Monday, January 13, 2025
Rajab 13, 1446 AH

GULF TIMES
BUSINESS

SPECIALISED PROGRAMMES : Page 8

Ibtechar launches new innovation services in tech development

A high-level Qatar delegation led by HE the Minister of Finance Ali bin Ahmed al-Kuwari participated in the Islamic Development Bank Governors' Retreat, held in Al Madinah, Saudi Arabia.

Qatar participates in IsDB Governors' Retreat in Saudi Arabia

A high-level Qatar delegation led by HE the Minister of Finance Ali bin Ahmed al-Kuwari participated in the Islamic Development Bank (IsDB) Governors' Retreat, held in Al Madinah, Saudi Arabia. During the event, al-Kuwari took part in the technical team's presentation on the working document, as well as the strategic framework document for the future of the bank.

The event was attended by numerous finance ministers, representatives from financial institutions, experts in Islamic finance, and representatives from the private sector and non-governmental organisations.

The retreat provided an opportunity to discuss the key economic challenges facing Islamic countries, alongside future opportunities of importance to all participating parties. It served as a high-level platform for consultations and the exchange of views, ideas, and proposals, aimed at enriching the preparation process for the future direction of the IsDB and strengthening its role in serving its member countries.

This retreat marked a significant step toward enhancing collaboration among Islamic nations and addressing shared economic challenges in line with the sustainable development goals of the Islamic world.

GWC plans to further strengthen presence in key regional markets

■ One of the fastest-growing logistics businesses in Mena region, GWC has marked "20 years of excellence and innovation", achieved significant milestones and won prestigious awards, solidifying its position as an industry pioneer

GWC plans to further strengthen its presence in key regional markets, explore emerging sectors, and embrace cutting-edge technologies after cementing its leadership in the region's logistics sector in 2024.

Marking 20 years of excellence and innovation, the company achieved significant milestones and won prestigious awards, solidifying its position as an industry pioneer.

"What began as a modest warehousing company has grown into Qatar's foremost logistics powerhouse and a trusted partner across the region and beyond.

"2024 has been a year of milestones, showcasing GWC's unwavering commitment to excellence through strategic expansion, sustainability achievements, and community engagement," GWC said.

A standout achievement in 2024 was GWC's expansion into Saudi Arabia, underscoring its commitment to playing a key role in the Kingdom's transformation into a global logistics hub, as envisioned in Saudi Vision 2030. Two pivotal agreements solidified GWC's foothold in this dynamic market.

GWC Energy Services, a wholly owned subsidiary, signed a memorandum of understanding (MoU) with Saudi Offshore Fabrication Company (OFC) to develop 100,000sq m of Grade A logistics facilities at Ras Al Khair Industrial Port.

This MoU focuses on optimising storage and logistics solutions for Energy sector clientele while leveraging GWC's proven expertise in energy supply chains.

In a complementary move, GWC signed a Head of Terms agreement with GFH Financial Group (GFH) to develop 200,000sq m of Grade A logistics infrastructure in Riyadh, Jeddah, and Dammam.

GFH will finance and oversee the projects, while GWC leads their technical development and serves as the anchor tenant. These state-of-the-art facilities will feature advanced technology and adhere to global sustainability standards, ensuring they meet the growing demands of the logistics sector.

Speaking on these transformative agreements, GWC Group Managing Director, Sheikh Abdulla bin Fahad bin Jassim bin Jaber al-Thani, said: "These initiatives highlight GWC's commitment to fostering regional integration and delivering world-class logistics solutions. By working together, we create opportunities for both our clients and stakeholders, driving innovation and efficiency in the supply chain."

The year 2024 witnessed a significant milestone with the launch FLAG Oman Distribution Centre in Khazaen Economic City in Oman. FLAG Oman – a 100% owned subsidiary of GWC – launched a logistics facility that underscores GWC's dedication to regional growth and operational excellence.

Strategically situated, FLAG Oman serves as a vital hub for trade and supply chain solutions across the GCC and beyond.

The facility integrates cutting-edge technology with advanced infrastructure, offering comprehensive storage, distribution, and value-added services. FLAG Oman not only strengthens GWC's regional presence but also aligns with Oman's national development goals, further enhancing the country's logistics landscape.

Throughout 2024, GWC solidified its position as a forward-thinking leader in the logistics industry by embracing cutting-edge technologies. The company introduced AI-driven inventory management systems that enhanced operational efficiency and reduced turnaround times, while digital advancements were leveraged to simulate and optimise warehouse operations.

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GWC Group Managing Director Sheikh Abdulla bin Fahad bin Jassim bin Jaber al-Thani.

Ooredoo board appoints Sheikh Nasser bin Hamad al-Thani as Ooredoo Kuwait chairman

Ooredoo announced yesterday the appointment of Sheikh Nasser bin Hamad al-Thani (***pictured***) as the new chairman of Ooredoo Kuwait.

Most recently, Sheikh Nasser was appointed as Group Regional CEO for the Middle East, bringing a wealth of leadership experience and expertise to his new role.

The board of directors has congratulated Sheikh Nasser on his appointment and wished him the best of luck in his new responsibilities.

QICDRC highlights need for financial restructuring, insolvency framework

The Qatar International Court and Dispute Resolution Centre (QICDRC) has highlighted the critical need for an insolvency framework in view of the changing economic landscape.

This was highlighted at a panel discussion titled A Resilient Economy: Financial Restructuring and Insolvency Frameworks, organised by QICDRC in collaboration with Lexis Nexis and Deloitte Professional Services.

The event convened industry leaders to shed light on the evolving financial restructuring landscape in Qatar and the wider region.

Focusing on key topics essential to strengthen economic resilience, the discussion highlighted the importance of a robust legal framework, cross-border solutions for industry-specific restructuring, critical turnaround strategies, liquidity trends and approaches to financial and corporate simplification.

"At a time when economic landscapes are constantly shifting, the need for a resilient financial restructuring and insolvency framework has never been more critical," said Umar Azmeh, Registrar of QICDRC, who moderated the panel. "This panel highlights the importance of forward-thinking solutions and collaborative approaches to safeguard economic stability and foster growth in an increasingly complex global market."

"At QICDRC, we are committed to facilitating meaningful discussions on key economic and legal issues, contributing to the continued growth and stability of Qatar and the wider region," according to him.

The panellists contributed their insights, emphasising that financial restructuring goes beyond crisis management.

They highlighted its role in building a resilient framework to withstand future economic challenges. Their input underscored the importance of fostering forward-thinking strategies and cross-sector collaboration to achieve long-term stability in a constantly changing environment.

"Qatar has consistently demonstrated the ability to recover from economic setbacks, such as the challenges posed by Covid-19, showcasing the resilience of its economy. A key factor in this resilience is its robust energy sector," said Emma Higham, partner at Clyde & Co, Qatar.

Jim Sturman, Barrister, 2 Bedford Row (UK), said resilient economies adapt to shocks like sanctions, with businesses playing a key role.

"Their strategies, such as compliance and diversification, help sustain economic stability and recovery," he said.

Thomas Bulock, Turnaround and Restructuring Partner at Deloitte, said a resilient economy relies on a well-structured organizational framework. "This structure ensures stability, adaptability, and efficiency in responding to challenges and changes," he added.

Rita El Helou, Chief Legal and Compliance Officer at Lesha Bank – Qatar, said amid today's challenges, companies and foundations must implement financial monitoring plans that address cash flow, debt management, and other critical factors to prevent crises, avoid insolvency, and achieve stability.

Focusing on key topics essential to strengthen economic resilience, the discussion highlighted the importance of a robust legal framework, cross-border solutions for industry-specific restructuring, critical turnaround strategies, liquidity trends and approaches to financial and corporate simplification.

Qatar Airways Group embarks on annual 'safety and security campaign'

Qatar Airways Group has launched its annual safety and security awareness event, which "aims to reinforce the culture of safety" across all of its business operations.

Under the theme 'It Begins With You and Continues With Me', the event was launched by Qatar Airways Group Chief Executive Officer, Badr Mohammed al-Meer.

Hosted in collaboration with multiple partners from across Qatar, including the Ministry of Interior, Mowasalat (Karwa) and Hamad Medical Corporation, the event is supported by a number of Qatar Airways Group divisions, subsidiaries and companies, including Qatar Aviation Services, Qatar Aircraft Catering Company, Qatar Duty Free, Discover Qatar, Hamad International Airport, and Oryx International School.

Al-Meer expressed his gratitude to Qatar Airways Group employees and the participating organisations. "Collaboration remains the most important approach to advancing sustainable safety and security. Today's partnership approach underscores our country's shared vision and dedication to achieving a common goal of offering a safe and secure air transport network," he said.

The event features exhibition booths that will be open daily between 8am and 2pm on January 13 and 14.

The event offers engaging activities including staff quizzes, live demonstrations, games as well as team contests, competitions, and recognition awards.

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Qatar Airways Group Chief Risk Officer, Ashish Jain, said: "When it comes to safety and security at Qatar Airways Group, we continually explore new and innovative ways to deliver and meet objectives. I am proud of the collaboration that has taken place between our divisions, subsidiaries and companies, and our external partners to produce an exceptionally successful event for all Qatar Airways Group employees."

Among the exhibition booths, the Ministry of Interior's display highlights the work of its various sections, including the General Directorate of Civil Defence, General Directorate of Drug Enforcement and General Directorate of Traffic while Karwa Academy, a Mowasalat entity, showcases safe driving initiatives highlighting traffic safety. Hamad Medical Corporation presents its highly successful Kulluna Healthy Heart campaign.

