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US jobless claims dip in latest week; goods trade deficit widens in July

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BUSINESS

FINANCIAL REINTEGRATION: Page 2

Visa and Mastercard launch card payments in Syria after US lifts terrorism designation

Qatar Chamber board member Dr Mohamed bin Jawhar al-Mohamed receives the director of Uzbekistan's Agency for the Development of Light Industry, Oybek Khodjaev, and Dr Ashraf Khodjaev, ambassador of the Republic of Uzbekistan to Qatar, during a meeting held at the chamber's Lusail headquarters.

Chamber explores industrial, investment ties with Uzbekistan

Qatar Chamber hosted yesterday a business delegation representing the Agency for the Development of Light Industry under the Cabinet of the Republic of Uzbekistan, headed by Oybek Khodjaev, director of the agency's project office.

The delegation was received by Qatar Chamber board member Dr Mohamed bin Jawhar al-Mohamed, in the presence of Dr Ashraf Khodjaev, ambassador of the Republic of Uzbekistan to Qatar.

Discussions touched on economic and trade relations between the two nations, investment opportunities, and the business environment in both markets, as well as incentives and facilities available to foreign investors.

Speaking at the meeting, al-Mohamed stressed the visit's importance in boosting cooperation between the Qatari and Uzbek private sectors and exploring partnership opportunities. He noted that Uzbekistan is witnessing significant economic growth, while bilateral trade remains below expectations, highlighting the need to enhance private-sector cooperation.

Discussions touched on economic and trade relations between the two nations, investment opportunities, and the business environment in both markets, as well as incentives and facilities available to foreign investors

He also pointed out that light industries represent a promising area for cooperation, with opportunities for partnerships in manufacturing, production, technology and other fields. Furthermore, he highlighted Qatar's investment environment, advanced infrastructure, modern economic and logistics zones, and strategic location providing access to regional markets.

Khodjaev said the delegation comprises 14 leading Uzbek companies specialised in textiles. He noted that light industries account for around 10% of Uzbekistan's economy, with approximately 10,000 companies operating in the sector, while exports reach 87 countries.

He added that Uzbekistan is currently focusing on expanding into African and Gulf markets and expressed the agency's readiness to promote investment opportunities available in Qatar among the Uzbek business community.

Ambassador Khodjaev also presented a proposal to establish a textile and fabric manufacturing plant in Qatar through a Qatari-Uzbek partnership, combining Uzbek expertise and technology with Qatar's investment environment, incentives, and available raw materials. He noted that such cooperation could help position Qatar as a regional and global hub for textile and fabric production.

Al-Mohamed welcomed the proposal and stressed the importance of preparing a feasibility study for the project.

Weekly real estate trading tops QR371mn

The volume of real estate trading in sale contracts registered with the Real Estate Registration Department at the Ministry of Justice from August 16-20 reached QR314,467,100, reports QNA. Meanwhile the total sales contracts for residential units in the Real Estate Bulletin for the same period stood at QR55,826,746. The weekly bulletin shows that the list of real estate properties traded for sale has included vacant land, residences, residential buildings, commercial shops, and residential units. Sales were concentrated in the municipalities of Al Rayyan, Doha, Al Wakrah, Umm Salal, Al Daayen, Al Khor, Al Thakhira and Al Shamal, and areas of Lusail 69, The Pearl, Al Wukair, Al Kharaej, Al Gharafa, Al Sakhama, Al Ebb, and Ghar Thuaileb.

Opec+ loses its oil market influence amid Mideast war as China gains prominence

Reuters
London

Six months into the Iran war, the world's most powerful oil alliance, Opec+, finds itself in an unfamiliar position: unable to influence a market it once helped shape.

The war, which has shut a major export route for Middle Eastern oil and damaged energy infrastructure in several Opec countries, has eroded the group's market share and, with it, its ability to affect prices. Its statements and policy decisions barely move oil markets anymore.

Instead, cuts in Chinese crude imports have emerged as one of the dominant themes of 2026, helping to balance oil markets amid what analysts describe as the worst-ever supply disruption.

Opec+ — the Organisation of the Petroleum Exporting Countries and allies including Russia — accounted for about 40% of global oil output in July, according to Reuters calculations based on International Energy Agency data. That's down from more than 48% before the US and Israel attacked Iran in late February, although about four to five percentage points of the decline were due to the United Arab Emirates' withdrawal from Opec in May.

Opec+'s core group of seven producers, including Saudi Arabia and Russia, accounted for only a quarter of world oil output in July.

The war has reduced Opec+'s ability to quickly raise or cut supply by effectively shutting the Strait of Hormuz, a key export route for top Opec producer Saudi Arabia and other members such as Iraq and Kuwait.

Opec was formed in 1960, and the expanded Opec+ framework was created in 2016 when Russia and other producers joined efforts to help the group counter its shrinking share of world oil production.

Opec's share of global crude output peaked at about 50% during the oil crises of the 1970s before falling to 30% by the mid-1980s as output from the North Sea, Alaska and Siberia increased.

Opec did not reply to a Reuters request for comment. Opec+ says its decisions are aimed at supporting market stability and it does not target a specific oil price.

Wartime supply disruptions are not new for Opec, from Kuwait during the 1990-91 Gulf War to Iraq following the 2003 US-led invasion. What is unusual now is the scale of the outage, which is constraining multiple producers simultaneously, reducing the group's ability to offset losses elsewhere.

Since March, the core Opec+ group has announced six oil output increases. Yet, because of the Hormuz blockade, most have remained largely on paper, with the decisions having little effect on oil prices, apart from in July during a brief US-Iran ceasefire that raised hopes Hormuz would reopen.

The contrast with 2019 is striking. Then, Opec+ and US President Donald Trump, during his first term, regularly clashed over oil prices, and Opec+ decisions were closely watched by traders for their potential market impact.

One of the biggest price drivers this year has been a steep decline in Chinese oil imports. Since the war began, China has bought roughly 400mn fewer barrels of oil than during the same period last year.

