AMBITIOUS PLANS | Page 4

Mekdam Holding to shore up presence in high-growth sectors

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GULF TIMES
BUSINESS

DEMAND FOR FUTURES: Page 2

Unusual spike in equity-funding costs squeezes hedge funds

USQBC, IFC unveil '1001 Stars, Qatar 2025' concept note to drive inclusive employment in ME

The US-Qatar Business Council (USQBC) and the International Finance Corporation (IFC), a member of the World Bank Group, has announced the launch of '1001 Stars, Qatar 2025'.

Also known as 1001 Stars Initiative – Phase II (1001S-II), the collaborative endeavour seeks to address unemployment and skills disparities across the Arab region by leveraging USQBC's regional expertise and extensive network alongside IFC's global proficiency in fostering inclusive job creation and economic development.

The initiative aims to mobilise the private sector to create sustainable employment opportunities for vulnerable groups, including women, youth, individuals with disabilities, and displaced persons.

By aligning with Qatar's National Development Strategy (NDS), 1001S-II focuses on human development, workforce enhancement, and social integration.

The initiative will promote inclusive policies, encourage private sector engagement, and build market-relevant workforce skills, thereby fostering opportunities for marginalised communities in Qatar and throughout the entire region.

It is set to create 60,000 direct jobs, training, and financial inclusion opportunities as well as 70,000 additional indirect opportunities.

USQBC and IFC are proud to release a comprehensive concept note outlining the initiative's components, objectives, and strategic direction. The full concept note is available on www.usqbc.org/publications

A pivotal component of 1001S-II will be the '1001 Stars Forum, Qatar 2025', themed 'Harnessing the Private Sector to Build Sustainable Employment and Inclusive Futures in the Middle East'.

Scheduled for spring 2025, the forum will showcase effective solutions to unemployment, align initiatives with national and regional development goals, and cultivate partnerships to promote inclusive economic growth across the region.

To learn more or explore partnership opportunities, contact dohaoffice@usqbc.org

BUSINESS

GCC e-vehicle market projected to grow to $10.44bn by 2034: Report

By Pratap John
Business Editor

Aided by the region's growing emphasis on sustainability and cleaner transportation solutions, the GCC electric vehicle market is projected to grow at a CAGR of 22.30% between 2025 and 2034 to reach a value of around $10.44bn by 2034.

According to a report by Research And Markets, the GCC electric vehicle market size reached a value of nearly $1.62bn in 2024.

The GCC (Gulf Co-operation Council) region, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, has witnessed a steady surge in the adoption of electric vehicles, driven by both environmental and economic factors.

"As the world shifts towards cleaner energy and sustainable mobility, the region is positioning itself as a leader in the transition to electric transportation, resulting in the GCC electric vehicle market growth," Research And Markets noted.

Electric vehicles, which are powered by electricity stored in batteries, offer a more sustainable alternative to traditional internal combustion engine (ICE) vehicles. EVs generate no direct emissions, reducing air pollution and greenhouse gas emissions. This aligns with the growing emphasis on sustainability, as governments and organisations in the GCC are focused on reducing their carbon footprint and achieving ambitious climate goals. Furthermore, the rising demand for energy-efficient and cost-effective means of transportation is accelerating the GCC electric vehicle market development.

"Several factors are driving the rapid growth of the electric vehicle market in the GCC," the report noted.

The region's governments are introducing significant initiatives and providing incentives to promote EV adoption.

For example, Saudi Arabia, which is the largest market for EVs in the GCC, has set ambitious targets for the adoption of electric cars, including the establishment of a national EV manufacturing facility and plans to integrate EVs into public transportation.

In addition to government support, the increasing availability and affordability of EV models are also boosting the GCC electric vehicle market revenue.

Major global automakers have expanded their EV portfolios to meet the growing demand in the region. Furthermore, several local manufacturers are entering the market, contributing to increased competition and lowering the overall cost of EVs. The launch of affordable EV models is crucial in making electric vehicles more accessible to a larger segment of consumers in the GCC.

Another key driver of the GCC electric vehicle market value is the development of EV charging infrastructure across the region. A well-established network of public and private charging stations is critical to the widespread adoption of electric vehicles.

In recent years, significant investments have been made in building a robust charging infrastructure, particularly in urban areas and along major highways, the report said.

