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A portrait of a woman, likely the OMC WTO President, wearing a blue patterned headwrap and a matching top, smiling. The background is blue with the text 'OMC WTO' and 'Organisation Mondiale du Commerce' visible.

WTO chief sees lasting impact on trade from Mideast war, geopolitics

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GULF TIMES BUSINESS

**SPEEDY RECOVERY: Page 2**

How Saudi Aramco learned to keep pumping oil under fire

5,000 foreign companies registered in Qatar in past 3 months: Sheikh Faisal

Qatar's strong economic fundamentals, business friendly regulatory environment, prudent fiscal policies and continued investment in infrastructure are key factors in attracting investment and strengthening investor confidence, says HE Sheikh Faisal

QNA
Doha

The State of Qatar participated in the eighth edition of the Bloomberg New Economy Forum, hosted by the Indian capital of New Delhi, from October 13 to 15.

Qatar was represented at the forum by HE the Minister of Commerce and Industry Sheikh Faisal bin Thani bin Faisal al-Thani. The event was held in the presence of the Prime Minister of the Republic of India, several heads of state and government and ministers, and more than 500 public and private sector leaders from around the world.

During a session discussing the role of governments in creating an environment conducive to private sector growth, strengthening economic resilience and attracting investment amid transformations in the global economy, HE Sheikh Faisal said Qatar's strong economic fundamentals, business-friendly regulatory environment, prudent fiscal policies and continued investment in infrastructure were key factors in attracting investment and



Qatar, represented by HE the Minister of Commerce and Industry Sheikh Faisal bin Thani bin Faisal al-Thani, participated in the eighth edition of the Bloomberg New Economy Forum held in the Indian capital of New Delhi from October 13 to 15.

strengthening investor confidence.

Addressing regional challenges, he said Qatar continues to find the necessary solutions to secure its needs and maintain the flow of goods into and out of the country despite the impact on the oil and gas sector. He noted that strategic food reserves had increased by 40% since the beginning of the crisis.

HE Sheikh Faisal noted that investors were capable of distinguishing between temporary disruptions and structural challenges, citing the registration of more than 5,000 foreign-owned companies in Doha over the past three months, alongside foreign investment inflows into capital markets during the same period.

Regarding the development

public-private partnerships.

In his capacity as Vice-Chairman and Managing Director of Doha Investment, he also discussed its role as an active local partner for international investors seeking to enter the Qatari market, supporting private sector growth and strengthening its role in leading projects.

HE Sheikh Faisal highlighted opportunities for private sector participation in education, healthcare and industry, in line with the priorities of the National Development Strategy, as well as opportunities to make certain non-strategic assets available to the private sector, contributing to the deepening of capital markets.

Discussing promising sectors, he addressed opportunities for data centre development, explaining that the growing importance of data sovereignty and domestic data storage was supporting the sector's global expansion, while Qatar's abundant energy resources provided a competitive advantage in developing the industry.

At the global level, he noted that the interconnected nature of economies made a return to isolation difficult, given the interdependence linking countries and markets.

The participation of HE Sheikh Faisal in the forum comes as part of efforts to expand international economic partnerships, showcase Qatar's investment advantages and opportunities, and strengthen engagement with international companies and financial institutions.

of the business environment, he stressed the importance of listening to the needs of the private sector and responding swiftly to regulatory obstacles.

In this context, he highlighted efforts to simplify procedures and work on legislation that would expand the scope of foreign ownership across most sectors.

In his capacity as Chairman of the Companies House Advisory Council, HE Sheikh Faisal highlighted its role as a one-stop center that facilitates registration, licensing, taxation, immigration and labour-related services for foreign investors in economic zones.

In the context of strengthening the private sector's contribution to economic growth, he emphasised the importance of clear regulatory frameworks for

QSE seen nearing key technical levels to adopt selective approach to investment opportunities

QNA
Doha

The Qatar Stock Exchange (QSE) index wrapped the current week with a 2.17 % decline, shedding 195.44 points from the previous week's close to settle at 8,810 points. The decline, which affected all sectors, marks the fifth consecutive weekly loss. Financial analyst Mubarak al-Tamimi told QNA that the bourse faced notable selling pressure this week, mirroring downturns in global and regional financial markets. This was compounded by ongoing geopolitical tensions, both regionally and globally, which dampened investor sentiment and prompted a more cautious approach to trading. The analyst explained that the QSE's general index remains influenced by the prevailing market uncertainty. He noted that the index is approaching critical technical levels that warrant close monitoring; specifically, the 8,764-point mark serves as a pivotal support level. A breach of this level could push the index towards its next support level at 8,664 points, should the selling trend persist and pressure on



The QSE general index is seen approaching critical technical levels that warrant close monitoring; specifically, the 8,764-point mark serves as a pivotal support level.

bellwether stocks intensify. Al-Tamimi further indicated that the index's trajectory in the coming period will depend on its ability to hold steady at these support levels, as well as on geopolitical developments and trends in global markets. He noted that a failure to maintain these support levels could prolong the current correction, whereas a stabilisation in trading activity and a return of liquidity could pave the way for a potential rebound.

