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Fed 'nowhere near' finished with inflation fight, says official

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QSE sees course correction as key index falls 167 points

Qatar ports witness steady annual growth in general cargo and RORO in July 2022

By Santhosh V Perumal
Business Reporter

The general cargo and RORO movement through Hamad, Doha and Al Ruwais ports saw modest growth on an annualised basis in July 2022; indicating the steady pace of the economy, according to the official statistics.

The general cargo handled through the three ports was 65,172 tonnes in July 2022, which showed a marginal 0.44% increase year-on-year but declined 35.74% month-on-month in the review period, said the figures released by Mwani Qatar.

Hamad Port – whose multi-use terminal is designed to serve the supply chains for the RORO, grains and livestock – handled 53,199 freight tonnes of breakbulk in July this year.

On a cumulative basis, the general cargo movement through the three ports totalled 919,201 tonnes in the first seven months of this year.

The three ports handled 7,179 vehicles (RORO) in July 2022, which registered a 30.08% and 10.34% growth on yearly and monthly basis respectively. They together handled as many as 45,242 vehicles during January-July 2022. Hamad Port alone handled 7,144 units in July this year.

The number of ships calling on Qatar's three ports stood at 241 in July 2022, which however was 19.13% and 12.04% lower year-on-year and month-on-month respectively. As many as 1,673 ships had called on three ports during the first six seven months of this year.

Hamad Port – whose strategic geographical location offers opportunities to create cargo movement towards the upper Gulf, supporting countries such as Kuwait and Iraq and south towards Oman – saw as many as 117 vessels call on the port in the review period.

The general cargo and RORO movement through Hamad, Doha and Al Ruwais ports saw modest growth on an annualised basis in July 2022; indicating the steady pace of the economy, according to the official statistics.

With only few months to go for FIFA World Cup, the mega sporting event; Doha Port is boosting efforts to transform the country into an attractive regional tourist destination serving global cruise ships as well as providing the facilities needed for the economic diversification being pursued by Qatar National Vision 2030.

"Qatar's maritime sector is expected to witness another year of strong growth in light of the efforts taken by the concerned authorities to boost goods traffic at the ports, with expectations of supply chains improving during the next few periods," Mwani Qatar had said in its latest annual report.

The container handling through three ports stood at 117,317 TEUs (twenty-foot equivalent units), which showed a 3.63% and 0.65% decrease on yearly and monthly basis respectively in July 2022. The container handling through the three ports stood at 816,235 TEUs during January-July this year.

Hamad Port, which is the largest eco-friendly project in the region and internationally recognised as one of the largest green ports in the world, saw 114,861 TEUs of containers handled this July.

The container terminals have been designed to address the increasing trade volume, enhancing ease of doing business as well as supporting the achievement of economic diversification, which is one of the most important goals of Qatar National Vision 2030.

The three ports had handled 14,627 livestock in July 2022, which showed 60.6% and 42.8% decrease year-on-year and month-on-month respectively. The ports had handled a total 113,895 heads during January-July this year.

The building materials traffic through the three ports amounted to 28,634 tonnes in July this year, which shrank 18.02% and 19.27% year-on-year and month-on-month respectively in the review period. A total of 289,383 tonnes of building materials had been handled by these ports in the first seven months of 2022.

QFC, Digital Poland Foundation sign pact to speed up new tech development

The Qatar Financial Centre (QFC) and Digital Poland Foundation (DPF) have signed a memorandum of understanding (MoU) to co-operate on supporting the digital sector in both the countries and speed up the development of new technologies. The MoU is the first agreement the QFC has made with a Polish organisation.

Within the parameters of the agreement, the two parties will collaborate to develop and execute initiatives, such as webinars, networking events, B2B meetings and other engagements, to stimulate activities in both countries' digital ecosystems.

The DPF and QFC also commit to sharing relevant business opportunities in their markets, exchanging industry information, facilitating introductions of relevant organisations, and cross promoting their respective activities and events on social media and digital platforms.

