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Fed official sees just one rate cut this year due to tariffs

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BUSINESS

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Turkish assets rebound as Simsek vows to restore market stability

Yousef Mahmoud al-Naema, Group Chief Business Officer at QNB (***right***) and Fahad al-Suwaidi, Chief Executive Officer, QLM, at the agreement signing.

QNB, QLM in strategic agreement to deliver innovative insurance packages for SMEs

QNB has signed a strategic master agreement with QLM, the leading specialised insurance company, to provide innovative insurance solutions to SMEs (small and medium enterprises).

This marks a significant milestone in QNB's mission to deliver innovative financial solutions to the SME community.

As part of this collaboration, SME customers can meet their financial and insurance needs from QNB and QLM, as one-stop shop.

The offerings include, but not limited to, 'Keyman' protection as well as group protection with tailored coverage that meets their unique business needs.

The 'SME Owner Protection' cover has been specifically designed to provide 24x7 worldwide insurance protection to key individuals within small and medium enterprises. This plan ensures business continuity by safeguarding against unforeseen circumstances that could impact the leadership and operations of SMEs.

The 'SME Group Protection Plan' addresses the needs of both employers and employees, offering comprehensive coverage that enhances employee welfare and supports business stability. This plan is ideal for SMEs looking to provide added value to their workforce while securing their business's future.

In addition to these specialised insurance packages, QNB is launching its medical centre financing campaign aimed at supporting healthcare providers, reinforcing its commitment to empowering businesses by enhancing financial flexibility and ensuring sustainable growth.

Commenting on this partnership, Yousef Mahmoud al-Naema, Group Chief Business Officer at QNB, added: "Our partnership with QLM underscores our commitment to offer innovative solutions to SME market. These high-quality insurance packages will ensure business continuity by safeguarding themselves against unforeseen circumstances that could affect the leadership and operations of SMEs.

"In addition, our medical centre financing campaign reflects QNB's commitment to supporting the healthcare sector. By offering discounted interest rates, we aim to ease financial pressures on medical centres and hospitals, allowing them to focus on providing quality care to their communities."

Commenting on the launch, Fahad al-Suwaidi, Chief Executive Officer, QLM Life & Medical Insurance Company, said, "QLM, the leading specialty insurer is delighted to announce another innovative initiative to mitigate the risks of SME business owners as well as employees of SME by providing a financial safety and sustainability. QLM believes that partnerships rooted in trust will advance by aligning their products with financial inclusion necessities of the community.

"A bouquet of customised insurance solutions made to meet the financial needs at different stages of life cycle of SMEs will be made available to the customers of our trusted partner QNB. This service is part of a strategic effort to meet the growing demand for protection insurance solutions in the banking sector, making it easier and more convenient to customers to protect themselves and their businesses."

Iraq's Kurdistan Region PM receives QCB governor

The Prime Minister of the Kurdistan Region of Iraq, Masrour Barzani received HE the Governor of the Qatar Central Bank and Chairman of the Qatar Investment Authority Sheikh Bandar bin Mohammed bin Saoud al-Thani on Monday. During the meeting, they exchanged views on a range of topics of mutual interest, and discussed ways to enhance bilateral co-operation in relevant fields, the QCB said.

MoCI launches sectoral risk assessment survey to combat money laundering

By Santhosh V Perumal
Business Reporter

The Ministry of Commerce and Industry (MoCI) has launched the sectoral risk assessment survey, aimed at enhancing measures to combat money laundering and terrorist financing.

The programme seeks to classify companies based on their institutional risk levels, the ministry said in its social media handle X.

Another objective of the strategic initiative is to promote transparency and improve the efficiency of regulated entities, it said.

The programme benefits include elevating standards of corporate governance, strengthening compliance with both national and international regulations, and fostering a secure, transparent and sustainable business environment.

In another message, the MoCI said it has launched a comprehensive guide for using the sectoral risk assessment survey programme.

Based on the findings documented in this report, the MoCI will develop and/or strengthen the necessary policies, procedures, systems, and control mechanisms to reduce these risks.

The programme benefits include elevating standards of corporate governance, strengthening compliance with both national and international regulations, and fostering a secure, transparent and sustainable business environment

The sectoral risk assessment survey is an offshoot of MoCI's action plan for implementing the provisions of the AML & CFT action plan, prepared by NAMLC (National Anti-Money Laundering and Terrorism Financing Committee).

Sectoral risk assessment is one of the key components of the AML & CFT system. Knowledge, identification, and assessment of risks are essential for taking measures to reduce them.

The sectoral risk inventory helps regulatory authorities in prioritising the inspection strategy and effectively allocating financial and human resources.

