and Biden vowed to block the purchase of the storied American firm, the first-ever Corp valued at more than \$1bn and which once controlled most of the country's steel output.

Nippon paid a hefty premium to clinch the deal and made several concessions, including a last-ditch gambit to give the US government veto power over changes to output. The Pittsburgh-based company has warned that thousands of jobs would be at risk without the deal. Analysts say another buyer could emerge, with suitors including Ohio-based Cleveland-Cliffs.

The Committee on Foreign Investment in the US (CFIUS) spent months reviewing the deal for national security risks but referred the decision to Biden in December, after failing to reach consensus.

Nippon Steel has previously threatened legal action if the deal was blocked.

Shares of US Steel were down 7% to \$30.32 in early trading on the New York Stock Exchange.

In a November letter, Japanese Prime Minister Shigeru Ishiba urged Biden to approve the merger so as to avoid marring recent efforts to strengthen ties between the two countries, Reuters has exclusively reported. A spokesperson for Ishiba could not be reached for comment on Friday before the announcement and Japan's trade



US President Joe Biden.

ministry declined to comment ahead of the formal announcement of a decision. United Steelworkers President David McCall praised Biden's decision, saying the union has "no doubt that it's the right move for our members and our national security."

Japan is a key US ally in the Indo-Pacific region, where China's economic and military rise and threats from North Ko-

rea have raised concerns in Washington. It is also the top investor in the US and Keidanren, its biggest business lobby, has previously aired concerns that the review was facing political pressure.

Blocking the deal may dissuade international investors from bidding for politically sensitive US companies with a unionised workforce in the short term, said Alistair Ramsay, vice president of steel research at consultancy Rystad Energy.

"Big bids are a risky idea less than 12 months from a presidential election, but big steel producers with traditional operating furnaces, such as Nippon Steel, see the US as an excellent place to produce steel in the long term, despite the market depression there," he added. Lawyers including Nick Wall, M&A partner at Allen & Overy, have said Nippon's vow to mount a legal challenge against the US government would be tough.

The two companies had sought to assuage concerns over the merger. Nippon offered to move its US headquarters to Pittsburgh, where the US steelmaker is based, and promised to honour all agree-

ments in place between US Steel and the USW. A source familiar with the matter said this week that Nippon Steel had also proposed giving the US government veto power over any potential cuts to US Steel's production capacity, as part of its efforts to secure Biden's approval.

"It is difficult to fully understand the risks involved in Nippon Steel's potential acquisition of US Steel," said a Japanese government official, who spoke on condition of anonymity, as did the other sources.

"Nippon Steel has done everything to eliminate risks related to economic securities, including committing not to reduce production," Nippon Steel faces a \$565mm penalty payment to US Steel following the deal's collapse, which is set to prompt a major rethink of its overseas-focused growth strategy.

With the acquisition of US Steel, Nippon Steel aimed to raise its global output capacity to 85mm metric tonnes a year from the current 65mm, nearing its long-term goal of taking capacity to 100mm tonnes.

## Singapore's strong growth puts MAS decision in focus

**Bloomberg**  
Singapore

Singapore's economic growth beat estimates in the last three months of 2024 but slowed from the prior quarter, potentially providing scope for the central bank the Monetary Authority of Singapore (MAS), to slightly loosen monetary settings this year. Gross domestic product grew 4.3% in the three months through December from a year earlier, according to advance estimates released on Thursday by the Ministry of Trade and Industry. That beat the median analyst estimate of a 3.8% gain, although it slowed from the 5.4% growth in the July-September period. On quarter, the economy grew 0.1% against median expectations for a 0.8% drop. The government didn't provide an outlook for 2025 growth although it said in November it expects the economy to

rise 1-3% this year. Bloomberg Economics estimates this year's expansion at 2.5%, as Singapore's resilience could be tested by offshore factors ranging from China's slowdown to trade tensions stirred by the incoming Trump administration and other geopolitical fissures. "The more challenging outlook for growth in 2025 and beyond, in combination with heightened uncertainty, could see the central bank scale back its tightening by reducing the pace of appreciation in the Singapore dollar versus the currencies of its main trading partners," Bloomberg economist Tamara Henderson said in a note after the data. The city-state, she said, is in a sweet spot as headline and core inflation are both back below 2%. Singapore's equity benchmark rose as much as 0.2% in early trading after the data, with the gauge about 1% away from hitting a record high. Separately, Singapore private home prices rebounded, with private residential

prices rising 2.3% in the last quarter from the prior three months, according to preliminary estimates from the Urban Redevelopment Authority. That reverses a 0.7% drop in the third quarter, and is the largest increase in a year. For the full year, Singapore GDP rose 4%, as announced by Prime Minister Lawrence Wong in his New Year's message earlier this week. That was the fastest pace in three years and surpassed the government's revised estimate of around 3.5%, building a strong foundation for the city state to confront challenges in 2025. Wong's speech on December 31 flagged both rising global tensions and, in many countries, "a deep sense of angst and anxiety" about the future. "Singapore is not immune from these global mood shifts and pressures," Wong said. Still, "we remain a beacon of safety, security and stability in a troubled world." Manufacturing rose 4.2% in fourth quarter from year ago, slowing from 11.1%

growth in July-Sept, taking full year gain to 3.5%. Growth in construction accelerated to 5.9% last quarter, putting overall 2024 expansion at 4.8%. Most services producing industries grew faster last quarter, with wholesale & retail trade and transportation and storage rising 5.6% and accommodation & food services, real estate and other support services growing 2.6%. The Monetary Authority of Singapore (MAS), which left settings on hold for a sixth straight review in October, said at the time that the country's disinflation trajectory is "well-entrenched" and the economy's recovery will extend into 2025. However, it cautioned then on the outlook for global growth and potential upside risks to prices. The MAS, which uses the exchange rate rather than interest rates to control price growth, is scheduled to decide on monetary settings this month.

