

Download the App

Download on the App Store

GET IT ON Google Play

★★★★★ 4.8

The Only Car Rental App You Need in Qatar !

selfdrive.qa

Saturday, January 18, 2025
Rajab 18, 1446 AH

GULF TIMES BUSINESS



REVISED FORECAST : Page 4

IMF raises global growth outlook and flags rising economic divergence

البنك التجاري COMMERCIAL BANK

Shop with Confidence 16001

Your friend gets 1 zero fee transfer

You get 2 Zero fee transfer and a chance to win an iPhone 16

Refer a friend for digital remittances and earn zero transfer fees on international transfers and a chance to win a brand-new iPhone 16

This offer is valid from 31 October 2024 until 31 January 2025. Terms and conditions apply. The electronic draw will be held on 5 February 2025



The meetings discussed bilateral relations and ways to boost co-operation in key areas, particularly trade, investment, industry and economy, as well as opportunities to expand partnership across various sectors.



Minister of Commerce and Industry discusses ties with Saudi ministers of industry, economy

QNA
Riyadh

HE the Minister of Commerce and Industry Sheikh Faisal bin Thani bin Faisal al-Thani met separately in Riyadh on Thursday with Minister of Industry and Mineral Resources of the Kingdom of Saudi Arabia Bandar bin Ibrahim Alkhorayef, and Minister of Economy and Planning Faisal bin Fadel Alibrahim.

The meetings discussed bilateral relations and ways to boost co-operation in key areas, particularly trade, investment, industry and economy, as well as opportunities to expand partnership across various sectors.

Discussions also covered the latest developments related to the Economy, Trade and Industry Committee of the

Saudi-Qatari Co-ordination Council, with a focus on co-operation initiatives between the two countries, which include enhancing private sector exports, as well as collaborating on logistics and electronic linkage for the transfer of commercial data, aiming to exchange information, streamline procedures, and facilitate intra-trade between the two countries.

HE the Minister of Commerce and Industry emphasised that the State of Qatar and the Kingdom of Saudi Arabia share common goals and ambitions aimed at bolstering bilateral relations. He highlighted the need to intensify effort to achieve economic integration in sectors of mutual interest, with the goal of increasing trade volume and further deepening strategic partnerships between the public and private sectors.

Qatar banks' asset quality to get boost amidst low interest rate regime: S&P

By Santhosh V Perumal
Business Reporter

Margins in Qatar's banking industry are expected to decline "modestly" in view of (an expected) lower rate regime, even as asset quality would get boost, according to Standard and Poor's (S&P), a global credit rating agency.

Stabilising external debt, a related increase in funding costs from typically more expensive domestic sources, and interest rate cuts will crimp the margins by about 10-20 basis points or bps by the end of 2025, S&P said in a latest report.

At the same time, oversupply in the real estate sector because of the World Cup will likely ease with lower rates, it said, adding this, in turn, would reduce banks' cost of risk.

Lower rates will reduce the net interest income of banks in selected emerging markets in Europe, the Middle East, and Africa (EMEA), it said, adding yet higher lending growth, improving asset quality, a lower cost of risk, or higher reliance on local funding sources will protect banks' bottom lines.

Despite lower rates, "we expect credit growth to decelerate to an average of 5% in 2025 compared with an average of 8% in 2019-22, as the completion of many infrastructure projects means lower funding needs," the rating agency said.

Expecting monetary easing to continue, albeit only gradually; it said the risk of the US Federal Reserve's easing bias being disrupted has increased due to ongoing consumer resiliency, excess inflation in the



Margins in Qatar's banking industry are expected to decline 'modestly' in view of (an expected) lower rate regime, even as asset quality would get boost, according to Standard and Poor's

system, and uncertainty about expectations. "The incoming US administration's likely introduction of trade tariffs and immigration curbs could increase inflation in the US," the report said.

After the Fed decreased rates by 75 bps in 2024, it could afford to slow the pace of rate cuts in the months ahead.

"We now expect the Fed to reduce rates by 75 bps in 2025, which is less than we previously anticipated," S&P said.

Anticipating that the European Central Bank (ECB) will

cut rates more quickly than expected due to persistently weak confidence and better visibility on disinflation; it said "we now project that the main policy rate will reach 2.5% before the summer of 2025, before our previous expectation of September 2025."

Lower rates are likely to have a differentiated effect on selected emerging markets in EMEA, depending on the structure of their banking systems' balance sheets, the correlation between their monetary policies and those of developed markets, and their

dependence on external debt. Banking systems that depend more on external funding - such as those in Turkey, Qatar, and, to a much lesser but increasing extent, Saudi Arabia - will benefit from the lower rates and higher global liquidity as this will make funding cheaper, according to the rating agency.

The key factors to watch are management reactions, balance-sheet repositioning, and shifting global narratives about monetary easing resulting in fewer interest rate cuts, Standard and Poor's said.

QSE settles in positive trajectory; domestic funds up net buying

By Santhosh V Perumal
Business Reporter

WEEKLY REVIEW

Softer US core inflation data and Gaza ceasefire had their reflection on the Qatar Stock Exchange (QSE), which settled in the positive trajectory this week.

The domestic institutions were increasingly net buyers as the 20-stock Qatar Index rose 0.29% this week which saw QNB report net profit of QR16.72bn in 2024.

The transport, telecom and industrials counters witnessed higher than average demand this week which saw Qatar Islamic Bank report net profit of QR4.61bn in 2024. The foreign institutions' weakened net profit booking had its influence in the main market this week which saw Aamal Company's moves to establish a subsidiary in Saudi Arabia.

The Arab institutions turned net buyers, albeit at lower levels, in the main bourse this week which saw a total of 0.19mn AlRayan Bank-sponsored exchange-traded fund QATR worth QR0.43mn trade across 51 deals.

The Gulf institutions continued to be net buyers but with lesser intensity in the main market this week which saw as many as 0.01mn Doha Bank-sponsored exchange-traded fund QETF valued at QR0.11mn change hands across 12 transactions.

The foreign retail investors also continued to be bullish but with lesser vigour in the main bourse this week which saw AlRayan Bank, in partnership with ProgressSoft, implement the Qatar Central Bank's new real time gross settlement system. The Islamic index was seen declining vis-à-vis gains in the other indices in the main market this week, which saw market capitalisation decline QR0.74bn or 0.12% to QR613.07bn on the back of microcap segments.

Trade turnover and volumes were on the increase in the main market as well as junior bourse this week which saw no trading of treasury bills.

The local retail investors were increasingly net sellers this week which saw no trading of sovereign bonds.

