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BUSINESS

BUYING SUPPORT : Page 4
Soft US inflation data and Gaza ceasefire deal lift QSE sentiments

Qatar Investment & Innovation Conference highlights GCC region's economic future

By Peter Alagos
Business Reporter

The Qatar Investment & Innovation Conference, held recently at Barahat Msheireb in Msheireb Downtown Doha (MDD), provided an in-depth exploration of the future of economic zones within the Gulf Co-operation Council (GCC) countries.

The conference, hosted by Msheireb Properties, in partnership with The Business Year (TBY), brought together industry experts, government officials, and thought leaders to discuss regional economic growth, innovation, and sustainable development.

One of the event's highlights was a pre-conference workshop at HEC Paris in Qatar, focusing on sustainable innovation and leadership challenges in a rapidly evolving world. During the opening session, Dr Hafiz Ali Abdullah, senior director of Corporate Communication at Msheireb Properties, emphasised the importance of cultivating proactive, challenge-seeking cultures within organisations to drive sustainable innovation.

"Msheireb Downtown Doha stands as a testament to our nation's visionary leadership and commitment to advancing Qatar National Vision 2030," stated Ali al-Kuwari, CEO of Msheireb Properties, who highlighted the significance of sustainable urban development and innovation in shaping the region's future.

Al-Kuwari said: "This conference exemplifies our dedication to promoting regional co-operation and innovation, creating a platform where policymakers, thought leaders, and innovators can collaborate to unlock immense potential for growth."

Hamad al-Nasr, director of Trade Development and Investment Promotion at the Ministry of Commerce and Industry, shared insights on Qatar's economic diversification efforts and investment opportunities.

For his part, Dr Khalid bin Klefeekh al-Hajri, Qatar Chamber board member, emphasised the private sector's role in driving innovation and sustainable development across the region.

"There is no doubt that this conference reflects Qatar's commitment to enhancing the innovation environment as an effective means of achieving economic diversification and building a knowledge-based economy, in line with the Qatar National Vision 2030," al-Hajri said.

The conference showcased two panel discussions on 'The Future of Economic Zones - Innovation and Opportunities' and 'The Role of Technology in Infrastructure and Private Investment's Impact on Regional Connectivity in the GCC.'

The first panel, which highlighted the evolution of free zones in the GCC region, featured Mohamed Juma al-Musharrkh, CEO, Sharjah FDI Office (Invest in Sharjah); Hamed Ahli, head of Meydan Free Zone; Ali Shehab, global director of Special Projects and Services, DNV; and Bader al-Madhadi, senior associate, Qatar Free Zones Authority (QFZA). The discussion was moderated by Silvia Lambiase, senior country editor, TBY.

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TBY chief commercial officer Ioana Popa and Msheireb Properties CEO Ali al-Kuwari during the conference.

Petrochemicals, construction related to LNG to support Qatar's growth: Moody's

By Santhosh V Perumal
Business Reporter

Growth in Qatar will be supported by the development of the petrochemical industry and construction activity related to the expansion of the liquefied natural gas (LNG) production capacity, scheduled to come online during 2026-30, according to Moody's, an international credit rating agency.

In its latest report, the rating agency also said the impact of lower oil revenues on the fiscal balances of hydrocarbon exporters will vary because of differences in the importance of hydrocarbon revenue and the recent fiscal reforms, which have made some sovereigns more resilient to oil price declines.

"Despite lower oil prices, we expect fiscal balances to remain in surplus and debt burdens to decline in Abu Dhabi, Oman and Qatar," Moody's said, stamping a "stable" outlook for the credit fundamentals for sovereigns in the Middle East and North Africa (Mena).

Highlighting that economic growth for most of Mena will be stronger in 2025, driven by oil production recovery and large investment projects; it said for most hydrocarbon exporters, crude oil output is set to expand as Opec+ begins to unwind strategic production cuts, though this is subject to global demand risks.

Expecting Mena growth to accelerate to 2.9% in 2025 from an estimated 2.1% in 2024; Moody's said the pickup will be driven primarily by stronger growth in the region's hydrocarbon exporters because of a partial unwinding of strategic oil production cuts under the Opec+ agreement.

"Large-scale investment projects, many of them part of longer-term government development and diversification agendas will support non-hydrocarbon economic activity across the region," it said.

During 2023 and 2024, oil production cuts subtracted more than 3 percentage points, cumulatively, from the growth of hydrocarbon exporters, it said, expecting oil production to lift the overall growth rate by around half a percentage point in 2025.

"We expect non-hydrocarbon economic activity to remain robust across the Mena region, benefitting from structural reform tail winds, and large-scale investment projects, including government-sponsored economic diversification initiatives. In most cases, growth will be stronger in 2025 than during the five years before the pandemic," the report said.

The impact of large investments will be most visible in Saudi Arabia as high government and sovereign wealth fund spending related to the Vision 2030 diversification programme continues into 2025.

Finding that projects are gradually entering the implementation phase and will support strong growth in construction, real estate and non-hydrocarbon mining sectors; it said: "We also expect robust growth in retail and hospitality sectors, benefitting from various ongoing tourism related investment projects."

In the UAE, non-hydrocarbon growth will slow slightly due to the completion of some previous infrastructure projects, but will remain robust at around 5% in 2025, according to the report.

Structural reforms since 2020, including relaxation of foreign ownership limits, introduction of long-term residency permits and lifting of some social restrictions, have solidified the country's appeal as a global trade, transportation, tourism and financial services hub, it said.

"This will anchor robust private sector activity in 2025, including in the real estate sector. Diversification programmes, such as the Abu Dhabi industrial strategy, are supporting growth in niche sectors benefiting from industry localisation and high-tech innovation, including AI or artificial intelligence," it said.

Mideast carriers record 3.6% y-o-y demand growth for air cargo in November: IATA

- **Global air cargo demand records 16th month of consecutive growth in November last year, says IATA**

By Pratap John
Business Editor

The global air cargo demand recorded 16th month of consecutive growth in November last year, IATA said in a report.

Middle Eastern carriers saw 3.6% year-on-year demand growth for air cargo in November, 2024.

Total demand, measured in cargo tonne-kilometres (CTK), rose by 8.2% compared to November 2023 levels (9.5% for international operations) for a 16th consecutive month of growth.

Capacity, measured in available cargo tonne-kilometres (ACTK), increased by 4.6% compared to November 2023 (6.5% for international operations).