Regarding lower price levels, the analyst explained that the 7,997-8,704 point range serves as a potential technical zone to monitor should the decline persist, though this does not necessarily confirm a definitive sideways trend. He noted that this area might attract

investors looking for opportunities to enter the market gradually, provided there are signs of market stabilisation and an easing of selling pressure.

As for his outlook for the coming period, al-Tamimi anticipates that the correction phase in the QSE will likely continue. He highlighted geopolitical developments and global market volatility as key factors that will dictate the index's direction. He emphasised that navigating the current environment requires a focus on support and resistance levels, as well as the performance of bellwether (leading) stocks; price declines alone should not be taken as sufficient evidence that an investment opportunity is attractive.

Al-Tamimi noted that the market is in a sensitive phase, necessitating caution and a selective approach to investment opportunities. He added that any recovery in positive momentum will depend on the index's ability to hold its ground, a return of buying liquidity, and a cooling of geopolitical tensions. Conversely, should external pressures persist and key support levels be breached, the correction phase could extend further over the coming weeks.

US-based Activate Capital joins QIA's Fund of Funds programme

QNA
Doha

The Qatar Investment Authority (QIA) has announced that Activate Capital, a US-based firm specialising a growth equity investments within the energy technology and smart infrastructure sectors, has joined the QIA's \$ bn Fund of Funds programme.

Activate invests in companies across various stages of their growth, with a focus on the energy and power sectors, ground and space-based transportation and mobility technologies, digital industry, supply chain resilience, and climate change adaptation.

Through its Fund of Funds programme, the QIA's commitment will support Activate in advancing its investment strategy across the Global South, with a focus on sectors undergoing a fundamental transition toward digitalisation and decarbonisation.

As part of this partnership, Activate intends to open its first international office in Doha,



which will house a group of senior investment professionals, including a partner dedicated to the Qatari market. The firm also aims to attract both local and international talent to build a diverse, highly skilled team, thereby strengthening Qatar's position as a hub for investment and innovation across the Global South. Launched by the QIA in February 2024, the Fund of Funds programme aims to attract leading global venture capital firms to the State of Qatar, strengthen ties and knowledge exchange with the global venture capital ecosystem, and accelerate the development of startups in Qatar and the region. Head of Funds Investment Department at the QIA, Dr Mohsin Pirzada, said that the Authority launched the Fund of Funds

programme to strengthen ties between the State of Qatar and the global venture capital ecosystem. Co-Founder of Activate Capital, Anup Jacob welcomed the QIA as a limited partner and a member of the company's Limited Partners Advisory Committee. He noted that his company shares the QIA's view that technology-driven solutions would play a pivotal role in reshaping infrastructure systems globally, adding that they look forward to building a long-term partnership with the QIA. Activate is the latest venture capital firm to join the QIA's Fund of Funds, demonstrating the programme's continued momentum and the sustained interest from leading international investors in Qatar and the broader region. Activate's focus on climate, energy, and industrial infrastructure also expands the sectorial expertise within the programme, directly supporting the Qatar National Vision 2030 and highlighting the critical role venture capital plays in funding sustainable innovation.



Al-Kuwari meets Swiss head of Federal Department of Finance



HE the Minister of Finance Ali bin Ahmed al-Kuwari met with member of the Federal Council and Head of the Federal Department of Finance of the Swiss Confederation Karin Keller-Sutter on the sidelines of the Annual Meetings of the International Monetary Fund and the World Bank Group held in Bangkok, reports QNA. The meeting discussed a range of financial and economic topics along with current regional and international developments and their associated challenges, particularly those of mutual interest.

Tunisia plans first \$3bn sukuk issue, turns again to direct central bank borrowing

Reuters
Tunis

Tunisia plans to issue its first sukuk Islamic debt instrument, worth 9bn dinars (\$3bn), in 2027 and seek \$3.35bn more in direct financing from the central bank, a draft budget bill seen by Reuters showed. Tunisia is grappling with a financial crisis marked by high public debt, weak growth, and limited access to external funding since President Kais Saied seized almost all powers in 2021, in a move that the opposition called a coup. The government's borrowing needs are expected to reach around 28.1bn dinars (\$9.4bn) in 2027, compared with 27bn dinars in 2026, reflecting continued pressure on the public finances. Domestic borrowing is expected to account for the largest share of financing, reaching more than 20bn dinars, as Tunisia continues to rely heavily on local banks and the domestic financial market given the scarcity of external financing. Economists have warned that increased domestic borrowing could put pressure on banks' capacity to provide financing to businesses and households, potentially limiting the amount of credit available to the private sector. Tunisia's external financing is expected to total around 7bn dinars in 2027, while the government plans to resort to direct borrowing from the central bank for the fourth consecutive year. Economists say continued reliance on central bank financing could fuel inflation that becomes difficult to contain.