The Total Return Index rose 0.29% and the All Share Index by 0.07%; while the All Islamic Index was down 0.18% this week which saw the global credit rating agency Moody's view that Qatar's growth will be supported by petrochemicals industry and construction related to expansion of liquefied natural gas. The transport sector index shot up 3.37%, telecom (1.07%) and industrials (0.52%); while real estate declined 1.33%, consumer goods and services



The domestic institutions were increasingly net buyers as the 20-stock Qatar Index rose 0.29% this week

(0.78%), insurance (0.78%) and banks and financial services (0.46%) this week which saw industrials, banking and realty sector together constitute about 71% of total trade volumes. Major gainers in the main market included Nakilat, Al Faleh Educational Holding, Aamal Company, Doha Insurance, Estithmar Holding, Qamco, Mazaya Qatar and Ooredoo. In the junior bourse, both Al Mahhar Holding and

Techno Q saw their shares appreciate in value this week. As much as 62% of the traded constituents were in the red with major losers being Qatar General Insurance and Reinsurance, Ezdan, Lasha Bank, Gulf Warehousing, Aljjarah Holding, Dukhan Bank, Masraf Al Rayan, Widam Food and Meeza this week. The domestic institutions' net buying increased substantially to QR92.04mn

compared to QR22.53mn the week ended January 9. The Arab funds turned net buyers to the sellers to the extent of QR0.68mn against net sellers of QR0.1mn a week ago.

The foreign institutions' net selling decreased noticeably to QR82.29mn compared to QR99.17mn the previous week.

However, the Qatari individuals' net selling strengthened markedly to QR16.96mn against QR4.66mn the week ended January 9.

The Arab retail investors were net sellers to the tune of QR6.74mn compared with net buyers of QR16.57mn a week ago. The Gulf individuals turned net profit takers to the extent of QR3.69mn against net buyers of QR2.25mn the previous week.

The Gulf institutions' net buying shrank drastically to QR13.42mn compared to QR50.5mn the week ended January 9. The foreign individual investors' net buying eased notably to QR3.53mn against QR12.09mn a week ago.

The main market saw 4% jump in trade volumes to 670.83mn shares, 2% in value to QR1.89bn and 4% in deals to 72,381 this week.

In the venture market, trade volumes were up 2% to 1.83mn equities and value by 2% to QR4.64mn, whereas transactions tanked 25% to 155.

Traders target rare gap in Fed-ECB path to lift credit gains

Bloomberg
Frankfurt

Investors in the \$13tn high-grade corporate bond market are zooming in on an unprecedented divergence between expected US and European monetary policy paths. European corporate bond returns are likely to outperform US peers as the region's central bank is still expected to deliver several rate cuts this year, while the Federal Reserve is seen holding rates higher-for-longer, according to some money managers. "You would expect euro credit total returns to be better if the current path of expected rates remains unchanged," said Mark Benstead, senior portfolio manager at Legal & General Investment Management. And as spreads in the euro market are not as close to their historically tightest levels as US dollars or sterling, "there is more protection for euro too, arguably," he said. This type of disconnect so early in the

year hasn't been seen in all the time that Bloomberg has tracked rate expectations involving the Fed, the European Central Bank (ECB) and the Bank of England (BoE). The only other notable early-year divergence was recorded in 2023, when traders were pricing in rate hikes — a backdrop typically associated with price drops in bonds — instead of cuts. The divergence in rate expectations also comes as investors have few options to boost returns. Corporate bonds make money for holders through the coupon income and any price gains, which are achieved when spreads tighten, or when comparable government bond yields fall, pushing the overall corporate yield down. But after a period of high inflows into the asset class, spreads are already ultra-tight, reducing the opportunity to make money by betting on even thinner risk premiums. Borrowers have flooded the global debt market at an unprecedented pace, targeting deep-pocketed portfolio managers who have cash to spend after

relentless fund inflows since last summer. In a sign of demand for new debt in general, the European Union saw above €170bn (\$174bn) of orders for two bond tranches yesterday, while Greece attracted more than €31bn. Rate traders expect the ECB to cut rates by 25-basis-point increments more than three times by the end of 2025, even after they've softened their forecasts in recent days. By contrast, they're barely pricing in a single Fed cut after Friday's jobs data showed that the US labour market is hot. And European policymakers are willing to take their own path. ECB Governing Council member Olli Rehn told Bloomberg TV on Monday that the bank should keep cutting rates, regardless of what the Fed does. He quipped that the ECB "is not the 13th Federal District of the Federal Reserve system." To be sure, market expectations of central bank cuts can change rapidly as new economic data is released. At the start of December, traders were pricing in more than three cuts by the Fed in 2025.

Since then, Fed Chair Jerome Powell has struck a cautious tone following the last rate-setting meeting of 2024. Stronger-than-expected data last week indicated little reason for the Fed to reduce rates further. By contrast, the euro-area economy is struggling, while inflation is expected to ease back to the region's 2% target in 2025, meaning price gains are a minor concern for ECB policymakers. With spreads — especially in the US — approaching their tightest levels on record, there's little room for corporate bond returns via this route. This makes movements in underlying government bonds a trump card when it comes to the performance of the asset class this year. "The credit spread component is irrelevant and it's all about rates," said Andrea Seminara, chief executive officer at Redhedge Asset Management. "If there is any surprise in terms of central bank cuts, it will impact European credit in terms of the rates component." "Everything will be rates-driven," he said.

Pound and gilts face more losses in headache for Reeves, says survey

Bloomberg
London

The embattled UK government will struggle to wrestle back the confidence of investors, with gilts and the pound set to extend their recent losses, according to the latest Bloomberg Markets Live Pulse survey.

After UK markets tumbled in the early days of 2025 amid mounting concern over the outlook for debt and inflation, some 51% of 250 market participants polled this week said they expect the pound to fall to between \$1.20 and \$1.15 by the end of June — potentially taking the currency to its weakest level in more than two years.

Meanwhile, 70% of respondents forecast the 10-year gilt yield to climb above 5% this year. That's up from around 4.7% on Thursday, but broadly in line with expectations for US yields.

The survey is bad news for UK Chancellor of the Exchequer Rachel Reeves after gilt yields surged to the highest in more than a quarter century, stocks slipped, and the pound plunged. Those moves prompted sceptics of the government to question whether Reeves' plan to boost growth can get off the ground and whether she can last in her role.

Asked whether British or global factors are prompting the rise in yields this year, 58% laid the blame at the UK government's door. But poll respondents identified the pound as the most vulnerable UK asset if policymakers fail to convince investors that they have the situation sufficiently under control, with 45% saying they would bet against the currency.

"This year we've seen asset managers maintain their modestly overweight gilt holdings, but increasingly hedge their pound risk in response to market turbulence," said Michael Metcalfe, head of macro strategy at State Street Global Markets, one of the world's largest custodial banks. "So the currency is being used to express concerns about the UK for now."

The pound fell as low as \$1.21 earlier this week, although got some respite on Wednesday after inflation reports from both the UK and US showed some easing in price pressures.

However, traders in the options market are already preparing for the currency to slide again. Contracts that pay out if the pound falls below \$1.20 are attracting sizeable demand, according to data from the Depository Trust & Clearing Corporation. And some traders are even betting on sterling falling below \$1.12.

In debt markets, outstanding positions in gilt 10-year bond futures have jumped around 10% since the beginning of December and reached 950,000 contracts on Tuesday, a move that coincided with an increase in corresponding yields of almost 70 basis points.