On global trade lane growth, the International Air Transport Association noted international routes experienced exceptional traffic levels for the 16th consecutive month with a 9.5% year-on-year increase in November. Airlines are benefiting from rising e-commerce demand in the US and Europe amid ongoing capacity limits in ocean shipping.

Asia-Pacific airlines saw 13.2% year-on-year demand growth for air cargo in November, the strongest growth among the regions. Capacity increased by 9.4% year-on-year.

North American carriers saw 6.9% year-on-year demand growth for air cargo in November. Capacity increased by 2.2% year-on-year.

European carriers saw 5.6% year-on-year demand growth for air cargo in November. Capacity increased 4.3% year-on-year.

"It was a good November for air cargo with 8.2% demand growth nearly doubling the 4.6% growth in cargo capacity. Fuel costs tracked at 22% below previous-year levels and tight market conditions supported yield growth at 7.8%.

"All things considered we are looking to close out 2024 air cargo performance on a profitable note. While this strong performance is very likely to extend into 2025, there are some downside risks that must be carefully watched. These include inflation, geopolitical uncertainties and trade tensions," said Willie Walsh, IATA's Director General.

Several factors in the operating environment contributed to the growth in global air cargo demand.

Year-on-year, industrial production rose 2.1% in October. Global goods trade grew for a seventh consecutive month, reporting a 1.6% increase.

The Purchasing Managers Index (PMI) for global manufacturing output was above the 50-mark for November, indicating growth. However, the PMI for new export orders remained below the 50-mark, suggesting ongoing uncertainty and weakness in global trade.

US headline inflation, based on the annual Consumer Price Index (CPI), rose by 0.1 percentage points to 2.7% in November. In the same month, the inflation rate in the EU increased by 0.2 percentage points to 2.5%. China's consumer inflation fell to 0.2% in November, continuing concerns of an economic slowdown, IATA noted.

Global drone light show leader sets up facility in Qatar Free Zones

Nova Sky Stories, the global leader in drone light shows, has increased its presence in the region with the launch of a facility in Umm Alhoul Free Zone.

The launch followed the signing of a lease agreement between Qatar Free Zones Authority (QFZ) and Nova Sky Stories to start operations in Qatar and bring state-of-the-art drone show technology to annual events across the state.

The agreement was signed by Sheikh Mohammed bin Hamad bin Faisal al-Thani, CEO of QFZ, and Roger Kirkpatrick, chief financial officer of Nova Sky Stories, in the presence of dignitaries, including HE Saad bin Ali al-Kharji, chairman of Qatar Tourism and chair of the board of directors of Visit Qatar, and Abdulaziz Ali al-Mawlawi, CEO of Visit Qatar. The event was followed by a tour of the Investor Relations Centre at Ras Bufontas Free Zone's Business Innovation Park.

Sheikh Mohammed said: "We are thrilled to welcome Nova Sky Stories to Qatar Free Zones Authority and provide an operational space equipped with world-class infrastructure that enables global companies, such as Nova Sky Stories, to grow and thrive. This collaboration reflects our commitment to fostering innovation, creativity, and technological advancement while contributing to the diversification of Qatar's economy."

Kirkpatrick added: "Nova is honoured and excited to be opening our doors here in Qatar. Our mission is to bring awe and joy to live audiences through this new storytelling medium, which we refer to as Sky Stories. Qatar has a wonderful combination of rich heritage, vibrant modern culture, unique natural geography, and world-stage events with endless stories to be told. We are thrilled to be partnering with Qatar's Free Zones to support this mission throughout Qatar. The QFZ team has been a pleasure to work with." Nova Sky Stories will now leverage its QFZ light industrial unit's advanced infrastructure for drone storage, distribution, and maintenance. This will facilitate the efficient deployment of drones for light shows in Qatar, and strengthen ties with key stakeholders and clients, ensuring seamless delivery of captivating event experiences. This milestone reinforces QFZ's role as a leader in fostering innovative industries, offering businesses a competitive environment, seamless connectivity, and robust support to scale their operations.

The collaboration also represents a significant step in Qatar's progress, particularly in the technology sector, showcasing the state's dedication to nurturing a dynamic innovation ecosystem—further strengthening Qatar's position as a leading destination for global companies in media and creative fields.

QFZ CEO Sheikh Mohammed bin Hamad bin Faisal al-Thani and Nova Sky Stories chief financial officer Roger Kirkpatrick are joined by HE Saad bin Ali al-Kharji, chairman of Qatar Tourism and chair of the board of directors of Visit Qatar, and Abdulaziz Ali al-Mawlawi, CEO of Visit Qatar, during the signing ceremony.

BP cuts over 5% of workforce to reduce costs

- **BP to cut 4,700 staff this year**
- **Another 3,000 contractor positions to be cut**
- **CEO aims to cuts at least $2bn in costs by 2026**

Reuters
London

BP will cut over 5% of its global workforce, it said yesterday, as part of CEO Murray Auchincloss' efforts to reduce costs and rebuild investor confidence in the energy giant.

Around 4,700 employees and 3,000 contractor positions will be cut this year, BP told Reuters. The cuts were announced in an internal memo seen by Reuters earlier yesterday.

Auchincloss last year said he would cut the British company's costs by at least $2bn by the end of 2026 to boost returns and address investor concerns over its energy transition strategy.

He was also seeking to restore confidence following the abrupt resignation of his predecessor Bernard Looney in September 2023 for failing to disclose relationships with employees.

The job cuts follow reviews of all of BP's divisions. BP has a workforce of around 90,000.

"We have got more we need to do through this year, next year and beyond, but we are making strong progress as we position BP to grow as a simpler, more focused, higher-value company," Auchincloss said in the memo.

The exact breakdown of the cuts was not disclosed. But in a separate memo sent by the head of BP's technology division, Emeka Emembolu, to his team, he anticipated around 1,100 roles will be cut through redundancies or by shifting work from the UK and the US to Hungary, India and Malaysia.

BP declined to comment on the memo.

Shares in the group have underperformed those of most of its rivals over the last year, down by over 5%, similar to French rival TotalEnergies and compared with a 5.5% gain for Shell and Exxon Mobil's 14% gain.

Auchincloss, who took office a year ago, will lay out his new strategy at an investor day on February 26.