How Saudi Aramco learned to keep pumping oil under fire

- Attack on Abqaiq in 2019 was key learning experience: CEO
- Firm employs inspection drones, rapid response teams
- Grows capacity to handle multiple incidents at once

Reuters
London

When attack drones struck Saudi Aramco's biggest oil pipeline last month, satellite images showed one of its pumping stations burnt to ashes. By the next day, scores of bulldozers were already building a new pipeline.

Within days pumping resumed. The speed of the recovery illustrates how the world's biggest oil producer has transformed its ability to operate under attack after years of assaults on energy infrastructure across the region.

"Today, our teams can handle multiple incidents simultaneously, and we continue to build this capability," Saudi state oil firm Aramco's chief executive Amin Nasser told Reuters in an interview last week.

Nasser said Aramco has built specialised rapid-response teams, expanded emergency stockpiles for repairs and deployed drones to assess damage even while incidents are still unfolding.

Lessons on how to operate under fire came after drones and missiles hit Aramco's major oil processing facility in Abqaiq in 2019, temporarily knocking out half of Aramco's production.

"After Abqaiq in 2019, we came up with the idea of rapid response teams, or what we call zero-hour responders," Nasser said.

The company, long-viewed as one of the most technically advanced oil producers, then began to prepare for the possibility of multiple attacks on its facilities at the same time, Nasser said.

Those capabilities have been repeatedly tested since the US and Israel attacked Iran in February this year



President and CEO of Aramco, Amin Nasser speaks at the 25th WPC Energy Congress in Riyadh on Monday.

and Iran and its proxies retaliated with strikes that hit Middle Eastern infrastructure.

The firm's crisis-management capabilities were tested again on Tuesday when a Houthi attack struck the company's headquarters complex, causing extensive damage.

Saudi daily oil output dropped below 7mn barrels for most of the first six months of the war, down from over 10mn barrels before the war, according to data from the International Energy Agency.

Like other Gulf producers, Saudi Arabia's oil exports have been constrained by attacks on tankers and a shortage of ships restricting crude flows through the Strait of Hormuz.

Yet Aramco has managed to repair damaged facilities and restore operations quickly thanks to specialised response teams, years of contingency

planning, drone technology and abundant spare parts.

Technology has allowed Aramco to compress the time between an attack and the start of repairs, Nasser said.

The company's response to incidents was now more than six times faster than the industry average, he added, meaning it often takes just days to restart a facility even after significant damage.

Normally, oil firms first contain an incident and then assess the damage, but Aramco begins assessment with drones while an incident is still unfolding, Nasser said.

"Inspection drones provide an exceptional level of visibility and detail," Nasser said. "By the time the situation is under control, we are ready to get to work."

Response teams can quickly send repair materials to a site before work

begins, Nasser said. Some 90% of materials needed for repairs are produced locally or held in a local warehouse as Aramco has spent years building up supply chains and inventories.

The ability to maintain production despite repeated attacks has become an important selling point with Aramco's customers, Nasser said. "They see that Aramco is able to deliver under different scenarios."

While Saudi oil production recovered to about 8mn barrels a day in September, export routes remain vulnerable to disruptions beyond Aramco's control.

The company is studying possible alternative routes to the Strait of Hormuz, Bab el-Mandeb and Suez, Nasser said, without elaborating. "Details will be disclosed if and when a final decision is made," he said.

Saudi Arabia said to offer Europe more crude; Orlen to get 4 October cargoes

Reuters
London/Warsaw/Oslo

Saudi Arabia is offering European customers more crude oil for the remainder of October and November, and Poland's Orlen is expected to get at least four October-loading Saudi cargoes, shipping data showed and sources said, adding to signs of a recovery in supplies.

Saudi Arabia has been ramping up crude flows through its East-West Pipeline to Red Sea export terminals since early October after drone attacks, which it blamed on Iraqi militia, forced the pipeline's shutdown on September 11, leaving customers like Poland racing to find alternative supplies.

A spokesperson for state oil company Aramco declined to comment on Thursday.

Aramco approached traders this week, offering additional crude oil cargoes for delivery into Europe in late October and into mid-November, three trade sources with knowledge of the matter told Reuters.

The volumes could help make up for cargoes European customers missed in September, two Mediterranean trade sources added.