GWC plans to further strengthen presence in key regional markets

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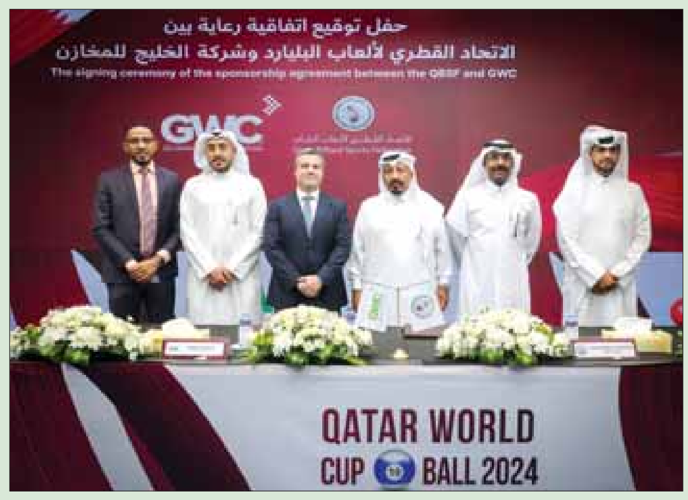
These advancements not only reinforced GWC's reputation for excellence but also paved the way for future-ready logistics solutions tailored to meet evolving client needs.

Innovation and sustainability worked hand in hand as GWC delivered measurable impact in 2024. The company earned the prestigious 'Best Water Recycling' award in the Tarsheed Competition, organised by Kahramaa, for its pioneering Sewage Treatment Plant at Bu Sulba, which has produced over 268mn litres of treated water since 2022. This recycled water has been instrumental in irrigating more than 20,000sq m of land.

Beyond this accolade, GWC demonstrated its commitment to sustainability during Qatar Sustainability Week, showcasing energy-efficient infrastructure, solar integration, and other green innovations.

GWC Group Acting CEO Matthew Kearns said: "Sustainability is not just a goal for us – it is our responsibility. By prioritising environmental stewardship, we're setting new benchmarks for the industry and building a greener future."

GWC's contributions to the logistics sector were recognised with multiple awards in 2024. The Al Wukair Logistics Park was named 'Project of the Year,' showcasing GWC's ability to deliver forward-thinking infrastructure that meets the evolving needs of the market. Additionally, Qatar's General Authority of Customs honoured GWC for its efforts in streamlining customs processes, further cementing its reputation as a trusted logistics partner.



In 2024, GWC sponsored various sporting events and initiatives, including a one-year sponsorship of Qatar Billiard Sports Federation.

Reflecting on his leadership journey, Sheikh Abdulla said: "Our success this year is testament to the dedication of our team and the trust of our clients. Together, we've built a legacy of excellence that continues to shape the future of logistics in Qatar and beyond."

Beyond its corporate successes, GWC remains deeply committed to fostering community development. In 2024, the company sponsored various sporting events and local initiatives, including a one-year sponsorship of the Qatar Billiard Sports Federation. GWC also supported Qatari athlete Ali Radi Arshid, who competed in the Paris 2024 Paralympics.

Kearns elaborated: "Our vision is rooted in innovation and growth. By leveraging our expertise and staying ahead of global trends, we aim to solidify GWC's position as the partner of choice for integrated logistics solutions across the region."

Investments in technology, infrastructure, and talent will remain pivotal as GWC continues to meet the needs of its diverse clientele while driving economic growth in Qatar and beyond.

GWC's facility at Ras Abu Fontas Free Zone.

BUSINESS

A floating storage regasification unit at an LNG Terminal in Lubmin, Germany. Only about 8% of Germany's total gas imports last year came via its shipping terminals in Wilhelmshaven, Brunsbüttel, Lubmin and Mukran, according to energy regulator Bundesnetzagentur.

Germany's costly LNG terminals aren't paying off as imports dip

Bloomberg
Frankfurt

Germany spent big on liquefied natural gas (LNG) terminals to ensure energy security, but the high cost of using them means they're bringing in a tiny fraction of its gas needs.

Only about 8% of Germany's total gas imports last year came via its shipping terminals in Wilhelmshaven, Brunsbüttel, Lubmin and Mukran, according to energy regulator Bundesnetzagentur.

"German terminals are more expensive to deliver to than the rest of northwest Europe," said Qasim Afghan, a commercial analyst at Spark Commodities Pte Ltd. On average, variable regasification costs in Germany for cargo delivery in February are 86% higher than other such facilities in the region, he said.

That's because it's more expensive to operate floating import terminals, especially in the winter. Also, fuel gas losses, associated with power consumption needed for the process of turning LNG back to gas, are higher in Germany than elsewhere, Afghan said.

As a result, Germany has the most regasification prompt slots available for purchase in Europe, "highlighting unused capacity that is likely not economically viable."

When the nation accelerated the construction of these floating facilities in 2022, to help wean off Russian gas, the ambition was to be able to keep energy costs in check. However, the expensive terminals are now adding to the already high gas prices and compounding the pain for Germany's energy-intensive economy. This has led some environmental groups to demand that the expansion of such infrastructure be halted. Ship-tracking data compiled by Bloomberg show that Europe's biggest economy imported 4.8mn tonnes of the super-chilled fossil fuel last year. That's a marginal decline year-on-year and far less than what neighbouring nations are importing.

The Economy Ministry says it primarily views the terminals as a way to ensure a sufficient safety buffer.

"Of course, this can mean that there may be lower capacity utilization if demand is not so high, but this cannot be the benchmark for a federal government that has to guarantee security of supply," a ministry spokesperson said.

The total cost estimate for the nation's state-run LNG terminals — including those in the pipeline — is now likely to be around €5bn. That's half of what it was initially pegged at, she added. State operator Deutsche Energy Terminal said imports via its units in Wilhelmshaven and Brunsbüttel remained steady at 59 terawatt-hours. It also successfully marketed all three slots in December for the two units and aims for a new capacity auction at the end of the month, a spokesperson said.

Deutsche Regas, the operator of the Mukran terminal on the island of Rügen — also Germany's only privately operated one — didn't respond to a request for comment.

More facilities are set to open later this year, including Stade near Hamburg and Wilhelmshaven II.

Planning more units despite the low utilization is "absurd," Sascha Müller-Kraenner, managing director of German Environment Action, said in a statement, calling for an end to the infrastructure expansion.

Vietnam wary of Trump tariff risks as PM eyes 8% GDP growth

Bloomberg
Hanoi

Vietnam, Asia's growth star whose economy surpassed all expectations in the fourth quarter, could face price pressures and challenges to the prime minister's 8% expansion target on the Trump administration's policies.

Vietnam's government officials, bracing for a possible new era of tariffs during President-elect Donald Trump's second term, are anticipating possible disruptions to global markets, Nguyen Thu Oanh, head of the price statistics department for the General Statistics Office, said during a Hanoi briefing on the latest growth numbers.

"Increasing protectionism and trade barriers will worsen trade tensions and disrupt the global supply chain," she said. "These can fuel inflationary pressure and, at the same time, slow down the economic growth rate as well as causing increases in the unemployment rate."

A robust finish to 2024 has officials banking on a stronger 2025 even as they are concerned about disruptions that may arise from Trump's policies. Prime Minister Pham Minh Chinh is pushing to expand the economy by at least 8% this year, although the official target set by the parliament is 6.5-7%. A government drive for double-digit growth would be "very hard" to reach, according to the GSO.

Gross domestic product rose 7.55% in the October-December period from a year earlier, the General Statistics Office said in a statement last week. That was higher than all eight estimates in a Bloomberg News survey and tops the 7.4% growth in the third quarter.

Full year expansion of 7.09% surpassed the official target of up to 6.5% and the 6.7% median estimate of analysts in a separate Bloomberg survey.

Vietnam's economy, where the value of exports is about the same size as its GDP, steadily recovered last year as global demand for its products picked up.

Exports gained for a 10th straight month in December, growing 12.8% year-on-year, according to the GSO. Growth in consumer prices remain manageable, rising at 2.94% in December from a year ago, the statistics office said.

Double-digit growth in overseas sales, along with resilient foreign investments, helped support manufacturing activity. Strong retail sales in the fourth quarter revealed increasing domestic consumer spending.

Vietnam's reliance on global markets, however, could weigh on its economy this year, as well. The country's manufacturers, which make everything from sneakers to Samsung Electronics Co smartphones and Apple Inc products, could see an increase in costs of imported materials, creating inflationary pressure, Oanh said.

Rising prices of imports could affect the Vietnamese dong-US dollar currency exchange rate, further adding to cost increases, she said.

The government will work to control inflation through price adjustments on services and goods produced by state companies, such as electricity, medical services and education, Oanh said. Hanoi can also rely on previous tax breaks, reductions in lending costs, boosting public investments and pushing for strong credit growth to counter global headwinds while being mindful not to put upward pressure on prices of consumer goods, she added.

Vietnam expects foreign investment to keep flowing into the country, Nguyen Thi Huong, head of the GSO, said at the briefing in Hanoi.

The industrial sector remained strong, with fourth quarter manufacturing output rising 9.83% from year ago, GSO said.

Bloomberg QuickTake Q&A

How Trump came around to crypto, and what crypto wants in return

By Monique Mulima

President-elect Donald Trump was once sceptical of digital assets, saying Bitcoin "seems like a scam" and that crypto's value was "based on thin air." Times have changed. During his latest presidential campaign, Trump pivoted to crypto cheerleader: a July speech at the Bitcoin 2024 conference capped his complete about-face. Since his re-election, cryptocurrency prices have surged — especially Bitcoin's, which hit a record high above $108,000 in December — amid expectations that his incoming administration will pursue a pro-crypto agenda.

What has Trump said about crypto?