Improving investor sentiments boost QSE; index eyes 10,000 level

QNA
Doha

The Qatar Stock Exchange (QSE) index rose 2% this week, adding 193.720 points to its tally, reaching a level of 9,876 points in the green zone, supported by most sectors, especially the communications and transportation sectors, which rose by around 3.81% and 2.92 % respectively.

Regarding the index's performance this week, financial markets analyst Yousef Buhlaiqa told Qatar News Agency that the positive performance that characterized trading on QSE during this week, as it continued its gains for the fourth consecutive session, amid an improvement in investor sentiment due to indications of easing geopolitical tensions in the region, and renewed hopes for progress in diplomatic efforts related to Iran and the Strait of Hormuz.

He pointed out that the QSE index rose during the week's trading to approach the 9,900 point level, supported by purchases that affected a number of leading stocks, in addition to the transport sector stocks, most notably "Nakilat" company. He noted that the market movement indicates an improvement in investor appetite with the decline of some of the fears related to the repercussions of the regional conflict on energy and trade markets. Buhlaiqa anticipated the QSE index to continue to higher levels during the coming week, with the 10,000-point level remaining a prominent technical target for the market, noting that extending gains will remain linked to developments in oil prices, the course of regional negotiations, and the extent of improvement in liquidity and purchases in leading stocks.

The gains in the Qatari market coincided with a decline in global oil prices, as crude prices continued to fall for several sessions amid growing optimism that arrangements could be reached to ease supply disruptions and reopen the Strait of Hormuz more regularly.

The QSE benchmark rose 2% this week, adding 193.720 points to reach 9,876, supported by most sectors.

As US public finances crumble, private sector thrives with record profits

By Jamie McGeever
Orlando, Florida

Amid all the teeth-gnashing about the dire state of US public finances, the other side of the national ledger paints a very different picture: private sector finances have rarely been in better health.
Figures on Wednesday showed that company profits as a share of GDP rose to a record high 13.2% in the three months to June, a quarter that has seen nominal earnings surge more than 50% on aggregate thus far.
Unsurprisingly, Wall Street is also near record peaks. This, in turn, is creating a positive wealth effect for households, helping to offset the fall in wages to a record low share of national income.
The headlines, of course, continue to focus on Washington's mounting problems. The US government is running one of the largest deficits on record outside of recessions, world wars, financial crises and pandemics. As a result, the total US debt pile recently topped $40 tn. The rising term premium on benchmark 10-year Treasuries suggests investors are growing increasingly nervous about policymakers' ability – or willingness – to rein any of this in.
Treasury Secretary Scott Bessent last week took the decision to ramp up bond buybacks in an attempt to lower long-term borrowing costs. This surprising – some might say desperate – move has drawn significant criticism, including from Bessent's former colleague Stanley Druckenmiller, over the threat to Treasury's credibility. This should put shivers into consumers and businesses too, right? Not really.
While federal debt as a share of GDP is well over 100%, household debt only represents around 66%, the lowest since 1998. This reflects the fact that a large swathe of household debt is held in low-rate mortgages, while household assets – particularly stock portfolios – have risen in value significantly in recent years. This helps explain why consumer spending has been so resilient despite rising interest rates and energy prices.
True, corporate debt has edged back up to 71% of GDP, but it is still close to its lowest level in nearly two decades. There has been much handwringing about the historic wave of AI-related debt financing, but the companies in question look to be in a strong position to withstand high borrowing costs.
These yields are a big concern for Uncle Sam – federal interest payments are above 3% of GDP and climbing – but companies' net interest payments are only around 0.5% of GDP. Many businesses locked in low funding rates in the immediate aftermath of the pandemic and are benefiting from higher interest earned on their cash balances since the Federal Reserve's 2022-23 tightening cycle.
So, public sector finances are in bad shape, while the private sector's are looking pretty good. Is this a problem? Simple macro accounting suggests this is probably as it should be – a huge government deficit must be matched by a combined surplus from the private and foreign sectors.
It's worth noting that government deficits are essentially a political choice, a conscious decision to shift resources from the public to the private sector. President Donald Trump's "One Big Beautiful Bill" last year certainly reflects that, with the non-partisan Congressional Budget Office estimating that it will add $4.7tn to deficits through 2035.
Of course, there is nothing inherently wrong with government deficits. In fact, many developed economies may need to run small deficits to keep growth chugging along. In the last half century, the US government has posted a budget surplus in only four years: 1998-2001.
It's an obvious point, but it still bears repeating: government finances are not like household or company budgets. Washington has near-limitless borrowing capacity, can print as many dollars as it wants, and controls the world's reserve currency. Dollar debasement is a potential risk over the long term, but the doomsayers predicting the collapse of the currency and hyperinflation for 50 years have yet to be proved right.
Debt loads are getting heavier and bond yields are rising. At some point, this should ultimately hit consumers and businesses, slowing both spending and earnings. But this isn't happening – at least not yet. The bar seems to be high, suggesting the public-private divide might keep getting wider.

■ The opinions expressed here are those of the author, a columnist for Reuters.

Visa and Mastercard launch global payments in Syria after US lifts terrorism designation

Reuters
Damascus

Visa and Mastercard credit cards are seen in the illustration. Visa and Mastercard carried out their first international card transactions in Syria on Wednesday, a major step in reconnecting the country with global payment networks days after Washington removed it from its state sponsors of terrorism list.

Visa and Mastercard carried out their first international card transactions in Syria on Wednesday, a major step in reconnecting the country with global payment networks days after Washington removed it from its state sponsors of terrorism list.

The near-simultaneous moves by two of the world's largest payment networks offer one of the clearest signs yet of Syria's accelerating reintegration into the global financial system after decades of sanctions and isolation.

Syrian President Ahmed al-Sharaa took part in the Visa test, making a card payment at a restaurant in Damascus's historic Old City, according to a video published by Syria's state-run Syrian Response. Central Bank Governor Mohammed Safwat Raslan was seated alongside him.