For instance, Dubai aims to have 100% of its public transport fleet electrified by 2030, alongside an extensive network of fast-charging stations to facilitate the shift to electric mobility. This is creating a favourable GCC electric vehicle market outlook.

Despite the promising outlook, the GCC electric vehicle market faces some challenges, Research And Markets noted. One of the primary concerns is the high initial cost of electric vehicles compared to traditional petrol or diesel-powered cars. Although EVs are more cost-effective over the long term, the upfront investment remains a barrier for many consumers. However, as technology advances and manufacturing processes become more efficient, the price disparity between electric and traditional vehicles is expected to decrease and favourably impact the GCC electric vehicle market dynamics.

"The GCC electric vehicle market demand is set for significant expansion in the coming years, fuelled by strategic government initiatives, the growing availability of electric vehicle models, and the rapid development of essential charging infrastructure," Research And Markets noted.

Unusual spike in funding costs to equities squeezes smart-money crowd

Bloomberg
New York

An unusual rise in funding costs tied to hundreds of billions of dollars' worth of equity investments is squeezing some hedge funds and money managers, while presenting cash-rich market players with an opportunity to rake in profits.

So-called financing spreads on S&P 500 Index futures — a cost embedded in the price of derivatives that allow investors to gain exposure to stocks without buying shares outright — have climbed markedly during the recent bull market.

They spiked to a record late last year and have remained above historical levels even during the latest downturn.

It's happening as equity financing plays an increasingly crucial role in the market, with hedge funds and other big-money players making bets that seek to ride momentum without tying up too much capital.

By using futures, they can achieve similar market exposure without paying the full price upfront. In return, they pay a risk-free interest rate plus a financing spread to firms providing the leverage. As more and more players have entered that trade, those spreads have widened, ratcheting up costs.

"The dislocation is very large compared to the spread's historical range, and the S&P 500 is one of the most canonical, most liquid markets in the world," said Ashwin Thapar, head of multi-asset class investing at D E Shaw Investment Management, in an interview. "So the fact that you have seen a spread this wide in the market is especially interesting and relevant to a lot of people." Thapar contributed to a white paper on the subject, which was published in January.

The surprising part is that those costs have stayed high even after recent market turbulence. Normally, a selloff like the one that happened over the past month — with the S&P 500 at one point sinking into correction territory — would alleviate funding pressure. The value of capital needed for financing would go down along with the price of the underlying securities, and as momentum-based trades unwound, it would make sense for some players to sell futures as a way to hedge against further weakness.

And yet, while the three-month implied financing spread on the S&P 500 has declined from December's peak of roughly 1.8% to about 0.6%, this level is still within the top quintile relative to the past five years of history, according to recent research from JPMorgan Chase & Co. Longer-dated funding rates also continue to hover at high levels. "The resilience can likely be explained by the still-high investor demand for futures — which is higher than at any point before 2024," Bram Kaplan, JPMorgan's head of Americas equity derivatives strategy, said in an interview.

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A woman walks past the New York Stock Exchange. An unusual rise in funding costs tied to hundreds of billions of dollars' worth of equity investments is squeezing some hedge funds and money managers, while presenting cash-rich market players with an opportunity to rake in profits.

Russian central bank sees chance of prolonged low oil price cycle

Reuters
Moscow

Russia's central bank has warned the Kremlin's policy makers the US and Opec have the capacity to flood the oil market and cause a repeat of the prolonged price collapse of the 1980s — which contributed to the downfall of the Soviet Union.

The warning came weeks before Russian and US Presidents Vladimir Putin and Donald Trump began talks to end the war in Ukraine.

Trump has warned he could impose further sanctions on Russia if there was no peace deal. He also pledged higher US oil production and called on Opec's leader Saudi Arabia to pump more oil to help the global economy.

The central bank delivered the warning in a presentation prepared for a discussion chaired by Prime Minister Mikhail Mishustin in February and seen by Reuters. The central bank, which scrutinises economic risks in classified reports at least once a year, did not say under what scenario Opec and the US could flood the market and how likely these risks were.

In its previous reports, seen by Reuters, the central bank did cite oil prices as one of the risks for the Russian economy but has never been that specific on how a prolonged low oil price cycle could arise.

The economy ministry, separately, also made a presentation for the meeting, citing other risks to the economy, such as weaker investor activity, cost increases and "bad debts".