## Engine maker GE joins South Korean probe of fatal plane crash

**Reuters**  
Seoul

**G**E Aerospace, whose joint venture made the engines of the Boeing airplane that crashed in the deadliest aviation disaster on South Korean soil, joined the investigation as Seoul extended by a week special inspections of all 101 Boeing 737-800 jets. The transport ministry extended to January 10 its inspections following the crash of a Boeing 737-800 operated by Jeju Air that killed 179 people, Joo Jong-wan, the deputy transport minister for civil aviation, told a press briefing.

"Investigators are in the process of probing the cause of the accident by piecing together a puzzle," Joo added.

The inspections had initially been set to wrap up yesterday, but another ministry official said further checks would look into matters such as whether airlines spent sufficient time on maintenance and secured parts for repairs.

Video images on social media appear to show smoke emerging from the plane's right engine in the lead-up to the crash.

Sunday's flight from Bangkok to the southwestern county of Muan belly-landed and overshot the runway at the regional airport, exploding into flames after hitting an embankment.

The ministry has said it would examine engines, maintenance records and landing gear on all 737-800s, with serious violations leading to suspension of an airline's operations.

The plane's engines are produced by GE Aerospace's CFM International joint venture with Safran. A media representative for GE Aerospace did not immediately respond to Reuters' emailed question about the investigation.

The addition of a GE representative takes to 23 the size of the investigation team, including 12 Korean investigators and US representatives from Boeing and the US National Transportation Safety Board (NTSB).

While the cause of the disaster is still unclear, the crash could add to headaches faced by Boeing as the planemaker battles to restore the trust of customers following two fatal 737 Max crashes, a mid-air panel blowout, and a seven-week strike.

Unanswered questions include why the aircraft did not deploy its landing gear and what led the pilot to apparently rush into a second attempt at landing after telling air traffic control the plane had suffered a bird strike and declaring an emergency.

South Korea's investigation team said two of its members would leave for the US with the flight data recorder recovered on Monday to analyse the critical data with the NTSB.

Joo expected investigators to finish transcribing the cockpit voice recording from the doomed aircraft in the next several days, making a decision later on disclosure of the transcript.

The ministry also held an emergency meeting with the chief executives of 11 airlines, including top-ranked Korean Air Lines and Asiana Airlines, to discuss ways to beef up aviation safety.

South Korea's acting President Choi Sang-mok urged investigators on Friday to work swiftly to collect evidence from the crash scene and analyse data from the cockpit voice recorder. On Thursday, police said they were searching Jeju Air and the operator of Muan International Airport. They banned the airline's chief executive, Kim E-bae, and an unidentified official from leaving the country.

Investigators also plan a special inspection of the location and materials of the airport landing system at airports elsewhere in South Korea by January 8.

## Fast-money quants see big year go bust in wild cross-asset ride

**Bloomberg**  
New York

**Q**uant funds that make money surfing the momentum of markets saw a promising year slip away in 2024 when big bouts of volatility lashed everything from Japanese stocks to cocoa futures and Treasuries.

After jumping out to the best start to a year since 2008 thanks to concerted rallies in equities and commodities, the trend-chasing cohort saw gains all but vanish as orderly markets turned turbulent. An index compiled by Societe Generale SA tracking the category finished with a 2% rise.

Trend-following funds come in all shapes and sizes with various allocation horizons, but the broader universe suffered losses or flat returns in the second half of the year amid reversals in European equities, energy and metals, as well as volatile bond markets. The \$1.9bn Virtus AlphaSimplex Managed Futures Strategy Fund was headed for a 12% advance in May but finished the year with a 3% loss. DUNN Capital Management LLC, whose flagship \$800 million fund was headed for a 34% gain last year as of March but finished 2024 with a 7% gain, according to data by IASG.

Even the biggest winners of the first half have significantly trimmed gains. Mulvaney Capital Management Ltd, founded by a former Merrill Lynch options trader, had racked up a near 150% return as of May thanks to strong trends in agricultural commodities. But the 2024 increase was trimmed down to 83%.

"Trend following does the best when there are distinct and persistent trends in often one or more asset class," said Kathryn Kaminski, chief research strategist and portfolio manager at AlphaSimplex Group. Last year, "markets were very back and



The floor of the New York Stock Exchange. Quant funds that make money surfing the momentum of markets saw a promising year slip away in 2024 when big bouts of volatility lashed everything from Japanese stocks to cocoa futures and Treasuries.

forth based on monetary policy response which finally came but never as fast or as strongly as the markets had anticipated."