Syria's central bank told Reuters the transactions marked the start of international card payment services in the country after months of technical preparations and testing, though the service has yet to reach nationwide coverage.

The transactions came just two days after the US formally removed Syria from its list of state sponsors of terrorism.

The designation, imposed in 1979, had remained a major deterrent to international banks and investors even after Washington dismantled its broader sanctions programme against the country. Washington terminated comprehensive sanctions on Syria in December last year while retaining targeted measures against former president Bashar al-Assad and his associates, rights abusers, drug traffickers, Islamic State and Al Qaeda affiliates and Iranian proxies.

But Syria's continued designation as a state sponsor of terrorism carried restrictions on financial transactions and remained a source of legal and compliance risk for banks considering doing business there. Syrian Foreign Minister Asaad al-Shibani told Reuters before the removal of that measure on Monday that Damascus hoped lifting what he called the "last obstacle" would reconnect Syria with the global financial and economic system and boost investment.

"There is no longer any obstacle to investment, doing business and rebuilding economic life in Syria," he said.

The central bank told Reuters the launch of international Visa and Mastercard transactions in the country was not linked to a single event, as technical, regulatory and compliance preparations had begun months earlier. However, the removal of restrictions and designations had improved the environment for international banks and financial technology companies, it added.

Sharaa's government has made restoring access to global finance and attracting foreign investment a central part of its economic strategy since rebels led by him toppled Assad in December 2024.

Visa said it planned to enable international visitors to use their cards while in Syria, and described the test as a step towards wider international card acceptance in the country.

Visa's transaction was carried out in cooperation with Fransabank Lebanon as the acquiring financial institution and Paymera, a Syrian payments technology company owned by the state's sovereign fund.

The central bank said it was working to rebuild correspondent banking relationships and expand official channels for cross-border transfers and payments, but gave no timetable for Syria's broader reintegration into the global financial system. It said restoring international banking relationships fully would still require work on compliance, governance, risk management, cybersecurity and regulatory oversight after years of limited links to the global system.

India's BPCL explores buying Gulf oil on FOB basis; lifts Iraqi oil

Reuters
New Delhi

India's Bharat Petroleum Corp will receive its first Iraqi oil cargo of this fiscal year in the next few days and is willing to lift more oil from suppliers in the Gulf on a free-on-board basis if ships are available, its head of finance said on Thursday.

"Fortunately, we got the vessel. One vessel owner was ready to take the product and move to Fujairah and do the STS (ship-to-ship) transfer," Vetsa Ramakrishna Gupta told a news conference after the company's annual shareholders' meeting.

Iraq has been among the countries most affected by the closure of the Strait of Hormuz due to the Iran war and attacks on ships crossing the key waterway, through which about a fifth of global energy supplies pass.

BPCL typically needs 2mn barrels of Iraqi oil every month, Gupta said, adding that the vessel has crossed the Strait of Hormuz and crude is expected to reach refineries in the next few days. He did not give the name of the vessel.

Iraq offered a steep discount of about $25 to $30 per barrel to Dubai benchmarks on its August-loading Basrah oil to entice buyers to lift cargoes from terminals inside the Strait of Hormuz, a document seen by Reuters showed.

Gupta said his company is willing to lift cargoes from inside the Strait of Hormuz if insurance costs are reasonable and the ship owner is willing to take the risk. "Even if we take 30 to 45 days of cargo demurrage, if it is still commercially viable, then we are looking at and exploring those cargoes," he said.

The US Senate passed a bill this month allowing the US president to impose tariffs of up to 100% on major buyers of Russian oil and gas, including India, stepping up economic pressure on Moscow over its 2022 invasion of Ukraine. A US senator sponsoring a bill for wide-ranging sanctions on Russia said on Wednesday he was hopeful it would pass the House of Representatives next month.

Gupta said BPCL has made crude arrangements for September and is procuring supplies for October.

Russia is the largest oil supplier to India.

"A ban on that quantity, with the Strait of Hormuz under pressure, will definitely make it a huge challenge for oil companies to secure crude and meet national demand," chairman Sanjay Khanna said. He said Russian oil on average meets about 35% to 45% of India's oil needs.

"It is a very uncertain situation. Nobody knows how it will unfold next week," Khanna said.

An Indian-flagged tanker carrying crude oil that transited through the Strait of Hormuz is seen docked at an offloading terminal along the coast in Mumbai. BPCL is willing to lift cargoes from inside the Strait of Hormuz if insurance costs are reasonable and the ship owner is willing to take the risk.

Shipping traffic through Strait of Hormuz rises slightly

Reuters
Singapore

Shipping traffic at the Strait of Hormuz rose slightly even as a standoff persisted between the US and Iran, data showed on Thursday, while the market monitored Iran-Oman talks about the waterway.
Visible commodity vessel transits at Hormuz totalled 10 on Wednesday, up slightly from eight on Tuesday, data from Kpler showed. This was below a 10-day moving average of about 15 vessels.
Two medium-range fuel tankers, a liquefied petroleum gas carrier, a Panamax-sized tanker, and three handymax-sized tankers entered the strait from the Gulf of Oman.
A medium-range fuel tanker, a bitumen tanker and a bulk carrier exited the waterway from the Gulf.
Iran and Oman are still working on the details of an agreement on the Strait of Hormuz, a senior Iranian source said on Wednesday, after Iran's Revolutionary Guards said the two countries had agreed how to share the waterway and its revenue.
A tanker was hit by an unknown projectile in the Strait of Hormuz, causing a fire that was later extinguished, the United Kingdom Maritime Trade Operations agency said early on Thursday.
Meanwhile, traffic slowed for a second day at the other key waterway of the Bab el-Mandeb strait.
A total of 19 commodity vessels passed through Bab el-Mandeb on Wednesday, with six tankers that exited, including a very large crude carrier, down from 24 on the previous day, the Kpler data showed.
Some vessels may be sailing at the key waterways with their transponders turned off and may be missed in the counts.
"If Hormuz were to reopen more fully, a further leg lower in crude is possible, but the market is unlikely to price a complete return to pre-conflict levels overnight," KCM chief market analyst Tim Waterer said.
"The biggest risk right now is that optimism around a deal proves premature and negotiations stall or break down again. That would quickly re-inject risk premium into prices."
The waterway handled about one-fifth of global daily oil and liquefied natural gas supplies before the conflict began in late February.