There is no sign that Opec is planning any change in supply policy that would lead to a sharp rise in output. While the US may raise oil output further, the lion's share of increases will likely come from other non-Opec producers such as Guyana, Brazil and Kazakhstan, where global oil majors ramp up production.

"A significant risk is the oil price," one of the slides reviewed by Reuters said listing among risks "a significant increase in production in the US and outside Opec". It also said Opec's spare capacity was near record high and added it was equal to the volume of Russian crude oil exports.

"Historical precedent — after the period of high oil prices in 1974-1985, 18 (!!!) years of low oil prices," the presentation slide said using the three exclamation marks.

For Russia, the world's second largest exporter, oil and gas have been its strength and weakness since the Soviets discovered one of the world's largest hydrocarbon basins in Western Siberia in the decades after World War Two.

For decades, high oil prices have allowed the Kremlin to cushion the economy and spend on political campaigns abroad such as support of governments from Cuba to Angola and Vietnam.

When prices fell, the economy hit the rocks with spectacular geopolitical consequences such as in 1991 when the Soviet Union crumbled.

The oil price collapse of the 1980s made it impossible for the Soviet Union to keep up with the US in the arms race. Financial problems aggravated and led to the end of the Soviet Union, an event that Russian President Vladimir Putin has repeatedly described as a tragedy.

China says it's prepared for shocks as US tariffs loom

Bloomberg
Beijing

Chinese Premier Li Qiang said the country is prepared for "shocks that exceed expectations" as the world braces for US President Donald Trump to announce more tariffs on its trading partners next month.

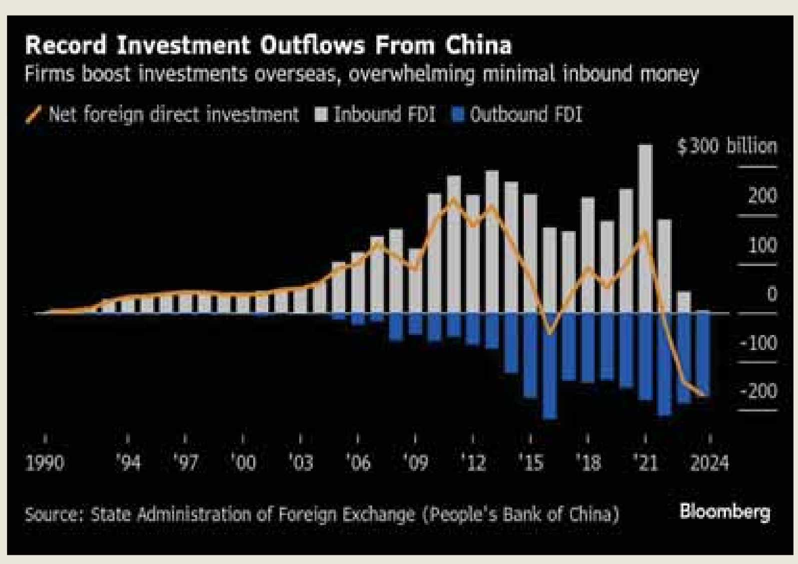
Countries should open up markets in the face of growing economic fragmentation, Li told a gathering of global business leaders and visiting Republican Senator Steve Daines at the start of the China Development Forum in Beijing on Sunday.

"Instability and uncertainty are on the upswing," Li said. "At this time, I think it is even more important for each of our countries to open up markets more, and for all of our businesses to share their resources more."

Top executives including Apple Inc's Tim Cook, Qualcomm Inc's Cristiano Amon, Pfizer Inc's Albert Bourla and Saudi Aramco's Amin Nasser are attending the two-day conference. Bloomberg News earlier reported that plans were being made for corporate titans to meet Chinese President Xi Jinping on March 28, citing people familiar with the matter.

Daines, who represents the state of Montana and is a member of the Foreign Relations Committee, met with Vice-Premier He Lifeng on Saturday, a rare public exchange between US and Chinese officials since Trump returned to the White House.

The senator also met Premier Li on Sunday afternoon at the Great Hall of the People, where he was accompanied by senior executives from seven US companies — FedEx Corp, Boeing Co, Cargill Inc, Medtronic Plc, Pfizer, Qualcomm and UL Solutions Inc. Chinese officials, including from the country's Foreign Ministry and Commerce Ministry, were also present. "History tells us that China and the United States both stand to gain from co-operation and lose from confrontation," Li told the group. "It is our hope that the US side will work together with China to promote the steady, sound and sustainable development of China-US relations."