"We have more issuance and spending to go and the US may also continue to pull the UK curve higher," said Hank Calenti, senior fixed income strategist at SMBC Nikko Capital Markets. "I am more in the camp of UK 10-year yields getting above 5% rather than below 4.5%, near term."

The surge in yields had prompted some comparisons with the 2022 gilt crisis, which sank Liz Truss' administration. More than a third of respondents believe that Reeves is having her own "Liz Truss moment," even as market regulations have changed since that turmoil to reduce the chance of a similar liquidity squeeze.

"Comparisons with the Truss market crisis are exaggerated," Sam Cartwright, an economist at Societe Generale SA, wrote in a client note earlier this week. "Nonetheless, the fiscal implications are more severe."

Goldman rakes in record wealth revenue from ultra-rich in Asia

Bloomberg
New York

Goldman Sachs Group Inc.'s revenue from its Asia-Pacific wealth unit hit a record last year as ultra-rich clients turned to the bank to navigate volatile markets and political tension, according to a regional executive.

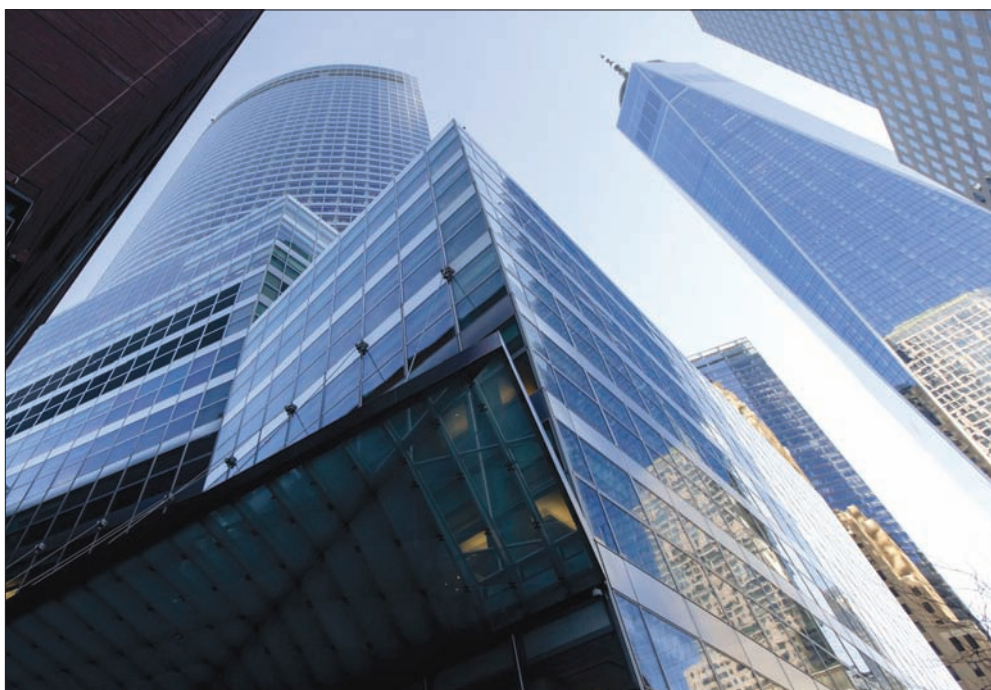
The ultra-wealthy have become less "self-directed" with a shift toward diversification and globalisation, Ronald Lee, a Goldman partner who leads the firm's Asia-Pacific private wealth management, said in an interview.

"The turbulence of the Chinese markets, the slowdown of the Chinese economy, the geopolitical tensions have all made our clients more willing to think about how should they manage their wealth," said Lee, a Korean American from Cleveland, Ohio, who has lived in Hong Kong for more than two decades. "That has given way to a shift in mindset and then a shift in behaviour."

Reflecting the shift, the bank's long-term fee-based assets have jumped about 80% in the past five years, according to Lee. Client assets and revenue all hit records in Asia for the New York-based powerhouse in 2024, with wealth management client assets increasing 40% over the past two years and revenue doubling over the past five years, he said.

Goldman doesn't disclose its assets in Asia, but according to Asia Private Banker, it oversaw \$100 billion under management, excluding onshore China, in 2023.

The lender has been ramping up in the region in recent years, even as it, along with other global banks, faced difficulties in China. President Xi Jinping's tightening grip on the Chinese business landscape and the slowing economy have forced



Goldman Sachs headquarters in New York. Goldman's revenue from its Asia-Pacific wealth unit hit a record last year as ultra-rich clients turned to the bank to navigate volatile markets and political tension, according to a regional executive.

many of Wall Street's biggest banks to recalibrate plans to expand the world's second-largest economy.

Goldman will "definitely seek to hire" in the coming years, and is looking at "high-single digit" growth in headcount across the Asia Pacific region, with most of its hiring to serve Chinese clients, said Lee.

Since 2019, the number of wealth advisers in the region have increased almost 30%. The bank this week reported that its asset- and wealth-management business posted revenue of \$4.72bn during the fourth quarter, up 8% from a year earlier. Management fees for the division hit a record of \$10.4bn in 2024. Total wealth management client assets stood at around \$1.6tn.

China billionaires: Goldman Sachs banks the ultra-wealthy — the global average

account size of a client is \$70mn and the Asia average is comparable. China, including Hong Kong and Chinese money in other markets, typically accounts for two thirds to almost three quarters of the bank's business, according to Lee.

"We've always been very, very China focused," he said.

China's billionaires are slowly starting to recover their wealth after three years of losses from a property crisis and Xi's push for common prosperity at the expense of powerful private business owners.

The Hong Kong business, where roughly two-thirds of its wealth staff is based, is "doing very well" in terms of client engagement and interest, according to Lee.

"Chinese wealth around the world is a growing trend," said Lee, adding that the bank currently has a Chinese banker in Melbourne to help Chinese clients set themselves up in Australia. "Given the net worth of the clients that we have, they

during Covid. Since the reopening of the borders in 2023, Hong Kong has been winning some money back as Singapore has stepped up scrutiny of foreign money following a major money laundering scandal.

During Covid, there was "probably a little bit of a spike" of wealthy individuals who went to Singapore, but it feels like that's "receding a little," said Lee.

The Hong Kong business, where roughly two-thirds of its wealth staff is based, is "doing very well" in terms of client engagement and interest, according to Lee.

"Chinese wealth around the world is a growing trend," said Lee, adding that the bank currently has a Chinese banker in Melbourne to help Chinese clients set themselves up in Australia. "Given the net worth of the clients that we have, they

generally tend to be kind of global people."

Geopolitics: As US-China tensions simmer, and with wars in Ukraine and Israel, geopolitics are a top concern among ultra-wealthy clients.

"I don't remember a time when geopolitics was so high on the list of things that we were discussing with our clients really," said Lee.