He has already taken major steps to reverse his predecessor's strategy of shifting away from oil and gas.

As part of the new effort to reduce exposure to renewables, BP and Japanese power generator JERA last month agreed to join forces to form one of the world's largest offshore wind operators.

Rival Shell has also reduced its workforce in recent years as part of CEO Wael Sawan's cost-cutting drive. The reductions included a 20% reduction in its oil and gas exploration division and cuts in its low-carbon division.

BP will publish its fourth-quarter and full-year results on February 11.

The BP signage is seen outside a petrol station in Liverpool, Britain. BP has a workforce of around 90,000.

CORPORATE RESULTS

BofA beats expectations on trading boost, sees higher interest income

Bank of America's profit beat expectations yesterday as its traders benefited from a flurry of activity in the fourth quarter while the lender predicted it would earn more interest income in 2025.

The earnings mirror those of rivals across Wall Street including JPMorgan, Goldman Sachs, Wells Fargo and Citigroup, whose results were buoyed by stronger equity markets and investment banking.

"Every source of revenue increased, and we saw better than industry growth in deposits and loans," CEO Brian Moynihan said. "This broad momentum sets up 2025 very well."

The second-largest US lender's net income rose to $6.7bn, or 82 cents per share. That compares with $3.1bn, or 35 cents per share, a year earlier.

On an adjusted basis, BofA earned 82 cents per share in the fourth quarter, beating analysts' expectation of 77 cents per share, according to estimates compiled by LSEG.

BofA's sales and trading revenue rose 10% to $4.1bn, and the division notched records for the fourth quarter and full year. Fixed income revenue rose 13% because of improving performance in macro products and continued strength in credit while equities revenue climbed 6%, fuelled by more client activity.

Equity markets rallied in the fourth quarter following the US elections as investors bet on a more business-friendly environment under President-elect Donald Trump.

The S&P 500 stock index had a banner year, closing 23.3% higher in 2024 after racking up 57 all-time closing highs.

BofA's wealth and investment management division also benefited from surging equities, attracting more client money. Its revenue climbed 15% to $6bn, while client balances jumped 12% to a record $4.3tn.

Meanwhile, Wall Street profits rebounded last year as mergers and acquisitions recovered from a decade-low in deal volumes in 2023. Bankers anticipate a stronger 2025 for dealmaking, helped by Trump's vow to implement pro-business policies.

BofA's investment-banking fees jumped 44% to $1.7bn in the fourth quarter, compared with a year earlier, but overall net income for its global banking unit fell as its expenses rose for personnel and technology.

Across the industry, global investment-banking revenue jumped 26% to $86.80bn, led by a 33% surge in North America, according to Dealogic data. BofA earned the third-highest revenue among banks globally.

BofA's net interest income — the difference between what banks earn on loans and pay out for deposits — rose 3% to $14.4bn in the quarter, compared with a year earlier, driven mainly by market activity, fixed-rate asset repricing and loan growth.

The figure beat analysts' mean forecast of $14.27bn in the fourth quarter.

That marks the first time BofA has posted year-on-year NII growth since the third quarter of 2023.

Infosys

Indian tech giant Infosys hiked its annual sale forecast yesterday and posted an 11.4% year-on-year rise in profit for the December quarter, signalling a gradual revival in client spending.

India's second-largest software services exporter earns more than 80% of its revenue from Western markets.

It raised its constant-currency revenue guidance for the current financial year to 4.5-5.0%, up from an earlier forecast of 3.75-4.5%.

Net profit rose 11.4% year-on-year to 68.06bn rupees ($785.9mn) for the December quarter, beating analyst estimates of 67.7bn rupees on average.

Revenue was up 7.6% to 417.64bn rupees for the same period, helped by strong demand from its European market and growth in its financial services, manufacturing and energy markets.

"We continue to strengthen our enterprise AI capabilities, particularly focusing on generative AI, which is witnessing increasing client traction," Infosys CEO Salil Parekh said.

"This has led to another quarter of strong, large deal wins", he added.

Part of India's $254bn IT sector, Infosys grappled with a growth slowdown over the last year as customers curtailed tech spending due to high inflation and global geopolitical uncertainty.

But the Bengaluru-headquartered firm has seen demand slowly pick up as inflation cooled off, sparking interest rate cuts and boosting the willingness of clients to spend on technology.

The slowdown hurt the job prospects of thousands of young Indian engineering graduates who depend on the industry, although in recent quarters some firms including Infosys have resumed adding employees to their headcount.

Infosys's headcount increased by 5,591 employees in the December quarter, when compared to the September quarter, according to the company's quarterly filings.

TSMC

Taiwanese chipmaking giant TSMC yesterday announced a better-than-expected net profit for the fourth quarter as it benefits from booming demand for AI technology.

Taiwan Semiconductor Manufacturing Company is the world's largest contract maker of chips that are used in everything from Apple's iPhones to Nvidia's cutting-edge artificial intelligence hardware.

The firm said net profit for the three months to December jumped 57% on-year to NT$374.7bn ($11.4bn).

That was better than the NT$369.8bn forecast by analysts surveyed by Bloomberg News, and underscores expectations for sustained spending on AI infrastructure from the likes of Microsoft and Amazon.

Net revenue for the fourth quarter rose 38.8% to NT$868.46bn, TMSC said, beating forecasts.

For the full year, net profit reached NT$1.2tn, up 40.5%.

The firm said last week that net revenue rose 33.9% to NT$2.9tn.

"We expect 2025 to be another strong growth year for TSMC" as AI-related demand continues to surge, chairman and chief executive CC Wei told an earnings conference.

The briefing was held as Nvidia boss Jensen Huang visited Taiwan where the government says the US chip giant plans to establish its Asia headquarters.

TSMC's full year revenue was expected to increase "by close to mid-20s % in US dollar terms", Wei said.

Taiwan's largest company is at the forefront of the AI revolution but it has been grappling with geopolitical tensions between Beijing and Washington over technology, trade and Taiwan.

The US this week tightened controls on high-end chip exports as it seeks to curb the flow of the advanced technology to China.

Wei said the company was still analysing the potential impact from the US restrictions, but it appeared "manageable".

He added that TSMC would apply for "special permits" for customers and the company was confident that those not involved in AI would get "some permission".

Citigroup

Citigroup cut its closely watched profitability target in 2026 as it tackles rising regulatory expenses and, at the same time, announced a $20bn share buyback programme.