"We will need a meeting between President Trump and President Xi to tell each bureaucracy that they need to adopt constructive policies," said Stephen Orlins, president of the National Committee on US-China Relations. "If there is no meeting, the inertia favours increased tariffs, increased export restrictions, increased investment restrictions - all of these issues which will make US-China relations more difficult."

At the opening of the China Development Forum, the Chinese premier also reiterated a central bank pledge that policymakers will cut interest rates and the reserve requirement ratio when "timely," and vowed to offer more support when necessary to ensure the economy runs smoothly.

Li's speech comes as China renews efforts to attract foreign businesses after inbound investment tumbled last year to its lowest in over three decades.

"We are beginning to see some re-engagement with international investors coming into China," Bill Winters, CEO of Standard Chartered Plc, said on the sidelines of the forum. "The only thing slowing down a little bit is the consumer credit business in China, because we know the economy is a little sluggish, so that stream of activities has not been growing as fast."

QFBA names winners of first edition of National Finance Researcher Award

Qatar Finance and Business Academy (QFBA) has announced the winners of the first edition of the National Finance Researcher Award during a special ceremony held to recognise outstanding students at the undergraduate and postgraduate levels and to honour their innovative contributions in the fields of finance and business.

Launched under the sponsorship of Doha Bank, the award seeks to inspire and support the next generation of finance researchers in Qatar, promote academic excellence, foster creativity and innovation, and provide a national platform for young researchers to present their work and contribute to the development of Qatar's financial and banking sectors.

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Dr Khalifa al-Yafei, CEO, Qatar Finance and Business Academy, expressed his pride in the successful launch of the award, emphasising the academy's ongoing commitment to empowering emerging researchers and cultivating an environment of academic innovation.

"This award reflects our commitment to fostering a thriving research culture in the fields of finance and business and to recognising the intellectual efforts that contribute to knowledge-based economic development. It aligns with the objectives of Qatar's Third National Development Strategy and the Qatar National Vision 2030. As a strategic initiative, the award will continue annually to encourage high-impact research and help translate academic findings into practical applications that benefit the national economy. "We also extend our sincere appreciation to Doha Bank for its generous sponsorship of this award, which underscores the bank's commitment to advancing scientific research and innovation in the financial sector. Congratulations to all the winners for their exceptional achievements."

During the event, Doha Bank was recognised for its valuable contributions, along with members of the judging panel, which comprised a distinguished group of academics and industry experts.

The ceremony concluded with the announcement of the winners in the five designated award categories. Selections were made following a thorough evaluation process conducted by an independent panel, based on a set of rigorous academic standards, including originality, innovation, methodology, depth of analysis, relevance, impact, practical implications, and knowledge contribution.

The winners are:

- Buthaina Rashid al-Saidi, recipient of the 'Best Qatari Finance Researcher Award' for the paper titled 'The impact of investment allocation on the financial performance of listed insurance companies in Qatar'.
- Jamela Ali Mohammed, first place (bachelor's degree Research Project Award) for the paper 'Exploring the incorporation of ESG investment for SRI in Qatar'.
- Abeeha Shoaib, second place (bachelor's degree Research Project Award) for the paper 'How did Covid-19 affect Shariah-compliant versus conventional firms' operating performance?'
- Ameera Fatima Anaz, first place (master's degree Research Project Award) for the paper 'Sustainability performance, credit ratings and share price: a global study'
- Bashayer Hamad al-Kaabi, second place (master's degree Research Project Award) for the paper 'Analysis of climate change news sentiment's impact on GCC stock markets'

The first edition of the award saw the participation of talented students from prominent academic institutions in Qatar, including Qatar University, University of Doha for Science and Technology, Carnegie Mellon University in Qatar, Qatar Finance and Business Academy in collaboration with Northumbria University, and Hamad Bin Khalifa University.

Mekdam Holding to shore up presence in high-growth sectors

By Santhosh V Perumal
Business Reporter

Mekdam Holding is "aggressively" pursuing opportunities within the QR3bn pipeline under negotiation as it seeks to strengthen its presence in high-growth sectors such as technology and engineering.