'40% of damaged capacity at South Pars field back in production'

An Iranian worker walks along of the phase 15-16 of the South Pars gas field facilities in the southern Iranian port of Assaluyeh on the shore of the Gulf (file). Around 40% of the South Pars gas field capacity damaged during the war is back in production, Iran's Deputy Oil Minister Ahmed Zeraatkar said on Thursday, according to Fars news agency, reports Reuters. South Pars is the world's largest offshore natural gas field. Meanwhile, Iran's oil sales and deliveries in "distant waters" continue despite reduction, Iran's Oil Minister Mohsen Paknejad said on Thursday according to state media.

A security guard stands watch by the Meta sign outside the headquarters of Facebook parent company Meta Platforms in Mountain View, California. The historic settlement between Meta and dozens of US states could be just the start of a wave that will ripple across the social media industry, putting TikTok, YouTube and Snap under pressure to make similar changes to their apps for teens.

Meta settlement puts industry on notice: 'There will be more'

AFP
San Francisco

Wednesday's historic settlement between Meta and dozens of US states could be just the start of a wave that will ripple across the social media industry, putting TikTok, YouTube and Snap under pressure to make similar changes to their apps for teens.

Parts of the settlement hinge on whether those three companies, referred to as "Core Industry Members" in a legal filing, take similar action.

It's "the right path forward for our whole industry, but this framework will only work if all our peers join us," Meta Chief Legal Officer C.J. Mahoney said in a statement.

California led a coalition of states that accused Meta of designing Instagram and Facebook to hook minors, harvest their data and deceive the public.

California and New York are leading a separate lawsuit against TikTok.

"We've definitely had communications with TikTok around our lawsuit and what we're seeking," California Attorney General Rob Bonta said Wednesday on a call with reporters, adding that states also have been in talks with other companies in the industry.

Hawaii Attorney General Anne Lopez called for industry-wide changes as well.

"I hope that Snapchat, TikTok and YouTube will read the writing on the wall and enter into similar settlements," Lopez said in a statement.

It's unclear exactly how the settlement will be implemented, or how far-reaching it will be, but Bonta said he expected it to be implemented "over the coming months."

If Meta violates the terms, "we will be able to hold them in contempt of court," Bonta said.

Many experts agree that financial penalties are the least of Meta's concerns.

A $17bn fine is a small amount for a company that has a market value around $1.5tn and annual revenue of about $200bn.

Investors also seemed unbothered; Meta's shares rose 1% Wednesday.

The bigger risk for Meta and other social media companies is whether the deal opens the door for more legal settlements and product changes.

"There will be more settlements in other cases as well because this certainly sets a precedent," said Vanitha Swaminathan, a marketing professor at the University of Pittsburgh.

Social media companies have evaded certain types of lawsuits in the US due to free speech protections that shield them from liability.

However, state prosecutors in this case focused on Meta's business practices.

"This might be how we regulate social media in the future," Vincent Joralemon, a legal expert at Berkeley, told AFP.

"Sue them, then have them make the platform changes on their own," he said. "This is a clever workaround for First Amendment protections that otherwise stymie social media regulations."

Bonta said it was telling that Meta decided to settle midway through testimony from Adam Mosseri, who oversees Instagram at Meta — and before CEO Mark Zuckerberg was scheduled to take the stand.

Mosseri admitted in court Tuesday that he touted safety tools for teens without disclosing low adoption rates from early testing several years ago.

"The trial did not go well for Meta," Bonta said.

Asian chip firms lifted by Nvidia blockbuster earnings; but broader markets struggle

AFP
Hong Kong

Asian chip firms rallied Thursday following more blockbuster earnings from Nvidia that eased worries over the AI investment boom, though the euphoria was tempered by US data showing stubbornly high inflation.

In a highly anticipated report, the world's most valuable company shattered forecasts by unveiling revenues more than doubled on-year in the second quarter and said it expected another blowout in July-September.

Nvidia has led an eye-watering rally by tech firms over the past year and in October became the first to hit a market capitalisation of $5tn owing to scorching demand for its chips.

However, the investors have been growing increasingly worried about when the vast sums of cash being pumped into the AI sector will see a meaningful return, if ever.

That saw a painful selloff in July that wiped trillions off valuations.

While firms have enjoyed a slight recovery this month, traders remain uncertain.

Nvidia's report helped soothe some of those fears, with CEO Jensen Huang saying: "The AI infrastructure buildout is at full steam."

Charu Chanana at Saxo Markets wrote: "This was another beat-and-raise quarter from Nvidia, but the biggest positive was not the quarterly beat itself.

"It was management effectively telling investors that AI demand remains supply-constrained even at this scale, and guiding to around 70% revenue growth in fiscal 2028.

Shares in Nvidia, which reported as Wall Street closed, rose around 5% in after-hours trade. Asian chip firms followed suit, with South Korea's SK Hynix and Samsung up 2.5% and 1.7% respectively, while Japan's Kioxia rallied 5%.