In the past, ultra-Chinese clients had more of a home bias, but are now looking to diversify. The strong performance in the US markets has boosted its appeal, according to Lee. Similarly, Australian billionaires, who used to be very "inwardly focused," are also increasingly looking outside, he said.

Goldman also sees an opportunity in banking non-resident Indians — which typically congregate in London, Dubai and Singapore — though it has no plans for now to go onshore, according to Lee. "India is probably where China was, 15, 20 years ago," said Lee. "We see a lot of the same types of dynamics over there," adding that its growing "very fast" but is "very small" by comparison.

Diversity: Goldman Sachs last year promoted Ling Pong, head of capital markets, equity structuring and managed strategy for private wealth management in Asia Pacific to partner, marking the first such promotion within its Asia wealth business.

She was one of 95 partners promoted globally, and the second partner in the Asia wealth business. Her appointment indicates the commitment of the firm to the wealth business, according to Lee.

"The business in wealth management is very, very diverse. It's pretty much 50:50 at every title. Men and women," said Lee. "The only title which that hadn't been the case was for partner. Because it was just me. And so now we're actually 50:50 even at every level."

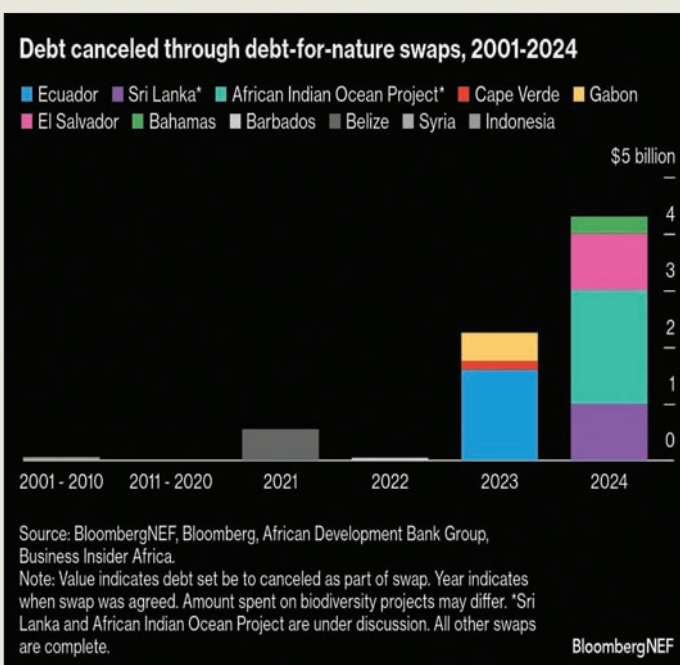
Ex-Credit Suisse bankers use niche funds to target debt swaps

Bloomberg
Zurich

In a small but lucrative corner of the market for structured credit products, boutique funds run by former Credit Suisse executives are making rapid inroads.

Firms including ArtCap Strategies, co-founded by Antonio Navarro, and Enosis Capital, launched by Ramzi Issa, have negotiated key roles in two of the four so-called debt-for-nature swaps struck since October. ArtCap helped co-ordinate a \$1bn swap for El Salvador and is now in talks with about half a dozen governments in Latin America and Africa to advise on new transactions, Navarro said. And Enosis just advised on a \$1bn deal for Ecuador, with more in the pipeline, Issa said. They're vying for roles in deals that have attracted a number of Wall Street's biggest banks. Firms that have completed debt swaps in recent months include JPMorgan Chase & Co and Bank of America Corp. Though the market remains small, at just \$4bn, it's estimated to grow to about \$100bn in the

coming years. Issa said that after holding senior structured credit positions at both Credit Suisse and UBS Group AG, his new setup at Enosis allows his small team to operate in ways that can be "more challenging in a larger institution." The swaps are finding favour with governments — typically junk-rated issuers — looking to refinance existing debt and put savings toward environmental projects. Deals are generally complex, bespoke and backed by multilateral development banks. Credit Suisse was the first commercial bank to bring in institutional investors back in 2021, and the bankers behind that work are now creating their own specialist funds. ArtCap's model is to originate and structure deals, and then bring in a large bank for the final stages of a transaction. Navarro said ArtCap advised El Salvador through the process of selecting a bank, which ultimately led to the government going with JPMorgan in its recent debt-for-nature swap. A spokesperson for JPMorgan declined to comment. A representative for the government of El Salvador didn't respond to



a request for comment. Bank of America, which handled the Ecuador deal on which Issa advised, is expecting the market to pick up. It's gone from "an idea where

people thought, this is so hard, it won't get done, to two years later... there's 10 or 11 deals announced," BofA Chief Executive Officer Brian Moynihan said in a recent interview with the *Financial Times*.

Navarro launched ArtCap in January 2023 together with Hieu Pham, another former Credit Suisse managing director, and Alejandro Jaramillo, who used to be chief commercial officer at Bladex. Navarro said the decision to break out was driven by a sense of paralysis within Credit Suisse at the time.

After Credit Suisse's involvement in the Archegos Capital Management scandal — it lost \$5.5bn in 2021 resulting in considerable fines for mismanagement — it became "harder to get deals approved internally than actually getting the deals," Navarro said. "The bank didn't want to invest any money." When Credit Suisse finally collapsed, the "huge hole" it left in the market for debt swaps meant the time was ripe for ArtCap to add an advisory arm, Navarro said. A big part of the success of debt swaps rests on the involvement of multilateral development banks. But in the Americas, the change in the US administration may pose some challenges, Navarro said. There's a "big question" over the new US administration and its objectives, he said. Ultimately MDBs are "channels by which to

implement policy." And it's not clear the new administration is "going to continue with the policy of focusing on the environment and nature."

MDBs and development finance institutions have helped enable deals by offering repayment guarantees or insurance. Their presence cuts costs for borrowers and helps attract investors to markets that might otherwise be deemed too risky.

The Inter-American Development Bank, in which the US is the largest shareholder, and US International Development Finance Corp, an agency of the federal government, have been the most active to date.

ArtCap is now branching out from traditional debt-for-nature deals and has started to pitch a new kind of swap framed around energy security, Navarro said. The goal is to have savings generated from debt refinancings go toward importing oil and gas from the US and constructing liquefied natural gas plants, he said.

"The structure is a very useful tool to project a foreign policy agenda," he said.

China's economy meets official growth target, but many feel a downturn

Reuters
Beijing

China's economy matched the government's ambitions for 5% growth last year, but in a lopsided fashion, with many people complaining of worsening living standards as Beijing struggles to transfer its industrial and export gains to consumers.

The unbalanced growth raises concerns that structural problems may deepen further in 2025, when China plans a similar growth performance by going deeper into debt to counter the impact of an expected US tariff hike, potentially as soon as Monday when Donald Trump is inaugurated as president.

China's December data showed industrial output far outpacing retail sales, and the unemployment rate ticking higher, highlighting the supply-side strength of an economy running a trillion-dollar trade surplus, but also its domestic weakness.

