

Bank of Japan may signal underlying inflation has hit 2% goal

Reuters
Tokyo

The Bank of Japan (BoJ) may signal this month that underlying inflation has roughly hit its 2% target, three sources familiar with its thinking said, highlighting its readiness to raise interest rates again in the coming months.

Any such announcement would largely be symbolic, but it would reinforce dominant market expectations of a December hike and signal the BoJ's readiness to keep raising interest rates in short intervals.

The central bank has begun stressing the need to anchor underlying inflation around its target in judging the pace and timing of further interest rate increases.

Having just raised rates in September, many in the central bank

are cautious about delivering another hike this month and prefer to gauge more data on how past rate increases have affected domestic financial conditions, the sources said.

A recent slew of data, such as Tokyo consumer inflation and the central bank's quarterly "tankan" business survey, are likely heightening the BoJ's conviction that underlying inflation has roughly reached its 2% target, the sources said.

But the tankan also showed corporate inflation moving sideways and not heightening in a way that requires an immediate policy response, the sources said, taking pressure off the BoJ to deliver a back-to-back rate hike this month.

"Inflation expectations remain elevated but not flaring up," suggesting that while inflation risks remain, they are not heightening



Pedestrians walk past the Bank of Japan headquarters in Tokyo. The BoJ may signal this month that underlying inflation has roughly hit its 2% target, highlighting its readiness to raise interest rates again in the coming months.

sharply, one of the sources said, a view echoed by another source.

"All in all, prices are moving in line with the BoJ's projections,"

suggesting that underlying inflation was now roughly around its target, a third source said. The sources spoke on condition of

anonymity as they were not authorised to speak publicly. The BoJ raised its key rate to a 31-year high last month, with Governor Kazuo Ueda signalling the central bank has entered a phase focused on preventing underlying inflation from overshooting its target, raising the prospect of tighter policy.

The hike followed one in June, leading markets to project the BoJ raising rates at roughly once every quarter. While a renewed slide in the yen could pile pressure on the BoJ to hike rates again in October, receding prospects of a US rate increase this month have taken some pressure off the BoJ to do so, analysts say.

Still, the BoJ remains focused on forestalling inflationary risks with another near-term rate hike. In raising rates in September, the governor said underlying inflation, which is the broad, demand-driven price trend that strips away one-

off factors, was quite close to 2%. A summary of opinions at the September meeting also showed some members saying underlying inflation was quite close to 2% or would reach that level "in no time."

Along with continued rises in wholesale and consumer inflation, steady wage gains and a renewed rise in crude oil prices have heightened prospects for underlying inflation to durably move around the BoJ's target, the sources said.

The BoJ will likely point to such factors in signalling that underlying inflation has roughly hit its target in a quarterly report due after its next policy meeting on October 29-30, they said.

In the current report released in July, the BoJ said it expects underlying inflation to reach levels consistent with its 2% target sometime between October and March 2028.

Asian stocks mostly rise after tech-led Wall Street record

AFP
Hong Kong

Asian stocks mostly rose on Tuesday as a tech-led record on Wall Street was tempered by ongoing worries about a spike in government borrowing costs.

Oil held most of the losses seen in response to a G7 release of stockpiles, Saudi Arabia's price cut and a pick-up in Gulf exports to pre-war levels, though supply fears are keeping prices elevated.

In Tokyo, the Nikkei 225 closed up 1.1% to 70,683.98 points; Hong Kong - Hang Seng Index ended up 1.0% to 24,280.56 points and Shanghai - Composite closed for a holiday.

The US Nasdaq closed at a fresh peak thanks to rallies in tech giants including Nvidia, SpaceX and Meta, though observers pointed out that the market gains were increasingly concentrated on a few stocks.

Asia struggled to match the positive energy on Wall Street in the morning but picked up as the day progressed.

Tokyo, Hong Kong, Sydney, Singapore, Mumbai, Bangkok, Jakarta and Wellington also rallied,



An external view of the Tokyo Stock Exchange. The Nikkei 225 closed up 1.1% to 70,683.98 points yesterday.

but Seoul and Manila edged down. Shanghai was closed for a holiday.

Still, there remains plenty of uncertainty among traders over the Middle East crisis, which has fanned energy costs and in turn pushed inflation higher -- putting pressure on central banks to hike interest rates.

This has pushed government bond yields up to levels not seen for decades.

Analysts have pointed out that the race to build out AI data cen-

tres, servers and chips has compounded that problem, with tech titans no longer able to rely on their vast piles of cash.