Trump has pledged to be a "pro-Bitcoin president." He praised the original digital asset in his July speech in Nashville, saying "Bitcoin stands for freedom, sovereignty and independence from government, coercion and control." He's said he wants to make the US "the crypto capital of the planet and the Bitcoin superpower of the world." He called crypto "critical to the future of American competitiveness" in a December post on Truth Social, the social media platform owned by Trump Media & Technology Group Corp.

Trump's embrace of the industry helped him land support from prominent crypto boosters like venture capitalists Marc Andreessen and Ben Horowitz, and the billionaire twins Tyler and Cameron Winklevoss.

Elon Musk, who riffed on crypto on Saturday Night Live and is often associated with memecoin speculation, donated $238.5mn to America PAC, a super political action committee supporting Trump. Andreessen and Horowitz each donated $2.5mn to the Right for America pro-Trump super-PAC. The crypto industry also spent $135mn, largely through the Fairshake PAC, backing candidates in the November elections — most of whom won their races.

What crypto projects is Trump personally involved with?

Trump and some of his family members are promoters — and beneficiaries — of World Liberty Financial, a crypto project that has its own token named WLFI. More than 16,000 people were holders of the World Liberty Financial token as of the end of October, just weeks after the project backed by Trump and his sons began selling the cryptocurrency to accredited investors on its platform.

After crypto entrepreneur Justin Sun announced in November that he would invest $30mn into WLFI tokens, the Trump family stood to collect at least $15mn.

Trump has also ventured into other digital assets. He has released four collections of nonfungible tokens featuring heroic images of himself in different costumes and settings. The most recent collection of NFTs, which he dubbed digital trading cards, sold in August for $99 each on the primary market.

Why have crypto prices surged?

Bitcoin, the largest token by market capitalisation, saw price gains of more than 50% from the election through mid-December, and other cryptocurrencies have also surged. Prices have risen on the assumption that Trump and the incoming Republican administration will create a more friendly regulatory environment.

Investors in the crypto industry say this should lead to more people and institutions investing in the space, while also decreasing the risk of enforcement actions by the US Securities and Exchange Commission.

Trump has also enlisted crypto champions for important roles. Musk and Vivek Ramaswamy, for example, will lead an advisory group called the Department of Government Efficiency (DOGE). DOGE shares a name with a memecoin — Dogecoin — with which Musk is popularly associated.

Demand for Bitcoin exchange-traded funds has also helped to raise crypto prices, with $110bn invested in US Bitcoin ETFs as of January 8 — just a year after their debut.

What has Trump endorsed on the crypto front?

Trump had pledged to fire SEC Chair Gary Gensler on day one of his presidency; Gensler pre-empted any such attempt when he announced his intention to resign before Trump was inaugurated.

Under Gensler's tenure, the SEC filed legal complaints against cryptocurrency companies such as Coinbase Global Inc and Binance Holdings Ltd for selling what the regulator alleged were unregistered securities.

Trump nominated crypto supporter Paul Atkins to replace Gensler, and that announcement helped Bitcoin climb above $100,000 for the first time.

The president-elect nominated David Sacks to the newly created position of artificial intelligence and crypto czar.

Trump is also creating a crypto advisory group, made up of backers of the industry. Trump said in a December Truth Social post that Bo Hines will be the executive director of the Presidential Council of Advisers for Digital Assets, reporting to Sacks.

Trump said he plans to have the US government keep rather than sell Bitcoin holdings seized by law enforcement, making these assets the basis of a so-called strategic Bitcoin stockpile. Trump has also said he would like all Bitcoin to be mined in the US; this promise may prove difficult to fulfil due to the reality of decentralized networks and cheaper costs of energy in other parts of the world.

What's the regulatory environment been like?

The SEC under Gensler had made clear it considers most digital assets to be securities, a designation that brings with it an extensive set of requirements. The top US banking regulators separately issued a sweeping statement in early 2023 on the dangers of crypto. The collapse in November 2022 of the FTX crypto exchange left customers around the world facing the potential for billions of dollars in losses.

Legislation proposed in 2022 to tighten US oversight of crypto has stalled in the Senate's banking committee and faces an uncertain future. The bill would give the Commodity Futures Trading Commission additional authority to oversee digital coins that are deemed to be commodities — likely providing the regulator direct oversight of Bitcoin and Ether, the second-largest token by market capitalization. Currently the agency's remit is mostly limited to crypto derivatives. Under the bill, the SEC would police digital coins that are used to raise money from the public, providing supervision similar to its oversight of a stock offering.

What does the crypto industry want from Trump?

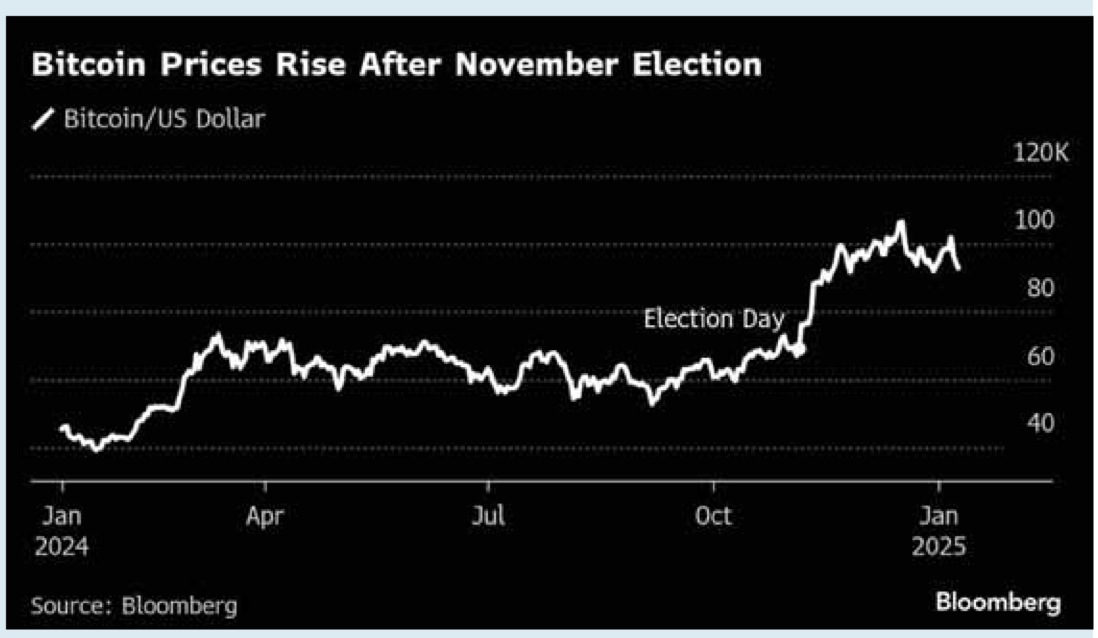
Many in the industry want a more hands-off regulatory approach and approval of additional crypto ETFs. The crypto industry is also looking for specific legal language on what exactly crypto is and how the industry should operate legally, which could reduce worries of lawsuits from government agencies.

Advocates would also welcome having crypto assets classified as commodities rather than securities, which would then make them fall under the remit of the CFTC. Many in the crypto industry believe the Federal Deposit Insurance Corp and the Office of the Comptroller of the Currency have forced banks to limit the industry's access to their services, a posture they would like to see Trump end.

Some in the crypto industry would also like to see Trump not only follow through on his plan to introduce a strategic US Bitcoin stockpile, but also have the government buy more of the token for the reserve.

US Senator Cynthia Lummis has written a bill that would order the Federal Reserve to sell some of its gold certificates to fund those purchases. Bets on Polymarket, a predictions platform popular with the crypto crowd, currently imply only about a 30% probability that a reserve will be created in Trump's first 100 days in office.

Since Trump's re-election, cryptocurrency prices have surged — especially Bitcoin's, which hit a record high above $108,000 in December — amid expectations that his incoming administration will pursue a pro-crypto agenda



US files antitrust suit to block Amex GBT-CWT merger

Bloomberg
New York

The US Justice Department filed a lawsuit to block a $570mn deal in the corporate travel market over antitrust concerns.
In a complaint filed on Friday in federal court in New York, antitrust enforcers said American Express Global Business Travel Group Inc's acquisition of rival CWT Holdings would harm the market for travel management.
"If completed, this deal would extinguish fierce head-to-head competition between Amex GBT and CWT and risk higher prices, fewer choices, and less innovation, thereby threatening harm to scores of businesses crucial to the US economy," according to the suit.
The administration of President Joe Biden has made antitrust enforcement and competition policy a central piece of its economic agenda. The case is one of its final acts to police what it believes is excessive concentration of power across the economy. Managing the lawsuit would fall to the incoming administration of Donald Trump and to Gail Slater, his pick to run the antitrust division.
UK review: The companies, which help corporate customers manage travel and event planning, met earlier this week with senior leadership at the Justice Department's antitrust division to argue in favour of the deal, Bloomberg News previously reported. Amex GBT said it was evaluating next steps but criticised the Justice Department's complaint as focused on a small segment of customers and failing to recognise changes to the travel since the pandemic.
"We continue to believe that, if allowed to close, the proposed transaction will create significant synergies and provide greater capacity for Amex GBT to continue to invest and innovate with new and better services for all customers and business travellers," the company said in a statement.
CWT declined to comment on the lawsuit.
The UK's Competition and Markets Authority has also raised concerns the deal would harm competition, releasing an interim report in early November that focuses on multinational companies with annual travel budgets over $25mn.
The CMA has a late January deadline to decide whether to block the merger. The companies offered to impose price caps and open CWT's travel partner network to competing travel companies to obtain UK approval, and potentially offload some CWT customers to competitors as well.
Big players: American Express Co owns a minority interest in Amex GBT after spinning off the company in 2014. CWT is majority-owned by investment firms including Redwood Capital Management and Monarch Alternative Capital. The deal was announced in March. The companies have said they plan to close the deal in the first quarter.
The companies maintain that they operate in a competitive market, pointing to others including BCD Travel and Navan. Internally, Amex GBT has identified CWT as one of its biggest competitors for travel management services for large customers, the US claims.
Amex GBT managed $28bn in business travel transactions in 2023, making it the largest provider of those services, the Justice Department said in the suit. CWT is the third biggest, with about $14bn in transactions. Along with BCD, the No 2 player, the three largest travel management companies control at least 70% of the market for travel management for global companies that spend at least $30mn annually, the US said.
The case is US vs Global Business Travel Group Inc, 25-cv-00215, US District Court, Southern District of New York (Manhattan).