As per the 2023 mutual evaluation report of the MENAFATF (Middle East and North Africa Financial Action Task Force), Qatar has a good overall understanding of its ML/TF risks at a national level. The national risk assessment (NRA) assesses the major proceeds-generating crimes and ML/TF channels using a well-established methodology.

The report found that Qatar has implemented an ambitious series of reforms across its legal framework, law enforcement and supervisory approach.

Trump threat of 'secondary tariffs' invents new trade tool

Bloomberg
Washington

President Donald Trump appeared to invent a new economic statecraft tactic on Monday by threatening what he dubbed "secondary tariffs" on countries that buy oil from Venezuela to choke off its oil trade with other nations.

The threat, delivered via Truth Social post then confirmed in an executive order, said countries could face 25% tariffs on trade with the US if they purchase oil and gas from Venezuela, which is already under heavy US sanctions. The move was meant to pressure Venezuela for the "tens of thousands of high level, and other, criminals" that Trump said Venezuela has sent to the US.

The novel approach adds to a growing list of tools that Trump has been eager to deploy as part of a push to use America's economic clout as leverage in achieving its foreign and domestic policy goals. The idea seems certain to increase tensions with the Latin American nation over immigration and foreign policy.

"This is a new concept in economic warfare," said Francisco Monaldi, director of the Latin American energy policy at Rice University's Baker Institute for Public Policy in Houston. "How is it enforceable? It's unclear of course." With the threat, Trump appeared to be inventing a combination of tariffs and what are known as secondary sanctions, the financial punishments that can be imposed on other countries or people for doing business with sanctioned entities. The targets of his "secondary tariffs" could vary widely given that Venezuelan oil goes to the US, Spain, India and the black market.

The first three countries are covered by licenses to Chevron Corp, Repsol SA and Reliance Industries Ltd. The black market is dominated by China.

"China is the main actor this is directed at because it's essentially the black market for Venezuelan oil," Monaldi said. "They would not have to do secondary tariffs if it wasn't for China."

Trump's executive order gives Secretary of State Marco Rubio discretion to decide, starting April 2, whether the 25% tariffs will be imposed on a country that imports Venezuelan oil, either directly or indirectly.

Ahlibank completes new bond issuance of $500mn

Ahlibank has successfully completed the issuance of the sixth tranche of bonds valued at $500mn in the global debt markets. This is part of the guaranteed medium-term notes programme of $2bn guaranteed by the bank.

The bond yield (coupon) was 4.95% after being oversubscribed more than four times by over 120 investors in Europe, Asia, the United Kingdom, the Middle East, and North Africa.

Ahlibank CEO Hassan Ahmed AlEfrangi stated, "We are pleased to successfully complete the sixth issuance despite the challenging market conditions, which reflects the confidence global investors have in the State of Qatar and the stable financial position of Ahlibank. This issuance will have a positive impact on the bank's operations and financial results".

AlEfrangi added, "Ahlibank has set a successful benchmark in the global debt markets with the support of the joint lead managers, which include Barclays Bank, QNB Capital, Mizuho, Deutsche Bank, JP Morgan, and Standard Chartered Bank.

"The strong demand from global investors led to good geographical diversity, with European investors, Asian investors, and UK investors 76%, and Middle East and North Africa investors 24%.

"I would like to thank our international investors for their continued confidence in the State of Qatar and Ahlibank, and the

Ahlibank CEO Hassan Ahmed AlEfrangi

Barclays Bank, QNB Capital, Mizuho, Deutsche Bank, JP Morgan, and Standard Chartered Bank for successfully executing the bond issuance."

Turkiye's Finance Minister Mehmet Simsek. He has emphasised that Turkiye offers strong long-term opportunities.

Turkish bonds, stocks rebound as Simsek vows to restore stability

Bloomberg
Istanbul

Turkish bonds and stocks rebounded as top economic officials sought to reassure foreign investors about last week's detention of Istanbul Mayor Ekrem Imamoglu, a move that triggered billions of dollars in outflows.

Finance Minister Mehmet Simsek promised to do "whatever it takes" to stabilise financial markets, according to people who joined a teleconference organised by Citigroup Inc and Deutsche Bank on Tuesday.

He emphasised that Turkiye still offers strong long-term opportunities while downplaying Imamoglu's arrest, saying it was linked to corruption allegations, said the people, who asked not to be identified speaking about the private meeting with investors.

Simsek and central bank Governor Fatih Karahan are seeking to reinforce President Recep Tayyip Erdogan's pledge yesterday to maintain the broadly investor-friendly policies in place since mid-2023.

Turkiye's sovereign bonds were the leading performers among emerging-market debt on Tuesday while the country's main equities index soared by as much as 5.5%. The lira was steady against the dollar, helping reassure investors after the currency's 3% tumble last week.