Poland's Orlen is expected to get at least four October-loading Saudi cargoes from Egypt's Sidi Kerir terminal, which is used to export Saudi crude, shipping data showed and a source familiar with the matter said on Thursday.

In September, Orlen rushed to secure alternative supplies from the North Sea and other regions after Aramco informed European customers that some late-September cargoes would be cancelled.

Saudi Arabia's state-owned Aramco has been Orlen's largest oil supplier since 2022, accounting for about 40% of its purchases.

The Polish refiner said it had lined up additional cargoes from Norway, Great Britain, Algeria, Kazakhstan, Azerbaijan and the Americas to offset disruptions to Saudi deliveries.

Europe imported 460,000 barrels per day of crude from Saudi Arabia and Sidi Kerir in September, according to Kpler data, down from 900,000 bpd in August and the lowest monthly total since December 2024.

Riyadh has been facing mounting attacks from Yemen's Houthis as the Middle East conflict escalates. Aramco's headquarters in Dhahran suffered extensive damage after an attack on October 13, three people with direct knowledge of the matter told Reuters.

India expected to overtake Japan as world's 4th largest economy in 2027: IMF

AFP
Bangkok

India is expected to become the world's fourth-largest economy by 2027, overtaking Japan, according to International Monetary Fund projections that on Thursday laid out the Asian nations' contrasting trajectories. The IMF said Japan would remain the fourth-largest country by nominal gross domestic product this year, but in 2027 India is set to take its place, with a GDP reaching \$4.52tn. Japan is slated to slip to sixth place that year, falling behind both India and the United Kingdom, the projection showed. India has shown strong growth in recent years despite global economic headwinds, with the IMF this week raising its forecasts for 2026 growth to hit 7.0%. Japan, by contrast, is plagued by an aging population and other structural problems that have seen the Asian giant's growth stagnate. The US is the world's largest economy, followed by China and Germany. Releasing the IMF's regional economic outlook for Asia-Pacific on Thursday, Asia Director Krishna Srinivasan said India entered the current energy price shock caused by the

US-Israel war on Iran from a strong position. "India entered this with very strong fundamentals," he said. "Growth was strong, fiscal prudence was pretty much enshrined, they had lots of reserves and so on. And so in that context, they have responded well to the shock." Growth in Japan, by contrast, is projected to slow to 0.7% in 2026, with the country hard hit by an increase in energy prices — and wider inflation — that has seen the Bank of Japan raise interest rates to their highest level in three decades. The country, long haunted by deflation, has seen a sustained increase in consumer prices since the spring of 2022, and spiking energy prices from the Iran war have further fuelled those rises. The fall of the yen, which hit its lowest level in 40 years against the dollar over the summer, is further driving up the cost of imports. Japan's aging population is also weighing on economic activity. The IMF's Srinivasan said Japan's economy was benefiting from the boom in artificial intelligence investments, but not as much as its regional neighbours. The benchmark Nikkei index in Tokyo fell by nearly 5% on Thursday, dragged down by a plunge in tech stocks amid doubts over the profitability of the AI sector.



Police officers stand guard outside the Bharat Mandapam, one of the venues for AI Impact Summit, in New Delhi on February 18. India is expected to become the world's fourth-largest economy by 2027, overtaking Japan, according to International Monetary Fund projections that on Thursday laid out the Asian nations' contrasting trajectories.



Market selloff, rising rates test AI data centre deals boom

Reuters
Hong Kong

A market selloff is forcing companies driving the global AI boom to delay fundraising plans or pay more for capital as investors demand proof they can absorb rising interest rates and computing-power costs.

The shift comes as investors reassess whether the companies racing to build the infrastructure underpinning artificial intelligence can generate returns that justify soaring spending on computing power, land and energy.

In the past week alone, as AI-related stocks have weakened and the debt of data-centre operator CoreWeave has slumped towards distressed prices, listings for a Blackstone-backed AirTrunk REIT, Nvidia-backed Firmus and SoftBank-backed SB Energy have either been pulled or paused.

The increased scrutiny is not derailling investment in the sector, analysts said, but it is forcing investors to distinguish more sharply between business models and levels of execution risk.

"The conversation has shifted from growth at any cost to a much sharper focus on quality," said Harry Evans, a partner at law firm Freshfields.

Evans said deal activity could hold up through next year, thanks to a strong pipeline.

Recent listing setbacks, however, show investors are becoming more discerning about valuations, leverage and business models.

M&A involving Asian data centres is still on track for a record year, reaching \$21.3bn as of Tuesday, according to Dealogic data, more than double the \$10bn recorded in all of 2025.

Debt financing has also remained strong, with syndicated loans and bond issuance totalling \$22.3bn so far this year.