Programmatic and in many respects passive given their rules-based approach, the group — most of which occupies an institutional category known as commodity-trading advisers — is largely at the mercy of how price trends interact with their preset systems for ducking in and out of markets. Escalating geopolitical conflicts, uncertainty about the US presidential election, unpredictable central bank policy and transitions between economic regimes became a recipe for losses as the year played out.

Along with a reversal in key commodity trades, volatile fixed-income and currency markets created pressure in the second and third quarters. Trend following in fixed income suffered the biggest losses

across asset classes, according to Societe Generale indexes. Additionally, short bets on currencies including the pound, Swiss franc and euro turned against them when a four-month rise in the Bloomberg dollar index was halted. Short-yen positions ran into trouble when the Japanese currency surged starting in July. One-way trends were harder to find with markets so focused on changing expectations for interest-rate cuts.

While a perhaps disappointment for individual purveyors, the year's results can also be viewed in the context of the quant group's role in providing portfolio diversification for institutional managers in search of returns uncorrelated to larger asset categories. That worked well in 2022 when CTAs posted one of their best years ever even as the S&P 500 dropped 19%. Now, after the stock benchmark jumped 23% in 2024, a regime

change could set off another boon, according to James Dailley, chief executive officer of DUNN.

"CTAs, especially trend followers, have an established history of strong returns during equity crisis periods," said Dailley. "In a potential reversal in equities, CTAs could definitely emerge as winners, especially if the drawdown in stocks is sustained over multiple months."

While institutional assets in the category have held relatively steady over the past decade — \$336bn was overseen in managed futures at the end of the third quarter, compared with \$334bn in 2014 — efforts are afoot to bring the strategies to the masses, including via an exchange-traded fund application last year by BlackRock Inc. and the launch of the Virtus AlphaSimplex Managed Futures ETF. One of the most popular products — the \$1.3bn iM DBI

Managed Futures Strategy ETF — saw a \$600mn inflow last year despite a single-digit gain.

The Simplify Managed Futures Strategy ETF managed to triple its assets last year and scored a 24% gain, outperforming trend-following benchmarks by a large margin. To Paisley Nardini, asset allocation strategist at Simplify Asset Management, the key to their strong growth and performance was underweight duration positioning in the fourth quarter and earlier last year. Additionally, their ETF offers no equity exposure to reduce the correlation with stocks.

"2025 is looking to be a solid year for trend following and managed futures," said Nardini, who sees a few catalysts for the cohort including, "full valuations in equities and continued volatility in bonds as markets digest inflation and monetary policy action."

## Regulation, deals and crypto: Fintech themes to watch in 2025

**Bloomberg**  
New York

The clouds that hung over the financial-technology industry in 2024 appear to be clearing as interest-rate cuts, recoveries in fintech stocks and promises of a looser regulatory environment in the second Trump administration paint a more promising outlook for startups.

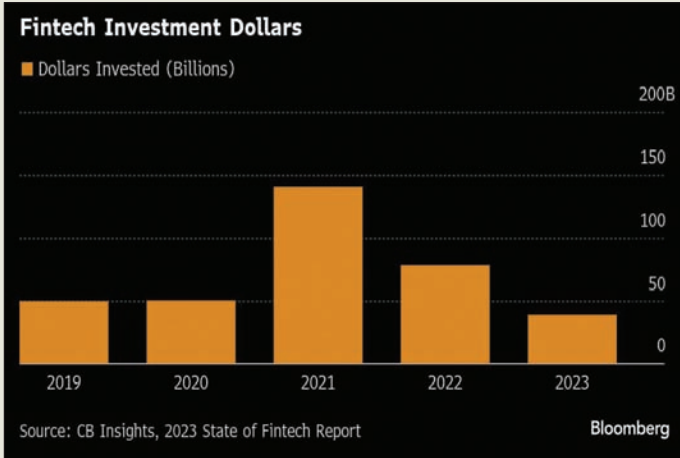
After capturing a windfall of investment during the period that followed the Covid-19 pandemic, the fintech industry's vast crop of startups across payments, lending, consumer banking and other categories faced a challenging adjustment period. As venture funding dried up, some fintechs cut their spending through layoffs and more-focused product strategies. Others with significant war chests held onto valuations that now appear to have been inflated during the frenzied funding period.

These factors all combined to stall deal activity, slow growth and inspire laments of a "fintech winter." For 2025, however, industry insiders are optimistic that the tide will turn and momentum will build around new technologies like stablecoins and that capital raising, acquisitions and

public listings will begin to pick up. Here are three fintech themes to watch in 2025:

**Relaxed regulation:** The bankruptcy of banking-as-a-service startup Synapse Financial Technologies Inc. left thousands of fintech customers without access to funds held in accounts that were, in some cases, advertised as protected by the Federal Deposit Insurance Corp. The debacle has put partnerships between banks and fintech startups in the regulatory hot seat and accelerated a wave of enforcement actions against so-called sponsor banks which partner with fintechs to enable them to offer financial products. The current administration has responded with a slate of enforcement actions, proposed rule changes and public guidance.