Citigroup beat estimates for fourth-quarter profit, fuelled by strength in trading and dealmaking, sending shares of the third-largest US lender up 7.4% in afternoon trading on Wednesday.

"2024 was a critical year and our results show our strategy is delivering as intended and driving stronger performance in our businesses," Citi CEO Jane Fraser said in a statement.

But the bank lowered its target for return on tangible common equity (ROTCE) for next year to a range of 10-11% from 11-12%. Fraser described the new target as "a waypoint, not a destination." The bank is investing more to address its compliance issues, Chief Financial Officer Mark Mason told reporters, referring to regulatory penalties for risk management and data governance.

"We saw the need to invest more in the transformation on data, on technology, on improving the quality of the information coming out of our regulatory reporting," he said.

In 2020, the Office of the Comptroller of the Currency and the Federal Reserve fined Citi $400mn for some risk and data failures. Last year in July, regulators fined Citi $136mn for insufficient progress in tackling those issues.

Citi's board approved a $20bn stock buyback program, authorizing management to buy back up to $1.5bn during the first quarter of 2025. The bank did not provide a timeline for additional purchases. The size of the repurchase program is a "show of force" by the bank, Piper Sander analyst Scott Siefers in a note to clients.

Citi reported a net income of $2.9bn, or $1.34 per share, for the three months ended December 31, compared to a $1.8bn loss a year earlier. Total revenue rose to $19.6bn, compared with $17.4bn a year earlier.

On an adjusted basis, Citi reported a profit of $1.34 per share in the fourth quarter, compared with analysts' average estimate of $1.22, according to data compiled by LSEG.

Wells Fargo

Wells Fargo's profit beat expectations in the fourth quarter, powered by a rebound in dealmaking activity and forecast it would earn more from interest payments this year, sending shares up 6%.

The bank said that it has a solid pipeline in its investment banking business while its net interest income, or the difference between what it earns on loans and pays out on deposits, would begin to grow in 2025.

"We feel optimistic about where we are going into 2025 both because of where the economy is and the strength that has existed, as well as the business-friendly approach from the incoming administration," CEO Charlie Scharf told analysts.

Wall Street was bolstered by a rebound in activity last year. Increasing confidence spurred companies to issue equity and debt. Corporations also struck deals, lifting volumes from a decade low in 2023.

"There's a sense of optimism that people have for the activity levels that we should see in 2025 — that obviously needs to translate into actual deal activity," Chief Financial Officer Michael Santomassimo said.

"Market participants feel more confident in their ability to execute on M&A."

Wells Fargo's investment banking fees jumped 59% to $725mn in the quarter compared with a year earlier.

In October, the bank had warned that it may lose $2bn to $3bn on its commercial real estate office loan portfolio.

The bank also recorded severance expenses of $647mn in the quarter, lower than the $969mn a year earlier. Its headcount dropped to about 217,500 by the end of 2024, compared with nearly 226,000 at the end of 2023. Severance is expected to be lower by $500mn in 2025, Santomassimo said.

On an adjusted basis, Wells Fargo earned $1.58 per share in the fourth quarter, beating analysts' estimates of $1.35 per share, according to estimates compiled by LSEG.

Goldman Sachs

Goldman Sachs beat Wall Street estimates and earned its biggest quarterly profit in more than three years as its investment bankers brought in more deal fees, while its traders benefited from active markets.

Its profit climbed to $4.11bn, or $11.95 per diluted share, for the fourth quarter ended December 31, compared with $2.01bn, or $5.48 per diluted share, a year ago.

Its EPS beat the $8.22 expected by analysts, according to estimates compiled by LSEG.

Banking industry executives anticipate better conditions for deals this year as the US Federal Reserve cuts interest rates and President-elect Donald Trump's pro-business comments fuel optimism among investors.

"There has been a meaningful shift in CEO confidence, particularly following the results of the US election," CEO David Solomon told analysts on an earnings call. "Additionally, there is a significant backlog from sponsors and an overall increased appetite for dealmaking, supported by an improving regulatory backdrop." Goldman's investment-banking fees rose 24% to $2.05bn in the fourth quarter, powered by debt underwriting that benefited from strong leveraged finance and corporate bond sales.

An industry-wide recovery in mergers and acquisitions, along with renewed activity in equity and debt markets, lifted results in the second half of 2024 for Wall Street's top banks.

JPMorgan Chase

JPMorgan Chase's annual profit rose to a record as its dealmakers and traders reaped a windfall from rebounding markets in the fourth quarter, it reported on Wednesday.

The largest US bank also forecast its net interest income, or the difference between what it earns on loans and pays out on deposits, would rise above analysts' expectations this year, despite repeated warnings that high NII growth was unsustainable.

JPMorgan's strong results bode well for the banking sector, which is seeing a revival in dealmaking and fundraising activities as the US Federal Reserve cuts interest rates to bolster the economy. Goldman Sachs' profit also jumped after a bumper quarter for its investment bankers and traders.

"The US economy has been resilient," JPMorgan's CEO Jamie Dimon said, citing low unemployment and healthy consumer spending.

"Businesses are more optimistic about the economy, and they are encouraged by expectations for a more pro-growth agenda and improved collaboration between government and business," Dimon said. Still, he cited risks: government spending, inflation, and geopolitical conditions.

JPMorgan's Wall Street operations were lifted by a 49% jump in investment-banking fees and 21% higher trading revenue in the fourth quarter, surpassing executives' forecast in December.

Stronger trading in credit, currencies and emerging markets helped the fixed-income unit, while resurgent activity in derivatives trading and cash market helped its equities business.

The bank sees NII of $94bn for 2025, higher than the $91bn that analysts had forecast, according to estimates compiled by LSEG.

JPMorgan's profit for 2024 rose 18% to $58.5bn. In the fourth quarter, it earned $14bn, or $4.81 per share, compared with $9.3bn, or $3.04 per share, a year earlier.

Morgan Stanley

Morgan Stanley's profit more than doubled in the fourth quarter, fuelled by a wave of dealmaking and stock sales that drove its revenue to a full-year record.

The earnings rounded out a robust quarter for Wall Street banks, which benefited from a surge in mergers and acquisitions due to a strong US economy, interest-rate cuts and expectations of lighter regulation under incoming President Donald Trump.