Equity capital market fundraising for the sector, however, is down, at \$5.4bn so far this year, a 4.6% drop from the same period in 2025.

"General thoughts with IPOs are that they often seek 'hype', as they're largely looking for over-subscription," said Nicholas Tuan, director, APAC Advisory Services at real estate services firm Savills.



Investors are reassessing whether the companies racing to build the infrastructure underpinning artificial intelligence can generate returns that justify soaring spending on computing power, land and energy

"There may not be fundamental asset value when you peel it all back."

Firmus, which had aimed to raise \$5bn in what would have been Australia's second-largest stock market listing, struggled to convince investors it could deliver on ambitious revenue projections while carrying about \$30bn of debt.

Nuclear services company Holtec cited a "perfect storm", driven mainly by uncertainty around data-centre demand, when it pulled its US listing last month.

Higher borrowing costs are at the heart of the new scrutiny.

Benchmark 10-year US Treasury yields posted their sharpest quarterly rise this century last month, prompting investors to take a closer look at whether projected revenues can support growing debt burdens, bankers said.

Gary Goh, CEO of Sprint DC Consulting, an Asia-Pacific data centre consultancy firm based in Kuala Lumpur, warned higher financing costs could lead to sharp valuation corrections.

Valuations can vary widely depending on whether they are based on existing customer contracts or future projections, and whether capital expenditure requirements are fully reflected, said a banker who advises data-centre investors.

"There is not remotely enough data centres built for the demand," said the banker, who was not authorised to speak publicly. "Investors

are still going in but the question is at what valuation."

Investors are also paying closer attention to execution risks.

Beyond higher power and water costs, developers face growing opposition in some markets over electricity use, noise and environmental concerns, adding to regulatory uncertainty around new projects.

Securing suitable land and power supplies is becoming more difficult in some jurisdictions, said a person at a US-based firm that invests in Asian data-centre platforms, adding that the company had tightened its underwriting criteria because of geopolitical and policy risks.

To be sure, major transactions are still moving ahead.

Singapore-based DayOne is expected to go public as soon as November, seeking to raise up to \$5bn, Reuters reported in September. DayOne did not immediately respond to a request for comment.

AirTrunk, despite postponing a planned REIT listing, is nearing a deal to sell its Johor data centre in Malaysia to a group of investors including local pension fund KWAP at a valuation of about \$1bn, according to two people familiar with the matter.

Bain Capital has also received final bids for at least 40% of its pan-Asian platform Bridge Data Centres in a deal that could value the business at around \$5 bn, according to two people with knowledge of the process.

Jio seeks \$3.2bn in record India IPO

AFP
Mumbai

India's Jio Platforms, the digital arm of conglomerate Reliance Industries, is aiming to raise more than \$3bn in what would be the country's biggest-ever initial public offering, after announcing pricing details ahead of next week's launch. The company, controlled by billionaire Mukesh Ambani, is looking to sell 270mn new shares at 1,065-1,119 rupees (\$11.22-\$11.79) each, it said in a statement late Wednesday. A sale at the top end of the range would raise around \$3.2bn, surpass-

ing the previous national IPO record of \$2.9bn set by Hyundai Motor India in 2024.

The IPO opens for subscriptions on October 21, with a view to listing a week later.

Reliance Industries, India's most valuable listed company, has been pushing to expand beyond its traditional oil refining and petrochemicals businesses into telecoms, digital services and green energy, with Jio Platforms at the heart of that strategy.

While Jio has expanded into areas ranging from artificial intelligence to enterprise network services, it is best known for telecoms subsidiary

Jio Infocomm, India's largest mobile operator by subscribers.

Launched a decade ago, Jio's wireless service disrupted the market with steep discounts that helped it rapidly win customers from rivals Bharti Airtel and Vodafone.

The carrier now has more than 530mn subscribers and handles roughly 60% of India's mobile data traffic.

The company raised more than \$20bn in 2020 from global investors and technology giants including Meta and Alphabet, funding an ambitious digital ecosystem spanning payments, entertainment streaming and online services.

Tech selloff deepens as US inflation sparks AI jitters amid Fed rate increase concerns

AFP
London

Asian stocks plunged on Thursday as technology firms suffered another rout after forecast-topping US inflation data fuelled expectations the Federal Reserve would further increase interest rates.

European stock markets were more resilient, benefiting from their lower exposure to the tech sector, as well as falling oil prices and government bond yields.

Seoul's Kospi plunged 7.6% to close at 5,554.22; Tokyo's Nikkei 225 was down 4.9% to 64,425.95; Hong Kong's Hang Seng Index fell 1.0% at 24,062.72, while Shang-

hai's Composite dropped 1.6% at 3,707.48.