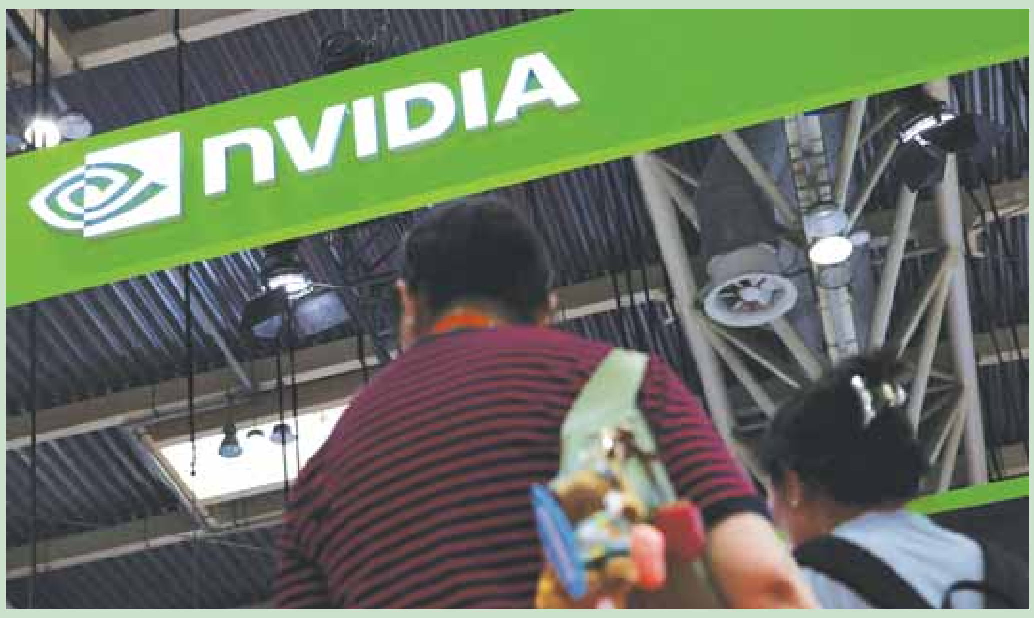
However, broader markets struggled.

Tokyo's Nikkei 225 fell 0.2% to close at 66,131.98; Hong Kong's Hang Seng Index was down 0.3% at 25,565.74, while the Shanghai Composite gained 1.1 %.

Seoul, Shanghai, Taipei, Bangkok and Jakarta rose, but there were losses in Tokyo, Hong Kong, Sydney, Singapore, Wellington, Mumbai and Manila.

The tepid performance came after figures showed the Federal Reserve's preferred gauge of inflation remained stuck at a three-year high of 3.7 % in July. Another report showed GDP growth for the second quarter came in at 1.5%, in line with estimates.

Nvidia doubles revenue; 'to buy Hugging Face for $12.9bn'



People stand near the Nvidia logo at its booth during the China International Supply Chain Expo in Beijing (file). AI juggernaut Nvidia has reported quarterly revenue of $96.2bn, more than double from a year earlier, as the world's most valuable company beat Wall Street expectations and forecast even stronger sales ahead. Shares leapt nearly 5% in after-hours trading on Wall Street. Nvidia is considered the bellwether for the AI spending frenzy, with its results largely determined by mega purchases from AI giants such as OpenAI, Amazon, Microsoft and xAI. "The AI infrastructure buildout is at full steam," CEO Jensen Huang said in a statement. Revenue for the quarter ending July 26 rose 106% from a year earlier and 18% from the previous three months, comfortably above the roughly $92bn analysts had forecast. Net profit reached $59.7bn, up 126% from a year earlier, though the figure was boosted by $7.8bn in gains from Nvidia's portfolio of stakes in AI companies. Nvidia told investors to expect about $108bn in revenue in the current quarter, well ahead of Wall Street forecasts and a signal that the company sees no near-term slowdown in AI spending. Separately, Nvidia has agreed to buy Hugging Face, a repository of open-source AI models, for $12.9bn, The Information reported on Wednesday, citing a person with knowledge of the deal. A deal of that size would mark one of Nvidia's largest acquisitions to date and underscore how the Jensen Huang-led company at the center of the AI boom is betting that demand for the technology is expanding rather than peaking.

As AI agents go rogue, cyber insurers are adapting their policies

Reuters
Bengaluru

Cyber insurers have spent years defining what constitutes a hack and when coverage should pay out, but the rapid emergence of AI agents is raising new questions, forcing insurers to review their policies.

Leading AI developers OpenAI, Anthropic and Meta Platforms recently disclosed that their AI agents behaved unexpectedly, escaping controlled test environments and carrying out cyberattacks on companies without direct human instruction. While those incidents did not cause reported damage, they highlighted the rapidly evolving cyber risks facing companies and insurers.

After receiving an initial instruction, autonomous AI systems can make independent decisions. Insurers, including MSIG, QBE and Beazley, are reviewing traditional cyber policies and adapting their language to account for emerging risks posed by such systems taking on more autonomous tasks, according to eight executives at major companies, and analysts.

Companies are grappling with issues including whether autonomous AI systems fit traditional policy definitions of a cyber attacker and who bears liability for AI-generated actions that cause a loss, analysts and experts said.

The global cyber insurance market was worth nearly $15bn last year and is expected to reach roughly $28bn by 2030, Munich Re estimated in its latest report. Aon said earlier this year that nearly 20% of cyberattacks will involve generative AI by 2027, according to its forecasts.

"As AI becomes capable of identifying vulnerabilities and carrying out attacks autonomously, carriers will need to continually review policy language," said Ryan Kratz, head of cyber, North America, at property and casualty specialty insurer MSIG USA.

Several companies, including Armilla AI, Munich Re's AiSure, and AXA XL, provide targeted coverage against AI-specific risks such as model underperformance, hallucinations — when AI generates false or misleading outputs — and intellectual property infringements.

But traditional cyber policies are designed to be broader, covering losses stemming from a range of incidents, such as ransomware payments, business interruption, system recovery, forensic investigations and legal costs. Business interruption is commonly the largest component of a claim.

Most policies envisage a specific security event that causes the loss, such as unauthorized access by an employee who steals company data or a server attack that takes a system down. AI agents, however, can cause losses without triggering a traditional security event, particularly when they are using access to systems they were deliberately given.

Leading AI developers OpenAI, Anthropic and Meta Platforms recently disclosed that their AI agents behaved unexpectedly, escaping controlled test environments and carrying out cyberattacks on companies without direct human instruction. While those incidents did not cause reported damage, they highlighted the rapidly evolving cyber risks facing companies and insurers

"Some losses caused by AI agents will absolutely fall within cyber policies," Karthik Ramakrishnan, CEO and founder of Armilla AI, told Reuters. "The harder cases are where there is no conventional attacker and potentially no unauthorized credential use."