US market faces reality check in high-bar earnings season

Bloomberg
New York

The US stock market's strongest two-year rally since the dot-com bubble is heading into its next big test as companies start releasing quarterly earnings, providing a major gut check on whether valuations have outrun the underlying reality.

On Friday, the S&P 500 Index slid 1.5% — its worst drop since mid-December — as an unexpected surge in hiring solidified speculation that the Federal Reserve won't cut interest rates again until the second half of the year.

But the bigger issue is the high bar set by investors' estimates: The reports are expected to show that the resilient economy increased the earnings of the companies in the S&P 500 by 7.3% during the fourth quarter from a year earlier, according to data compiled by Bloomberg Intelligence. That's the second-highest pre-season forecast in the past three years, and it threatens to put equities on a shaky footing if the results — or the outlook for the months ahead — fall short.

With the S&P 500 priced for roughly 23% earnings-per-share growth in the next 12 months, the estimates embedded in stock prices are unusually high, BI data show.

Bottom-up consensus forecasts — a method of forecasting future stock performance by adding up individual analyst estimates for each of the S&P 500 companies — are calling for 13% EPS growth in 2025, meaning those projections would need to nearly double to justify where the S&P 500 trades.

"We haven't seen a hurdle this high since 2018," said Michael Casper, senior equity strategist at BI. "It's going to be a lot harder for companies to continue to beat profit estimates this year than in 2024 because the bar was much lower then."

A monitor displays the S&P 500 index on the floor of the New York Stock Exchange. The US stock market's strongest two-year rally since the dot-com bubble is heading into its next big test as companies start releasing quarterly earnings, providing a major gut check on whether valuations have outrun the underlying reality.

Fourth-quarter earnings season will officially kick off on Wednesday, led by financial bellwethers JPMorgan Chase & Co, Citigroup Inc and BlackRock Inc. More key companies will deliver results the following week, including, Netflix Inc, Procter & Gamble Co and 3M Co.

Here's a look at five key themes to watch as the results roll in:

Broadening growth: One closely-watched issue is whether the earnings-growth momentum will accelerate beyond the largest tech companies, which could provide a boost to some of the market's laggards.

With the economy performing well, companies outside of big tech are expected to report a third straight quarter of earnings growth, with profits estimated to rise 4% and accelerate toward double-digit increases by the first three months of 2025, according to data compiled by BI.

Tech companies will still be a key market driver. But investors are prepared for the so-called Magnificent Seven companies — Nvidia Corp, Apple Inc, Microsoft Corp, Alphabet Inc, Amazon.com Inc, Meta Platforms Inc and Tesla Inc — to report a slowdown in growth: Profits are expected to rise by 22%, compared with average earnings growth of 34% in 2024, when the rest of the S&P 500 rose 4.5%, according to BI.

Trade, tariffs & taxes: Investors are also looking for insight into how President-elect Donald Trump's tax-cut, tariff and deregulatory policies will trickle through Corporate America. While some of his plans threaten to upend global trade and fan inflation pressures, the stock market has been focused more on the upside of a pro-growth agenda.

Yet the type of tax cuts being eyed in Washington may only reduce the tax burden on the S&P 500 by about half as much as the 2017 package, according to BI's Casper. He said that adds another hurdle to meeting the steep EPS growth baked into the S&P 500 over the next 12 months.

The dollar's recent surge is another open question: While that may take the sting off the impact of a tariff increase by cheapening import costs, it could also darken the outlook for multinational companies by reducing export demand and the value of overseas earnings.

Profit revisions: Traders are watching a key indicator known as earnings-revision momentum, a gauge of upward-to-downward changes to expected per-share earnings over the next 12 months for the S&P 500. It has been hovering in negative territory, BI data show, indicating that Wall Street analysts are trimming their estimates heading into earnings season. While that isn't unusual, it could be an early sign of shifting sentiment. The tech sector's 12-month forward EPS revision momentum, for example, has dropped for 11 of the last 12 weeks, driven by markdowns for high-flying semiconductors companies.

Three of 11 sectors in the S&P 500 are poised to have seen profit growth accelerate by double digits in the final three months of 2024, including communication services and technology, along with previously unloved groups like health care. Energy is forecast to post a roughly 30% profit contraction from a year earlier in the fourth quarter, BI data show.

Monitoring margins: Traders will keep a close eye on operating margins after inflation came down from the post-pandemic surge, easing some cost pressures. Analysts see operating margins for the fourth quarter at nearly 16%, with the worst of the pain in the rear-view mirror as forecasts improve in the coming quarters, data compiled by BI show.

Europe's earnings tide: Expectations for European earnings are far more subdued as the continent contends with stunted economic growth at home and in China, an important trading partner for its luxury-goods and car companies. The prospect of US tariffs is a worry for its export-heavy industries in 2025.

Profits for the Stoxx 600 are projected to have risen just 3% in 2024, compared with 8% for the S&P 500, and will likely trail again this year, BI data show. The focus will be on automakers like Volkswagen AG that are facing threats from protectionist policies, tepid demand in China and the loss of US tax credits for some plug-in cars.

Luxury firms including LVMH and Gucci-parent Kering SA will be bellwethers of consumer spending patterns.

Wall Street banks' market-beating rally faces earnings test

Bloomberg
New York

Wall Street banks' outlook for the year will be in the crosshairs after a disappointing first look at earnings from Jefferies Financial Group Inc and a blowout jobs report that fanned inflation fears.

The Federal Reserve's recent reticence to keep up the pace of interest-rate cuts was backed by Friday's strong labour report that sent the stock market tumbling and yields higher. That throws cold water on investor hopes for a repeat of last year's stock performance, which saw bank leaders climb 33%, outperforming the broader S&P 500.

Analysts have been counting on a revival in dealmaking and capital markets, revenue growth, as well a wave of share buybacks to further bolster the sector. Investors will get a chance to hear from the leaders of Citigroup Inc, Goldman Sachs Group Inc, JPMorgan Chase & Co, and Wells Fargo & Co when they kick off the first earnings season of the year on Wednesday.

Expectations for results — which cover the final quarter of 2024 — are generally rosy after the sector got a fresh boost from Trump's win, as the president-elect is expected to usher in a wave of deregulation and business friendly tax policies that could be game changers for banks' profitability.

"The question is not if capital markets set a record — it's a matter of when," said Mike Mayo at Wells Fargo. That could happen as soon as this year, he said. With annual outlooks likely overshadowing respectable fourth-quarter earnings, "the key is the guidance for how much revenues will grow faster than expenses."

Election-fuelled volatility in equity markets is also expected to have boosted the last quarter for banks. Citigroup and JPMorgan have already given investors an early glimpse into fourth-quarter results that could signal a pick-up in trading.

"We expect trading revenues could come in even higher given the typical seasonal December slowdown just didn't happen," Morgan Stanley analysts led by Betsy Graseck wrote in a note.

Overall, Wall Street is bullish on the sector — Barclays analyst Jason Goldberg expects big bank stocks to extend the rally on hopes around the incoming president's pro-growth, de-regulatory agenda but concedes that borrowing has remained sluggish as corporates assess what the post-election landscape will look like.

The macroeconomic backdrop threatens to cast a pall over 2025 outlooks, which most banks reporting this week are expected to give. Investors want to know how the Fed's recent interest-rate cuts and the slower-than-predicted policy easing cycle are playing out.

While higher longer-term bond yields can be a benefit to net interest income growth and margins for lenders, they can also signal additional pressure on consumers and slow the pace of borrowing.

There are other cracks in the bull thesis and share performance has been muted following the election as investors wait for earnings.

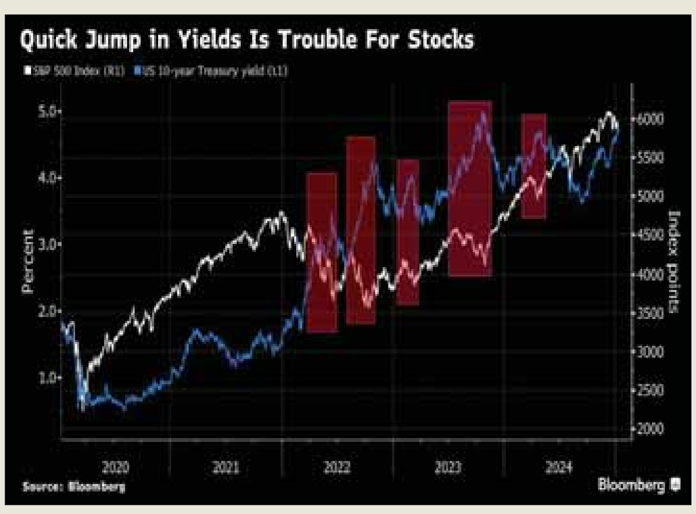
A disappointing report from Jefferies showed investing banking revenue and profit margin expansion likely fell short of Wall Street's estimates. And expectations of a blowout year for initial public offerings — which would benefit bank earnings — may be tempered by market volatility and potential tariffs under a new administration.