It also wraps up a strong first year for CEO Ted Pick, who had won a three-man contest for the top job. Pick said 2024 was "one of the strongest years in the firm's history" as Morgan Stanley garnered record net revenue of $61.8bn.

"We are seeing most factors that were limiting deals, such as regulatory challenges, high interest rates and a closed IPO market changing," Chief Financial Officer Sharon Yeshaya said in a phone interview, referring to initial public offerings.

Investment banking revenue grew 25% in the quarter as fees from stock sales doubled from a year earlier.

Profit grew to $3.7bn, or $2.22 per share, for the three months ended December 31, compared with $1.5bn, or 85 cents per share, a year ago. Analysts, on average, had expected $1.7 per share, according to estimates compiled by LSEG.

Busier activity across geographies, notably in Asia and the Americas, lifted its equity trading revenue by 22% to a record.

Morgan Stanley's quarterly investment banking revenue rose 25% to $1.64bn, echoing results at rivals Goldman Sachs and JPMorgan Chase on Wednesday.

The bank also benefited from easier comparisons with last year, when it took certain one-time charges to refill a government deposit insurance fund and to settle a government probe.

Morgan Stanley's revenue from wealth management rose 13% to $7.5bn, helped by record revenue in asset management.

The unit provides the bank with stable income, offsetting the volatility from investment banking and trading.

Bloomberg QuickTake Q&A

Why latest US sanctions on Russian oil are a big deal

By Julian Lee and Rakesh Sharma

In the final days of Joe Biden's presidency, the US unveiled its most sweeping and aggressive effort yet to disrupt the oil shipments that are helping Russia to fund its war in Ukraine.

About 160 tankers were sanctioned, with India — a key buyer of seaborne oil — agreeing not to allow the ships into its ports from March. Two large energy producers and exporters were also targeted, along with trading firms that organise shipments, insurance companies, two US oil service providers and a Chinese oil terminal operator.

If the measures are kept in place by Biden's successor Donald Trump, they have more chance of disrupting Russian petroleum exports than anything done by a western nation so far.

Why are the new sanctions important?

The US has sweeping power to affect the oil market given its pivotal role in trade and the dominance of the dollar in oil sales. Yet the sanctions put in place in 2022 in response to Russia's full-scale invasion of Ukraine were deliberately limited in scope — designed to reduce the oil revenues funding Russia's war, while avoiding a severe supply crunch that could send energy prices soaring and derail the global economy.

By early 2025, the oil market looked better able to tolerate the loss of some Russian crude. The benchmark Brent crude price had fallen to around $70 a barrel from close to $95 in late 2022. Most forecasters were expecting a substantial global oil surplus in the first half of 2025, while the Opec+ group of oil producers was sitting on combined spare capacity of about 6mn barrels a day.

The existing sanctions, including a price cap of $60 a barrel imposed on Russia's crude exports, have failed to deal a body blow to its oil-reliant economy. Moscow has been able to muster a "shadow fleet" of mostly older tankers with no connection to western countries so it can keep oil flowing to major consumer nations such as India and China.

The US and its allies have been reluctant to penalise buyers of Russian crude for paying prices above the cap, allowing exports to continue uninterrupted. Refiners in India have stepped in to take Russian crude shunned by traditional customers in Europe.

The new measures unveiled on January 10 are designed to disable much of the shadow fleet by compelling big buyers not to take the oil the ships are carrying. Crude prices jumped in the days after the sanctions were announced. With Biden soon to leave office, it's Trump who'll need to deal with any prolonged increase in energy prices.

How will the sanctions work?

The restrictions kicked in immediately, but allow a grace period that runs to February 27 for cargoes loaded before January 10 to reach their destinations. From March 12, buyers will be breaking the sanctions if they pay for shipments of Russian oil via sanctioned Russian banks.

For the sanctions to be truly effective, buyers of Moscow's oil and the companies that handle it must believe that the incoming administration in Washington will take action against them if they continue the trade. For example, the buyers could be frozen out of the dollar banking system.

What was the immediate impact?

Asian refinery managers said they were bracing for major disruption that could last from three to six months and affect as much as 800,000 barrels a day of imports. Governments in the region, wary that the measures could stoke inflation, were preparing for negotiations with Washington in an effort to keep crude flowing.

India's government said it would ban sanctioned tankers booked after January 10 to discharge at its ports from March. Banks supporting the Russia-India trade were requesting more paperwork around certificates of origin for cargoes to ensure shipments don't originate from sanctioned suppliers. Chinese state oil companies and large private refiners were snapping up crude cargoes from the Middle East and elsewhere in preparation for potential disruption to supplies from Russia and expected curbs on flows of Iranian oil during the incoming Trump administration. Iraq, the United Arab Emirates and Kuwait received inquiries to potentially provide additional oil to buyers in China and India in coming months.

It was unclear how they and fellow Opec member Saudi Arabia would react. While the kingdom holds about 3.1mn barrels a day of spare capacity, it co-leads Opec+ with Russia and may be unwilling to step in to offer barrels that Moscow is no longer able to supply.

How have the new sanctions affected the oil market?

The sanctions could in theory reduce what the International Energy Agency predicted in January would be a supply surplus of about 725,000 barrels a day in 2025. Brent rose by $2.84 a barrel on the day they were announced, and a further $1.25 on the following trading day, taking prices to their highest in more than four months.

Investment bank Morgan Stanley raised its forecasts for Brent crude through 2025, saying the new sanctions "went further than expected". Yet it saw Brent peaking at only $77.50 a barrel, before falling back to average $72.50 in the second half of the year.

What entities are targeted by the latest sanctions?

Surgutneftegas and Gazprom Neft: The targeting of these two firms is one of the most direct and aggressive steps in the latest package of sanctions. Between them, the two companies shipped about 970,000 barrels a day of oil by sea in 2024. Their seaborne flows are bigger than the global supply surplus anticipated this year by the IEA, and represent almost 30% of Russian seaborne exports.

Tankers: The US announced sanctions on about 160 individual oil tankers. That doubled the entire list of vessels targeted until that point by the US, UK and European Union.

About 30 of the ships were already sanctioned by the UK and the EU. But it's been the sanctions imposed by the US that have had the most bite, with Asian buyers especially wary of flouting Washington's demands.