Yet even before the Synapse disaster, FDIC Chairman Martin Gruenberg stoked the ire of policy groups like the American Fintech Council, which argues that his agency adopted a "regulation by enforcement" approach, stifling innovation in the banking industry. Similarly, the Consumer Financial Protection Bureau has long been accused of regulatory overreach. Its recent moves have included claiming oversight of digital



wallets peddled by large technology companies and probing fintech firms including PayPal Holdings Inc, Affirm Holdings Inc, Klarna Group Plc and Block Inc's Afterpay.

That all stands to change under the incoming administration. Donald Trump's advisers have sought to shrink or eliminate bank regulators, including the FDIC and the CFPB, the Wall Street Journal reported. Elon Musk, co-lead of the initiative dubbed Department of Government Efficiency, or DOGE, issued a call to

"Delete CFPB" in an X post. President-elect Trump supports DOGE and has the power he needs to fire CFPB director Rohit Chopra, if nothing else. Other financial regulators expected to be replaced include the FDIC's Gruenberg and the acting head of the Office of the Comptroller of the Currency, Michael Hsu.

"It will have an immediate impact on tone, and you'll have a relatively swift change in terms of the experiments people are willing to do, the things they think about prioritising,"

said Amias Gerety, partner at QED Investors and former acting assistant secretary for financial institutions at the US Treasury Department. "At the same time, most financial institutions try to chart a reasonable course so they don't have to change their business significantly when regulatory attitudes change."

**Deals, deals, deals:** The bounce-back of publicly traded fintech companies following steep declines from 2021 peaks has stoked optimism that opportunities for public listings are on the horizon. The Ark Fintech Innovation ETF rose about 34% in 2024. Buy-now, pay-later firm Klarna and neobank Chime Financial Inc. have filed for initial public offerings, setting the stage for other fintechs to follow suit. Stripe Inc. and Plaid Inc. are two other closely watched IPO contenders.

"You can see the fog lifting from the market," said Matt Streisfeld, general partner at fintech investment firm Oak HC/FT. "As you head into the backend of 2025 and early 2026, you can see public windows open."

While the public market sentiment is more promising, only a handful of private fintech firms are scaled enough that they would be able to confidently weather the transition.

Meanwhile, fintech venture funding has slowed to pre-pandemic levels.

For startups that don't want to take the public leap and hit a wall in the private markets, being acquired by a larger player may be the most appealing path. Earlier this year, personal finance platform MoneyLion Inc was acquired by Gen Digital Inc for \$1bn. In 2025, investors are expecting to see similar deals take shape.

**Crypto payments go mainstream:** One month after Donald Trump won the presidential election, Bitcoin passed the \$100,000 level for the first time ever, likely buoyed by the pro-crypto attitude of the president-elect. Trump's favourable attitude toward crypto extends to him getting in on the action himself by promoting his own project, World Liberty Financial.

The incoming administration's crypto agenda is likely to put wind in the sails of efforts to utilize technologies like stablecoins, especially for those trying to expand internationally. Payment processor Stripe's \$1.1bn acquisition of stablecoin issuer startup Bridge, for example, was motivated by a desire to build global payments infrastructure. Stripe CEO Patrick Collison wrote in an X post announcing the deal.

# India's IPO boom in 2024 mints seven billionaires

**Bloomberg**  
Mumbai

A blockbuster year for initial public offerings (IPO) in India catapulted seven entrepreneurs into the dollar billionaires league, many of them early movers in the country's booming renewable energy sector. Chiranjeev Singh Saluja of Premier Energies is among those who successfully rode the wave.

"My father was in the business of supplying hand pumps to rural villages," the 51-year-old said in an interview. "He saw that access to electricity was sparse in those areas, so he started Premier Solar in 1995," Saluja said.

Three decades on, the company rechristened Premier Energies is the country's second largest integrated solar module and solar cell manufacturer behind the Adani Group. Investors bullish on the government's investments in solar energy have bid up Premier shares nearly threefold since their debut in September, valuing it at roughly \$7bn.

Saluja is one of the four entrepreneurs in the renewable energy space whose personal fortunes have soared after their companies listed on the stock exchanges last year.

The others are Hitech C Doshi of the Waaree Group, which also makes solar modules, Bhavish Aggarwal of electric vehicle maker Ola Electric Mobility Ltd and Manoj K Upadhyaya of solar energy generator Acme Solar Holdings Ltd.

Prospects for solar players appear bright as India aims to add another 100 GW of capacity in the next four years, according to a report by Frost & Sullivan. But this could be a double-edged sword, said Saluja.

He sees a surge in new capacity in solar cell and module manufacturing over the next 18-24 months. "There is definitely going to be consolidation in the sector, so only



The National Stock Exchange building in Mumbai. A blockbuster year for initial public offerings in India catapulted seven entrepreneurs into the dollar billionaires league, many of them early movers in the country's booming renewable energy sector.

those who scale up will survive," Saluja said.

A similar trend could play out in India's equity market, which was on a roll in 2024, with a record Rs1.66tn (\$19.82bn) raised through IPOs compared to Rs650bn last year. This was fuelled by a 27% rise in the number of unique investors on the main bourse to 109mn.