Borrowing by firms including Google, Amazon and Microsoft hit around \$500bn in the nine months since January, and Goldman Sachs expects a further ramp-up in 2027, to \$1.2tn.

"This is not something that we've seen before," said Chris Della Fave, senior vice president at fundraising advisory firm Post

Oak Group, who estimates that AI now accounts for 25% of all corporate bond issuance -- up from 4% two years ago.

Oil prices sank to extend Monday's drop, with Brent back below \$100. However, Saudi Aramco's chief executive Amin Nasser -- speaking after the G7 release -- warned over global stockpiles.

"The system is already straining," he told the Energy Intelligence Forum in London.

"And with precious little else the world can turn to, the supply resilience cushion is scarily thin."

Middle East oil exports, excluding Iran, surpassed their pre-war levels last week despite attacks on ships in the Strait of Hormuz, according to data from the maritime tracking firm Kpler.

But Nasser warned on Monday against looking at headline figures for reserves, noting that "less than 10%" were available.

And FOREX.com's Fiona Cincotta said: "Tensions in the Middle East remain elevated, with several vessels coming under attack around the coast of Oman and Yemen."

"This could limit the downside in oil prices, particularly if disruptions to shipping or regional supply intensify"

China warns France and Germany against 'protectionist' trade tools

AFP
Beijing

China called on France and Germany to steer clear of "protectionist" trade measures on Tuesday, after their leaders urged the European Union to develop a legal arsenal for a potential trade war.

French President Emmanuel Macron and German Chancellor Friedrich Merz said in a letter to European Commission President Ursula von der Leyen that "we need a credible instrument" for swift and decisive action.

This includes the ability to cut off access to the European single market "if needed", according to the letter seen by AFP on Monday.

Macron and Merz stopped short of explicitly naming China but their letter comes just days before EU trade commissioner Maros Sefcovic heads to Beijing to tackle trade frictions.

China's commerce ministry, in a statement on Tuesday, urged France and Germany to "refrain from encouraging the EU to resort to protectionist tools at every turn".

"We hope that France and Germany, as major economies in

the world, will uphold openness, co-operation and free trade," the ministry said in a statement.

"They should avoid going down the wrong path in the wrong way, only to ultimately suffer the consequences themselves."

Berlin and Paris want to give the European Commission the power to respond to a trade aggression within days.

Under their proposal, such action would not need approval from the EU's 27 countries, though a weighted majority of states could block it.

The EU's biggest trade concern is its deficit with China, which Brussels says is inflicting damage on key European sectors.

Beijing's foreign ministry, also responding to the leaders' letter on Tuesday, called the economic and trade relationship between China and the EU "mutually beneficial".

"We hope the EU will work with China in the same direction, address each other's concerns through dialogue and consultation, and jointly maintain the stability and smooth operation of global industrial and supply chains," ministry spokesman Guo Jiakun said in a statement.

Wall Street bulls try on 'S&P 10,000' caps for size

By Jamie McGeever
Orlando, Florida

Is it too early to start ordering "S&P 10,000" caps? Maybe, but not by much. The S&P 500 index has skyrocketed in recent years, powered by an historic artificial intelligence spending boom, enormous fiscal stimulus injections, and still-loose financial conditions. It could cross 8,000 points in a matter of days. Once that benchmark goes, the psychologically important 10,000 target suddenly doesn't seem so far away. How long it will take to get there is anyone's guess. But Roundhill Investments, an exchange-traded fund (ETF) firm, is attempting to narrow it down to a specific day. Roundhill, whose assets under management are currently just under \$40bn, has just launched its "XX S&P 500 Target 10,000 2030" ETF, which will invest all of its assets in long-dated call options that will

pay investors "substantial" gains if the benchmark index is above the 10,000 level on January 10, 2030. Ed Yardeni, president of Yardeni Research, has long held that 10,000 will be reached by the end of this decade. He recently turned more cautious on the near-term outlook, pushing back his S&P 500 target of 8,400 from year-end 2026 to mid-2027, but he is standing by his "10,000 by end of the decade" call. These target dates are just over three years away. Is that enough time for the index to rise roughly 30%? It is ambitious, but certainly not impossible, especially if the third quarter corporate earnings season, which gets underway this week, is anywhere near as strong as the last one. While "S&P 10,000" may still sound slightly fanciful, it's far easier to envisage than "Dow 40,000" was in June 1999, when investor David Elias published his now-famous book "Dow 40,000: Strategies for Profiting from the Greatest Bull Market in History". At the time of publication, the