"After the success of the 3rd Qatar-Poland New Tech Forum on May 30, 2022, co-organised by the embassy of Poland and Qatar-Poland Business Council (QPBC), with QFC as strategic partner, the signing of the MoU is yet another sign of the outstanding potential for cooperation between entities from Poland and Qatar in the new technologies sector," said Janusz Janke, the Polish envoy to Qatar.

This partnership was established at a time where the bilateral relationship between Qatar and Poland has been growing from strength to strength and the two countries share similar visions to promote their capabilities in the technology space.

Poland is the largest economy in Central and Eastern Europe with strong capabilities in ICT and business services industries, while Qatar aims to transform the nation into an advanced society capable of sustainable development through the Qatar National Vision 2030, with digital transformation being one of the priorities.

The mutual interest to grow similar capabilities and industries enables new paths for businesses from Qatar and Poland. In 2020, QPBC was established at QFC to further these opportunities.

Three editions of Qatar-Poland New Tech Forum have also been organised by the Embassy of Poland in Doha in partnership with QPBC, which aims to promote the Polish technology and communications sector to Qatar.

"This partnership also reinforces our commitment to bolster Qatar's digital sector. With shared objectives for growth, I am confident that Digital Poland Foundation and QFC will have many successful initiatives ahead to upsurge learning, elevate skills, and advance innovation in both Poland and Qatar's digital sector," said Yousuf Mohamed al-Jaida, chief executive, QFC Authority.

This MoU advances the DPF and the QFC's similar ambitions of promoting their respective countries to global markets and building a resilient and inclusive digital economy. Through this MoU, both parties are moving forward with their objectives by opening opportunities for synergetic activities that enhance the bilateral relationship between Qatar and Poland in the digital sector.

"Thanks to the agreement with the QFC, we can convince more dynamic startups and global corporations to come to Poland and facilitate local leaders' expansion into other markets like Qatar. It is also an opportunity to exchange experience and knowledge about the Polish and Qatari ecosystems of the new technology sector," said Piotr Mieczkowski, managing director, DPF.

Yousuf Mohamed al-Jaida, chief executive, QFC Authority, Mieczkowski and Aleksandra Brzozowska of Digital Poland Foundation at the signing ceremony.

Dollar strength to ebb, but only slowly: Oxford Economics

By Pratap John
Business Editor

The dollar is probably close to a peak after its recent surge, Oxford Economics said, but noted several factors, including rate differentials and global liquidity conditions, are likely to remain dollar supportive for some time.

"We expect only a gradual unwinding of dollar positives in 2022-2023 leading to a modest retreat – and there are still some short-term upside risks," Oxford Economics said.

The dollar has surged in recent months, adding to a bull run that began in the early part of 2021. Since the start of last year, the real effective dollar exchange rate has risen by around 15%, and now stands at multi-year highs, it said.

Recent dollar gains have mostly resulted from a combination of favourable interest rate differentials, higher global financial stress causing 'safe haven' flows into US assets, and terms of trade shifts hitting competitor currencies.

Rate differentials are likely to remain supportive, but the researcher's baseline forecasts suggest that factors like relative growth and stock price performance will be medium-term drags.

The dollar looks overvalued on various measures, but the extent of this varies greatly, with its 'BEER-based estimates' suggesting only around 3% overvaluation.

Moreover, the dollar has in the past remained well above fair value measures for lengthy periods - so current valuations are not obviously a bar to the dollar posting further near-term gains.

"Our dollar strength indicator, which combines a range of key influences, was clearly positive in 2021 and foreshadowed recent dollar gains. But our forecasts suggest the indicator moving to a neutral position in 2022 and turning negative in 2023. This is in line with our baseline forecasts for the dollar to stay strong this year and soften next," Oxford Economics said.

It is often thought the dollar loses out in recessions, and the researcher's analysis shows a 2-5% decline in the trade-weighted dollar is common in the early part of recessions.

However, outcomes have varied considerably in different recessions with the dollar gaining in some cases.