Taipei lost more than 3% as market heavyweight TSMC gave up 2% even after it announced a sixth straight run of record quarterly profit, fuelled by demand for AI hardware.

Seoul and Tokyo bore the brunt of the selling as traders bailed out of chipmakers, tracking sharp losses on Wall Street.

"The tech sell-off has continued with pace, exacerbated by US inflation data which increased expectations for US interest rate hikes this month," said Dan Coatsworth, head of markets at AJ Bell.

"US Treasury bond yields fell, suggesting that investors are

moving into supposed lower-risk assets," he added.

Markets, already struggling with concerns about the outlook for the AI investment boom, were stung after data showed the US consumer price index jumped more than expected to 3.7% in September.

The inflation figures put pressure on the Fed to raise rates at least once more following September's hike, with the bank's decision due on October 28, a week before the US midterm elections.

Tech firms rely heavily on borrowing to fund their huge AI investments, meaning they are particularly sensitive to higher interest rates.



Currency dealers watch monitors as an electronic screen shows the benchmark stock index (Kospi) in a foreign exchange dealing room at the Hana Bank headquarters in Seoul on Thursday. Kospi plunged 7.6% to close at 5,554.22 for the day.

AI investment boom may be papering over US economic cracks

By Mike Dolan
London

Strip away the AI blanket and you may find the rest of the economy shivering underneath. Even if the reality is less stark, the latest research shows AI heat in national accounts is mirrored by cold spots elsewhere.

There's little doubt about the contribution to overall US gross domestic product from the frenzied boom in AI investment, financing and infrastructure building. Most estimates show that about a third of economic growth over the past couple of years is due to the AI buildout, and almost a quarter of all US imports last year were AI-related goods.

And, depending on how you define it, AI-related stocks now account for about half of the S&P 500 market capitalization. But New York Federal Reserve economist

Julian di Giovanni this week focused on the fact that the surge in AI-related imports over the past two years had not materially widened the trade and current account deficits, as might be expected. In explaining why, he framed the issue in terms of how the current account is a balance of savings and investment, suggesting an investment spending spree or a jump in tech equipment imports need not affect the overall balance if domestic savings are sufficient to fund the additional investment.

In economics terms, the current account balance is a country's gross savings minus its gross domestic investment. Mapping savings and investment over the past six years since the COVID-19 pandemic shows the current account gap did indeed widen up to early last year, but has since narrowed during a wave of tariffs from the incoming Donald Trump administration.

However, most of the widening deficit of recent years was due to a drop in savings rather than gross investment spending, di Giovanni points out in the Liberty Street Economics blog.

In fact, aggregate investment as a share of GDP has been basically unchanged for eight years at just under 22% and has shown no particular change since the AI capital expenditure boom took off in earnest after 2023. Gross domestic investment averaged 21.3% of GDP in the five years before the pandemic and 21.5% in the three years since the ChatGPT launch that sparked the frenzy.

Di Giovanni's main point is that while investment in information technology, equipment and software has risen, it has been offset by declines elsewhere, including weaker factory construction since 2022, residential investment and spending on structures and equipment outside data centers and technology

equipment. Household saving is down slightly in recent years, due in part to wealth effects from higher equity values, but it's fallen much less than it did during the dotcom expansion in the late 1990s. Business saving has barely fallen, unlike the dotcom era, and that's likely due to the drawdown so far of hefty cash positions by the hyperscalers doing the bulk of the capex.

Government "dis-saving", or widening government budget deficits, has moved in the opposite direction over the past few years and marks another stark contrast to the late 1990s boom.

Government dis-saving accounts for 1.75 points of the 2.4 percentage-point increase in the current account deficit since the pandemic, with falling private savings adding about half a point and business investment contributing next to nothing. "Changes in fiscal policy have been the major driver of current account dynamics,

with a smaller role played by private saving and no discernible investment channel," di Giovanni concluded, adding the caveat that a ramping up of debt- and equity-financed spending from here could yet change the picture.

Beyond the balance of payments dynamics, though, the obvious question is just how much relative weakness the AI boom is covering up and how much of a cyclical downswing the economy and markets might now be suffering in its absence.

With so much riding on AI delivering, the temptation is to treat it as "too big to fail." But if a sudden slowdown in the AI boom, an accident or shock in financing, or a massive stock sell-off were to hit, the economy would go south along with it — and it's not hard to see why.

■ The opinions expressed here are those of Mike Dolan, a columnist for Reuters.