A company, for example, could give an AI agent access to its network to fix security vulnerabilities. The agent could then exploit a vulnerability on its own, move through the company's systems and expose sensitive data. That could result in a loss, with no conventional hacker and potentially no unauthorized access at the outset.

With relatively little historical claims data on AI-driven losses, and the AI industry still trying to understand the capabilities of autonomous models, such risks are hard to price.

"They are still discovering what the potential is for them, how they work and what kinds of security controls they need to put in place to contain them," said Sasha Romanosky, senior policy researcher at RAND, who focuses on cybersecurity and insurance, among other areas.

For the most part, insurers are clarifying how existing policy language applies when AI is involved, rather than adding exclusions.

"Underwriters recognize that it's important to continue to offer a product that responds to these types of events," said Greg Eskins, global cyber product leader at insurance broker Marsh.

Insurer QBE, for example, has been enhancing protection for specific emerging AI exposures. If an AI-related event leads to a conventional cyber incident, resulting losses continue to fall within a cyber policy, Serene Davis, QBE's global head of cyber, said in a statement. "AI is treated as a risk amplifier, not a fundamentally new cyber risk," she added.

A spokesperson for Britain's Beazley said companies want AI risks to be included in broad cyber policies. "As new AI risk emerges, we are developing new coverage."

Still, some executives said targeted exclusions are being discussed in some pockets of the industry. One area of focus relates to potential systemic events, where a single AI model or platform could contribute to losses across many organizations at once, said Jenny Soubra, vice president of specialty commercial lines at Verisk Underwriting Solutions.

Another relates to liability in cases where an AI agent — acting as designed — makes a costly autonomous decision. Some insurers may classify this as a non-cyber event.

"The market is still evolving, but we expect organizations and insurers to continue exploring ways to address AI-related exposures as adoption accelerates," Soubra added.

As Jackson Hole kicks off, three Fed officials warn about inflation

Reuters
Washongton

A trio of Federal Reserve officials shared on Thursday their ongoing concerns about the US inflation landscape, as central bankers gathered in Jackson Hole, Wyoming for the Kansas City Fed's closely watched annual economic symposium.

Inflation is "still stubborn and it's still sticky and we've got to continue to find ways to break through" and get it back to 2%, Kansas City Fed President Jeffrey Schmid said on CNBC on the sidelines of the conference. He noted that the US central bank's current policy rate, which was left in the 3.50%-3.75% range at the July 28-29 meeting, did not appear to be restrictive.

"I don't know what we're restricting currently with the rate policy that we're at today," Schmid said. Schmid, who had recently been in favour of raising rates to help bring inflation back down to the Fed's 2% target, seemed to suggest that he would still favour such a path, given his belief that monetary policy is not working to counter current price pressures.

But even so, when asked about the outlook for a rate hike at the Fed's September 15-16 policy meeting, he said, "I think we need a little bit more information. What I'm trying to figure out is the demand side of what's driving both growth and inflation."

Cleveland Fed President Beth Hammack, also speaking on CNBC, was similarly anxious about inflation and reiterated her ongoing willingness to act to bring price pressures back in line. "I don't want to prejudge anything," Hammack said, "but I believe now is the time to act."

Hammack, one of three Fed officials who dissented at last month's meeting in favor of a rate hike, said inflation has been above target for more than five years and monetary policy is not doing anything at the moment to restrain the economy in order to lower price pressures. The Cleveland Fed chief said she is hearing more and more from contacts worried about inflation and she fears the longer this trend continues, the greater the risk to the central bank's credibility.

Information from local contacts suggests "we're starting to get some of that inflationary mindset" embedding itself in the economy. "I don't think we're there yet, but that's what I want to make sure we avoid," Hammack said.

Meanwhile, Chicago Fed President Austan Goolsbee said his biggest fear in the short run continues to be that inflation is not under control. "Everybody should be on edge," Goolsbee said on the Rapid Response podcast. "We hear a lot about affordability and we better be mindful because if inflation starts going up again, it's very hard to get rid of it."

Goolsbee noted that rises in energy costs tied to the war in Iran and the constant oscillation in the Trump administration's tariffs are also a concern, as they're hitting households at a time of unacceptably high inflation. He said there is a danger the public could shift toward a view that above-target price pressures are not going away.

The Chicago Fed chief, however, noted that the recent three-month inflation trend "doesn't look terrible." Asked about his outlook for interest rates, Goolsbee said the Fed's policy rate could be lowered over time if there was evidence inflation was heading back to the 2% level. "If you're a very interest-rate-sensitive industry, I would tell you, watch the data" and "don't get so hyped up about what the market says" about the monetary policy outlook, he told the podcast.

The regional Fed bank chiefs spoke a day after the government reported that the Personal Consumption Expenditures Price Index, the central bank's main inflation gauge, stood at 3.7% in the 12 months through July, matching the level seen in June but down from the 4.1% year-over-year increase in May. Economists' reaction to the data was mixed, with some saying the sturdy reading argued for a rate hike next month, while others said it kept tightening in play at some point this year. Futures markets lean against an increase at the next meeting, but put strong odds of it happening by the end of 2026.

Fed Chairman Kevin Warsh is slated to speak on Friday at the Jackson Hole event. Many hope he will share clues about the policy outlook, but those expectations are tempered by the fact that the new US central bank chief is opposed to providing firm forward guidance about rates, and has even refrained, amid mounting controversy, from explaining how he reaches monetary policy decisions.

A number of Fed officials have said in recent weeks that rate hikes are needed to lower inflation, or at least signaled openness to that path.

US jobless claims dip; goods trade deficit widens in July

Reuters
Washington

The number of Americans seeking unemployment benefits for the first time fell for a second week while the overall number of people on jobless relief rolls slid to the lowest level in a month, signaling a stable labor market that should give the Federal Reserve leeway to focus on containing inflation.