Possible upside risks to the outlook include more resilient US growth relative to the G7, better stock market performance and a more pronounced rate hike cycle than it currently expects. Overall, risks around Oxford Economics' baseline dollar forecast look broadly balanced.

In Qatar, QCB adopted its exchange rate policy of hard pegging to the USD at an average price of QR3.64 per dollar. Following upward rate revision by the US central bank - Federal Reserve (Fed), QCB recently raised the QCB Deposit Rate (QCBDR) by 75 basis points to 3%, QCB Lending Rate (QCBLR) by 50 basis points to 3.75% and QCB Repurchase Rate (QCB Repo Rate) by 75 basis points to 3.25%.

Dolphin Energy reduces gas flaring by 25% in 2021

By Pratap John
Business Editor

Dolphin Energy reduced gas flaring by 25% last year (compared to 2020) due to "sealine depressurisation" by re-routing gas to the gas trains for processing and export instead of flaring it.

This was done during the last year's shutdown, Dolphin Energy said in its '2021 sustainability report'.

Detailed engineering for two other flaring reduction studies – covering re-routing of the export gas compressors' settle out pressure and interconnecting Stream 1 and Stream 2 off gas lines – is planned to be completed in 2023, Dolphin Energy said.

In terms of flaring and venting, Dolphin Energy said it is "committed to minimising" flaring and venting in its operations, wherever possible, while maintaining optimal safety and productivity.

Flaring is an essential safety feature that controls the combustion of excess gas necessary to protect equipment from damage due to overpressure. However, this process wastes valuable resources and contributes to climate change.

"Our approach to flaring involves investment in flare reduction technologies, reduction of purge gas, and implementing stringent maintenance procedures, particularly for pressure relief valves.

We have installed infrared cameras on the flare headers of both our offshore and onshore platforms that allow us to detect and monitor smaller pilot flames invisible to the naked eye. This approach has enabled us to reduce flaring volumes and quantities of purge gas used. Flame visibility has reduced by 50%," Dolphin Energy said.

The other notable Dolphin Energy environmental achievements include a 3% decrease in total Greenhouse Gas Emissions (GHG), a 25% decrease in flaring volumes, a 15% decrease in NOx emissions and a 32% decrease in SO2 emissions.

Furthermore, the company recorded a 21% decrease in water consumption while 28% of all waste was recycled. In 2021, Dolphin Energy spent $8.8mn on environmental expenditure while $2.2mn was spent on community investments.

The company surpassed 10tn cubic feet of gas produced and 485mn barrels of condensate production since first gas in 2007. In addition, the company's offshore operations registered 14 years without a Lost Time Incident (LTI).

Dolphin Energy's major strategic initiative, the Dolphin Gas Project, involves the production and processing of natural gas from Qatar's North Field, and transportation of the dry gas by sub-sea export pipeline from Qatar to the UAE, which began in July 2007.

The long-term customers for Dolphin Energy's gas are EWEC (Emirates Water & Electricity Company), DUSUP (Dubai Supply Authority) and OQ Exploration & Production LLC (OQEP). Each has signed a gas supply agreement with Dolphin Energy for 25 years.