The strength of the overall market is also coming into question. On Friday, the S&P 500 slumped 1.5%, notching its worst day since December 18 and erasing the market gains the year started with.

S&P's $18tn rally threatened by psychology of 5% yields

Bloomberg
New York

For years it's seemed like nothing could stop the stock market's inexorable march higher, as the S&P 500 Index soared more than 50% from the start of 2023 to the end of 2024, adding $18tn in value in the process. Now, however, Wall Street is seeing what can ultimately derail this rally: Treasury yields above 5%.
Equities traders have shrugged off the bond market's warnings for months, focusing instead on the windfall from President-elect Donald Trump's promised tax cuts and the seemingly limitless possibilities of artificial intelligence. But the risk came into focus last week as Treasury yields climbed toward their ominous milestones and share prices sank in response.
The yield on 20-year US Treasuries breached 5% on Wednesday and jumped back above on Friday, reaching the highest since November 2, 2023. Meanwhile, 30-year US Treasuries briefly crossed 5% on Friday to the highest since October 31, 2023. Those yields have risen roughly 100 basis points since mid-September, when the Federal Reserve started reducing the fed funds rate, which has come down 100 basis points over the same time.
"It is unusual," Jeff Blazek, co-CIO of multi-asset strategies at Neuberger Berman, said of the dramatic and rapid jump in bond yields in the early months of an easing cycle. Over the past 30 years, intermediate and longer-term yields have been relatively flat or modestly higher in the months after the Fed initiated a string of rate cuts, he added.
Traders are watching the policy-sensitive 10-year Treasury yield, which is the highest it's been since October 2023 and is rapidly approaching 5%, a level they fear could spark a stock market correction. It last passed the threshold briefly in October 2023, and before that you have to go back to July 2007.
"If the 10-year hits 5% there will be a knee-jerk reaction to sell stocks," said Matt Peron, Janus Henderson's global head of solutions.
The reason is fairly simple. Rising bond yields make returns on Treasuries more attractive, while also increasing the cost of raising capital for companies.
The spillover into the stock market was apparent on Friday, as the S&P 500 tumbled 1.5% for its worst day since mid-December, turned negative for 2025, and came close to wiping out all the gains from the November euphoria sparked by Trump's election.



While there's "no magic" to the fixation on 5% beyond round-number psychology, perceived barriers can create "technical barriers," said Kristy Akullian, Blackrock's head of iShares investment strategy. Meaning, a swift move in yields can make it difficult for stocks to rise.
Investors are already seeing how. The earnings yield for the S&P 500 is sitting 1 percentage point below what's offered by 10-year Treasuries, a development last seen in 2002. In other words, the return on owning a significantly less risky asset than the US equities benchmark hasn't been this good in a long time.
"Once yields get higher it becomes harder and harder to rationalize valuation levels," said Mike Reynolds, vice president of investment strategy at Glenmede Trust. "And if earnings growth starts to falter, there can be issues."
Not surprisingly, strategists and portfolio managers predict a bumpy road ahead for stocks. Morgan Stanley's Mike Wilson anticipates a tough six months for equities, while Citigroup's wealth division told clients there's a buying opportunity in bonds.
The path to 5% on the 10-year Treasury became more realistic on Friday after strong jobs data caused economists to reduce expectations for rate cuts this year. But this isn't just about the Fed. The selloff in bonds is global and based on sticky inflation, hawkish central banks, ballooning government debts, and extreme uncertainties presented by the incoming Trump administration.
"When you're in hostile waters, yields above 5% is where all bets are off," Mark Malek, chief investment officer at Siebert, said. What equity investors need to know now is if, and when, serious buyers step in.
"The real question is where we go from there," said Rick de los Reyes, a portfolio manager at T Rowe Price. "If it's 5% on its way to 6% then that's going to get people concerned, if it's 5% before stabilising and ultimately going lower then things will be fine."
The key isn't so much that yields are rising, but why, market pros say. A slow increase as the US economy improves can help stocks. But a quick jump due to concerns about inflation, the federal deficit and policy uncertainty is a red flag.
In recent years, whenever yields have risen quickly, stocks have sold off. The difference this time appears to be complacent investors, as seen in bullish positioning in the face of frothy valuations and uncertainties about Trump's policies. And that's putting equities in a vulnerable position.
"When you look at rising prices, a strong job market and an overall strong economy, it all points to a possible uptick in inflation," said Eric Diton, president of the Wealth Alliance. "And that's not even including Trump's policies."
One area that may prove to be a haven for for companies investors is the group that's been driving most of the gains these past few years: Big Tech. The so-called Magnificent Seven companies — Alphabet Inc, Amazon.com Inc, Apple Inc, Meta Platforms Inc, Microsoft Corp, Nvidia Corp and Tesla Inc — are still posting rapid earnings growth and massive cash flows.

EM currencies are at central banks' mercy as fiscal policy lags

Bloomberg
London

Emerging-market central banks are becoming the first line of defence to shield local currencies pummelled by speculative attacks and fiscal shortfalls.

The latest bout of intervention from Latin American central banks in the currency market shows their tug of war with hot money is likely to persist until governments rein in spending. Over in Asia, the People's Bank of China (PBoC) is enlisting more tools to defend the yuan as disappointing fiscal stimulus so far in the face of anaemic growth and US tariff threats weaken the currency.

"Central bank currency intervention is not a tool that can adequately or sustainably defend regional currencies," said Brendan McKenna, an emerging-markets economist and foreign-exchange strategist at Wells Fargo Securities LLC in New York. Shifting back toward fiscal responsibility would be the most effective way to stabilise a currency, he added. The dollar's surge due to a resilient US economy and expectations of fewer interest-rate cuts from the Federal Reserve have put central banks around the world on guard to defend their currencies and avert capital outflows. However, emerging market governments are constrained from deploying more fiscal firepower to bolster growth due to their elevated debt levels following the Covid pandemic.

The PBoC is keeping a tight grip on the yuan with its daily reference rate, around which the yuan can trade in a 2% range versus the dollar. It's also planning to sell bills in Hong Kong to tighten liquidity offshore and drive up demand for the currency. But that's hardly taming bearish bets as the onshore yuan lingers near the weak end of its allowed trading range.

Bank Indonesia is planning to help the government refinance maturing pandemic-era debt. Brazil's central bank led a historic intervention to defend the real which fell to a record low versus the dollar in December due to a ballooning budget deficit, while the Colombian monetary authority surprised markets by slowing its easing campaign due to uncertainty over government finances.

But these moves may only slow the inevitable impact on their currencies, as investors remain reluctant to buy on dips unless there's a noticeable improvement in fundamentals, which would need to come mainly from the fiscal side.

As the economic anchor of emerging Asia, China's battle with speculators is keenly watched. In its latest move, the PBoC suspended government bond purchases to curb a decline in bond yields and the yuan. However, currency traders remain on tenterhooks as they wait for US President-elect Donald Trump's policies following his inauguration on January 20.

"We assume that Beijing will respond to any major tariff announcement from Trump's team with a one-off devaluation of its currency," said Homin Lee, senior macro strategist at Lombard Odier. This higher flexibility for the yuan post-devaluation will provide greater scope for monetary easing to support the economy, he added.

The PBoC earlier this month reiterated its pledge to lower interest rates and the reserve requirement ratio for banks "at an appropriate time." China's finance minister said on Friday the nation will adopt a proactive fiscal policy and speed up the implementation of pro-growth measures.

Strategists at Bank of America still forecast the yuan falling to 7.6 per dollar in the first half of the year. The rising risk of fiscal dominance — where ballooning budget deficits are spurring inflation — are blunting the impact of monetary policy.

In Brazil, economists last month raised their 2025 inflation forecasts further above the top of the central bank's tolerance range, and most analysts see the Banco Central do Brasil's tightening cycle extending through mid-2025. However, mounting investor scepticism over President Luiz Inacio Lula da Silva's commitment to fix a ballooning budget deficit sent the real into a tailspin last month, with the nation's central bank spending some $20bn in reserves in two weeks to defend the currency.

Real stability was ultimately achieved more from dollar weakness rather than from BCB policy action, Wells Fargo's McKenna said. He expects fiscal dominance concern in Brazil to linger for at least the next few years leading into elections in late 2026. In Mexico and Colombia, rising budget deficits could be accompanied by the risk of inflation that becomes unanchored, even as prices are only creeping up so far, he added.