The export-led growth is partly underpinned by factory gate deflation which makes Chinese goods competitive on global markets, but also exposes Beijing to greater conflicts as trade gaps with rival countries widen. Within borders, falling prices have ripped into corporate profits and workers incomes.

Andrew Wang, an executive in a company providing industrial automation services for the booming electrical vehicle sector, said his revenues fell 16% last year, prompting him to cut jobs, which he expects to do again soon.

"The data China released was different from what most people felt," Wang said, comparing this year's



Masked customers are seen shopping at a supermarket in Nanjing. China's economy matched the government's ambitions for 5% growth last year, but in a lopsided fashion, with many people complaining of worsening living standards as Beijing struggles to transfer its industrial and export gains to consumers.

outlook with notching up the difficulty level on a treadmill.

"We need to run faster just to stay where we are," China's National Bureau of Statistics and the State Council Information Office, which handles media queries for the government, did not immediately respond to questions about the doubts over official data.

If the bulk of the extra stimulus Beijing has lined up for this year keeps flowing towards industrial upgrades and infrastructure, rather than households, it could exacerbate overcapacity in factories, weaken consumption, and increase deflationary pressures, analysts say.

"It seems dubious that China precisely hit its growth target for 2024

at a time when the economy continues to face tepid domestic demand, persistent deflationary pressures, and flailing property and equity markets," said Eswar Prasad, trade policy professor at Cornell University and a former China director at the International Monetary Fund.

"Looking ahead, China not only faces significant domestic challenges but also a hostile external environment."

Chinese exporters expect higher tariffs to have a much greater impact than during Trump's first term, accelerating a reshoring of production abroad and further shrinking profits, hurting jobs and private sector investment.

A trade war 2.0 would find China

in a much more vulnerable position than when Trump first raised tariffs in 2018, as it still grapples with a deep property crisis and huge local government debt, among other imbalances.

So far, Beijing has pledged to prioritise domestic consumption in this year's policies, but has revealed little apart from a recently-expanded trade-in programme that subsidises purchases of cars, appliances and other goods.

China gave civil servants their first big pay bump in a decade, although the higher estimates measure the overall increase at roughly 0.1% of GDP. Financial regulators got steep wage cuts, as have many others in the private sector.

Nintendo shares down as Switch 2 teaser disappoints

AFP
Tokyo

Nintendo shares tumbled as much as 7% yesterday after the Japanese games giant failed to impress with a teaser video of its Switch 2 console.

The brief clip released on Thursday showed a gadget that is bigger but broadly similar in appearance to the original hybrid Switch, which can be handheld or connected to a television.

Nintendo gave no technical specifications such as screen resolution or processing power for the machine, which will be on sale – for an undisclosed price – at some point in 2025.

This kept gamers and analysts guessing until a live-streamed presentation on April 2 and subsequent real-world "experience" events in major cities worldwide.

The stakes were high for the announcement, with gaming websites in recent weeks reporting on "industry whispers" and glimpses of purported prototypes.

The first Switch has sold more than 146mn units since its launch in 2017, making it the world's third-best-selling console after Sony's PlayStation 2 and Nintendo's DS.

"Because of all the information that was already out there, maybe people were just like, 'this is what I expected,'" said former Nintendo employee turned podcaster Krysta Yang in a YouTube reaction video.

Nintendo shares closed 4.3% lower in Tokyo yesterday. Their value had risen strongly in recent months, gaining

more than 12% in the last half-year. The Switch 2's screen is larger, as are the overhauled detachable "Joy-Con" controllers that snap on – possibly with magnets – rather than sliding into position as before.

Eagle-eyed gaming websites noted what they said appeared to mouse-like functionality for the Joy-Con, a mysterious extra button and a new USB-C port.

Key will be the games, and Nintendo's two-minute trailer also showed off a new version of the long-running Mario Kart series both on the new console's built-in screen and on a TV.

The previous instalment of the game, "Mario Kart 8", has sold more than 64mn copies. Bloomberg Intelligence technology analyst Nathan Naidu said while the new Mario Kart was a "bright spot", investors may fear that the gadget will hit shelves too late.

"As Switch 2's release will be at least three months behind its predecessor, it might fail to top the 15mn units the Switch achieved in its first full year," he warned.

Nintendo had promised to unveil its next console by the end of March, saying it would also run games for the previous Switch.

On Thursday the company cautioned that "certain Nintendo Switch games may not be supported on or fully compatible with Nintendo Switch 2," with further details to come.

"There was really no pressure from gamers for Nintendo to reinvent the wheel," Serkan Toto from Tokyo consultancy Kantan Games told AFP.

Asian traders give mixed reaction as China's growth slows

AFP
Hong Kong

Asian markets were mixed yesterday as data showing China's economy grew slightly quicker than expected last year failed to inspire investors, with Beijing battling to revive consumption and boost the battered property sector.

In Tokyo, the Nikkei 225 closed down 0.3% to 38,451.46 points; Hong Kong – Hang Seng Index ended up 0.2% to 19,570.28 points and Shanghai – Composite closed up 0.2% to 3,241.82 points yesterday. The 5% expansion was in line with the target set by Beijing but the weakest since 1990 – excluding the pandemic years – as leaders fought to address weak consumption and a painful debt crisis in the vast property sector.

A survey of 12 economists by AFP forecast growth of 4.9%.

A surge in the final quarter, helped by a string of stimulus measures, and a boost in

retail sales were also unable to inject much optimism onto trading floors, which were already cautious as dealers prepare for Donald Trump's second term amid fears of another China-US trade war.

The 2024 growth figure came in the face of a "complicated and severe environment with increasing external pressures and internal difficulties", the National Bureau of Statistics said.

Beijing has introduced a series of measures in recent months to bolster the economy, including key interest rate cuts, easing local government debt and expanding subsidy programs for household goods.

However, analysts surveyed by AFP warned it could fall to just 4.4% this year and even drop below 4% in 2026.

One of the rare bright spots for the economy last year was trade, with exports hitting a historic high, but its massive trade surplus means Beijing may not be able to count on exports to continue to provide support.

Trump, who returns to the White House on Monday, has promised to impose more hefty sanctions on China. "Amid a relentless barrage of economic pessimism, China's economy defied expectations with a robust 5% growth last year, nailing the government's ambitious target," said Stephen Innes at SPI Asset Management.

"This surge was fuelled by a vigorous export boom and aggressive stimulus measures that counterbalanced the sluggish domestic demand. Although slightly outpacing analyst forecasts, this growth fell just shy of the 5.2% expansion seen in 2023, painting a picture of an economy with both promising highs and undeniable challenges."

Lynn Song, chief economist for Greater China at ING, added: "After the success in reaching the growth target in 2024, the key question for 2025 is where policymakers will set the growth target at the upcoming Two Sessions in March.

"Our baseline scenario has policymakers

electing to set a target of 'around 5%' again or at the least a target of 'above 4.5%'. "The setting of such a growth target despite likely headwinds from tariffs and sanctions would imply that we will see stronger fiscal policy support as well as continued monetary policy easing and would likely be seen by markets as a signal of confidence." Hong Kong and Shanghai eked out small gains, while Seoul, Sydney, Mumbai and Bangkok fell. Singapore, Taipei, Wellington, Jakarta and Manila rose.

