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INFLATION SLOWS | Page 4

German economy grows more than expected in Q3

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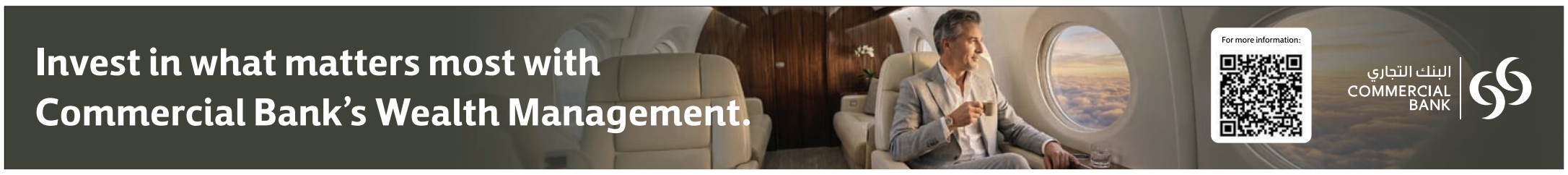
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GULF TIMES
BUSINESS



AI INVESTMENT BOOM: Page 3

Technology firms take fresh hit on Asian stock markets



Focus and execution drive start-up success: Experts

By Peter Alagos
Business Editor

Speed of learning, niche market focus, and interdisciplinary human capabilities will serve as the primary differentiators for businesses in the artificial intelligence era, according to a panel of experts at the 9th World Investment Forum recently held in Doha.

"Their first advantage is their ability to focus on a very specific niche, right, and provide a very small audience with a perfect product and a perfect experience," Jonathan Greechan, co-founder and Chief Innovation officer at Founder Institute, said.

He explained that smaller enterprises hold distinct advantages over incumbents through their speed to learning and absence of corporate bureaucracy. "It's the speed to learning, it's the organisations and the founders that are dedicated to running quick cycles... constantly questioning what they're doing," Greechan added.

Professor Wen Jung Li, vice-president of Talent and International Strategy at City University of Hong Kong, pointed out that higher education must adapt by training interdisciplinary talent.

"So we have to train children or students who have to work in the industry, govern it, and also have investors together and define a problem from the beginning without wasting too much time," Li said.

He emphasised that future market leaders require deep cross-cultural understanding and empathy alongside technical capabilities.

"And this is cross-cultural knowledge that we expect future councilmen to understand, not just managing a big company growing the number of people and so on," Li noted.

Salal Hasan, founder and CEO of Ahya, explained that entrepreneurs operating in the sustainability and technology sectors must build solutions on strong first principles.



The 9th World Investment Forum held recently in Doha gathered a wide range of global experts in both the private and public sector. From left are Jonathan Greechan, co-founder and chief innovation officer at Founder Institute; professor Wen Jun Li, vice-president of Talent and International Strategy at City University of Hong Kong; Luca Bucken, executive director of Government Relations at 500 Global; Hasan Haider, founder and managing partner at Plus VC; and Salal Hasan, founder and CEO of Ahya, during a panel discussion on the sidelines of the forum.

"I think you have to train your team on strong first principles, because the approach to problem solving cannot merely be based on just qualitative assessment of language or purely research," Hasan said.

Hasan pointed out that climate tech ventures in the Middle East face unique challenges regarding localised compute infrastructure and regional data sets.

"So the underlying impact of your choices when you're building has become extremely important, and founders need to be able to compute that into their business model very, very quickly," he added. Luca Bucken, executive director of Government Relations at 500 Global, noted that venture investors observe learning being concentrated into much shorter timeframes.

"And I believe the adaptability of both the founder—and, crucially, the team driving the startup's growth—is essential. It's not just about learning quickly; it's about diversifying how we learn and adapting to what learning looks like in this new era," Bucken said.

Hasan Haider, founder and managing partner at Plus VC, stated that the core qualities sought by early-stage investors have not shifted despite technological advancements. "I'm still looking for a team with a bias toward execution—one that consistently gets things done," Haider emphasised.

Haider explained that customer acquisition and generating early revenue remain the most decisive benchmarks for evaluating new ventures.

"AI can accelerate that process, but it can't change your trajectory—from 'no one wants this' to 'this is genuinely compelling,'" Haider noted.

Digital platforms boost SME growth and tax revenues, says expert

By Peter Alagos
Business Editor



Boris Titov, Special Representative of the President of the Russian Federation for Relations with International Organisations to Achieve the Sustainable Development Goals.