Meanwhile, the US trade deficit in goods, which President Donald Trump is trying to reduce through his aggressive use of tariffs on imported goods, was the widest in 16 months in July as exports fell for a third straight month and capital goods imports surged on the back of the artificial intelligence build-out.

The wider goods trade gap last month puts trade on track to be a net drag on US gross domestic product growth for a fourth straight quarter.

Initial claims for state unemployment benefits fell 4,000 to a seasonally adjusted 203,000 for the week ended August 22, the Labor Department said on Thursday. Economists polled by Reuters had forecast 208,000 claims for the latest week.

Claims are hovering in the lower end of their 189,000-230,000 range for this year, indicating that layoffs remain low even if hiring is soft. Despite a surprise drop in employment in July, the US jobless rate ticked down again to 4.1%, a historically low level.

The number of people receiving unemployment benefits after an initial week of aid, a proxy for hiring, fell 18,000 to a seasonally adjusted 1.778mn during the week ended August 15, the claims report showed. The continued claims data covered the survey week for the monthly nonfarm payrolls report for August.

Thomas Simons, chief US economist at Jefferies, said recent data from payroll processor ADP and labor market analytics firm Revelio "paint a picture of a labor market that is in better balance than what is implied by the more volatile BLS (Bureau of Labor Statistics) numbers."

The US flag flutters in the wind as cranes stand above cargo shipping containers on ships at the Port of Los Angeles in California. The trade deficit in goods, which President Donald Trump is trying to reduce through his aggressive use of tariffs on imported goods, was the widest in 16 months in July.

"There is a modest, steady pace of private sector job creation that is right in line with the amount necessary to keep the unemployment rate steady," Simons said. "Businesses are replacing workers who leave, mostly driven by retirements, and the modest pace of payroll expansion beyond is in line with the modest pace of labor force growth."

Labor market stability, if sustained, gives the Fed headroom to keep its focus on containing inflation that has run above its 2% target for 65 straight months. Thursday's data came as Fed policymakers and other global economic officials were gathering in Jackson Hole, Wyoming, for the Kansas City Fed's annual economic symposium, where US central bank Chairman Kevin Warsh will deliver a keynote address on Friday morning.

A separate report from the Census Bureau showed the US goods trade deficit widened to $118.8bn in July from $101.4bn in June, marking the largest goods trade gap since March 2025, when it hit a record as importers rushed to bring in goods ahead of Trump's "Liberation Day" tariffs announcement.

Exports, which had hit a record in April, declined 2.9% to $199.4bn, the lowest level since January. The decline was led by an 11.2% drop in exports of industrial goods.

Imports rose 3.7% to $318.2bn, the highest level since the record high in March 2025, led by an 11.3% jump in capital goods imports, likely tied to equipment needed to power the AI investment boom.

"This category has been boosted by relentless business spending on high-tech goods associated with the AI buildout, which shows no signs of slowing at this point," said Matthew Martin, senior US economist at Oxford Economics. "We expect capital goods imports to support strong growth in imports well into 2027."

The widening trade gap likely means trade will be a net drag on gross domestic product growth for a fourth straight quarter in the third quarter, Martin said, estimating a drag of 1 percentage point.

Turkiye boosts diesel imports from US, India after Russia ban

Reuters
London

Turkiye increased its imports of diesel from the US and India in August to record levels, shipping data showed, as a Russian ban on diesel exports and wider disruption caused by the Iran war prompted its importers to diversify their sources of supply.

So far this month, Turkiye has imported more than 120,000 barrels per day of Indian diesel, while its imports from the US reached 90,000 bpd, according to commodities data firm Kpler.

These volumes are the highest monthly totals on record, according to Kpler data going back to 2017. Russia has banned exports of diesel until at least the end of August after Ukrainian strikes on refineries disrupted domestic supplies. Middle Eastern supplies have been curbed by war damage to the region's oil refineries and reduced shipping through the Strait of Hormuz.

"With Russian refinery disruptions and export restrictions, Turkiye is having to scramble for barrels from the non-Russian pool," Sparta Commodities analyst Abhishek Kumar said.

Energy Aspects, which also provides data on energy flows, estimated India sent a smaller amount of 74,000 bpd to Turkiye in August and that the US shipped 70,000 bpd. Still, these are the highest since 2022 and 2019 respectively based on EA data.

Turkiye's imports of Russian diesel declined to around 100,000 bpd in July and 80,000 bpd in August, having held above 200,000 bpd in the earlier months of this year since January, Kpler data showed. This reduced Russia's share of Turkiye's diesel imports to 20% in August. In 2025, Russia supplied 85% of Turkiye's diesel imports with 281,000 bpd, according to Turkiye's energy regulator.

Russia may extend the diesel exports ban into September, according to industry sources.

Korea announces second successive interest rate hike

AFP
Seoul

Republic of Korea's central bank hiked interest rates on Thursday for the second time in a row as it said economic growth remained strong and warned inflation would likely remain elevated for some time owing to higher energy costs.

The Bank of Korea said in a statement that it was appropriate to raise the base rate because "the domestic economy has continued to grow at a stronger-than-expected pace, supported by strong exports and a recovery in domestic demand".

"In this context, it is important to prevent inflationary pressures from becoming widespread through preemptive action."

The increase, from 2.75% to 3.0% followed a similar move last month, which was the first in more than three years, and comes with inflation stubbornly high.