Around 85 companies aim to list on the stock exchanges in 2025, collectively targeting Rs1.53tn (\$18bn), according to data from Prime Database. At the same time, issuers will have to brace for headwinds from a slowing economy, weak corporate profits, volatile rupee, tepid consumer spending and incoming US President Donald Trump's tariff policies.

Kunal Rambhia, fund manager and head of trading strategies at The Streets, a Mumbai-based long-short fund expects rising global tensions and the threat of tariffs to trigger a deep correction in the mar-

ket this year. "The IPO trend will continue for the first half of 2025, but could slow down in the second. Startups and tech-companies will find it harder to list, particularly in the second half because there could be a liquidity crunch," he said. Others are more sanguine, considering that domestic inflows into equities have been strong for a while now.

"The Indian IPO market is no longer dependent on foreign investors as domestic investors and domestic institutions have enough money," said Himanshu Kohli, co-founder of Client Associates, a multi-family office and private wealth adviser managing over \$6bn in assets.

"Private equity firms and family offices have moved a huge amount of money into unlisted shares and pre-IPO companies over the last year in anticipation of a successful exit in 2025," said Kohli.

That should hearten IPO-bound companies, with the pipeline likely

to be dominated by financial services companies, electronic manufacturers, power generation firms and software companies. Big names expected to file for listing this year include Nexus Venture Partners-backed online grocer Zepto, Walmart Inc.-backed e-commerce giant Flipkart India Pvt, Prosus NV-owned payments firm PayU and its rival Peak XV Partners-backed Pine Labs.

Billionaire Mukesh Ambani's Reliance Industries Ltd is expected to carve out its retail business and telecom entity as separate listed companies.

Over the last three years, India's IPO markets have been dominated by a flood of micro, small and medium-sized companies, with 90% of them raising less than \$100mn, according to data compiled by Bloomberg. While 2025 may see some large well-known companies list their shares, everyday entrepreneurs across India do not want to miss out on the IPO boom.

# Asian markets rise, defying slow Wall Street start to 2025

**AFF**  
Hong Kong

Asian markets gained yesterday, bucking retreats on Wall Street as the dollar advanced and markets reopened following the New Year's holiday.

Hong Kong, Sydney and Taipei stocks climbed, while South Korea's Kospi Index surged nearly 2% higher despite deepening political uncertainty in Asia's fourth-largest economy.

South Korean investigators abandoned their attempt to arrest impeached President Yoon Suk-yeol at his residence yesterday over his failed martial law bid, citing safety concerns after a standoff with his security team.

US stocks opened higher on Thursday after the New Year's break but tumbled into the red mid-session before concluding the day modestly lower.

The Wall Street losses were driven in part by disappointing results from Tesla, which slumped 6.1% after fourth-quarter auto sales lagged expectations.

The dollar index on Thursday hit its highest level against other currencies since November 2022, reflecting expectations that the US economy will outpace others.

"There's still no flagging of the US dollar's vigour, despite US equities struggling on the first trading day of the year," Alvin Tan, head of Asia FX strategy at RBC Capital Markets, said in a note yesterday.

"The very negative performance of China equities (Thursday) provides a better

indication of the weakening sentiment around China as sets at the start of 2025, and ahead of Trump's return to the White House," Tan said of president-elect Donald Trump.

Shanghai stocks finished Friday down 1.6% after slumping more than 2% on Thursday while Hong Kong was up, reversing the previous day's trend.

Tokyo remains closed until Monday.

Investors are gearing up for big changes in the coming weeks, especially with January 20's inauguration of Trump, who has threatened deep tariffs, especially on Chinese goods, that could rattle international trade.

Trump's "policies especially on tariffs are inflationary in their very nature," Jung In Yun, CEO of Fibonacci Asset Management Global, said on Bloomberg Television.

"Inflation being very sticky and refusing to come down means we could have the current state of mid-level interest rates for a prolonged period of time."

US jobless claims released Thursday fell more than expected, highlighting a robust labour market and leaving the Federal Reserve with less reason to support fresh rate cuts.

Other significant economic releases ahead include data on inflation and retail sales during the holiday shopping season.

In Tokyo, the Nikkei 225 remains closed. Hong Kong - Hang Seng Index closed up 0.4% to 19,702.57 points and Shanghai - Composite ended down 1.6% to 3,211.43 points yesterday.

# Yuan's rally versus peers suggests China's defence can backfire

**Bloomberg**  
Beijing

China's ironclad grip on the onshore yuan is leading to an unintended side effect that would hinder its push to reinvigorate the economy - exporters' weakened competitiveness. In a potential pitfall for exporters, the yuan has surged to the strongest level since October 2022 versus a basket of trading partners' exchange rates, including the won and euro, according to a Bloomberg tracker of the CFETS Index. The outperformance came as the People's Bank of China (PBoC) put a floor under the onshore yuan at 7.3 per dollar since December amid a rebound in the greenback. China's active currency defence bodes well for the nation's assets

and beleaguered currencies in Asia, but more challenges for exporters - already facing US President-elect Donald Trump's tariff-hike threats - could lead to tepid earnings that may stymie a meaningful recovery. Adopting a rigid FX strategy by drawing a red line is also controversial, as artificial stability in the market may lead to outbursts of volatility in the future.