"As Mekdam Holding Group looks ahead to 2025 and beyond, the focus remains on accelerating profitability, expanding market reach, and enhancing financial sustainability," the Qatar Stock Exchange listed entity said in its board report, placed before shareholders at the annual general assembly meeting, which approved 2024 results and the bonus shares.

On strengthening the presence in high-growth sectors, Mekdam said it included technology services, engineering solutions, and security systems so as to ensure steady revenue growth and diversification.

"As we look to the future, we are motivated by the remarkable strength and resilience of the Qatari economy, which continues to evolve and unlock vast opportunities across a wide range of sectors," said Sheikh Mohamed bin Nawaf bin Nasser bin Khalid al-Thani, Mekdam Holding chairman.

The company, which is leveraging strong backlog of secured contracts (QR2.6bn), said its subsidiaries possess several key advantages that position them to capitalise on local, regional, and international trends within the information, communication and technology or ICT sector.

Some of these opportunities arise from the macroeconomic factors, while others are directly tied to the subsidiaries' unique competitive strengths, the report said.

In 2024, Mekdam signed new contracts totalling QR861mn, with ongoing projects valued at QR2.6bn. The remaining value of works to be completed is QR1.5bn. The company has submitted proposals for projects amounting to approximately QR3bn, with an expected success rate of 20% to 30%, based on historical data.


Sheikh Mohamed bin Nawaf bin Nasser bin Khalid al-Thani, Mekdam Holding chairman.

The subsidiaries – Mekdam Technology Solutions, Mekdam Software, and Mekdam CAMS – have established strong relationships with government agencies, with government contracts accounting for 58.6% of their revenue in 2024.

"Given their size, the quality and diversity of their services, and their strategic positioning, the subsidiaries are well-placed to take full advantage of the growing demand and evolving requirements in the ICT sector," it said.

The perceived market opportunities for the subsidiaries are growth of the Qatari economy, alignment with Qatar Vision 2030 and its emphasis on ICT development, increasing awareness of cybercrime and the need for enhanced security, demand for businesses to stay aligned with cutting-edge technologies, such as automation, robotics, cloud computing, and shortage of qualified personnel in the ICT sector.

The company is aiming not only to further optimise capital structure and reduce financial liabilities, reinforce self-sustaining operational capabilities but also to maximise cash flow generation through efficient receivables management and project execution.

Mekdam Holding is strengthening its financial flexibility to ensure that the group is well-positioned for strategic investments and shareholder returns.

Ooredoo announces date to pay interest to bondholders

QNA
Doha

Ooredoo announced on Sunday that Ooredoo International Finance Limited (OIFL), its wholly-owned subsidiary, will pay its Global Medium Term Note (GMTN) holders' interest payment on April 8,10,and 21.

In an announcement posted on the Qatar Stock Exchange website on Sunday, the company said that the OIFL will pay Noteholders of Guaranteed Notes $13,125,000.00 on the Interest Payment Date falling due on April 8, 2025.

The announcement added that the OIFL will pay an interest rate of 2.625% to Noteholders of the USD one bn Guaranteed Notes due on April 8, 2031.

OIFL will also pay Noteholders of Guaranteed Notes $11,562,500.00 on the Interest Payment Date falling due on April 10, 2025.

The announcement added that the OIFL will pay an interest rate of 4.625% to Noteholders of the $500mn Guaranteed Notes due on October 10, 2034.

OIFL will also pay Noteholders of Guaranteed Notes $18,750,000.00 on the Interest Payment Date falling due on April 21, 2025.

The announcement added that the OIFL will pay an interest rate of 5% to Noteholders of the $750mn Guaranteed Notes due on October 19, 2025.

Opec+ likely to proceed with planned May oil output hike

Reuters
London/Moscow

Opec+ will likely stick to its plan to raise oil output for a second consecutive month in May, three sources told Reuters, amid steady oil prices and plans to force some members to reduce pumping to compensate for past overproduction.

Opec+ is a group that includes Opec and allied producers led by Russia, and pumps over 40% of the world's oil. The group is scheduled to raise output by 135,000 barrels per day in May.

That would be the second monthly increase under a plan to unwind some of the millions of barrels per day of cuts the group has had in place since 2022.

The group is simultaneously attempting to raise output targets for members that have been disciplined in meeting their previous targets, while pressuring other producers that have exceeded their targets to rein in output and pump below target for a time to compensate.