Deploying unified digital business services offers a practical method to bring informal enterprises into the regulated economy while increasing national revenue collection, according to trade and development experts.

"Small and medium-sized enterprises (SMEs) are a foundation for economic development...by contrast, in many developed countries, effective regulation based on digital technologies has helped governments and businesses align their interests," stated Boris Titov, Special Representative of the President of the Russian Federation for Relations with International Organisations to Achieve the Sustainable Development Goals.

In a keynote presentation on small enterprise development on the sidelines of the recently concluded 9th World Investment Forum in Doha, Titov detailed how digital administration transforms business environments.

He explained that SMEs constitute 90% of global businesses and account for more than half of worldwide employment.

However, enterprise growth across many developing nations remains constrained by heavy informal operations, administrative pressure, and corruption, Titov warned.

"In many developing countries, most SMEs operate in the informal sector. They face administrative pressure, corruption, discrimination, and violations of their rights by governments and large corporations," Titov lamented

"Instead of paying taxes, they are forced to pay bribes," Titov revealed, noting that cross-border barriers add further operational hurdles.

To address these structural challenges, Russia created an integrated 'one-stop' digital portal that links corporate registration, tax management, and commercial banking functions, according to Titov.

He emphasised that the implementation streamlined daily accounting, simplified payment processing, and expanded private sector access to commercial bank credit.

Following the platform rollout, the share of informal SMEs operating in Russia dropped from 80% to under 10%, he announced.

The overall number of registered small businesses grew by 1mn between 2018 and 2024, while registered self-employed individuals reached 15mn, representing over 10% of the national population, he said.

Annual tax revenue generated from the small business sector doubled to $119bn, while access to business loans expanded nearly threefold and suspicious financial transactions fell by 64%, Titov further stated. Titov noted that international transfers of the system are already yielding positive outcomes in neighbouring markets.

"In Kyrgyzstan, for example, our know-how was helped to double the SME sector's tax base in just two years," he emphasised, adding that similar integrated portals operate in China, India, and Europe.

Evonik rejects BASF bid

Reuters
Duesseldorf

German chemicals group Evonik said on Friday that BASF's sweetened takeover offer was not enough to persuade it to start formal deal talks, but it has asked the suitor's management to elaborate on the rationale for its bid. "The Executive Board remains focused on its strategic direction and further development of Evonik as an independent company," it said in a statement.

According to a person familiar with the matter, Evonik remains unconvinced by the industrial logic behind a merger of the two groups. BASF last week made an improved offer worth €11.18bn ($12.5bn) or €24 per share, for a takeover which its CEO Markus Kamieth said would offer a "strong German response to global competition," while stressing BASF would not overpay.

BASF, one of the world's largest chemical companies by revenue, improved its bid last week from an original €22.15 per share, which Evonik had rejected in September.

On Friday, BASF expressed surprise that Evonik was not prepared to consider its "attractive offer" and "extensive commitments made regarding employees and sites."

"However, we acknowledge Evonik's willingness to engage in discussions," it said in a statement.

Evonik's products include high-tech plastics and feed additives, as well as ingredients for coatings and household products. BASF makes engineering plastics, superabsorbent polymers, vitamins and chemicals for industrial uses.

BASF has said it would honour existing agreements to preserve jobs made by Evonik in the event of an acquisition and warned that more painful takeover approaches from abroad were looming.

People familiar with the matter have told Reuters that Evonik itself had been exploring an acquisition of US rival Ashland for some time.

Evonik CEO Christian Kullmann, who went on medical leave in August, previously said there would be consolidation in the industry and Evonik wants to play an active role in it.

US oil giants report profit surge again on Iran war

AFP
New York

US oil giants reported on Friday another quarter of soaring profits reflecting higher oil prices and refining margins due to the US-Iran war.

ExxonMobil's profits in the period came in at $15.4bn, slightly more than double the $7.5bn in the year-ago period, while Chevron's profits were $9.9bn, compared with $3.5bn in the year-ago quarter.

The surge in US petroleum earnings comes on the heels of similar increases at European companies as the US-Iran war drags on. The impacts have been most dramatic in refining, where the profit margins for processing crude oil into gasoline, diesel and other petroleum products have exploded in recent months.

Steep price increases and supply shortfalls in some cases have sparked protests in parts of Asia, Latin America and Europe. In the United States, President Donald Trump's Republican party faces a stern test in next week's midterm elections, with high gasoline and diesel prices souring the mood of consumers.