"One of the ways monetary policy easing works is through a weaker exchange rate," said Alvin Tan, head of FX strategy at the Royal Bank of Canada in Singapore. "So if the exchange rate is rising instead, it means less effective monetary policy easing, which complicates China's efforts to improve its economic outlook."

The PBoC's steady fixing has helped in pushing down the onshore yuan's two-week historic



China's grip on the onshore yuan is leading to an unintended side effect that would hinder its push to reinvigorate the economy - exporters' weakened competitiveness

volatility to about 0.6% this week, the lowest since July. But that may mask troubles ahead. "There will

be a spike in volatility once the level breaks," said Mingze Wu, currency trader at StoneX Financial

Pte Ltd. The yuan remains under depreciation pressure given uncertainties in the Federal Reserve's interest rate path. Trump's tariff policy and lingering risks from the Chinese economy, he added. A tumble in the Asian nation's benchmark yield, which just slid below 1.6% for the first time on record, also led to a wide rate discount to the US. That has also contributed to pressure on the yuan as it undermines the appeal of Chinese assets. In supporting the yuan, the PBoC has turned to the so-called fixing - which confines the currency's trading onshore to a 2% range on either side - at 7.1878 per dollar yesterday. That was 1,324 pips stronger than forecast in a Bloomberg survey, the largest difference since July. State banks also have sold dollars occasionally

to prevent the yuan's decline past the level of 7.3. The calm in China's foreign exchange market and the authorities' resolve to maintain the currency red line will soon face tests after Trump returns later this month and works on his vow to raise tariffs on Chinese goods to 60%. The market's reading so far is less than sanguine. Chinese stocks posted their worst start to a year in nearly a decade while government bonds rallied. Meanwhile, the dollar remains strong, with its index ending 2024 with six straight days of gains. The PBoC might loosen grip over the fixing if the dollar keeps rallying or if there is more clarity on Trump's trade policy plans. Tan said. "I do think the economy weakness should nudge the PBoC to allow for more FX depreciation."

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## Sterling struggles to rebound against relentless dollar

Reuters  
London

Sterling struggled to rebound against the dollar yesterday and was on track for its worst week since November, while new data added to indications of a slowing British economy.

The pound edged up 0.1% to \$1.2395, having slid 1.16% on Thursday.

The currency hovered close to the April lows it hit the previous day and looked set to end the week 1.4% lower.

Global currencies, including the pound and the euro, recorded steep losses against the dollar on Thursday when investors returned from the New Year holidays.

Expectations for US rates to stay higher for longer as markets brace for the incoming Donald Trump administration, whose policies

traders think could boost economic growth, has sent the dollar rallying ahead of other global currencies for the past three months.

A souring outlook for the British economy, coupled with a more dovish signals from the Bank of England (BoE), has taken another chip off the pound, despite being last year's best performing G10 currency against the greenback.

British lenders approved fewer mortgages than expected in November and consumer lending increased at the weakest pace since mid-2022, Bank of England data showed yesterday, adding to indications of a slowing economy.

Mortgage approvals fell to 65,720 mortgages in November from 68,129 in October, the lowest reading since August.

Francesco Pesole, forex strategist at ING, said concerns over gas prices could also have played a factor

in Thursday's slide in both sterling and the euro.

Wholesale gas prices in Europe are around their highest in over a year, with temperatures falling, lower levels of gas in storage, and the expiry of a decades-long deal for Russia to supply gas to Europe via Ukraine.

Pesole said the pound is the most negatively correlated with gas in the G10: "The UK is...in a way the least prepared economy to another shock in gas prices".

"That partly explains why sterling fell a bit more than the euro yesterday." Markets still only price in about 60 basis points (bps) in rate cuts from the BoE next year, while it sees the European Central Bank easing rates with more than 100 bps.

Fuelled by the policy divergence, the euro had threatened to weaken to its lowest versus sterling since June 2016 late last year.

## Germany's unemployment rate stays stable at 6.1% in December

AFP  
Frankfurt

Germany's unemployment rate stayed stable at 6.1% in December but the stagnation in Europe's largest economy weighed on the labour market throughout 2024, according to official data published yesterday.

The number of unemployed rose by 10,000, a lower number than expected, seasonally adjusted figures from the BA federal labour agency showed.

Analysts surveyed by FactSet had expected the jobless rate to rise to 6.2%, or 17,500 people.

The more modest rise came despite the fact that the winter break normally has a negative impact on the labour market.

Europe's largest economy looks likely to have suffered a second straight year of recession and BA chief Andrea Nahles said in a

statement that viewed over the whole of 2024 the "persistent slowdown has deeply affected the labour market", adding that the market "has however remained stable for the most part." In absolute terms, less representative of underlying trends but more closely followed in public debate, the number of people out of work climbed by 33,000 in December to 2.81mn.

Year-on-year unemployment climbed by 0.3%, also in absolute terms.