Dow Jones Industrial Average was around 11,000 points and in the latter stages of the internet-boom-fueled rally that had seen the index treble in the previous six years. Elias predicted it would reach the historic 40,000 milestone by 2016. He was off by eight years. The Dow hit its dotcom peak of 11,750 points in January 2000, before crashing. It did not revisit those levels for nearly seven years. As for 40,000? The Dow did hit that mark, but financial TV anchors and traders on the floor of the New York Stock Exchange had to wait until 2024 to finally dust off and don their "Dow 40,000" caps. Elias was right about the number, but in markets, being that late is the same as being wrong. So what about today's bull market? The root of Yardeni's and others' confidence can be summed up in one word: earnings. US corporate profits grew by more than 50% in the second quarter, and are expected to grow by more than 35% in the third.

Earnings are the "glue" holding everything together, according to Manish Kabra at Societe Generale. He reckons earnings per share (EPS) will be \$400 by the end of the year, notably higher than the current LSEG consensus of \$363.50. This puts the S&P 500 at 8,000 points at the end of this year. The arithmetic is simple. Multiply 400 by 20 - the forward price/earnings ratio the market is currently trading at - and you arrive at Kabra's year-end base case of 8,000 points. Kabra's "big bull" scenario - Treasury yields nearer 4%, oil back down to \$80 per barrel, and US hyperscalers' free cash flow turning positive - could see the S&P 500 reach 10,000 by the end of next year, he says. If that historical peak is to be reached soon, the US economy will probably need to stay resilient and avoid recession. If you exclude the anomalous Covid-19 downturn, the US economy hasn't been in recession for almost two decades. How long can this luck hold out? Recessions and severe market downturns are almost

always precipitated by rising borrowing costs, so investors ignoring the recent increase in the US rate structure across the curve do so at their peril. There are also plenty of market-specific reasons to be cautious: the concentration in AI and related stocks is at record levels, and market breadth is the worst in a quarter of a century. This is unsustainable, right? Finally, the "Dow 40,000" saga should also give investors serious pause. The S&P will reach 10,000 eventually, but there will be little reason to celebrate if it takes a decade and a major correction to get there. Memories on Wall Street are notoriously short, however. If third-quarter earnings are hot, it may not be too long before "S&P 10,000" caps make an appearance on the NYSE floor.

■ Jamie McGeever is a columnist for Reuters. The opinions expressed here are those of the author.

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ESG key element of business environment, says chamber official



Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari delivering opening remarks during the '3rd ESG Qatar Conference 2026' held yesterday in Doha.

Environmental, Social, and Governance (ESG) standards have become an essential element of the modern business environment, driving corporate sustainability, growth, competitiveness, and

resilience amid shifting global economic dynamics. Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari made the statement during the '3rd ESG Qatar Conference 2026' held yesterday in Doha, where he delivered opening remarks. Al-Kuwari noted that sustainability has evolved beyond environmental protection into a comprehensive framework encompassing social responsibility, corporate governance, transparency, disclosure, and accountability. He noted that these core pillars build more efficient institutions while strengthening trust among enterprises, investors, and key stakeholders. The opening session was attended by the conference's guests of honour, HE Abdulrahman bin Hamad al-Attiyah, former secretary general of the Gulf Co-operation

Council and Minister of State, and HE Dr Hamad bin Abdulaziz al-Kuwari, Minister of State and president of Qatar National Library. Also in attendance were Sheikh Dr Thani bin Ali al-Thani, vice chairman of the Qatar International Centre for Conciliation and Arbitration (QICCA) at Qatar Chamber; and Dr Buthaina al-Ansari, chairperson of Hawkama International, who is also the conference's president. Al-Kuwari also affirmed that Qatar Chamber attaches great importance to promoting governance and sustainability principles within the business community, recognising their vital role in enhancing corporate efficiency, risk management, competitiveness, and long-term sustainability. He highlighted the chamber's efforts to guide the Qatari

private sector toward adopting responsible practices and keeping pace with global ESG developments. He stressed that such practices accelerate Qatar's transition toward a diversified, knowledge-based economy while directly advancing the objectives of Qatar National Vision 2030 and the UN Sustainable Development Goals (SDGs). He said the chamber's support for the conference reflects its commitment to promoting dialogue, knowledge-sharing, and the exchange of local and international expertise in governance and sustainability. Dr al-Ansari unveiled Qatar's first specialised digital platform dedicated to streamlining corporate ESG reporting. The platform provides an automated, systematic framework that seamlessly aligns institutional