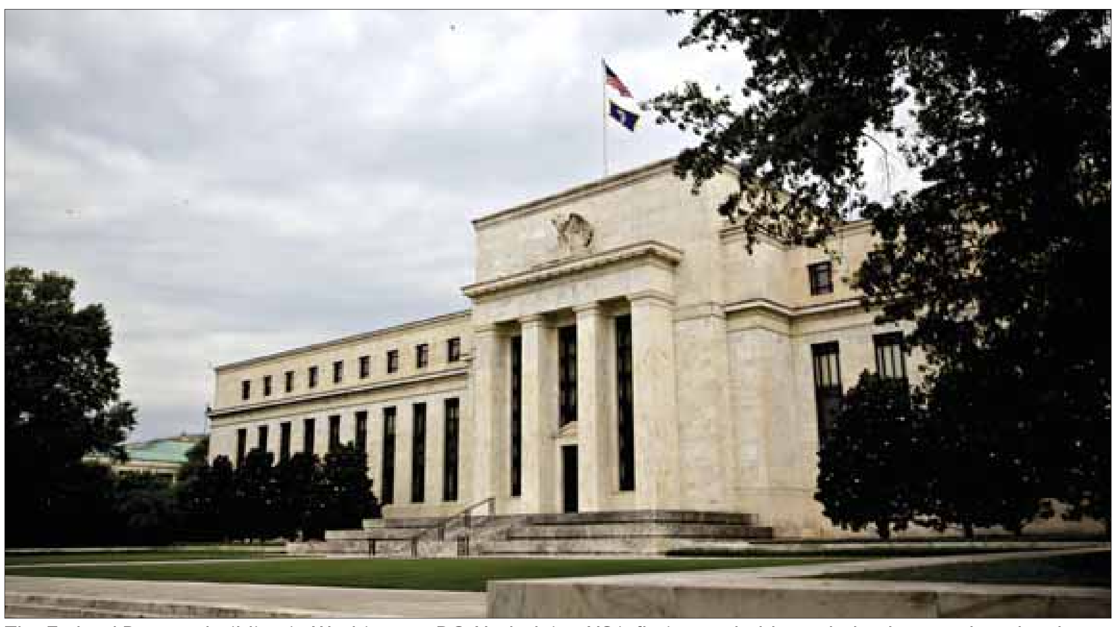
The Latin America debt crisis in the early 1980s and the Asian financial crisis in the late 1990s has improved the reaction function of emerging market policymakers. Latin America's central banks proactively hiked interest rates starting in 2021 to combat inflation, doing so even ahead of major developed market peers. However, the resurgence in price pressures is coming in the way of further rate cuts at a time when heavy expenditures incurred by governments during the pandemic is sending alarm bells ringing on the fiscal side.

Thailand's debt-to-gross domestic product has risen to 55% in 2023 from 34% in 2019, according to the latest data from the International Monetary Fund. China, Chile, Colombia and Poland are also seeing a similar trend.

"Fiscal dominance has become an important discussion point among EM investors," Citigroup strategists including Luis E Costa and Rohit Garg wrote in a note in December. Central banks in EMs such as Hungary, Poland, Brazil, and Mexico have recently mentioned fiscal risk as a reason for caution on their monetary policy stances, as per the note.

US inflation is set to back Fed pause after robust jobs data

Bloomberg
Washington


The Federal Reserve building in Washington, DC. Underlying US inflation probably cooled only a touch at the close of 2024 against a backdrop of a resilient job market and steadfast economy, supporting the Fed's go-slow approach to further rate cuts.

Underlying US inflation probably cooled only a touch at the close of 2024 against a backdrop of a resilient job market and steadfast economy, supporting the Federal Reserve's go-slow approach to further rate cuts.

The consumer price index excluding food and energy is seen rising 0.2% in December after four straight months of 0.3% increases, according to the median projection in a Bloomberg survey of economists. The core CPI, a better snapshot of underlying inflation, is forecast to have risen 3.3% from a year earlier — matching readings from the prior three months.

The annual figure suggests progress toward tamer inflation has essentially stalled, at a time when the labour market and demand show scant signs of distress. Employers added more than a quarter million jobs in December, well above forecasts, and the unemployment rate unexpectedly fell, according to government data released on Friday.

The jobs figures were followed by a consumer survey that showed a spike in long-term inflation expectations. Some 22% of those polled by the University of Michigan reported that buying big-ticket goods now would enable them to avoid future price hikes — a share that matches the largest since 1990.

Economists at some of the biggest US banks pared their forecasts for more rate reductions after the jobs report. Fed officials in December indicated that they'd only lower their benchmark twice in 2025, a less aggressive outlook than they had in September, and recent comments suggest even more restraint.

"Recent FOMC communications indicate several members see the disinflation process as temporarily stalled, or see risks that it could. December's CPI report is likely to support the view that it has indeed stalled, adding to the case for a careful approach to monetary-policy decisions in coming quarters," say Anna Wong, Stuart Paul, Eliza Winger, Estelle Ou & Chris G Collins, economists at Bloomberg.

According to economists at Morgan Stanley & Co, recent momentum in the economy can be chalked up to elevated household net worth, pent-up spending on automobiles, and wage growth that's outpacing inflation.

Wednesday's CPI report will be followed a day later by December retail sales numbers, which are expected to confirm robust spending during the holiday season.

Meantime, Fed data on Friday may indicate manufacturing is stabilising, albeit at a depressed level. Economists project a 0.2% gain in December factory output, in line with November's advance — the first back-to-back increase since February-March.

In Canada, US President-elect Trump's threatened tariffs will be the overriding focus, with outgoing Prime Minister Justin Trudeau convening provincial premiers to discuss responses and Energy Minister Jonathan Wilkinson visiting Washington in a last-ditch bid to avert the crisis.

Elsewhere, UK inflation data will draw attention after a week of market ructions, while China and Germany release economic growth numbers.

The week brings trade figures from across the region, providing a snapshot of commerce at the end of 2024 before any potential tariffs are announced by the US.

The flow of data from China continues, with key economic readings including gross domestic product late in the week.

The region's biggest economy will be the main focus, kicking off with trade balance and export data for December, with analysts expecting to see activity remaining firm as global customers placed orders ahead of potential US levies.

India, Indonesia and Singapore also release trade figures, while South Korea supplies trade price data which should provide an indication of demand. In central banking, South Korea officials are expected to cut the main lending rate for the third time in a row.

The economic outlook there has dimmed amid political turmoil, slowing domestic demand and expectations of a slide in exports, which drive growth.

Bank of Japan Deputy Governor Ryozo Himino speaks Tuesday, and wages rising at the fastest pace in three decades could clear the way for further rate hikes. Indonesia's central bank also announces its latest rate decision after holding at the prior meeting.

China caps the week with a slew of data. Home prices likely continued their slide — though perhaps at a slower pace. Industrial production probably held firm and retail sales accelerated on the back of stimulus measures. GDP is set to show the economy managed to hit the "around 5%" annual growth target for 2024, something President Xi Jinping already announced at the end of December.

Hershey seeks new CEO with Michele Buck departing next year

Bloomberg
New York

Hershey Co Chief Executive Officer Michele Buck will step down from her role next year and the company has started a search for her successor.

Buck, 63, told the board that she intends to retire on June 30, 2026, Hershey announced in a statement on Friday. She will stay on as CEO and as a board member until a new leader is found.

Then she'll resign from the board and transition to an advisory role until her retirement. Hershey shares fell 2.5% in New York trading on Friday. The stock has declined 6.6% this month after posting a 9.2% drop in 2024.

The board is considering internal and external CEO candidates and has appointed a special committee to direct the search. Buck has led Hershey since 2017, with shares rising 45% during her tenure. That's below the advance of the S&P 500 Index over the same period.

The leadership transition follows a sustained rise in cocoa prices that has put pressure on the maker of Reese's Peanut Butter Cups and Almond Joy treats. While Hershey owns snacking brands such as Dot's Homestyle Pretzels and Skinnypop popcorn, the company is seen as less diversified in its product portfolio than competitors such as Mondelez International Inc., Mars Inc. and Nestle SA.

Nestle has a wider range of products spanning from dairy to coffee, while Mars has invested in pet food and last year announced the purchase of snacks maker Kellanova. Mondelez, which recently tried to buy Hershey, has profited from the growing popularity of Oreo cookies and also owns brands like Triscuits candy and Halls candy.

"We believe the announcement will act as a near-term overhang until the next leadership team is announced," Stephens analysts including Jim Salera wrote in a research note. They added that there's still uncertainty regarding consumers, who have pulled back spending amid higher prices, and how cocoa prices will progress.

Cocoa prices almost tripled last year as disease and bad weather hurt crops in Ivory Coast and Ghana, which usually account for more than 60% of global supply.

Beans are so scarce that Hershey is asking the US's top derivatives regulator for permission to buy a huge amount through the New York exchange, according to people familiar with the matter.

Hershey wants to take a position that will allow it to purchase more than 90,000 metric tonnes of cocoa on ICE Futures US, said the people. The request to the Commodity Futures Trading Commission equates to about 5,000 20-foot containers and is more than nine times the amount the exchange currently allows.

The move signals that management doesn't think cocoa pricing is collapsing, Bernstein said in a note to clients. It also points to the fact that the company doesn't seem fully or normally hedged for 2025.

In December, Bloomberg reported that Mondelez was exploring an acquisition of Hershey in a deal that would create a food giant with combined sales of almost $50bn. The takeover offer was rejected as too low by the iconic chocolate maker's main owner, Hershey Trust Co, which controls roughly 80% of the voting power at the company.

Brazil central bank says tightening cycle to be guided by target

Bloomberg
Brasilia

Brazil's central bank reinforced its pledges of two more full percentage point hikes, amid a more adverse scenario where annual inflation remained stubbornly above target.

Policymakers see annual inflation hovering above the bank's tolerance range until the third quarter of the year, after which it should slow down even if it remains higher than its 3% goal, Governor Gabriel Galipolo wrote in a letter published on Friday.

The economic scenario is proving less uncertain and more adverse, reinforcing the need to lift borrowing costs to 14.25% by March.

Strong growth, a weaker real and severe weather drove consumer price increases which rose 4.83% in December from a year earlier, according to official data released on Friday. The reading was roughly in line with the 4.84% median estimate of analysts surveyed by Bloomberg, but still above the bank's 4.5% tolerance range ceiling, which prompted policymakers to write a public letter as stipulated by law.

"The total magnitude of the tightening cycle will be determined by the firm commitment of reaching the inflation target," Galipolo wrote. The benchmark Selic rate is currently at 12.25%, with most traders betting it will reach 16% by mid-year. This was Galipolo's first public letter after taking office earlier this month.