Wednesday's detention and later formal arrest of Imamoglu has led to mass street protests and sent Turkish assets tumbling. Authorities have taken emergency measures to stem the financial rout, including raising a key overnight interest rate, intervening in the exchange rate, and banning short-selling of Turkish equities.

"We will never allow the gains we have made from the economy programme implemented in the last two years to be harmed," Erdogan said in televised remarks after a cabinet meeting on Monday. "Our institutions have both the authority and the will to ensure healthy market mechanisms."

The lira stabilised after Erdogan publicly endorsed Simsek's economic programme, and was trading little changed at 37.9743 per dollar as of 5.53pm in Istanbul. Turkiye's main equities index was up 4.6%, extending Monday's advance after a 17% drop last week.

While seeking to assuage investors, the government has showed no signs of backing down to protesters who've been staging street rallies for nearly a week, with Erdogan describing the demonstrations as "evil." He blamed the opposition's reaction for market volatility.

During the call with investors, Simsek said that Turkiye is a democracy which wants to strengthen the rule of law and that Imamoglu's detainment was linked to corruption allegations, according to the people who listened in.

Turkiye's stocks and currency posted the biggest drops globally last week, and yields on local-currency bonds surged. That was despite the central bank efforts on the foreign-exchange market with an injection of \$11.2bn on March 19 alone, according to Bloomberg Economics' estimates.

Simsek said 60% of dollar demand came from foreigners during the sell-off last week, 30% from local corporates and 10% from retail investors, according to the people on the call.

The central bank also hiked its overnight rate in an unscheduled meeting on Thursday, then convened executives from the nation's top lenders on Sunday in another attempt to stem the fallout.

Authorities are meanwhile weighing additional measures to mitigate market volatility, including reducing a withholding taxes on lira deposits, to dissuade locals from converting their lira savings into dollars.

The central bank has been draining excess lira liquidity from the financial system at a record pace, a move aimed at reinforcing tight monetary policy and backstopping the currency. Data compiled by Bloomberg showed excess liras in the system declined to around 234bn liras (\$6.2bn) on Tuesday from 1.2tn liras on March 18, the day before Imamoglu's detention.

Iran's currency drops to a record low amid geopolitical uncertainty

Reuters
Dubai

Iran's currency fell below the psychologically key level of 1,000,000 rial per US dollar on Tuesday, as market participants saw no end in sight to sanctions under US President Donald Trump's renewed "maximum pressure" campaign.

Trump said earlier this month that he had sent a letter to Iran's top authority, Supreme Leader Ayatollah Ali Khamenei, warning that Iran's nuclear programme could either be dealt with through negotiations or militarily.

Khamenei rejected the US offer for talks as a "deception" and Iranian Foreign Minister Abbas Araqchi said last week that negotiations with Washington were impossible unless its policy changed.

The apparent diplomatic deadlock has raised fears of potential conflict, although Iranian officials have sought to assuage such concerns.

"I am certain there won't be any war as we are fully prepared for such condition… so that no one will think about attacking Iran," Araqchi said on Monday, during a meeting with the Iranian Red Crescent.

Iran's currency dropped to a record low of 1,039,000 rial to the US dollar according to Bonbast.com, which gathers live data from Iranian exchanges.

This represents a more than halving of the currency's value since President Masoud Pezeshkian took office last year.

Facing an annual inflation rate of about 40%, Iranians seeking safe havens for their savings have been buying dollars, other hard currencies or gold, suggesting further headwinds for the rial.

Emirates NBD partners with BlackRock to offer private markets access

Dubai's Emirates NBD bank is teaming up with BlackRock to offer its wealth management clients opportunities to access alternative asset classes, with a focus on private markets, it said in a statement on Tuesday, reports Reuters.

Both firms have signed a Memorandum of Understanding to establish an investment platform for the United Arab Emirates (UAE) wealth management market, which will initially focus on private credit and multi-alternatives.

Private markets, including both equity and credit markets, are less liquid but also promise higher returns than listed securities.

Global demand for private market investments has been growing in recent years, providing investors with opportunities to diversify their portfolios and seek greater returns, as global capital markets activity slowed amid higher borrowing costs. BlackRock, the world's largest asset manager, spent roughly \$28bn in 2024 to strengthen its private market offerings.

Bloomberg QuickTake Q&A

What's at stake as Trump targets Education Department

By Akayla Gardner

The Department of Education is facing a reckoning under US President Donald Trump.

After spending months on the campaign trail vowing to close the department, Trump took his first formal step toward fulfilling that promise by signing an executive order on March 20 directing Education Secretary Linda McMahon to "take all necessary steps to facilitate" its closure.