data, and regulatory disclosure requirements with recognised international ESG standards. She said the platform aims to assist institutions and companies in submitting data and preparing ESG reports in accordance with international standards. The conference features specialised sessions addressing key ESG developments, including the integration of sustainability standards into corporate strategies, and the role of governance, transparency, and disclosure in enhancing institutional performance and investor confidence. The sessions also highlighted the role of financial institutions and the private sector in supporting a sustainable economy, managing ESG-related risks, and adopting responsible corporate practices and best practices.

Edaa and AlRayan Bank sign agreement to issue national investor number

QNA
Doha

Qatar Central Securities Depository (Edaa) signed a co-operation agreement with AlRayan Bank, making it the first bank in Qatar to enable its customers to apply for a National Investor Number and update shareholder details with Edaa directly through the bank, using an electronic system dedicated to this service.

The company said that, under the agreement, existing and new Al Rayan Bank customers can complete this step directly through the bank, without the need to submit applications to Edaa separately.

The National Investor Number is the first step for those wishing to invest in securities listed on the Qatari financial market.

Chief Executive Officer of Edaa, Sheikh Mohammed bin Jassim al-Thani, said that every investor's journey in Qatar begins with obtaining a National Investor Number, stressing the importance of making this initial step simple, secure and accessible to all.

AlRayan Bank's participation in the system would bring market services closer to investors by making them available through the digital channels of its partners, eliminating the need for investors to visit service centers in person, he added.

He pointed out that this co-operation represents an important step towards improving access to capital market serv-



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ices and broadening the investor base, reflecting Edaa's belief that the growth and development of markets are closely linked to wider participation and easier access to relevant services for investors.

In turn, Acting Group CEO and Group Chief Operations and Administration Officer at AlRayan Bank, Omar al-Emadi, expressed his delight with the Bank becoming the first of its kind to provide its clients with direct digital access to Edaa's services related to the National Investor Number, pointing out that this cooperation reflects the bank's commitment to simplifying the customer experience and

providing seamless, convenient access to services that meet their financial and investment needs.

By integrating this essential step into its digital banking ecosystem, the bank is making it easier for customers to participate in Qatar's capital market while providing them with a more flexible and efficient experience, al-Emadi noted.

He also expressed his aspiration to continue working with Edaa and contribute to the development of a more accessible and efficient financial system, as well as further advancing digital transformation in Qatar.

Cost-of-living crises have lasting impact on inflation outlook: IMF

Reuters
Washington

Sharp spikes in food and energy prices will likely become more common, the International Monetary Fund (IMF) said, warning such crises drive inflation expectations higher for longer, worsen poverty and threaten economic stability.

IMF research released on Tuesday examined three decades of strategies used by governments to mitigate price surges, as well as a new economic model that accounts for the higher inflation experienced by poorer households, which spend a higher share of their budgets on daily necessities.

Large surges in prices of everyday necessities have been infrequent historically, especially at the global level, but they have been a recurring source of economic and social stress over the past five years following Russia's invasion of Ukraine in 2022 and this year's war in the Middle East.

The new model showed a gap of 0.8 percentage point to the standard inflation measure, suggesting that 23mn more people fell below the extreme poverty line from 2021 to 2024 than previously calculated.

"In a nutshell, cost-of-living crises ... impact price stability, they reduce living standards and they worsen inequality," said Chiara Maggi, the IMF economist who co-led the research published as Chapter 2 of the forthcoming World Economic Outlook, which will be released next week.

The IMF said last month that the global economy had weathered the energy shock caused by the war in the Middle East better than feared and global economic output was still expected to expand by about 3% in 2026, but it cautioned that risks remained high.

That would match the IMF's July forecast for 3.0% global growth, but falls short of average 3.5% growth in 2024 and 2025. The July forecast also assumed the war would wind down in mid-July, but Iran and the United States have both escalated their attacks in recent months, and the war has spilled over into neighboring countries.

The IMF said its data also showed that near- and medium-term inflation expectations increased significantly during cost-of-living crises, and they remained significantly above their pre-crisis level even three years after the onset of a crisis.



A view of the International Monetary Fund logo at its headquarters in Washington. Sharp spikes in food and energy prices will likely become more common, the IMF said, warning such crises drive inflation expectations higher for longer, worsen poverty and threaten economic stability.