Prior to the latest US measures, the US Office of Foreign Assets Control had targeted 39 tankers that transported Russian petroleum since October 2023. Of those, 33 failed to lift cargoes after they were listed, according to ship-tracking data compiled by Bloomberg. That is a higher level of disruption than was achieved by similar measures imposed by the UK or Brussels, and over a period of time that's more than twice as long, with the first sanctions imposed by either of those jurisdictions only coming in June 2024.

The new sanctions target all the specialised shuttle tankers used to move crude from key projects in Russia's Arctic and Pacific regions. This could hamper maintenance work on the ships, which is typically carried out in China. The shuttle tankers operating in the Pacific move Russian oil to China, and the sanctions could potentially require cargoes to be moved from one tanker to another before delivery.

Chinese company: The sanctions target Russian companies, with one exception: Chinese oil terminal operator Shandong United Energy Pipeline Transportation Co and one of its subsidiaries. The company had provided material support to Russia's state tanker giant Sovcomflot, according to the US State Department.

Traders: The US also targeted what OFAC called "opaque traders willing to ship and sell" Russia's oil. These entities "often are registered in high-risk jurisdictions, have murky corporate structures and personnel with links to Russia, and conceal their business activities," it said.

Many of these trading firms were set up only after Russia's 2022 invasion of Ukraine, and several of the early entrants have already disappeared, to be replaced by new entities, with overlapping owners and many of the same staff.

Actions taken against the oil traders will likely create some short-term disruption, but it's probable that many will re-emerge under different names.

Ship insurance: The sanctions target two of the biggest Russian providers of protection and indemnity insurance for oil tankers — Ingosstrakh Insurance Company and Alfastrakhovanie Group. This may effectively push some tankers, including Russia's own fleet, out of mainstream insurance markets, at least temporarily. That may add to the concerns already expressed by countries whose waters have been put at risk by the ageing vessels hauling Russian oil.

An important question will be the response of India and its oil buyers and regulators, since the country is a key recipient of deliveries that are covered by Ingosstrakh.

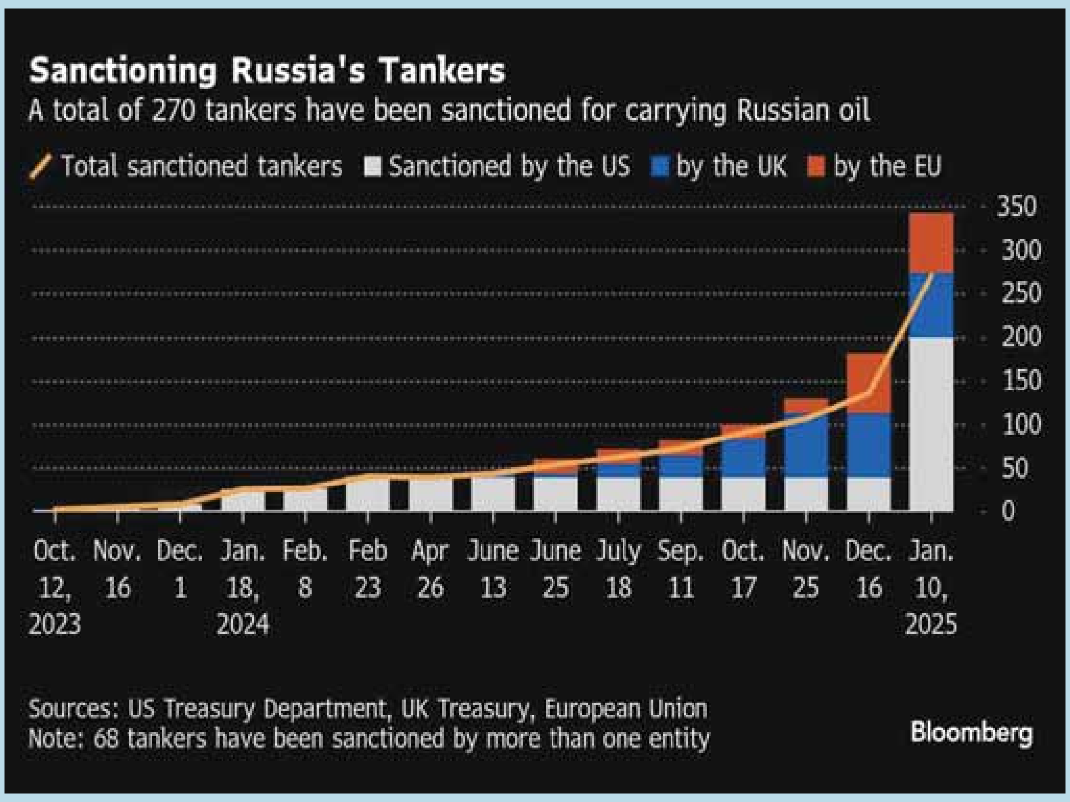
"Removing Ingosstrakh from the market creates a vacuum that will inevitably be filled by fly-by-night insurers," the company said by email. It said it would look at ways to address what it called an unwarranted and damaging decision.