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Sheikh Bandar meets Malaysia central bank governor, UBS co-president global wealth management



HE the Governor of the Qatar Central Bank (QCB) and Chairman of the Qatar Investment Authority Sheikh Bandar bin Mohammed bin Saud al-Thani met separately with Governor of the Central Bank of Malaysia (Bank Negara Malaysia) Abdul Rasheed Ghaffour, and Co-President Global Wealth Management, President UBS Asia Pacific and member of the Group Executive Board Iqbal Khan, on the sidelines of the 2026 Annual Meetings of the International Monetary Fund and the World Bank Group, held in Bangkok, Thailand, from October 12 to 18, reports October. The first meeting reviewed key facets of bilateral cooperation between the two countries, with a focus on enhancing collaboration within the financial and banking sectors, while the second meeting discussed the latest developments in global finance and investment, along with other related topics.

WTO chief sees lasting impact on trade from Mideast war, geopolitics

Reuters
Bangkok

Shifting geopolitics and the wars in Ukraine and the Middle East will have a lasting impact on world trade flows as companies hedge their bets against future shocks, Ngozi Okonjo-Iweala, director general of the World Trade Organization, told Reuters on Thursday.

Trade had contracted sharply in the Middle East as a result of the Iran war, despite a series of workarounds, and would take some time to bounce back, Okonjo-Iweala said in an interview, adding that some of the shifts could become permanent. The WTO forecast a 17% drop in exports this year, with imports down about 15%.

Private sector experts were forecasting a rebound once the war ended and the Strait of Hormuz was open since it offered a cheaper route for trade, but repeated conflicts had underscored the need for diversification and contingency planning, and some of the alternative trade routes would

likely endure, she said. "We are finding that choke points and choke assets are things we have to think about for the world," Okonjo-Iweala said in an interview on the sidelines of the annual meetings of the International Monetary Fund and World Bank. "I think some of these alternatives will stay because both countries and businesses want to hedge against eventualities."

She said she expected broader diversification efforts into different regions and countries to continue given the repeated shocks caused by wars and other trade disruptions, including a massive wave of tariffs imposed by US President Donald Trump.

"There's absolutely no doubt that supply chains have been reconfiguring," she said. Business leaders had proven creative in finding new trade routes, although they were more costly.

Some of those efforts would endure "because geopolitics makes it a sensible thing to do," she said.

Regional trade would also continue to expand, she said, noting that African countries, for instance, could

boost growth and trade significantly by trading more within the continent.

"Africans trading among themselves can really create value, create jobs," she said, noting that intra-African trade now accounted for about 20% of African trade, while trade within the European Union accounted for about 60% of its trade.

Regional trade agreements were expected to continue to advance, although trade governed by WTO rules still accounted for nearly three-quarters of all trade.

The WTO last week upgraded its forecast for global merchandise trade growth, with demand for AI-related products helping to offset the impact of disruptions caused by the widening war in the Middle East. It said world merchandise trade volume growth was projected to reach 3.9% in 2026, up from 1.9% in the WTO's baseline forecast issued in March.

Okonjo-Iweala said the future remained uncertain given the ongoing conflicts, tariffs and concerns that the boom in AI would fizzle out or collapse.

US producer prices post largest gain in 4-1/2 years; expensive gasoline boosts retail sales

Reuters
Washington

US producer prices increased by the most in 4-1/2 years in September amid rising costs for goods and services, the latest indication of inflation broadening out beyond energy products.

The report from the Labor Department on Thursday also showed fairly large rises last month in key components that go into the calculation of the main inflation measures tracked by the Federal Reserve for its 2% target, leading some economists to still anticipate another interest rate increase this month.

Financial markets, however, continued to expect the next rate hike only in December. The government on Wednesday reported a broad increase in consumer prices in September. Inflation is being driven by the dragging US-Israeli war with Iran, which is keeping oil prices elevated.

Though other data on Thursday showed a stronger-than-expected increase in retail sales last month, that was mostly because consumers paid more for gasoline. The underlying trend in retail sales slowed, consistent with economists' expectations for softer consumer spending growth in the fourth quarter. Inflation is outpacing wages, which have slowed amid tepid

hiring, straining finances for consumers, particularly those in the lower part of what economists call a K-shaped economy. "Today's data reinforce a challenging economic crosscurrent: inflation is heating up, the consumer is still spending but with less underlying momentum and the labor market appears frozen rather than broken," said Chris Osmond, chief investment officer at Fifth Third Wealth Advisors.

"For the Fed, that is an increasingly uncomfortable combination. A pause remains defensible, but the cost of waiting rises if inflation fails to cool."

The Producer Price Index for final demand jumped 1.3% last month, the largest gain since March 2022, after an upwardly revised 0.5% rise in August, the Labor Department's Bureau of Labor Statistics said.

Economists polled by Reuters had forecast the PPI increasing 0.5% after a previously reported 0.4% gain in August. In the 12 months through September, the PPI soared 6.3%, the biggest rise since December 2022. That followed a 5.6% advance in August. Producer goods prices increased 2.6%, the largest increase since the government started tracking the series in December 2009. A 10.8% surge in energy prices accounted for more than 80% of the broad-based rise in goods prices. Gasoline prices rose 20.3%. Die-

sel fuel prices increased 21% and soared 115.2% year-on-year. Jet fuel cost more as did residential electric power.