Five-year-ahead inflation expectations increased modestly initially, but remained elevated even three years after a crisis, which in turn could result in interest rate increases.

Targeted transfers were the best way for countries to protect the most vulnerable while preserving price signals, the IMF said. Actions aimed at suppressing prices, including price controls and lower consumption taxes, could cost governments three to six times more money to implement, while producer subsidies could cost 22 times as much to roll out.

Broad measures could also become less effective if many countries implemented subsidies at the same time, the IMF said. Producer subsidies, often favored by developing countries, were particularly inefficient because they could lower costs for goods that were then exported, leaving domestic taxpayers to essentially subsidise consumers abroad, Maggi said.

Shantayanan Devarajan, a Georgetown University professor and former World Bank economist, said developing countries faced a serious crisis given the combined impact of higher oil prices, high debt levels, increased borrowing costs and the expected impact of this year's super El Niño weather pattern.

"This is coming at a time when overall growth in low-income countries was at an all-time low," he said in a videotaped discussion with Maggi that was also released on Tuesday. "Growth has slowed down tremendously"

London stocks gain on softer oil, easing gilt yields

Reuters
London

The UK's FTSE 100 advanced on Tuesday as a retreat in bond yields and softer oil prices calmed investors following last week's bond-market volatility, while losses in defence stocks capped gains.

The blue-chip FTSE 100 index

rose 0.4% to 24,215.33 points, while the midcap FTSE 250 also climbed 0.4%.

Brent crude oil declined 2% as resilient Middle Eastern crude exports and a G7 emergency stockpile release eased supply concerns, although continued security risks in the Middle East limited further losses. Government borrowing costs also eased after 10- and 30-year gilt yields surged

to multi-decade highs last week, as investors weighed persistent inflation and debt concerns.

Bank of England policymaker Catherine Mann warned that inflation has become embedded in the UK economy and could become further entrenched as wage negotiations pick up early next year.

Markets see about a 90%

probability of a 25-basis-point or larger BoE rate hike in November, according to LSEG data.

Defence stocks fell, with BAE Systems, Babcock International and Rolls-Royce down between 2% and 4%.

A Times report said the government was considering delaying plans to set out a path towards lifting defence spending to 3% of GDP.



IEA to decide on details of diesel stocks release next week

G7 agreed to release 100mn barrels last week; IEA board to discuss details October 14-15, sources say; EU oil co-ordination group meets today to set bloc position

Reuters
Rome/London

The West's energy watchdog will meet next week to work out the details of a diesel stock release as market confusion grows over how many barrels Europe and the US plan to make available to address shortages and record-high prices, sources said.

The surge in diesel prices has turned the fuel, which underpins trucking, agriculture and industry, into a global political and economic concern. The wars in Iran and Ukraine have curtailed exports and damaged refineries, helping drive the rise in prices.

Under pressure from US President Donald Trump, the Group of Seven major economies agreed on Friday to release 100mn barrels of diesel and crude oil from emergency reserves and pledged to refrain from energy export restrictions. They did not provide a breakdown of the volumes of crude, diesel and other products to be released, however, or say which countries would participate.

The governing board of the International Energy Agency, which advises industrialised countries and manages their strategic oil reserves, is expected to decide the details of the stocks release at an October 14-15 board meeting, two people close to the matter said on

Tuesday. The Paris-based IEA did not immediately respond to a request for comment on what was expected to be decided at the board meeting.

The G7 includes the US, UK, Japan and Canada along with EU nations France, Germany and Italy.

G7 member Italy would be part of the release, one of the sources said.

The EU's oil coordination group will meet on Wednesday, a European Commission spokesperson said on Tuesday.

The White House did not immediately respond to a request to clarify details of the stocks release.

The Iran war sparked the biggest emergency stock release ever of 400mn barrels in March, which was co-ordinated by the IEA.

Announcing the new stocks release, G7 leaders said last Friday they would take into account commitments already fulfilled regarding the previous move.

Oil market participants and some EU government officials were trying on Tuesday to work out the finer points of the Friday announcement.

Russell Hardy, chief executive of Vitol, said at a conference in London on Tuesday that the commodities trading house was still trying to understand the details of the stocks release.

"It wasn't a fully transparent announcement about exactly what was being released where," he said.

"And so over the next two weeks, we'll see tenders coming out from different bodies, and those tenders will tell us exactly how much oil and in which location it's going to come out."