Tokyo also dropped, with gaming giant Nintendo diving more than 4% – having shed 7% in the morning – after it failed to impress with a brief video preview of its highly anticipated new Switch 2 console. The tepid performance followed a lacklustre day on Wall Street where investors were unable to extend Wednesday's inflation-sparked rally. US investors were barely moved by the latest dovish comments from a top Federal Reserve official that hinted at a further

easing of monetary policy this year. Governor Christopher Waller told CNBC that Wednesday's below-forecast core inflation data was "very good", adding that "we had a couple of bumpy months in September and October but it looks like it's getting back to trend".

"If we continue getting numbers like this, it's reasonable to think rate cuts could happen in the first half of the year," he said, indicating he would not rule out a cut in March.

He said the number of reductions would be data-dependent.

His comments came as figures showed US retail sales grew at a slightly slower pace than expected from November to December but still at a solid increase, while the National Retail Federation forecast a bigger-than-expected rise in US holiday sales.

Consumer price index figures on Wednesday fell just short of estimates, which eased concerns the Fed will keep interest rates high.

AT YOUR SERVICE

ACCOUNTING SERVICES

GULF FINOVATE - Financial Planning / Website / ERP/ IT Support.
U-301, B-72, D-Ring Rd. T: 44335164, E: info@gulf-finovate.com / W: www.gulf-finovate.com

BUS RENTAL / HIRE

Q MASTER W.L.L. 15/26/30/65 Seater Buses with / W-out Driver
Contact # 55853618, 55861541 (24 Hours) F: 44425610 Em: qataroffice@yahoo.com

THOUSANDS TRANSPORT 60/67 Seated A/C non AC Buses w/ w-out driver
T: 4418 0042...F: 4418 0042...M: 5587 5266...Em: sales@thousandstransport.com

TRAVELLER TRANSPORT - 13/22/26/36/66 Seater Bus With & Without Driver.
Tel: 44513283 Mob: 30777432 / 55899097. Email: info@travellertransport.com

HIPOWER TRANSPORT: 13/22/26/66 Seater Buses & Pickups with & without driver.
Tel: 4468 1056, Mob: 5581 1381, 7049 5406, Em: hipower@safarigroup.net

BUSINESS SOLUTION

QATAR ASPECT WLL Business Setup, Local Sponsor, CR License, PRO Service
Call..... T: 77912119Em: info@qataraspect.com

CARGO SERVICES

GOODWILL CARGO Air, Sea & Land Cargo Services Worldwide Door to Door
Packing & Moving T: 4462 6549, 4487 8448...M: 3318 8200, 3311 2400...Em: sales@goodwillcargoqatar.com

CAR HIRE

AL MUFTAH RENT-A-CAR Main office D-Ring Rd. T: 4463 4444, 4401 0700
Airport 4463 4433, Al khor 4411 3344...Leasing 5599 1334...Em: reservations@rentacardoha.com...www.rentacardoha.com

AL SAAD RENT A CAR Head Office-Bldg: 242, C-Ring Road T: 4444 9300
Branch-Barwa village, Bldg #17, shop #19.....T: 4415 4414, ...M: 3301 3547

AVIS RENT A CAR Al Nasr Holding Co. Building, Bldg. 84, St. 820, Zone 40
T: 4466 7744 F: 4465 7626 Airport T: 4010 8887 Em: avis@qatar.net.qa, www.avisqatar.com

THOUSANDS RENT A CAR
Bldg No 3, Al Andalus Compound, D-ring Rd..T. 44423560, 44423562 M: 5551 4510 F: 44423561

BUDGET RENT A CAR Competitive rates for car rental & leasing
Main Office T: 4432 5500...M: 6697 1703. Toll Free: 800 4627, Em: info@budgetqatar.com

CLEANING

CAPITAL CLEANING CO. W.L.L. All type of Cleaning Services-Reasonable Rates
T: 44582257, 44582546 F: 44582529 M: 33189899 Em: capitalcleaningwll@gmail.com

ISO ISO / HACCP CONSULTANTS

QATAR DESIGN CONSORTIUM - ISO 9001, 14001, 45001, 39001, 27001, 22301, 41001, etc.
T: 4419 1777 F: 4443 3873 M: 5540 6516Em: jenson@qdcqatar.net

PEST CONTROL & CLEANING

QATAR PEST CONTROL COMPANY
T: 44222888 M: 55517254, 66590617 F: 44368727, Em:qatarpest@qatar.net.qa

DOHA PEST CONTROL & CLEANING CO. W.L.L.
T: 4470 9777... M: 5551 3862, 5551 4709...F: 4436 0838...Em: sales@dohapest.com

REAL ESTATE

AL MUFTAH GENERAL SERVICES www.rentacardoha.com
T: 4463 4444/ 4401 0700...M: 5554 2067, 5562 3100...Em:reservations@rentacardoha.com

SCHOOL LAB SUPPLIES

SLS SCIENTIFIC LABORATORY SUPPLIES-QATAR, Turnkey solution, direct source from UK,
Mob:51080075 | email: slsqatar@scientific-labs.com | www.science2education.co.uk

TRANSLATION SERVICES

ASIA TRANSLATION SERVICES www.asiatranslationcenter.com
Sofitel Complex, 1st Floor...T: 44364555, 4029 1307, 44440943 Em:asiatranslation@gmail.com

Updated on 1st & 16th of Every Month

QRS. 1500/-
AT YOUR SERVICE DAILY FOR THREE MONTHS

UK delays Basel bank rules by a year; EU says it's weighing options

Reuters
London

The Bank of England (BoE) said yesterday it would delay tougher bank capital rules by a year to January 2027 to get clarity on what the US will do under Donald Trump as president, prompting the European Union to say it would also weigh its options.

The standards written by the global Basel Committee are the final set of international reforms designed to make the banking system safer after the 2008 global financial crisis, and are meant to be implemented by member jurisdictions.

The European Union — which currently plans to implement the reforms a year earlier from January 2026 — said it would consider its next steps, but said it was in “everyone’s interest”

to implement them fully and on time.

“(The EU) is now considering which steps to take on this in light of developments in other jurisdictions, including the US and the UK,” a European Commission spokesperson said.

An EU official, who declined to be named, expressed surprise and disappointment at the BoE’s delay, given its longstanding insistence on high standards, but said it raised level playing field issues that needed to be considered.

John Cronin, a financials industry analyst at SeaPoint Insights, said: “While EU policy-makers have been holding a firm line... the competitive position of the EU banking sector overshadows ideals — and the EU will, in my view, follow the US and UK’s lead.”

The reforms have faced fierce opposition from US banks, and

analysts have said they could be watered down or scrapped under Donald Trump’s incoming administration, after the departure of top banking regulator Michael Barr.