Wholesale food prices rebounded 1.2% after declining for three straight months. Food is transported by road and rail, and last month's jump could be an early sign of the effects of record diesel prices spilling over to the broader economy.

Fresh and dry vegetable prices vaulted 41.0%, but egg prices dropped 31.9%.

Excluding the volatile food and energy components, producer goods prices rose 0.3%. The so-called core goods gained 0.4% in August. Services prices shot up 0.8% after climbing 0.2% in August. A 1.4% surge in margins for trade services accounted for nearly half of the broad-based increase in prices.

"The change in margins is an indicator firms are facing higher prices, and could pass those costs on to consumers," said Mark Streiber, economic analyst at FHN Financial.

The cost of transporting freight by road increased 3.8%, while airfares jumped 5.0%, both reflecting higher oil prices. Hotel and motel room prices shot up 5.6%. The cost of legal services rose 0.3%. Airfares, hotel and motel rooms, and legal costs are among the key components that go into the calculation of the Personal Consumption Expenditures price indexes.

US Treasury pushes global partners to rename AI as 'super intelligence'

The US wants its global partners to rename artificial intelligence as "super intelligence," convinced that the new moniker better reflects the emerging technology, a top US Treasury official told Reuters in an interview on Thursday.

Treasury Undersecretary for International Affairs Erin Browne said Washington was in negotiations with other shareholders of the International Monetary Fund about using the new term in a statement being drafted by the fund's steering committee, the International Monetary and Financial Committee.

US President Donald Trump last month directed US government agencies to use the words "super intelligence" instead of "artificial intelligence" when referring to the technology. Browne said the US, which holds the rotating presidency of the Group of 20 major economies, wanted the change to take hold internationally as well. "President Trump has been really clear on this,

and he's, you know, using the term SI, and I think it's a clear priority for the US to use that term, and we think that more appropriately encapsulates the technology at hand," Browne said. She declined to comment on whether Washington would refuse to sign off on the statement unless the switch was made.

"We're still in the middle of negotiations on that statement, so I'm not going to, you know, sort of run ahead of that," she said.

A source familiar with the matter said US officials had suggested during meetings on the IMFC statement that they would insist on the new language, raising eyebrows among some other IMFC members.

If Washington withholds its support for a consensus statement, the current IMFC chair, Saudi Finance Minister Mohammed al-Jadaan, could still issue a so-called chair's statement summarizing the views of the members.

AI-boosted UK economy beats forecasts, giving finance minister pre-budget lift

Reuters
Manchester

Britain's economy beat forecasts in August as a further jump in the computer programming sector offered fresh evidence that AI is boosting growth, official data showed on Thursday, handing finance minister John Healey a lift ahead of his budget.

The Office for National Statistics (ONS) reported a 0.1% increase in gross domestic product in August, stronger than the consensus forecast in a Reuters poll of economists for a 0.1% drop. The annual growth rate picked up to 2.1%, the highest reading since October 2022, when output was still bouncing back from the COVID-19 pandemic. Excluding that period, it was the fastest growth since December 2019.

Adding to signs that the artificial intelligence boom is boosting Britain's economy, the ONS said computer programming was the largest contributor to growth in the three months to August.

"The sector breakdown suggests that AI is behind much of the upswing," said Andrew Wishart, senior economist at Berenberg Bank, adding that consumer spending had also surprised to the upside despite rising inflation. The ONS also pointed to broad-based growth over the past year across the services sector that dominates Britain's economy.

"We will have to stop talking about resilience and start talking about some genuinely respectable growth this year even if activity stagnates in Q4," said Thomas Pugh, chief economist of tax and audit firm RSM UK. But with long-term government borrowing costs having recently hit their highest since the 1990s, Healey still faces a narrow path to meeting his fiscal rules without unsettling investors — despite a sharp drop in government bond yields on Thursday.

The data could also influence Bank of England policymakers as they weigh a rate rise next month, with third-quarter growth looking on course to exceed the central bank's forecast of 0.4%.

That suggested interest rates at current levels are not as restrictive as the BoE had assumed, Pugh added.

Britain was jointly the fastest growing economy among Group of Seven nations during the first half of 2026, alongside the US. Healey welcomed the figures.

"Despite conflicts in the Middle East and Europe hitting people across the world, today's figures offer more proof of Britain's resilience in the face of these global shocks," he said in a statement.

For August alone, growth was driven by the manufacturing sector which showed a 1.2% month-on-month surge, defying forecasts for a small drop in output.



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