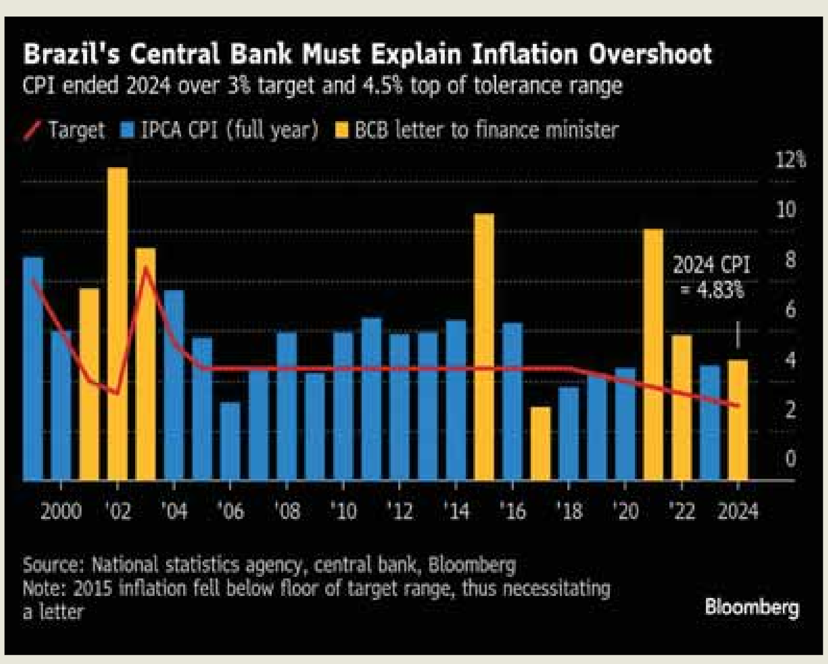
The last time inflation breached the ceiling was in 2022, but consumer-price growth began to cool shortly thereafter. Following the government's plans to update Brazil's inflation regime, the bank will now monitor consumer price increases in a moving horizon instead of the calendar year.

Now, a hot economy and investor anxiety over public finances are stoking price pressures, wearing on consumers and grinding on President Luiz Inacio Lula da Silva's popularity. Many analysts are pessimistic about the months to come.

"This is a relatively positive end to the year, but it offers little comfort as the inflation outlook has deteriorated significantly," Andres Abadia, chief Latin America economist at Pantheon Macroeconomics, wrote in a note.

Swap rates on the contract due in January 2026, an indicator of the financial market outlook toward monetary policy at the end of this year, rose nearly 6 basis points in morning trading immediately after the inflation report.

Digging into Friday's data, some economists were quick to point out that gauges of underlying inflation remained stubbornly high. That's likely to maintain pressure on policymakers in upcoming rate decisions. "Even though the headline numbers were in line with estimates, the details show worsening core and services inflation," said Milena Landgraf, a partner at Jubarte Capital, in Sao Paulo.



A 0.56% monthly fall in housing prices, thanks to cheaper electricity bills, drove December's inflation slowdown. Yet every other group of goods and services tracked by the statistics agency became more expensive in the period, with food and transportation costs showing the biggest gains. On a monthly basis, overall prices increased 0.52%.

"The inflation breakdown continued to show signs of widespread price pressures, posing a challenge for new central bank chief Gabriel Galipolo and his revamped board. Galipolo has said the bar is high to depart from forward guidance of a 100-basis-point rate hike at the January 29 meeting. Despite worrying signs from underlying inflation, the latest CPI report doesn't meet the mark," says Adriana Dupita, Brazil and Argentina economist at Bloomberg.

Galipolo projected a hawkish stance ahead of his term, vowing to do "whatever it takes" to tame inflation. Imported price pressures and inertial factors were the main drivers for last year's deviation from the goal, he wrote. Future estimates of consumer price increases above 3% and a stronger economy were also to blame, he added.

Policymakers' efforts to contain price increases are being complicated by dismay over the government's plans to address its budget gap. While Lula has tried to assuage those fears, a package of spending cuts unveiled in November fell well short of investors' expectations.

The resulting selloff made Brazil's currency — the real — tumble to an all-time low against the dollar in December, driving up the costs of imports. There was a "significant" exchange depreciation mainly driven by domestic factors, governor Galipolo wrote on Friday.

Sovereign wealth fund comes of age

By Fahad Badar

Sovereign wealth funds have become major players in the investment world. The Qatar Investment Authority is set for further expansion under the new CEO. Will there be surprises with the new regime?

The world's first sovereign wealth fund was established in 1953. The Kuwait Investment Authority has since become the world's fifth largest such fund, with just under $1tn assets under management.

The Norwegian sovereign wealth fund, one of the largest and most high-profile, was set up in 1990. Compared with the history of major pension funds, which goes back to the 19th century, or the insurance industry, the modern form of which began around the 17th century, sovereign wealth funds are young institutions. They have become major players in the investment world in a relatively short space of time.

The Qatar Investment Authority (QIA) will turn 20 years of age this year. Its early years were marked by high-profile, ultimately successful investments in assets such as Harrods of London, and Barclays Bank in the wake of the global financial crisis.

It has matured and become a sophisticated investor, with around $500bn in assets under management.

When the new CEO Mohammed al-Sowaidi gave an interview to the Financial Times in mid-December, the resulting article became the newspaper's lead story that day. The profile comes as the authority is conducting its strategic review, which occurs every five years. Al-Sowaidi described how the QIA plans to be bolder in some of its investments. The new CEO is looking for strong risk-adjusted returns. The QIA does not plan to become a majority shareholder in a company, but it is looking for "bigger ticket deals and more frequency", he said.

He underlined faith in the prospects for US assets, despite some concerns in the financial world over the high stock market prices and government debt.

The US economy is very large, diversified and dynamic. There are concerns over the tariffs proposed by incoming President Donald Trump, and a risk of trade wars, but overall the pro-business regime and commitment to fiscal and regulatory efficiency are viewed positively. The QIA sees growth potential in AI, other technologies, healthcare, real estate and infrastructure. He also mentioned the UK and Asia.

There will be no shortage of capital for the QIA to have at its disposal. Its financial assets are primarily derived from oil and gas industry. Qatar is in the process of massively scaling up its production of liquefied natural gas (LNG), from 77mn barrels per year to 126mn barrels by 2027. The IMF has estimated that this expansion will increase Qatar's GDP by 5.7% in real terms, and add 3.5% of GDP in export receipts a year.

The QIA will be the main receiver of LNG revenues. Inflows to the fund are set to double in the next five years. Staff numbers have doubled to more than 700 since 2018, and there are increased resources for the offices in the US and Singapore.

There is projected to be strong demand for LNG for the coming decades; it is a less-polluting fuel than other fossil fuels and is used as a transition gas. Demand was further boosted when European markets switched from Russian supplies following the invasion of Ukraine in 2022. Ultimately, however, and in common with other sovereign wealth funds from oil-producing nations such as Norway, one strategic aim of the QIA is to help diversify the economy.

The switch from fossil fuels to cleaner, renewable energy sources will take decades, rather than just a few years, but there is still likely to be a substantial transition by the end of the century. Qatar will have to be able to thrive in this new reality.

In just a few decades, sovereign wealth funds have matured and become major players in the global investment industry. Free market purists may argue that a state-owned entity should not be so heavily involved in the markets, but a key strategic aim of such a fund is to reduce fiscal deficits and hence taxes, including business taxes, so they can help the private sector if well managed.

In September, before his election win, Donald Trump proposed a sovereign wealth fund for the US. It will be interesting to see if this goes ahead.

■ *The author is a Qatari banker, with many years of experience in the banking sector in senior positions.*

Ibtechar launches new innovation services

Doha-based innovation agency Ibtechar has announced the launch of Ibtechar Academy and Ibtechar Consultancy.

Engineer Nayef al-Ibrahim, CEO and co-founder, said Ibtechar Academy focuses on delivering specialised training programmes in digital upskilling, innovation methodologies, and personal development.

He said the services offered by Ibtechar Academy are primarily B2B and B2G, and specialises in end-to-end technology training. "Our expertise lies in technology development, covering language learning, cybersecurity, and AR/VR. We focus on developing innovative solutions," he explained.

Engineer Nayef al-Ibrahim, CEO and co-founder of Ibtechar, during a recent press conference.

Ibtechar Consultancy works with organisations to embed innovation into their culture, strategy, and operations. "In Ibtechar Consultancy, our ability to design, supply, and operate labs for different sectors is a unique strength.

This has allowed us to build a strong service line supporting innovation in the market," he said.

Speaking to the media recently, al-Ibrahim discussed the services offered, referencing Ibtechar's partnerships with the Global Innovation Institute (GInI) and UQ, and highlighting their work across diverse sectors in Qatar.

He also showcased Ibtechar's history of innovation, including the development and management of innovation spaces, their work with Barzan Holdings, and the company's recognition by the World Economic Forum.

QSE index sheds 37 points; M-cap melts QR3.21bn

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) yesterday opened the week weak with its key index losing about 37 points on the back of selling pressure especially in the banks, realty and insurance counters.

The domestic institutions were seen net profit takers as the 20-stock Qatar Index shed 0.35% to 10,404.58 points, although it touched an intraday high of 10,495 points.

The local retail investors turned bearish in the main bourse, whose capitalisation eroded QR3.21bn or 1.14% to QR610.6bn on the back of midcap segments.

As much as 64% of the traded constituents were in the red in the main market, which saw as many as 0.01mn exchange traded funds (sponsored by AlRayan Bank and Doha Bank) valued at QR0.05mn change hands across six transactions.

The Gulf individual investors turned net profit takers in the main bourse, whose trade turnover and volumes were on the decline.

The Islamic index was seen declining faster than then the main barometer of the main bourse, which saw no trading of treasury bills.

The foreign funds continued to be net sellers but with lesser vigour in the main market, which saw no trading of sovereign bonds.

The Total Return Index fell 0.35%, the All Share Index by 0.44% and the All Islamic Index by 0.4% in the main market.