Viewed over a longer time period, the upward trend in unemployment is clearer, according to Martin Mueller, analyst at public lender KfW. "Since the previous low point in November 2019, the number of jobless has risen by 627,000, a 29% increase," he said.

Mueller noted that "over the same period the number of long-term unemployed rose

even more sharply, by 41%". Germans will head to the polls on February 23 for an early general election prompted by the collapse of Chancellor Olaf Scholz's centre-left coalition in November.

The political instability comes at a time when the economy is suffering its "toughest and most persistent crisis" in recent history economist Bert Ruerup told the *Billd* daily.

The woes of the country's flagship industries point to the "end of our success as an exporting nation," he said.

Meanwhile the official Destatis statistics agency reports that the number of people in work in Germany in 2024 stood at 46.1mn, the highest number since reunification in 1990.

The agency reports that most new jobs are in the service sector, while posts have been shed in industry and construction.



The Federal Reserve building in Washington, DC. The US banking system's reserves, a key factor in the Fed's decision to keep shrinking its balance sheet, tumbled below \$3tn to the lowest since October 2020.

## Bank reserves at Fed sink below \$3tn to the lowest since 2020

Bloomberg  
Washington

The US banking system's reserves, a key factor in the Federal Reserve's decision to keep shrinking its balance sheet, tumbled below \$3tn to the lowest since October 2020.

Bank reserves fell by about \$326bn in the week through January 1 to \$2.89tn, according to Fed data released on Thursday. That's the largest weekly slide in over two-and-a-half years.

The decline comes as year-end dynamics force banks to pare balance-sheet intensive activities like repurchase agreement transactions in order to shore up their books for regulatory purposes.

That means cash is directed to places like the central bank's overnight reverse repo facility, draining liquidity from other liabilities on the Fed's ledger.

Balances at RRP swelled by \$375bn between December 20 and December 31 before falling by \$234bn on Thursday.

As the same time, the Fed has also been removing excess cash from the financial system through its quantitative tightening program, just as institutions continue to repay loans from the Bank Term Funding Program.

With US policymakers continuing QT, Wall Street strategists have been paying close attention to the lowest comfortable level of reserves — which some have estimated between \$3tn and \$3.25tn,

including a buffer. Policymakers said at last month's gathering it was continuing to shrink its balance sheet.

It also adjusted the offering rate on the RRP facility so that it's in line with the bottom of the target range for the fed funds rate. That put downward pressure on short-term interest rates and some think that it could be enough to stave off reserve scarcity for a little bit longer.

Still, the debate is picking up over how much longer the Fed can keep up QT without evoking memories of September 2019. At the time, reserves had grown too scarce while the Fed was unwinding its balance sheet and a shortage led to a surge in a key lending rate and the federal funds rate. The

central bank was forced to intervene to stabilise the market. While the central bank in June lowered the cap for how much in Treasuries it will allow to mature without being reinvested, it's unclear when the program will end altogether.

The recent reinstatement of the debt ceiling is likely going to make it more difficult for policymakers to judge that ideal level as the measures Treasury will take to remain under the cap tend to artificially add liquidity to the financial system and mask indicators of reserve scarcity.

Two-thirds of respondents to the New York Fed's Open Market Desk's Survey of Primary Dealers and Survey of Market Participants expect QT to end in the first or second quarter of 2025.

## Morgan Stanley follows Citi and BofA in quitting climate group

Bloomberg  
New York

Morgan Stanley terminated its membership of a major climate-banking group, joining a wave of Wall Street firms that recently quit a global alliance intended to aid the reduction of greenhouse-gas emissions.

Morgan Stanley is leaving the Net-Zero Banking Alliance, the lender said on Thursday. Citigroup Inc and Bank of America Corp said earlier this week that they were doing the same. The defections are playing out against a tense political backdrop in the US, as the country's biggest financial firms find themselves the targets of Republican campaigns that have characterised net-zero groups as climate cartels.

Such attacks have picked up, and as recently as November, Texas led a move to sue BlackRock Inc, Vanguard Group Inc and State Street Corp for allegedly breaching anti-trust laws by using climate-friendly investment strategies to suppress the supply of coal. BlackRock said the suggestion that it invests in companies with the goal of harming them is baseless.

Other banks that have recently quit NZBA include Goldman Sachs Group Inc and Wells Fargo & Co. All said they remain committed to their own net zero emissions goals and to helping clients reduce their carbon footprints. "We will continue to report on our progress as we work towards our 2030 interim financed-emissions targets," Morgan Stanley said by e-mail.

Daniel Storey, a spokesperson for NZBA, declined to comment.

Morgan Stanley adjusted some of its green targets in 2024. Among these was a funding goal for plastics, with a report published in September omitting an earlier pledge to facilitate the prevention, removal or reduction of 50mn metric tonnes of plastic waste from the environment by 2030. The bank also has warned

of the "unintended consequences" of withdrawing financing too quickly from high-carbon clients that plan to decarbonise.

NZBA had been one of a number of finance-industry groups affiliated with the Glasgow Financial Alliance for Net Zero (GFANZ). GFANZ ended 2024 by adjusting the way it operates. Going forward, financial firms will be free to draw on GFANZ for guidance and assistance without being members of one of the sector alliances.