QSE MARKET WATCH

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	17.98	-0.11	632
Widam Food Co	2.81	0.25	138,909
Vodafone Qatar	1.68	0.54	2,206,378
United Development Co	1.50	-3.11	4,074,754
Salam International InvestmeNT	0.93	4.36	45,329,826
Qatar & Oman Investment Co	0.79	5.59	4,480,842
Qatar Navigation	10.19	-2.02	1,626,437
Qatar National Cement Co	4.93	0.10	1,074,597
Qatar National Bank	20.80	0.00	2,872,530
Qlm Life & Medical Insurance	5.44	-0.18	54,224
Qatar Islamic Insurance GrouP	8.30	-2.34	127,000
Qatar Industrial Manufacturing	3.60	-3.88	73,371
Qatar International Islamic	11.90	-0.83	994,396
Qatari Investors Group	2.06	0.73	3,941,592
Qatar Islamic Bank	25.80	-2.64	1,935,125
Qatar Gas Transport (Nakilat)	4.15	-0.24	2,139,209
Qatar General Insurance & Reinsurance	1.84	0.00	-
Qatar German Co For Medical	1.70	9.97	18,196,999
Qatar Fuel Qsc	17.72	-1.39	1,315,240
Qatar First Bank	1.17	-0.59	728,549
Qatar Electricity & Water Co	18.99	-2.11	300,425
Qatar Exchange Index Etf	12.92	-1.72	50,617
Qatar Cinema & Film Distribution	3.65	0.00	-
Al Rayan Qatar Etf	2.87	-0.93	5,220
Qatar Insurance Co	2.30	-0.78	556,864
Qatar Aluminum Manufacturing	1.79	-0.56	39,314,349
Ooredoo Qpsc	9.30	-2.11	1,047,860
Alijarah Holding Company Qps	0.90	-1.10	7,176,884
Mazaya Real Estate Developme	0.87	-0.34	6,856,977
Mesaieed Petrochemical Holdi	2.83	0.07	2,993,277
Al Meera Consumer Goods Co	17.90	-0.44	56,551
Medicare Group	6.93	1.75	93,401
Mannai Corporation Qsc	9.11	-3.01	134,358
Masraf Al Rayan	4.57	-1.51	8,641,062
Al Khalij Commercial Bank	0.00	0.00	-
Industries Qatar	16.94	-2.08	1,926,135
Inma Holding Company	6.25	0.08	417,156
Investment Holding Group	2.21	2.27	46,227,948
Gulf Warehousing Company	4.30	-0.44	166,843
Gulf International Services	2.03	-1.02	12,421,642
Al Faleh Education Holding	1.36	0.22	22,500
Ezdan Holding Group	1.16	-1.11	27,097,675
Doha Insurance Co	2.18	0.46	200,100
Doha Bank Qpsc	2.51	-0.87	904,070
Dlala Holding	1.70	7.94	2,919,357
Commercial Bank Psqc	7.33	0.42	4,318,765
Barwa Real Estate Co	3.60	-2.33	4,398,817
Baladna	1.78	1.66	25,997,286
Al Khaleej Takaful Group	3.35	1.24	759,193
Aamal Co	1.16	-1.53	1,212,657
Al Ahli Bank	3.95	0.00	-

QSE sees correction as index falls 167 points

By Santhosh V Perumal
Business Reporter

An across the board selling – particularly in the realty, industrials and telecom sectors yesterday dragged the Qatar Stock Exchange and its key index fell 167 points and capitalisation eroded QR7bn.

The domestic funds were increasingly into net selling as the 20-stock Qatar Index shrank 1.24% to 13,302.33 points, although it touched an intraday high of 13,477 points.

More than 61% of the traded constituents were in the red in the market, whose year-to-date gains were at 14.42%.

The foreign institutions' weakened net buying had its influence in the bourse, whose capitalisation eroded 0.96% to QR735.87bn, mainly on the back of large and mid-cap segments.

The Islamic index was seen declining faster than the other indices in the market, where the industrials and consumer goods sectors together constituted about 70% of the total trading volume.

The Gulf individuals were increasingly into net selling in the bourse, which saw a total of 0.06mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.67mn changed hands across 37 deals.

The foreign individuals' net selling was seen increasing in the market, which saw no trading of sovereign bonds.

The domestic funds were increasingly into net selling as the 20-stock Qatar Index shrank 1.24% to 13,302.33 points yesterday, although it touched an intraday high of 13,477 points

The local retail investors nevertheless turned net buyers in the bourse, which saw no trading of treasury bills.

The Total Return Index fell 1.24% to 27,247.5 points, All Share Index by 1.04% to 4,215.36 points and Al Rayan Islamic Index (Price) by 1.54% to 2,902.4 points.