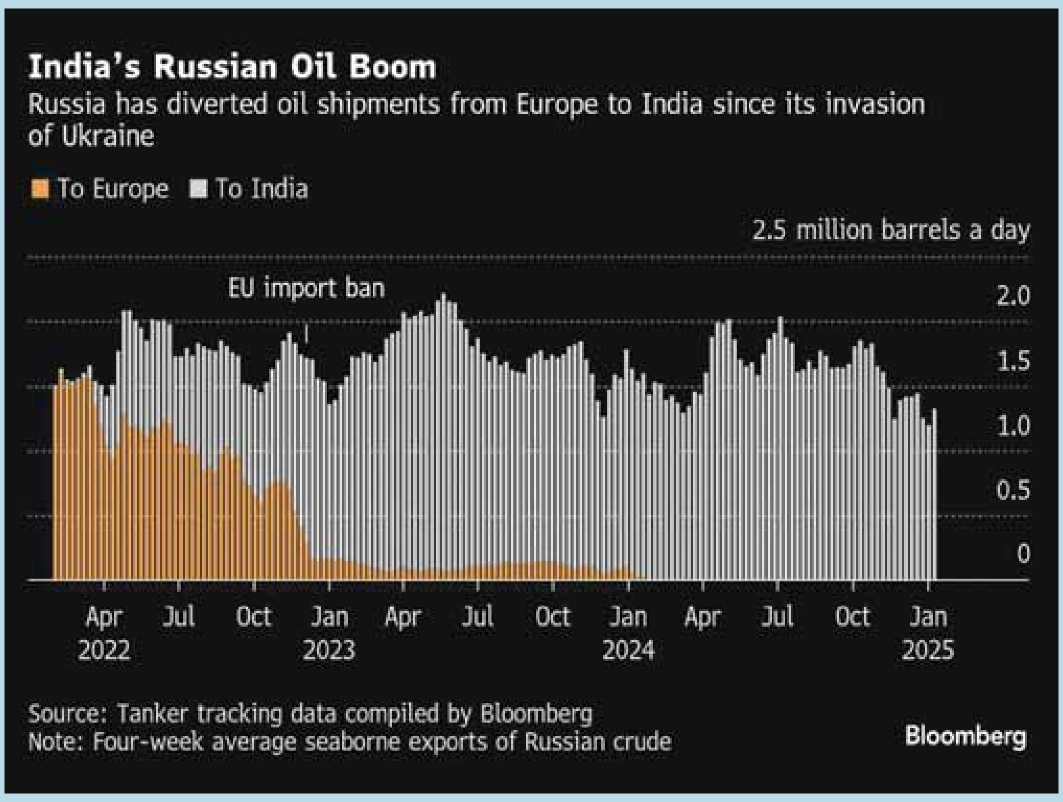
Oil services: The sanctions also require US petroleum service companies to stop operations in Russia by February 27. At least two US-based providers have continued to work in the country since Russia's invasion in Ukraine, according to their quarterly reports.

The restrictions are unlikely to have an immediate effect on Russia's ability to pump crude as domestic providers, including companies formerly owned by foreign investors, provide the bulk of oil services in the country. Former subsidiaries of global oil-service providers have retained the equipment, personnel and know-how sufficient to sustain Russia's drilling rates.

Only some 15% of the Russian oil-drilling market depends on foreign technologies, Oslo-based research firm Rystad Energy A/S estimated in 2024.

Any impact on Russian oil production is likely to be felt over the longer term and most keenly on greenfield projects that require the most up-to-date technologies to pump oil profitably.





IEA, Opec see growth in oil demand this year

By Pratap John
Business Editor

The International Energy Agency (IEA) and Opec see growth in global oil demand this year, although the two agencies remain apart on their demand growth expectations.

For this year, the IEA expects global oil demand growth to accelerate to 1.05mn barrels per day (bpd), up from an estimated 0.94mn bpd for 2024.

The demand growth will entirely be provided by emerging economies (1.1mn bpd) as OECD markets will see a modest dip in consumption, Emirates NBD said in a report.

Opec remains more upbeat on its outlook for demand this year with consumption growth forecast at 1.44mn bpd, a slowdown from the 1.54mn bpd the exporters' alliance estimates for 2024.

Both emerging and developed markets will see higher demand this year and in its projection out to 2026, Opec expects oil consumption to remain buoyant at 1.43mn bpd.

"The gap between the two main forecasting agencies is a challenge for oil markets in assessing whether conditions are tight or loose. Taking Opec's forecast as a baseline, oil markets would appear to be in a considerable deficit for all of 2025 while the IEA's estimates would mean oil markets are in over-supply in 2025, provided that Opec+ countries fully comply with their production targets," Emirates NBD noted.

The IEA did acknowledge some growing supply risks, in particular in response to new sanctions that the US has imposed on shipping of Russian oil and the threat of more sanctions that could be imposed on Iran following the inauguration of President-elect Donald Trump in the US.

Oil markets have responded sharply to the sanctions announced in the final days of the Biden administration as they specifically target individual ships associated with exporting Russian oil. Brent futures have jumped to around $82/b as of mid-January, up from $75/b at the end of 2024.

"What approach the Trump administration will take on Iran or Russia sanctions is unclear at this time but while campaigning candidate Trump was outspoken against high oil prices so he may be prepared to use sanctions as a bargaining tool in exchange for achieving geopolitical objectives elsewhere," the researcher noted.

"Our oil price assumptions for 2025 (Brent at an average of $73/b) expect a general downward move over the year as the inventory build weighs on markets. The imposition of US sanctions are a near-term upside risk to our Q1 target of $75/b on average for Brent futures.

"A building threat could also emerge from potential export disruptions from Canada to the US in response to the Trump administration calling for economic force to coerce Canada into making policy changes," Emirates NBD added.

Soft US inflation and Gaza ceasefire deal lift QSE sentiments

By Santhosh V Perumal
Business Reporter

An across the board buying - especially at the real estate, insurance, industrials, transport and telecom counters - led the 20-stock Qatar Index to gain 0.41% to 10,471.69 points, although it touched an intraday high of 10,493 points.

Softer US core inflation data and Gaza ceasefire were seen lifting investors' sentiments in the Qatar Stock Exchange (QSE), which yesterday settled 43 points higher.

An across the board buying – especially at the real estate, insurance, industrials, transport and telecom counters – led the 20-stock Qatar Index to gain 0.41% to 10,471.69 points, although it touched an intraday high of 10,493 points.

The foreign institutions were seen net buyers in the main bourse, whose capitalisation added QR2.6bn or 0.43% to QR613.07bn on the back of midcap segments.

About 77% of the traded constituents extended gains to investors in the main market, which saw as many as 0.18 exchange traded funds (sponsored by AlRayan Bank and Doha Bank) valued at mere QR0.44mn changed hands across 48 deals.

The foreign retail investors turned bullish in the main bourse, whose trade turnover fell amidst higher volumes.

The Islamic index was seen gaining faster than the other indices in the main bourse, which saw no trading of treasury bills.

The Arab individuals' weakened net profit booking had its influence in the main market, which saw no trading of sovereign bonds.

The Total Return Index gained 0.41%, the All Share Index by 0.4% and the All Islamic Index by 0.54% in the main market.

The realty sector index shot up 1.06%, insurance (0.8%), industrials (0.74%), transport (0.57%), telecom (0.46%), banks and financial services (0.2%) and consumer goods and services (0.09%).

Major gainers in the main market included Al Faleh Educational Holding, Aamal Company, Qatar Oman Investment, Mesaieed Petrochemical Holding, Inma Holding, Commercial Bank, Qatar German Medical Devices, Baladna, Qamco, United Development Company, Mazaya Qatar and Gulf Warehousing.