The defections that have hit NZBA follow similar exits across climate groups in other corners of the finance industry. In 2023, a coalition of insurers saw a mass exodus amid litigation threats. And in 2022, an equivalent group for asset managers parted ways with Vanguard Group, the world's second-largest money manager. Other investment firms followed.

The Texas lawsuit against the three-biggest US money managers referenced their participation in the Net Zero Asset Managers Initiative, which is another climate group associated with GFANZ.

GFANZ was formed more than 3 1/2 years ago in the run-up to the COP26 United Nations climate conference in Scotland. Back then, it had two aims: to raise the number of financial institutions committing to net zero, and to facilitate industry discussion on the challenges of the low-carbon transition. In an updated statement, GFANZ said it has "achieved its initial goal of developing the building blocks of a financial system capable of financing the transition to net zero."

In order to "successfully transition the economy, we must accelerate progress in public policy and technology developments, and close three critical gaps: data, action, and investment," the group said. GFANZ now plans to "turn its focus to closing the investment gap to help unlock the more than \$5tn a year opportunity created by countries modernising their energy systems and putting economies onto a low-carbon path in the next decade," it said.

## US manufacturing PMI rises to nine-month high, but challenges loom

Reuters  
Washington

US manufacturing moved closer to recovery in December, with production rebounding and new orders rising further, but the outlook remains uncertain amid the threat of higher tariffs that could raise prices of imported raw materials.

Despite the increase in the Institute for Supply Management's (ISM) Purchasing Managers Index (PMI) to a nine-month high last month, the tone of the survey was less upbeat, with phrases such as "volume decreases" and "significant slowdown" appearing in some of the comments from respondents. None of the six largest manufacturing industries grew last month.

"Manufacturers ended the year with a hint of optimism, but they could face some pretty stiff challenges in the new year," said Sal Guatieri, a senior economist at BMO Capital Markets.

The ISM said yesterday that its manufacturing PMI increased to 49.3 last month, the highest

reading since March, from 48.4 in November. A PMI reading below 50 indicates contraction in the manufacturing sector, which accounts for 10.3% of the economy. December marked the ninth consecutive month that the PMI remained below the 50 threshold. Economists polled by Reuters had forecast the PMI would be unchanged at 48.4.

Seven industries, including primary metals, electrical equipment, appliances and components as well as paper products and miscellaneous manufacturing reported growth last month. Among the seven industries reporting contraction were textile mills, machinery and transportation equipment.

Some manufacturers of food, beverage and tobacco products said they were "seeing a softening in sales", adding that this "is concerning, as it's our peak season". Transportation equipment makers reported "automotive and powersport volume decreases". Machinery manufacturers reported a "significant slowdown in production requirements in the last two months of the year". In the



Workers at a manufacturing facility in New York. US manufacturing moved closer to recovery in December, with production rebounding and new orders rising further, but the outlook remains uncertain amid the threat of higher tariffs that could raise prices of imported raw materials.

fabricated metal products industry, some businesses reported "order levels well below forecast projections". The mood was, however, fairly optimistic among manufacturers of electrical equipment, appliances and components, with some saying that "the increase in new orders has our plant at full capacity". Makers of miscellaneous goods

noted the "combo of seasonal factors plus increased demand outlook for 2025". Primary metals producers said "there is definitely an uptick this month, though not a stable one". Manufacturing was battered by the Federal Reserve's aggressive monetary policy tightening in 2022 and 2023 to tame inflation. But sentiment surveys, including the PMI, have

exaggerated the magnitude of the decline in factory production. Government data last month showed manufacturing growing at a 3.2% annualised rate in the third quarter and contributing to the economy's 3.1% pace of expansion during that period. The US central bank lowered its benchmark overnight interest rate by 25 basis points to the 4.25-4.50% range last month. It was the third consecutive rate cut since the Fed started its easing cycle in September.

The Fed's policy rate was hiked by 5.25 percentage points in 2022 and 2023. A pledge by President-elect Donald Trump's incoming administration to cut taxes could provide a boost to manufacturing. But other policy promises, including higher tariffs on imported goods, could increase raw materials prices. Fed policymakers have projected two rate cuts this year, compared to the four they had forecast in September, because of the economy's resilience and uncertainty over the impact of the incoming Trump administration's policies.

Stocks on Wall Street were trading higher. The dollar slipped against a

basket of currencies. US Treasury yields were largely unchanged. The ISM survey's forward-looking new orders sub-index increased to 52.5 from 50.4 in November, which marked the first expansion since March. Six industries, including electrical equipment, appliances and components as well as primary metals and miscellaneous manufacturing, reported orders growth.

Textile mills, wood products and transportation equipment were among the eight industries reporting a decline in orders. Production at factories rebounded after contracting for months. The survey's measure of prices paid by manufacturers rose to 52.5 from 50.3 in November.

"Businesses likely pulled forward demand given uncertainty around the future trade environment," said Jeffrey Roach, chief economist at LPL Financial. Roach added that the rise in the measure for prices paid was "a sign of nagging inflation pressures". Trump has vowed to impose a 25% tariff on all products from Mexico and Canada, and an additional 10% tariff on goods from China.