Amid a broader push to slash spending and regulations across the government, Trump has said his ultimate goal is to leave education oversight to the states. However, local and state officials — not the Education Department — already have primary control of the curricula and educational priorities of schools in the US.

The order arrived after the Trump administration had already started to reduce the department's workload by slashing about half the staff and terminating hundreds of millions of dollars in grants and contracts.

The president doesn't have the power to completely abolish the department, a reality he and McMahon have acknowledged. Because the department was established by law, the administration needs congressional approval to close it. However, absent that, the Trump administration can still continue slashing staff and imposing policy changes at the department. The White House has already used those tactics to effectively stop other departments and agencies that were created by acts of Congress from operating.

What does the Education Department do?

The department has three core responsibilities: administering federal financial assistance to subsidise educational costs; collecting and disseminating data; and investigating civil rights violations at education institutions across the country.

Perhaps the department's most well-known function is overseeing the billions of dollars in federal financial aid doled out to American college students every year. During the school year that ended in 2024, nearly \$121bn in federal grants, loans and work-study payments were distributed to almost 10mn students, according to a 2024 fiscal year report. Additionally, the department operates student-debt management programmes, such as income-driven repayment plans and expedited relief for public servants.

The department also administers the Free Application for Federal Student Aid, or FAFSA, a certification of a college applicant's family financial status, which is used to determine how much federal and state funding they are eligible for. About 17mn prospective students complete the form annually.

At the K-12 level, the department financially supports more than 100,000 public schools, according to a January fact sheet. Tens of billions in funding is directed to schools with a significant number of low-income students and those in rural or predominantly Native American communities, as well as to programmes for students with disabilities and those learning English as a second language.

Additionally, the Education Department gathers information on school enrolment, finances, demographics, achievement, and safety through the Institute of Education Sciences. The institute publishes reports based on its findings with the aim of offering insights that schools might use to improve educational outcomes.

The department's office for civil rights receives formal complaints from teachers, students and parents about potential violations of the country's equal rights laws. When substantial evidence is found that an institution violated the rights of a student or teacher, typically the school commits to department officials to remedy the actions in order to avoid getting sued or losing federal funding. In the school year that ended in 2024, the office received a record 22,687 complaints.

How did the Education Department begin?

In 1867, President Andrew Johnson created a standalone department to gather information about the country's schools. Soon after its creation, however, it was demoted to a small office out of fear that it would exert too much power over states — echoing concerns that conservatives cite today about the department's influence. The office was housed under various cabinet-level departments for the following century. But an effort to compete with the Soviet Union's space technology in the 1950s, an anti-poverty initiative led by President Lyndon Johnson in the 1960s, and a push to offer equal access to education for marginalised groups in the 1970s all spurred an increase in federal education spending, and with it, bipartisan support to resurrect the department.

A separate, cabinet-level Education Department was finally reestablished in 1979, when President Jimmy Carter signed a bill that split what was then the Department of Health, Education, and Welfare into the Department of Health and Human Services and the Department of Education.

Its stated purpose, according to the legislation, was to "strengthen the federal commitment to ensuring access to equal educational opportunity for every individual."

Does the Education Department influence what's taught in schools?

The 1979 law that created the department prohibits it from developing or setting standards for curricula. Those standards are set by state and local governments. Nevertheless, Republicans have attacked the department for classroom content that concerns race, gender and sexuality.

Still, the Education Department releases non-compulsory recommendations to school districts on navigating critical issues, such as integrating artificial intelligence into classroom learning or re-opening facilities in the aftermath of the Covid-19 pandemic. Those suggestions, and public statements by the education secretary on issues such as affirmative action in admissions, have been the subject of attacks from Republicans, who say they constitute undue influence on institutions' priorities.

The agency also offers competitive grants for a range of student programmes and teacher trainings, and some of these, too, have come under scrutiny from conservatives. According to posts on the Department of Government Efficiency's official X account, the task force has cancelled at least \$489mn in grants for programmes it says violate the administration's prohibition on "diversity, equity and inclusion" initiatives in schools. These include programmes such as trainings for teachers on racial inclusivity, bias and historical oppression.

What will happen to programmes run by the Education Department if it's shuttered?

On March 21, Trump said that the Education Department's \$1.6tn student-loan portfolio would now be handled by the Small Business Administration and programmes that serve students with disabilities will be handled by the Department of Health and Human Services. It's not yet clear what will happen to other programmes. The executive order directs the Secretary of Education to ensure "the effective and uninterrupted delivery of services, programmes, and benefits on which Americans rely" but does not detail any plans for the department's programmes.