The real estate sector index tanked 2.36%, industrials (1.51%), telecom (1.45%), transport (0.98%), banks and financial services (0.83%), insurance (0.54%) and consumer goods and services (0.43%).

Major losers in the main market included Qatar Industrial Manufacturing, United Development Company, Mannai Corporation, Qatar Islamic Bank, Qatar Islamic Insurance, Masraf Al Rayan, Industries Qatar, Barwa, Qatar Electricity and Water, Ooredoo and Milaha. In the venture market, Mekdam Holding saw its shares depreciate in value.

Nevertheless, Qatari German Medical Devices, Dlala, Qatar Oman Investment, Salam International Investment, Estithmar Holding and Al Khaleej Takaful were among the gainers in the main market. In the juniour bourse, Al Faleh Educational Holding saw its shares appreciate in value.

The domestic institutions' net selling increased considerably to QR56.71mn compared to QR42.98mn on August 1.

The foreign individuals' net profit booking expanded noticeably to QR2.52mn against QR0.79mn on Monday.

The Gulf retail investors' net selling grew marginally to QR0.69mn compared to QR0.42mn the previous day. The foreign institutions' net buying decreased substantially to QR50.48mn against QR86.33mn on August 1.

However, the Gulf institutions' net buying grew notably to QR5.77mn compared to QR4.49mn on Monday. Local retail investors turned net buyers to the tune of QR2.33mn against net sellers of QR37.82mn the previous day.

The Arab individuals were net buyers to the extent of QR0.34mn compared with net sellers of QR8.9mn on August 1. The Arab funds had no major net exposure against net buyers to the extent of QR0.1mn on Monday.

Total trade volume in the main market shrank 26% to 287.45mn shares, value by 28% to QR718.99mn and transactions by 20% to 19,626. In the venture market, trade volumes stood at 0.55mn stocks, value at QR3.93mn and transactions at 229.

BP profit triples to $9.3bn on soaring energy prices

AFP
London

British oil giant BP rebounded to second-quarter profit on soaring energy prices, it said yesterday, after a big loss linked to its Russia exit following Moscow's invasion of Ukraine.

Net profit hit $9.3bn in the three months to June – a threefold increase from the same period last year, the company said in a results statement.

And it contrasted sharply with a $20.4bn loss after tax in the first quarter, when it took a vast write-down after its decision to leave Russia.

BP is the latest energy major to post bumper second-quarter earnings as oil and gas prices have surged in the wake of key producer Russia's invasion of Ukraine. Prices also spiked after countries lifted Covid pandemic lockdowns, spurring global energy demand.

British rival Shell revealed last week a fivefold surge in net profit to $18bn while France's TotalEnergies raked in nearly $6bn.

US majors ExxonMobil and Chevron last week logged record profits for the same period.

Turning to the third-quarter outlook, BP forecast yesterday that oil prices will "remain elevated … due to ongoing disruption to Russian supply, reduced levels of spare capacity and with inventory levels significantly below the five-year average".

It warned gas prices will also remain "elevated and volatile" as Russia also squeezes European supplies in retaliation for Western sanctions over the assault on Ukraine. The gas outlook was "heavily dependent on Russian pipeline flows or other supply disruptions", BP added.

The group's share price jumped about four percent in London trade, as investors welcomed news of a dividend hike and a $3.5bn stock buyback.

Revenues were catapulted 86% to almost $68bn from a year earlier. At the same time, BP posted a net loss of $11.1bn for the first half of 2022.

That was sparked by a colossal first-quarter charge of $24.4bn, linked to a decision to exit its 19.75% stake in Russian energy group Rosneft as well as its other activities in the country.

That wiped out the overall benefit of high energy prices in the first half.

Gas prices, which skyrocketed in March after Russia launched its invasion of neighbouring Ukraine, surged last week after Moscow curbed crucial deliveries to Europe. The market remains at its highest level since March after state-run Gazprom suspended gas deliveries to Latvia on Saturday.