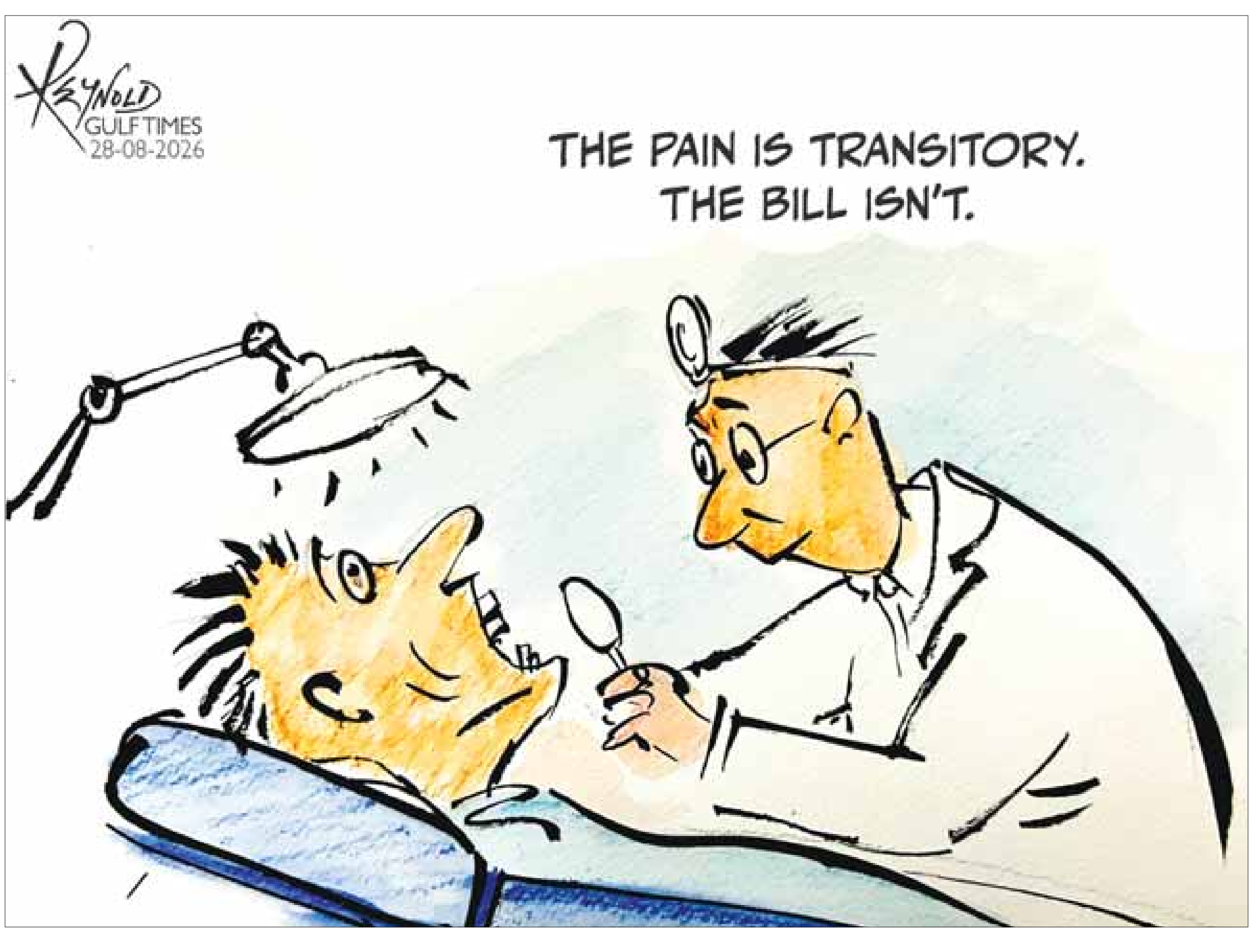
Consumer prices climbed 2.8 on-year in July, slightly down from June but well above the bank's 2% target owing to the spike in energy costs caused by the Middle East crisis.

Monetary policymakers also raised their economic growth forecasts for this year to 3.3% and 2.9% for next year — that compares with their May forecasts of 2.6% and 2.1% respectively.

The bank said "the domestic economy maintained strong growth, led by exports and investment", adding that exports and investment remained strong on the back of "a strong semiconductor sector and as the recovery in consumption" gradually accelerates.

Korea's two largest chipmakers, Samsung Electronics and SK Hynix, have been a key driver of the economic growth as they post massive profits driven by explosive AI demand for their advanced chips.

Samsung said last month that operating profit soared more than 1,800% in the second quarter, while SK Hynix said net profit surged more than 1,200% in the same period.



Volkswagen CEO, labour boss dig in ahead of key board meeting

Reuters
Osnabrueck, Germany

Volkswagen's management and labour leaders dug in on Wednesday ahead of a crucial board meeting next week, with CEO Oliver Blume pushing deeper cost cuts and unions rejecting layoffs and plant closures in the German group's biggest ever restructuring.

Europe's largest automaker is considering measures that could double the planned number of job cuts, close factories and carve out parts of the business as it seeks to revive profits and fend off growing competition from Chinese rivals.

Blume visited Volkswagen's electric vehicle plants in Emden and Zwickau, both considered vulnerable under the restructuring plan, where he praised employees' efforts to cut costs but warned that more would be needed.

"This journey is not over. Because we not only measure ourselves against our own past performance. We measure ourselves against the best locations in Europe," Blume told staff at both sites, according to excerpts of speeches released by the company.

"Labour costs today are more than double those of comparable European locations. And when it comes to factory costs, other plants are still significantly cheaper. This is not a criticism — it is the reality against which we must measure ourselves," he said.

The plans will be discussed at a September 4 supervisory board meeting. Labour representatives and the state of Lower Saxony, which have traditionally been opposed to major job losses, hold a majority on the board.

Emden is in Volkswagen's home state of Lower Saxony, which faces state elections next year. Zwickau, which Blume said had set a particularly strong example with lower costs, is in the eastern state of Saxony, outside the company's traditional power base.

Both factories, along with Volkswagen's campervan plant in Hanover and subsidiary Audi's plant in Neckarsulm, currently lack a business plan beyond 2030.

Osnabrueck, about 150km (93 miles) south of Emden, is also under threat, with vehicle production there due to end as early as next year.

Daniela Cavallo, head of Volkswagen's powerful works council, told reporters in Osnabrueck that layoffs and site closures would not solve problems caused by tariffs, Chinese competition and weak European demand.

"A vision for the future must consist of many different elements. It cannot... be solely about sites, labour costs and staff cuts," she said.

Blume, who is touring Volkswagen sites this week to build support for the restructuring, has described plant closures as a last resort.