However, McMahon, in her confirmation hearing, committed not to "defund" programmes run by the department that were created by acts of Congress. These include Pell Grants, which are the largest source of undergraduate financial aid for low-income students, and loan forgiveness for people who work in public service.

Trump, however, signed a separate executive order on March 7 aimed at limiting eligibility for the government's public service loan forgiveness programme.

The order directs officials to exclude people who work for organisations allegedly involved in the violation of immigration or anti-discrimination laws, such as by helping children relocate to "so-called transgender sanctuary states for purposes of emancipation from their lawful parents." It's unclear what organisations, if any, the rule would apply to, and the order cited no specific examples.

Legislation introduced last year by Republican Senator Mike Rounds would make the Department of the Interior responsible for administering the federal government's grants to schools in indigenous communities and the State Department responsible for the Fulbright-Hays Program, which provides grants to US students and teachers to study or conduct research abroad.

Why does Trump want to shut down the Education Department?

Trump has accused staffers at the Education Department of being "people that hate our children" who promote "anti-American" left-wing values in schools. "The Department of Education is a big con job," Trump told reporters in February.

The president has expressed dismay that the US is ranked below some other wealthy countries in education, such as Denmark and Norway, despite having a high level of spending. In 2019, the US spent \$15,500 per full-time student in public elementary and secondary schools, according to the National Center for Education Statistics. Norway, Austria, South Korea, and Luxembourg were the only countries to spend more per pupil than the US.

Have there been prior efforts to shut down the Education Department?

Opposition from conservatives to the department goes back to its origins in the aftermath of the Civil War. Politicians from Confederate states opposed the creation of the department because abolitionists proposed using it to administer federal funding for the education of formerly enslaved people. In his successful run for the presidency in 1980, Ronald Reagan campaigned to shut down the department shortly after it was re-established by Carter, vowing to save federal funds by cutting "wasteful" programmes. Though Reagan won, he faced opposition to his proposal in Congress, and the department was spared. Attacks from small-government conservatives have continued in the decades since. As recently as March 2023, the majority of House Republicans voted in favour of an amendment that would abolish the Education Department, but 60 Republican members sided with Democrats to oppose the measure, and it did not pass.

Asian markets mixed as traders struggle to match Wall Street rally

AFP
Hong Kong

Equities diverged yesterday, as investors struggled to extend Wall Street's rally despite easing fears over Donald Trump's planned tariffs, while traders were also looking ahead to the release of key US inflation data.

In Tokyo, the Nikkei 225 closed up 0.5% to 37,780.54 points; Hong Kong — Hang Seng Index ended down 2.4% to 23,344.25 points and Shanghai — Composite ended flat at 3,369.98 points yesterday.

A surge in tech giants including Tesla and Nvidia helped New York markets higher, with sentiment buoyed by indications from the White House that next week's glut of levies would be less severe than feared.

Trump has dubbed April 2 "Liberation Day" as he pledges to impose reciprocal tariffs on trading partners in an effort to remedy practices that Washington deems unfair.

Since resuming office in January, Trump has pursued a hardball policy approach, taking aim at friend and foe alike, sending shivers through markets and fanning fears about the global economy.

An external view of the Hong Kong Stock Exchange. The Hang Seng Index closed down 2.4% to 23,344.25 points yesterday.

In recent days, he has suggested some countries could be given exemptions or reductions from next week's measures, giving investors a much-needed sense of optimism.

Market-watchers say the final outcome would likely see the tariffs changed after negotiations.

"The recent wave of doom-laced narratives — fuelled by politically skewed consumer sentiment surveys and a flood of bearish op-eds — looks increasingly overcooked," said SPI Asset Management's Stephen Innes.

And IG market analyst Tony Sycamore added: "The expectation is that the process will be more organised and structured than previous actions. Whatever numbers are announced on 2 April are likely to be negotiated down from there." Still, the president did provide a jolt by warning countries that bought crude and gas from Venezuela would face steep tariffs, a move that could hit China and India among others.

Beijing on Tuesday accused Washington of "interfering in Venezuela's internal affairs".

Asian stocks fluctuated through the day.

Tokyo, Sydney, Singapore, Taipei, Jakarta, Mumbai and Wellington rose while Shanghai was flat but Bangkok and Manila dropped.

Hong Kong sank 2.4%, weighed by a drop of around 6% in Chinese tech giant Xiaomi after it raised $5.5bn in a mega share sale as it looked to expand its electric vehicle business.

The deal, which comes after a similar move this month by EV firm BYD, stoked worries about market liquidity.

Traders were also cashing in recent profits — particularly among high-flying tech firms — following an impressive surge in the Hang Seng Index that has seen it pile on around 20% since the start of the year.