Back in Britain, the government in May proposed a temporary windfall tax on BP and its UK rivals including Shell to help ease a cost-of-living crisis.

Oil trading giant Vitol posts record profit of $4.2bn

Bloomberg
Geneva

Vitol Group, the world's largest independent oil trading company, posted a record profit of $4.2bn last year as it benefited from soaring energy prices.

Those earnings allowed it to hand a record $3bn to its executives and senior staff through share buybacks during the course of the year, according to the company's audited annual accounts, seen by Bloomberg News.

Big energy traders like Vitol are enjoying the most profitable period in history, as skyrocketing prices and disruptions caused by Russia's invasion of Ukraine provide a panoply of opportunities to make money. Rivals including Trafigura Group and Glencore Plc have also reported record trading profits.

Vitol said in a management report appended to the accounts that on the basis of its first-quarter results, "we expect to achieve a reasonable result in 2022."

The share buyback of $3bn is Vitol's main way of rewarding the roughly 450 senior staff who own the company. It usually moves in line with the previous year's profits, suggesting that this year's buyback could be even higher.

However, the war in Ukraine has been a double-edged sword for traders like Vitol that have historically been leading shippers of Russian oil. While they have benefited from being able to buy Russian oil at a big discount, western sanctions against Russia have cast a shadow over their long-term investments in the country.

Vitol, which last year bought a 5% stake in Vostok Oil, the flagship project of Russia's state oil champion Rosneft PJSC, said in the management report that it "is divesting" its holding in Vostok. The overall financial effect of the conflict "cannot currently be estimated with certainty," the company said.

The trading house invested $886mn for its 75% share in the joint venture that owns the Vostok stake, according to the accounts. The remaining 25% is owned by Mercantile and Maritime Energy Pte.

The joint venture which bought its stake in Vostok in October, recorded a $506mn loss on revenues of $2.3bn in the year ending in December. The loss was the result of an impairment, according to a person familiar with the matter.

Vitol, like its rivals, has needed to greatly expand its borrowing to finance the cargoes of oil and gas it ships around the world as prices rise. Its total loans and borrowings rose to $16.2bn at the end of last year, from $5.3bn a year earlier.

The company lifted shareholder equity to $13.4bn from $12.2bn a year earlier.

Fed 'nowhere near' finished with inflation fight, says official

Bloomberg
New York

The Federal Reserve is "nowhere near" being almost done in fighting the hottest inflation in four decades, and officials are fully committed to achieving price stability, San Francisco Fed President Mary Daly said.

"We have made a good start, and I feel really pleased with where we've gotten to by this point," but inflation is "far too high," Daly said in an interview on LinkedIn yesterday.

"We are still resolute and completely united on achieving price stability, which doesn't mean 9.1% inflation – it means something closer to 2% inflation, so a long way to go."

Fed officials raised interest rates by 75 basis points last week for the second straight month, the most aggressive back-to-back increase in more than a generation to tame inflation.

Chair Jerome Powell told reporters after the July 27 decision that officials could do the same again at their next meeting in September – depending on readings from the economy between now and then – though they would slow at some point in the future. The Fed next meets Sept 20-21.


Mary Daly, San Francisco Fed president.

Daly, who is not a voter on this year's policy-setting committee, said that the Fed has to make good on commitments to continue to raise interest rates.

"It really would be premature to unwind all of that and say the job is done," she said. "I also think that we've been with this high inflation for a while, and really getting too confident that we've already solved the problem," Daly said, adding that the Fed needs to "keep committed until we actually see it in the data."

Data since the Fed decision last week showed US gross domestic product contracting for the second consecutive quarter from April to June, meeting the threshold that some economists use as a rule of thumb to judge a recession.

Last week, Powell pushed back on suggestions that the US is already in a recession.

The National Bureau of Economic Research's business-cycle dating committee – the official arbiter of US recessions – does not accept this view. Instead, the group of eight elite academic economists looks at half a dozen monthly economic reports to see a "significant decline in economic activity that is spread across the economy and that lasts more than a few months."