On March 20, the group said seven members will make additional monthly reductions from this month until June 2026. These cuts to make up for earlier pumping above agreed levels are, on paper, larger than the monthly production hikes.

The compensation cuts should hopefully make it easier for the group to continue with its plan for monthly hikes, one Opec+ delegate said. Two others told Reuters that they expected the schedule for hikes to continue from May. All sources declined to be identified by name due to the sensitivity of the matter. Opec and Saudi Arabian and Russian authorities did not immediately reply to Reuters requests for comment.

International benchmark Brent crude traded above $72 a barrel on Monday. On March 5, Brent fell to almost $68, the lowest since December 2021, two days after Opec+ decided to proceed with April's output hike.

Opec+ has been cutting output by 5.85mn bpd, equal to about 5.7% of global supply. The group has agreed on a series of steps since 2022 to support the market.

An Opec+ ministerial committee, with the power to recommend to the larger group changes in production policy, is scheduled to meet on April 5. Earlier this month, Russian Deputy Prime Minister Alexander Novak said Opec+ could reverse the output hike decision after April if there are market imbalances.

QSE index falls below 10,200 points; M-cap erodes QR4.46bn

By Santhosh V Perumal
Business Reporter

Geopolitical uncertainties in the region and the US' tariff policies continued to play its part in dampening sentiments in the Qatar Stock Exchange (QSE), which yesterday closed below 10,200 levels with selling pressure seen the most in telecom and industrials counters.

The foreign funds squared off their position as the 20-stock Qatar Index shed 82 points or 0.8% to 10,185.7 points, having touched an intraday high of 10,301 points.

The Gulf institutions were seen increasingly net profit takers in the main market, whose year-to-date losses widened further to 3.65%.

About 68% of the traded constituents were in the red in the main bourse, whose capitalisation eroded QR4.46bn or 0.74% to QR598.16bn on the back of large and midcap segments.

The Arab individuals were increasingly net sellers in the main market, which saw as many as 0.01mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.08mn change hands across seven deals.

However, the domestic funds were seen increasingly bullish in the main bourse, whose trade turnover and volumes were on the rise. The Islamic index was seen declining slower than the main barometer of the main market, which saw no trading of treasury bills.

The local retail investors turned net buyers in the main bourse, which saw no trading of sovereign bonds.

The Total Return Index declined 0.8%, the All Share Index by 0.72% and the All Islamic Index by 0.75% in the main market.

The telecom sector index tanked 1.95%, industrials (1.8%), banks and financial services (0.74%), real estate (0.67%) and insurance (0.42%); while transport gained 0.53% and consumer goods and services 0.03%.

Major losers in the main market included Qatar Cinema and Film Distribution, Ooredoo, Al Faleh Educational Holding, QIIB, Dukhan Bank, Qatar Oman Investment, Qatari German Medical Devices, Mannai Corporation, Industries Qatar, Aamal Company and Qatari Investors Group. In the junior bourse, Techno Q saw its shares depreciate in value.


The foreign funds squared off their position as the 20-stock Qatar Index shed 82 points or 0.8% to 10,185.7 points, having touched an intraday high of 10,301 points

Nevertheless, Estithmar Holding, QLM, Zad Holding, Ezdan, Gulf Warehousing and Qamco were among the gainers in the main market.

The foreign institutions' net profit booking increased drastically to QR52.25mn compared to QR1.23mn on March 23.

The Gulf institutions' net selling strengthened noticeably to QR9.87mn against QR7.24mn the previous day.

The Arab individual investors' net selling expanded marginally to QR2.5mn compared to QR2mn on Sunday.

The foreign retail investors' net buying weakened marginally to QR2.03mn against QR2.65mn on March 23.

However, the domestic funds' net buying strengthened significantly to QR41.45mn compared to QR19.83mn the previous day.

The local individuals turned net buyers to the tune of QR20.31mn against net sellers of QR12.51mn on Sunday.

The Gulf retail investors' net buying strengthened marginally to QR0.83mn compared to QR0.5mn on March 23.

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

The main market witnessed 36% surge in trade volumes to 120.78mn shares, 45% in value to QR305.23mn and 79% in deals to 14,754.

In the junior bourse, trade volumes were down 4% to 0.02mn equities and value by 4% to QR0.06mn amidst flat seven transactions.