EM currencies, stocks subdued as markets eye tariff developments

Reuters
Singapore

Most emerging market currencies traded in a flat-to-lower band on Tuesday, as investors exercised caution and looked out for more developments on the tariff front, with stocks also range-bound.

US President Donald Trump said on Monday automobile tariffs were coming soon even as he indicated that not all of his threatened levies would be imposed on April 2 and some countries may get breaks.

Bloomberg and the Wall Street Journal had reported earlier on Monday that the administration was narrowing its approach to the broad batch of levies Trump has been saying for weeks would be imposed on April 2, and could delay sector-specific tariffs.

"Our base case remains that while the Trump administration will be aggressive on tariffs, this will stop short of measures that would lead to a renewed period of elevated inflation or push the US economy into recession," said Mark Haefele, chief investment officer at UBS Global Wealth Management in a note.

MSCI's index for emerging market stocks dipped 0.6%, with heavyweight Hong Kong shares seeing sharp declines, down 2.4% to a near two-week low.

Turkish assets were broadly stable following a sharp drop last week. The lira was last at 37.99 after hitting a record low of 42 last week, while local stocks rose 2.6%, though off almost 12% from levels seen at the start of last week.

Hungary's forint weakened 0.4% against the euro in lead-up to new central bank Governor Mihaly Varga's first policy meeting later in the day, with expectations of the bank holding rates steady at 6.5% — the European Union's joint-highest level. The Czech National Bank (CNB) is also likely to keep its main lending rate steady at 3.75% on Wednesday.

South Africa's rand was stable, trading at around 18.25 per dollar, while Russia's rouble slipped 0.8% in over-the-counter trade.

Eyes would be on any talks of a peace deal between Russia and Ukraine, with Ukrainian and US delegations scheduled to meet on Tuesday in Saudi Arabia following Russia-US talks there a day earlier on a limited Black Sea ceasefire proposal.

Most EM currencies have gained ground against the greenback in 2025, as the case of US exceptionalism weakened amid the tariff uncertainty, while fears of an impending economic slowdown also spurred some dollar weakness.

The forint and Brazil's real stand as the best performing EM currencies against the dollar so far this year, while Turkiye's lira and the Indonesian rupiah are the worst performing.

The rupiah briefly hit its lowest level since the Asian financial crisis back in June 1998, prompting Indonesia's central bank to intervene in the currency market to defend it.

QSE index falls below 10,200 points; M-cap melts QR1.72bn

By Santhosh V Perumal
Business Reporter

Reflecting the chaos arising from lack of clarity over the US' reciprocal tariff policy, the Qatar Stock Exchange (QSE) continued to be under selling pressure for the fifth straight session and its key index settled below 10,200 levels.

The insurance, telecom, consumer goods, industrials, realty and transport counters witnessed higher than average selling pressure as the 20-stock Qatar Index fell 28 points or 0.28% to 10,157.56 points, having touched an intraday high of 10,223 points.

The foreign institutions continued to be net profit takers but with lesser intensity in the main market, whose year-to-date losses widened further to 3.91%.

As much as 74% of the traded constituents were in the red in the main bourse, whose capitalisation melted QR1.72bn or 0.29% to QR596.44bn on the back of small and microcap segments.

The domestic institutions' weakened net buying had its influence in the main market, which saw as many as 3,697 exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.03mn change hands across four deals.

The local retail investors' lower net buying also had its say in the main bourse, whose trade turnover and volumes were on the increase.

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

The Gulf individuals' weakened net buying had its impact on the main bourse, which saw no trading of sovereign bonds.

The Total Return Index declined 0.28%, the All Share Index by 0.27% and the All Islamic Index by 0.38% in the main market.

The insurance, telecom, consumer goods, industrials, realty and transport counters witnessed higher than average selling pressure as the 20-stock Qatar Index fell 28 points or 0.28% to 10,157.56 points

The insurance sector index tanked 1.18%, telecom (0.93%), consumer goods and services (0.75%), industrials (0.73%), real estate (0.62%) and transport (0.51%); while banks and financial services gained 0.15%.

Major losers in the main bourse included Mekdam Holding, Qatari German Medical Devices, Vodafone Qatar, Al Faleh Educational Holding, Qatar Insurance, Industries Qatar, Aamal Company, Qatari Investors Group, Qamco, United Development Company and Ezdan. In the venture market, Techno Q saw its shares depreciate in value.

Nevertheless, Al Mahhar Holding, Estithmar Holding, Gulf Warehousing, Masraf Al Rayan and Meeza were among the gainers in the main market.

The domestic institutions' net buying decreased significantly to QR10.54mn compared to QR41.45mn on March 24.