Britain’s Labour government has been pressuring British regulators to do more to promote growth, with finance minister Rachel Reeves reiterating on Thursday that watchdogs had a key role to play.

Shares in British banks made modest gains after the BoE announcement, with Barclays up 1.8%, Lloyds up 1.5% and HSBC up 0.7%, compared to a 1.3% gain for the wider FTSE 100 index. Gary Greenwood, an analyst at Shore Capital, said bank share reactions were likely to be muted as the BoE had played down the potential impact of the reforms on bank capital requirements.

The BoE’s statement was

published by its regulatory arm, the Prudential Regulation Authority (PRA), having made the decision in consultation with Britain’s Treasury. The PRA said it had taken into account competitiveness and growth considerations.

Implementation of the reforms in Britain had previously been delayed last summer by about six months to January 2026.

Bank lobby group UK Finance welcomed the fresh delay.

“Given the cross-border nature of banking, international coordination on capital rules is important,” said Simon Hills, director of prudential policy at UK Finance.

Bank of England Deputy Governor Sam Woods said earlier this month that Britain should avoid participating in a “race to the bottom” on financial regulation.

Turkiye’s central bank sending mixed signals on easing path

Bloomberg
Istanbul

Investors say they are receiving mixed signals from Turkish central bank officials on the pace of interest-rate cuts after the first reduction in almost two years last month.

Three people briefed by policy-setting officials this week said Governor Fatih Karahan appeared comfortable with expectations for regular cuts at a pace similar to the 250 basis-point lowering enacted in December, with no pauses in the near term.

Still, he stressed this would be reviewed on a meeting-by-meeting basis, the people said.

That’s different from the tone adopted by Deputy Governor Cevdet Akcay on at least two occasions this month and in December.

Bloomberg News has reported him saying the downward path doesn’t necessarily have to be uninterrupted amid anticipation of consecutive sizeable cuts by analysts, and would be dependent on inflation.

The Borsa Istanbul Banks Index

extended its advance to 2.6% yesterday after Bloomberg’s reporting on the meetings. Yields on Turkiye’s two-year notes have dropped 108 basis points this week to 39%, the lowest level in a year. That suggests traders expect the rate-easing cycle to continue.

Turkiye’s central bank is faced with a delicate task in 2025 — to reduce interest rates by enough to help grow an economy that entered a technical recession in the third quarter while keeping up the fight against stubbornly high inflation.

Annual price growth slowed to 44.4% last month from 47% in November, still nearly nine times the official target, highlighting the scale of the challenge ahead. The central bank is aiming for the figure to drop to 21% by the end of the year.

December’s interest-rate cut was larger than what markets were expecting. Six analysts surveyed by Bloomberg now expect another 250 basis point cut on Thursday, which would bring the rate to 45%.

The Monetary Policy Committee said decisions would be assessed “meeting by meeting”, while reducing the number scheduled for this year to eight from 12.

Global diesel prices spike as US hits Russia with new sanctions

Reuters
London

Global diesel prices and refining margins spiked following the latest round of US sanctions on Russia’s oil trade on expectations the measures would tighten supplies, according to analysts and LSEG data.

The US imposed its toughest sanctions on Russian producers and tankers yet on January 10 to curb the world’s No 2 oil exporter’s revenue for its war in Ukraine.

Many of the newly-targeted vessels, part of what is called a shadow fleet that seeks to circumvent Western restrictions, have been used to ship oil to India and China. Refiners in those countries have benefited from cheap Russian imports that were banned in Europe following Moscow’s invasion of Ukraine.

“Diesel [profit margins] are up following news on the sanctions, and we expect meaningful disruptions to Russian diesel exports,” said Energy Aspects analyst Natalia Losada. She added that at least 150,000 barrels per day (bpd) of Russian diesel exports from Gazprom Neft and Surgutneftegas refineries are at risk.

The premium of the first-month European diesel benchmark contract to that six months later spiked to \$50.25 a metric tonne on Thursday, a 10-month high, LSEG data shows.

The diesel market was already in backwardation, the term used for a market structure whereby near-by contracts trade at a premium to later delivery contracts. This usually denotes tight prompt supply.

Diesel refining margins stood at a five-and-a-half month high of \$20 a barrel on Thursday.

Cold weather in the northern hemisphere was already supporting diesel markets.

Asian diesel refining margins jumped 8% on Monday to above \$17 a barrel, the largest gain since

September, before easing to about \$16.50 a barrel on Thursday.

US diesel futures surged more than 5% on Jan 10, their biggest daily gains since October, and hit a six-month high of \$111 per barrel on Thursday. Front month diesel is commanding an over \$10 premium over the sixth-month contract, the largest premium in almost a year.

Traders and refiners are factoring the higher crude costs into fuel prices and refining runs, two Singapore-based trade sources said, adding that lower Russian diesel flows are unlikely to have a big impact on Asian markets directly.

Even with higher diesel margins, Asia’s complex refining margins have weakened as crude prices have gained at a much faster pace than refined product prices, a third source said.

Dubai cash prices rose by 8.5% from last Friday, while Singapore February gasoil swaps only climbed 5.5% in the same time period.

Singapore’s complex refining margins, Asia’s bellwether, hovered at five-month lows of 17 cents per barrel on Thursday, LSEG pricing data showed. Europe, which before the 2022 Western sanctions, was the top buyer of Russian diesel, switched to supplies from India, the Middle East and the US to cover the shortfall.

While most of the 183 sanctioned vessels have been used to move crude and fuel oil rather than diesel, there are concerns the sanctions could impact refinery runs in India and China, cutting their diesel production and exports to Europe, Sparta Commodities analyst James Noel-Beswick said.

Russia’s biggest diesel buyers, Turkiye and Brazil, would need to find alternative sellers like the US and Middle Eastern countries in case Russian supplies are significantly disrupted, he added, increasing competition for European buyers.

IMF raises global growth outlook and flags rising economic divergence

AFP
Washington

Global growth is expected to increase slightly this year while remaining stuck below its pre-pandemic average, the IMF said yesterday, flagging the growing economic divide between the US and European countries.

In an update to its flagship World Economic Outlook report, the International Monetary Fund (IMF) said it expects global growth to hit 3.3% this year, up 0.1 percentage point from its previous forecast in October, and to remain at 3.3% in 2026.

“Growth is steady,” IMF chief economist Pierre-Olivier Gourinchas told AFP in an interview, adding that it remained below the average global growth rate in the first two decades of the 21st century of 3.7%.

The IMF expects the global inflation rate to continue decelerating, reaching 4.2% this year and 3.5% in 2026, with prices cooling faster in advanced economies than in emerging markets.

“Among advanced economies, the interesting development here is the strength and resilience and growth of the US economy,” Gourinchas said, pointing to the IMF’s decision to hike its outlook for US growth to 2.7% in 2025 and to 2.1% in 2026.

“The labour market has been strong, there is strong demand, private demand is robust, there is good confidence,” he said.