In the juniour bourse, Al Mahhar Holding and Techno Q saw their shares appreciate in value.

Nevertheless, Qatar General Insurance and Reinsurance, Qatar National Cement, Doha Bank, Woqod and Zad Holding were among the losers in the main market.

The foreign institutions turned net buyers to the tune of QR44.49mn against net sellers of QR8.31mn on January 15.

The foreign individuals were net buyers to the extent of QR1.58mn against net profit takers of QR3.62mn the previous day.

The Arab institutions turned net buyers to the tune of QR0.1mn compared with no major net exposure on Wednesday.

The Arab individual investors' net selling decreased considerably to QR0.9mn against QR10.18mn on January 15.

The Gulf retail investors' net profit booking weakened perceptibly to QR0.29mn compared to QR2.59mn the previous day.

The Qatari individual investors' net selling eased marginally to QR15.37mn against QR16.99mn on Wednesday.

However, the Gulf funds were net sellers to the tune of QR25.3mn compared with net buyers of QR0.72mn on January 15.

The domestic institutions turned net profit takers to the extent of QR4.28mn against net buyers of QR40.97mn the previous day.

Trade volumes in the main market rose 10% to 161.74mn shares, while value shrank 9% to QR391.57mn and deals by 10% to 14,843.

The venture market saw almost 14-fold jump in trade volumes to 0.69mn equities and value by almost 13-fold to QR1.8mn on more than five-fold growth in transactions to 61.

Aysha al-Mudahka, programme director of Innovation Programme at QRDI Council, delivering her remarks at the conference. **PICTURES:** Shaji Kayamkulam

The first panel, which highlighted the evolution of free zones in the GCC region, featured Mohamed Juma al-Musharrkh, CEO, Sharjah FDI Office (Invest in Sharjah); Hamed Ahli, head of Meydan Free Zone; Ali Shehab, global director of Special Projects and Services, DNV; and Bader al-Madhadi, senior associate, Qatar Free Zones Authority. The discussion was moderated by Silvia Lambiase, senior country editor, TBY.

The second panel discussion, moderated by Alex Krunic, senior adviser to the chairman, Commercial Bank of Kuwait, featured the following industry experts: Sami Zaitoon, managing partner, Moore Qatar; Fahad al-Sharekh, vice-chairman, Kamco Invest Saudi; Irene Vidal, CEO, FMM; and Julien Hawari, CEO, Million and Sirius Lab.

Qatar Investment & Innovation Conference highlights GCC region's economic future

From Page 1

Al-Musharrkh said: "It's not about real estate anymore, it's about the ecosystem. The whole region is booming."

The sentiment was echoed by al-Madhadi, who emphasised that free zones are aligned with the region's vision for economic diversification, digital transformation, and sustainability.

The discussions highlighted the GCC's strategic advantages, with Shehab emphasising the region's unique position connecting East and West. Ahli, on the other hand, shared statistics about Meydan Free Zone's operations, noting that "more than 95% of investors are FDI, with over 180 nationalities represented."

The second panel discussion, moderated by Alex Krunic, senior adviser to the chairman, Commercial Bank of Kuwait, featured the following industry experts: Sami Zaitoon, managing partner, Moore Qatar; Fahad al-Sharekh, vice-chairman, Kamco Invest Saudi; Irene Vidal, CEO, FMM; and Julien Hawari, CEO, Million and Sirius Lab.

The discussions resonated strongly with MDD's position as the world's first sustainable downtown regeneration project, which has become a vibrant hub for innovation and sustainable urban living. The district's recent attraction of major institutions, including Media City Qatar and Qatar Airways' global headquarters, demonstrates its success in creating an ecosystem that supports the type of innovation and economic diversification highlighted throughout the conference.

Both panels were complemented by special sessions, including an innovation speech by Aysha al-Mudahka, programme director of Innovation Programme at QRDI Council, and a special report launch by Doha Bank, providing attendees with comprehensive insights into Qatar's evolving innovation and investment landscape. The conference's discussions about technology-driven infrastructure and sustainable development.

The conference concluded with a strong emphasis on regional co-operation, with speakers highlighting how collaboration and knowledge transfer can strengthen the region's ability to attract major institutions and drive innovation.

Short seller Nate Anderson says he's disbanding Hindenburg

Bloomberg
New York

Nate Anderson, the short seller who made his name with campaigns targeting billionaires Gautam Adani, Jack Dorsey and Carl Icahn, said he's disbanding his small but renowned firm, Hindenburg Research.

"There is not one specific thing — no particular threat, no health issue and no big personal issue," Anderson wrote in a letter posted on the firm's website on Wednesday. "The intensity and focus has come at the cost of missing a lot of the rest of the world and the people I care about. I now view Hindenburg as a chapter in my life, not a central thing that defines me."

As prominent short sellers retreated from the limelight in recent years — fretting lawsuits, short squeezes and government probes — the deft researcher remained, earning a reputation as the gutsiest bear still around. That included picking fights with powerful, politically connected figures.

Anderson, 40, made international waves in January 2023, publishing a report accusing Adani of "pulling the largest con in corporate history".

The Indian tycoon ranked as the world's fourth-richest person at the time, according to the Bloomberg Billionaires Index. In quick succession, the bear also published reports on Dorsey's Block Inc and Icahn's Icahn Enterprises.

All three financiers and their businesses adamantly disputed Hindenburg's assertions. Still, that year the trio saw their collective wealth swoon by as much $99bn while their publicly traded companies lost as much as $173bn of market value. US prosecutors charged Adani with bribery in November, almost two-years after Hindenburg's original report was released. They allege he and others promised to pay over $250mn to Indian government officials to win solar contracts. Adani stock is up 11% since the charge was announced.

This month, Anderson went after Ernie Garcia III's Carvana Co, accusing him and his father, Ernie Garcia II, of an "accounting grift for the ages". The auto retailer promptly dismissed Hindenburg's arguments as "intentionally misleading and inaccurate".

The stock soon recovered and is up more than 5% this month. Carvana shares rose as much as 2.1% in premarket trading on Thursday.

"Nearly 100 individuals have been charged civilly or criminally by regulators at least in part through our work, including billionaires and oligarchs," Anderson wrote. "We shook some empires that we felt needed shaking."

Anderson said he's winding up his firm as of Wednesday after working through the last of its ideas and handing off tips on suspected Ponzi schemes to regulators.