The local individual investors' net buying weakened noticeably to QR2.4mn against QR20.31mn the previous day. The Gulf retail investors' net buying eased marginally to QR0.59mn compared to QR0.83mn on Monday.

However, the Gulf institutions were net buyers to the tune of QR4.81mn against net sellers of QR9.87mn on March 24.

The Arab individuals turned net buyers to the extent of QR3.12mn compared with net sellers of QR2.5mn the previous day.

The foreign individual investors' net buying strengthened marginally to QR2.43mn against QR2.03mn on Monday.

The foreign institutions' net profit booking weakened drastically to QR23.89mn compared to QR52.25mn on March 24.

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

The main market witnessed 5% jump in trade volumes to 126.69mn shares and 3% in value to QR313.42mn but on less than 1% shrinkage in deals to 14,749.

In the junior bourse, trade volumes plummeted 70% to 7,444 equities; value by 70% to QR0.02mn and transactions by 43% to four.

Fed official sees just one rate cut this year due to tariffs

Bloomberg
Atlanta

Federal Reserve Bank of Atlanta President Raphael Bostic said he now sees just one interest-rate cut as likely this year, rather than two, with tariff hikes impeding progress on disinflation.

"I moved to one mainly because I think we're going to see inflation be very bumpy and not move dramatically and in a clear way to the 2% target," Bostic said on Monday in an interview with Bloomberg Television in Atlanta. "Because that's being pushed back, I think the appropriate path for policy is also going to have to be pushed back."

Bostic now sees price growth returning to the Fed's 2% goal at some point in early 2027. That's in line with his colleagues' forecasts published at last week's policy meeting. Officials in September had estimated they'd reach their target in 2026.

The fresh projections also showed policymakers favoured a half percentage point of cuts this year, unchanged from December, according to the median forecast. However, more officials pencilled in just one cut or no cuts at all.

In a discussion with Bloomberg journalists after his television appearance, the Atlanta Fed chief emphasised that uncertainty caused by President Donald Trump's frequent policy changes are making economic forecasting more difficult.

Nonetheless, he now sees US gross domestic product expanding by 1.8% this year, down from 2.1% in December. He expects the unemployment rate to end the year at around 4.2% or 4.3%, which he said is "still quite strong by historical standards."

Bostic said the introduction of more tariffs added upside risk to inflation, and a decline in sentiment or a rise in layoffs would present downside risks to employment. Yet he also emphasised he's waiting until policy changes are implemented before further adjusting his forecasts.

Raphael Bostic, Federal Reserve Bank of Atlanta president.

"Given how rapidly policy changes from week to week and month to month, it'd be very difficult for me to, with any confidence, take on board things until we've actually seen them put in place and sticking," he said.

Chair Jerome Powell, speaking last week after the Fed left rates unchanged, reiterated that officials are in no hurry to adjust rates, saying the US economy is on solid footing despite sagging consumer sentiment.

Powell said he expects the inflationary impact of tariffs will be transitory, signalling officials can look through the price effects of tariffs and lower rates if the labour market weakens substantially — so long as long-term inflation expectations remain stable.

The Fed chair and other policymakers have downplayed a series of reports from the University of Michigan showing a rise in long-run inflation expectations, saying other measures of expected inflation have largely remained steady.

Powell's use of the word "transitory" surprised many Fed watchers as it revived a term central bank officials used through much of 2021 to describe the pandemic's impact on price pressures. In that instance, Powell and others were ultimately proved badly wrong.

Bostic was unwilling to embrace the term. "I'm not going to say that word," he said. "Nope."

While tariffs have historically had a one-time impact on prices, Bostic said the recent bout of high price growth could mean a more sustained impact this time.

"We've just gone through a period of elevated inflation, so it's very much on the consumer's mind," Bostic said. "I fear that they might be more sensitive to higher prices today than they have been in the past. But they might not, and we'll just have to see how it plays out."

Bostic also said he'd rather keep rates on hold, even if it means the Fed might have to move more forcefully at some point. In the current uncertain environment, that's better than risking a move in the wrong direction and later having to reverse course.

Also at last week's meeting, officials announced they would slow the pace at which they're letting Treasuries mature off the central bank's balance sheet. Bostic said he'd prefer to remain at the current pace until it's time to stop the wind down altogether.

He also said he'd "think about" selling the Fed's mortgage securities holdings outright, as long as it doesn't disrupt the mortgage market or money markets more broadly. Bostic also said the job of Fed policymakers would get more difficult if US courts clear the way for the president to fire Fed governors.

The Trump administration's dismissal of two Democratic commissioners for the Federal Trade Commission is being watched as the most direct challenge yet to a 1935 Supreme Court ruling that paved the way for the independent agencies that now populate the US government.