The banks and financial services sector index shed 0.88%, realty (0.65%), insurance (0.59%) and consumer goods and services (0.06%); while transport gained 0.54%, industrials (0.12%) and telecom (0.05%).

Major losers in the main market included Qatar General Insurance and Reinsurance, Ezdan, Masraf Al Rayan, QNB, Al Faleh Educational Holding, QIIB, Baladna and Vodafone Qatar.

Nevertheless, Nakilat, Qatar Electricity and Water, Meera, Estithmar Holding and Mekdam Holding were among the gainers in the main bourse.

The Gulf individual investors' net selling increased perceptibly to QR1.27mn compared to QR0.46mn on January 9.

The Qatari individuals turned net sellers to the tune of QR0.83mn against net buyers of QR5.92mn last Thursday.

The domestic funds were net sellers to the extent of QR0.53mn compared with net buyers of QR25.66mn the previous trading day.

The foreign individual investors turned net sellers to the tune of QR0.19mn against net buyers of QR5.55mn on January 9.

The Arab retail investors were net profit takers to the extent of QR0.09mn compared with net buyers of QR3.14mn last Thursday.

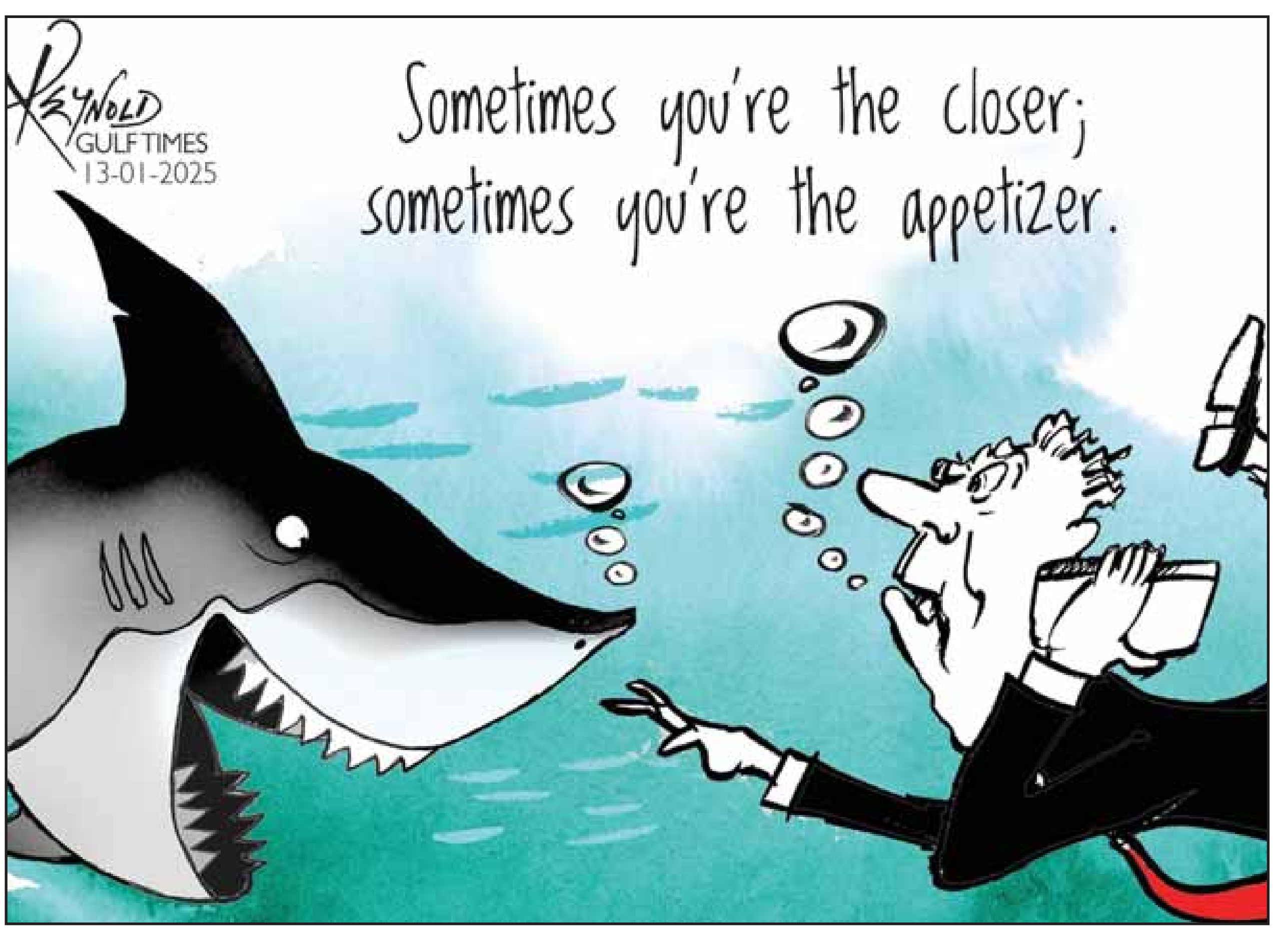
However, the Gulf institutions' net buying strengthened noticeably to QR11.72mn against QR9.91mn the previous trading day.

The foreign institutions' net selling decreased significantly to QR8.82mn compared to QR49.72mn on January 9.

The Arab institutions had no major net exposure for the second straight session.

Trade volumes in the main market shrank 29% to 88.35mn shares, value by 44% to QR217.27mn and transactions by 50% to 7,244.

The venture market saw doubling of trade volumes to 0.09mn equities and value also more than doubled to QR0.23mn on 67% jump in deals to 15.



QNB expects Chinese economy to expand this year on policies that bolster growth

QNB expects the Chinese economy to grow this year in the absence of a major trade conflict with the US and certain other conditions.

"In our view, absent a major trade conflict with the US, Chinese economic growth will be supported by positive momentum, more aggressive policy stimulus, and improving global financial conditions, favouring an above-consensus expansion rate of close to 4.8%," QNB said in an economic commentary.

In recent decades, China has been a dominant engine of economic growth for the global economy. During the period 2008-2019, which includes the years between the Great Financial Crisis and the Covid-19 pandemic, the Chinese economy expanded at an average rate of 8%, accounting for approximately 1/3rd of global growth.

Since then, a combination of domestic factors has led to a marked deceleration in the pace of economic expansion, QNB noted.

Over the last years, pessimism regarding China's growth performance has become widespread as economic indicators failed to meet expectations. This was substantiated by the China Economic Surprise Index, which provides a formal measure of how data releases stand relative to forecasts.

Since June last year, the index plunged into the negative territory and displayed how negative news prevailed for the next 4 months before recovering since mid-Q4, QNB said.

Furthermore, fears began to rise as attention shifted to the correction in property markets that seemed unable to find its trough, as well as the growing threat implied by mounting debts of local governments. In this context, there was growing impatience with the cautious and incremental approach by the government to implement policy stimulus to the economy.

The Bloomberg consensus forecasts pointed to 4.7% growth of GDP for 2024. Although this number is remarkable by international standards, it was 3.3 percentage points (p.p.) below the 8% average for China between 2008 and 2019.

It is unlikely that growth rates could return to the rocketing pre-pandemic average, given the structural developments that conduct the economy to a natural long-term trend of growth moderation. However, several tailwinds allow for an improvement in its growth performance this year.

In this article, QNB discusses three factors that will support growth in China in 2025.

First, economic indicators are delivering positive surprises, with signals that the constructive momentum will persist. The Economic Surprise Index comfortably entered the positive range in Q4-2024, amid better-than-expected gauges across key production sectors. Property markets displayed signs of stabilisation as the declines in prices and sales moderated, with some statistics even exhibiting positive growth.

This comes after the government ramped up incentives in the sector by relaxing conditions on mortgages and announced funds for targeted projects and housing for lower-income families.

Additionally, robust growth in sales of electric vehicles and household appliances points to stronger appetite for consumption by households.

More generally, the Manufacturing Purchasing Managers Index (PMI) also entered the expansionary range in the last quarter of last year, after 5 consecutive months in the negative region.

The improved evolution of indicators across various sectors imply that current projections should be revised upwards.

Second, the Chinese government is launching an aggressive battery of coordinated monetary and fiscal policy measures to provide stimulus to the economy.

The Politburo led by President Xi Jinping announced it will conduct a "moderately loose" monetary policy strategy this year, anticipating a stance that had not been adopted since the Global Financial Crisis.

Specifically, this has translated into expectations of interest rate cuts by 40-60 basis points by the PBoC, but will undoubtedly be accompanied by other measures of monetary easing.

In the fiscal front, policymakers are expected to set a budget deficit target of 4% of GDP, the widest since 1994, and larger than the typical levels below 3%.

The recent announcements add to previous rounds of initiatives that included the re-capitalisation of state banks, cuts in interest rates and reserve requirement ratios, public spending, support measures for the real estate and capital markets, and a $1.4tn package to alleviate local government debt pressures, among many others.

These policies will gradually permeate into consumption and investment to bolster economic growth this year.

Third, the continuation of the easing cycles of central banks in major advanced economies contribute to improve external conditions for China.

Last year, as inflation was brought under control, the European Central Bank and the US Federal Reserve cut rates by 100 and 100 basis points respectively.

This year, expectations point to additional cuts of 100 and 75 basis points.

As a result, global financial conditions will continue to improve significantly. As central banks in major advanced economies cut rates, liquidity and credit expand.

In addition, the PBoC will have more room to ease, as lower interest rate differentials means lessened concerns of capital flows leaving China to seek higher returns abroad.

Thus, more favourable global financial conditions represent an additional factor to allow for more proactive policy easing that boosts growth, QNB added.