One of the risks to the IMF’s forecasts is policy uncertainty in the US, where Donald Trump is preparing to return to the White House.

The IMF did not include the



Signage outside the International Monetary Fund headquarters in Washington, DC. In an update to its flagship World Economic Outlook report, the IMF said it expects global growth to hit 3.3% this year, up 0.1 percentage point from its previous forecast in October, and to remain at 3.3% in 2026.

Republican president-elect’s policy proposals in its forecasts and instead based its projections on existing US policies.

“The bottom line is, when we look at the risk for the US, we see an upside risk on inflation,” he said.

The economic picture in the US stands in stark contrast to the Euro area, where a sharp downgrade for Germany has dampened expectations for a rebound in growth.

The IMF now sees Euro area growth to increase slightly to 1.0% this year, and 1.4% in 2026, below its October forecasts.

“A number of countries, especially those who are concentrated in manufacturing and goods production, are still suffering,” he said. The Fund left its outlook for

growth in Japan unchanged this year and next, and slightly increased its outlook for the United Kingdom in 2025.

In Russia, which is affected by the ongoing and costly war in Ukraine, the IMF expects growth to slow sharply from 3.8% in 2024 to 1.4% this year, and to 1.2% in 2026.

The IMF expects China’s growth rate to continue cooling this year to 4.6%, up 0.1 percentage point from the October forecast, before easing to 4.5% next year.

The slight upgrade was due to the Chinese government’s recently announced package of fiscal support to help prop up the slowing economy, which is struggling with an ongoing property market slump and uncertainty about

trade policy once Donald Trump takes office next week.

The slowdown in growth in the world’s second-largest economy is leading to something of a “re-balancing” among emerging markets, Gourinchas said, with countries including India — which the IMF expects to grow by 6.5% this year and next — playing a more important role.

Growth in the Middle East and Central Asia is expected to pick up by less than previously forecast due largely to the effect of oil production cuts by the Opec+ group of oil-producing nations, which includes Saudi Arabia. Economic activity is expected to rise more quickly in Latin America, the IMF said, adding that it also expected growth in sub-Saharan Africa to pick up this year.

Microsoft’s stock revival hinges on showing growth from AI binge

Bloomberg
New York

Microsoft Corp has ploughed tens of billions of dollars into artificial intelligence. With its stock struggling, the key question is how quickly those investments can prove to be successful.

The worst performer among the Magnificent Seven since hitting a record in July, Microsoft shares have stumbled under the weight of ambitious spending and signs that adoption of its AI services has been slower than hoped. The cooling hype risks leaving the stock vulnerable, given it trades at an elevated multiple.

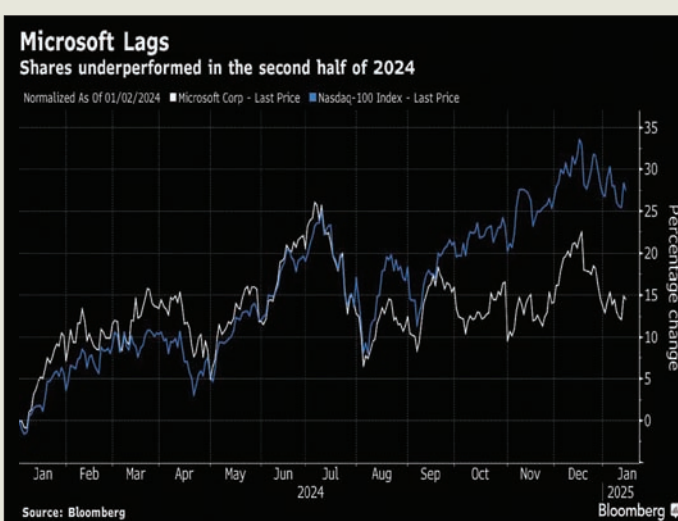
“The market is coming to a realization that AI adoption will take longer, and that expectations for near-term returns have gotten out of line,” said Tim Pagliara, chief investment officer at Capwealth Advisors. While “Microsoft is really pushing AI, it has to prove the concept at a time when it also has huge capex plans and the stock is fully valued by historical standards.”

The stock is around 10% below its record high set in July and its gain since the start of 2024 has underperformed that of the Nasdaq 100 Index in that time.

This reflects scrutiny on the firm’s heavy AI-related spending, especially as investors seek a more pronounced payoff. Microsoft’s capital expenditures this fiscal year include tens of billions of dollars on data centres.

The next read on these trends will come toward the end of the month, when the company delivers second-quarter results. The past two reports have both disappointed, with a tepid growth forecast for its Azure cloud-computing business last quarter and a slowdown in Azure in the previous one.

Slower adoption would further obscure when Microsoft could see a return on its AI investment. “Google Gemini, ChatGPT, and Meta AI are significantly more popular among consumers relative to Microsoft Copilot” or other services, according to Wedbush’s quarterly consumer internet survey. It noted that 13% of those surveyed



indicated they used Microsoft’s Copilot in the past three months, compared with 25% for Gemini. Microsoft has twice rebranded its main chatbot for businesses, as part of an effort to persuade people to use it. Morgan Stanley analysts wrote that this “might be perceived as a reaction to tepid adoption of

the existing paid Microsoft 365 Copilot offering.” On Thursday, the company announced a 30% price hike for its suite of Office apps, which come with access to AI tools. Even if the pace of AI adoption is slower than hoped for, Microsoft remains a consensus favourite on

Wall Street. More than 90% of the analysts tracked by Bloomberg recommend buying the stock, and the average analyst price target points to upside of almost 20% over the coming 12 months, the highest return potential among the Magnificent Seven, except for Nvidia Corp. Bank of America expects software will outperform this year, and named Microsoft as one of its top picks, saying it is the “best positioned” for the AI cycle across infrastructure and applications. Solita Marcelli, chief investment officer Americas at UBS Global Wealth Management, also has a positive outlook.

“While AI revenues are likely to again lag behind capex in 2025, we see evidence that AI monetization is primed to improve sharply in 2025,” she wrote earlier this month about big tech stocks. “Strong underlying earnings per share growth should be enough to support solid near-term share price performance.” Revenue at Microsoft is expected to grow about 14% this fiscal year. Earnings are also seen expanding

at a double-digit pace for the next several years.

The question is whether that’s enough to provide a floor under the valuation. Shares trade around 30 times estimated earnings, and while the multiple recently touched its lowest in more than a year, it is above its long-term average of about 25.

“AI adoption is the question on everyone’s mind, but we still find the stock highly attractive given its growth,” said Christopher Ouimet, a portfolio manager at Logan Capital Management.

“Some traders are focused on short-term growth trends with AI or Azure, but the long-term picture seems clear. AI adoption might not be linear, but it should end up being massive.”

Apple Inc fell 4% on Thursday, the biggest one-day percentage drop for the iPhone maker since August. The stock has come under pressure in 2025 amid concerns over iPhone sales and weakness in the critical Chinese market. Apple is down nearly 9% this year, compared with a gain of 0.4% for the Nasdaq 100.