"It would make the job harder, because you'll just face even more intense pressures, at every time horizon, than we do now," Bostic said. "Not to say it's impossible. It's just harder."

ECB officials signal uncertainty on April interest rate decision

Bloomberg
Frankfurt

European Central Bank (ECB) officials are playing for time on what to do at their next meeting, with Governing Council members from Estonia, Slovakia and Croatia highlighting the uncertainty created by global trade tensions.

"The April meeting will be very interesting," Peter Kazimir said on Tuesday. "You know the market's expectations, but I have to say that I'm open to discussing either further interest-rate cuts or holding steady."

Speaking to reporters in Bratislava, he added that "I won't tell you today which option I prefer — we need to wait for the data. Everyone is eagerly anticipating the numbers for the first quarter, for March, especially on inflation and its composition.

What will matter most to us is services inflation."

His Estonian counterpart, Madis Muller, isn't convinced that the case for a cut in April has strengthened since March's decision. He said pauses in monetary easing can't be ruled out, with US tariff policy and European defence spending the main unknowns.

Given high uncertainty, "I really wouldn't rule out the possibility that perhaps it would be reasonable at least to stop for a moment and evaluate based on new data what the impact of all these factors could be before we make the next rate decisions."

Muller said borrowing costs are no longer restricting the economy or investment, suggesting they're at so-called neutral levels — an assessment Kazimir agreed with.

"The neutral rate isn't a single point but rather a range," the Slovak official said. "With the current rate level, we're already within the neutral-rate range."

That contrasts with the view of the ECB itself, which said this month simply that monetary policy "is becoming meaningfully less restrictive."

Croatia's Boris Vujcic described next month's meeting as "completely open."

"We'll wait for more data to come and then decide in April what to do," he told Bloomberg on the sidelines of a conference in Warsaw. "Now I see it as a completely open question."

Speaking in Vienna, Austria's Robert Holzmann reiterated the ECB's commitment to acting on a meeting-by-meeting basis, adding that since April's decision won't feature new economic projections, there'd need to be other strong developments to trigger a move.

After six quarter-point rate cuts since June, markets consider another such move a coin-toss, while policymakers have been mostly non-committal about what will happen at the April 17 decision.

That's partly because of US President Donald Trump's planned April 2 announcement on reciprocal tariffs and their still unpredictable global fallout.

"The world is changing incredibly fast, and in some areas, the next three weeks could feel like hell on earth," Kazimir said. "I'm talking about trade wars, other wars — the situation is complicated."

The policymakers spoke just over a week before Trump's planned "Liberation Day" on April 2. On that date, Washington is expected to unveil reciprocal tariffs that will hit other nations with levies equal to the barriers they impose on US goods.

"If you have tariffs and you'll retaliate against them, you push up inflation — it's a pretty mechanical effect," Goldman Sachs Chief European Economist Jari Stehn told Bloomberg TV.

"So when you look at weaker growth and only a one-time effect on inflation, we ultimately think it's not something the ECB should worry really about and that's why we think they will cut in April despite pretty non-committal messaging."

Eurozone bond yields rise as tariff optimism offers respite to assets

Reuters
London

Eurozone bond yields rose yesterday as traders piled into risky assets on signs of flexibility in the next round of US tariffs and stronger-than-expected US data, while improved business morale in Germany also helped. European bond markets took some cue from US markets overnight after US President Donald Trump indicated on Monday that not all of his threatened levies would be imposed on April 2 and that some countries may get a break.

Markets saw that as a sign of flexibility, leading to a rally in US stock markets on Monday and a selloff in US bonds. Yields move inversely to prices.

An unexpectedly strong reading for the US services sector in S&P's PMI index for March, which came in higher than the consensus and showed a clear expansion in the final month of the first quarter, has also helped sentiment for risky assets.

The German 10-year bond yield, the benchmark for the eurozone bloc, rose to a one-week high of 2.819%, up 4.6 basis points. "The flexibility comments from Trump, they're clearly... helping. I think the strong US data from yesterday is probably bleeding through into our session as well," said Peter Schaffrik, global macro strategist at RBC Capital Markets.

Meanwhile, German business sentiment rose, as expected, this month, a survey from the Ifo institute showed on Tuesday, as companies expect a recovery after two years of contraction in Europe's largest economy.

The data offered a measure of the business outlook after Germany passed a landmark bill to massively boost infrastructure and defence spending, a move seen as a positive for eurozone growth in the next few years.

Italy's 10-year yield was higher by 3.1 bps at 3.911%, and the gap between the Italian and German 10-year bonds stood at 109 bps.

The European Union has threatened to impose retaliatory measures from next month against goods from the US after the US put in place duties on steel and aluminium products from around the world earlier this month.