At ExxonMobil, oil prices averaged around $85 per barrel during the period, about a third more than in the 2025 quarter.

Refining margins were $50.3 per barrel, almost three times the level in the year-ago period as the company cited efforts to boost output of diesel and other key products that have seen supplies tighten.

"Refining capacity in Russia and the Middle East remained curtailed, with roughly 10 percent of global capacity offline," the company said in prepared remarks ahead of a conference call.

"North American refineries sustained high operating rates during the quarter but were unable to fully offset reduced global refining capacity availability," according to the remarks.

The efforts to boost output translated into 100% crude unit utilisation at US Gulf Coast refineries, ExxonMobil said in its press release.

Chevron scored higher profits in its upstream business, but also won its greatest increases in the downstream area, where profits of $4.9bn were more than four times the level in the year-ago period.

The NGO 350.org, which advocates for clean energy and other measures to address climate change, called for "permanent levies" on "exceptional" oil industry profits, with the funds going to consumers and to finance the energy transition.

"As we head into the midterms, energy affordability is on everyone's minds," said Candice Forten, US campaigns manager for 350.0rg.

"Families and small businesses want reliable electricity they can afford, and communities want a say in how their land, water and energy resources are used," Forten said. "Yet as people struggle with energy bills and the impacts of extreme weather, the biggest oil companies are forecast to make billions."

Forten called for policies to ensure that data centers for artificial intelligence do not drive up electricity bills and that oil companies "pay their fair share towards the costs of the crisis, rather than leaving the public to pick up the bill."

Shares of ExxonMobil rose 2.0% in pre-market trading, while Chevron climbed 1.7%.

BUSINESS

Wall Street's wider weakness keeps AI trade rolling

By Jamie McGeever
Orlando, Florida

AI remains the only game in town for Wall Street, and a lack of attractive alternatives is perpetuating this reliance. That risks making a crash all the more likely and painful when it comes.

The concentration of US equity indices in tech is well known, but less appreciated is how weakness in other sectors is helping drive this phenomenon.

Normally, when a market boom starts to seem a bit top-heavy, investors begin trimming exposure. While that has happened to some extent recently, the moves have been modest.

Despite the red flags around AI spending, investors are not giving up on the trade.

Little wonder: Big Tech's recent track record has been exceptional. A group of 41 AI-related stocks has accounted for 75% of S&P 500 returns, 80% of earnings growth and 90% of capital spending growth since ChatGPT launched in November 2022, according to JPMorgan Private Bank.

Technology and communication services, just two of the S&P 500's 11 sectors, are expected to deliver 42% of the entire index's forecast $783bn in third-quarter earnings, according to LSEG.

That share is expected to rise to 45% in the fourth quarter. Investors expect these two sectors to account for half of all earnings growth this year, with six sectors contributing just 10%. Tepid growth in other parts of the economy appears to be keeping a lid on rotation out of tech.

This helps explain why market turbulence driven by AI jitters always seems to be so short-lived. Take the last few days.

Last Thursday, the S&P 500 fell 1.2% as worries over the AI investment frenzy slammed chip stocks. That was notable less for the scale of the decline than for its remarkably narrow breadth.

While the index fell, 337 of the index's 500 stocks actually rose, according to Deutsche Bank's Jim Reid. Indeed, of the nearly 3,000 days over the past three decades in which more than 300 stocks rose, Thursday was the index's second worst performance.

Curiously, the worst was January 27, 2025, when China's low-cost AI model DeepSeek burst onto the scene, sparking a record 17% crash in Nvidia shares.

This is yet another reminder - as if investors needed one - of the risk that market concentration can pose. By Friday, the S&P 500 and Nasdaq had closed at their lowest levels in over a month, pulled down by tech. The Philadelphia Semiconductor Index plunged by 20% in a little over two weeks, while Meta, which reported earnings last week, saw its shares fall 20% from their recent peak as investors were unnerved by the hyperscaler's plan for a record $97.5 billion equity raise to help fund its beefed-up AI spending binge.

Not for the first time this year, it looked like we might be seeing the beginning of a deeper, more prolonged AI slide.

But both benchmarks are already rebounding. On the surface, the catalyst appears to be Anthropic's massive initial public offering (IPO) filing on Monday and a host of other tech fundraising, which have apparently given investors confidence that the AI boom still has legs.

Yet that's puzzling, given that added equity supply would not normally be expected to boost equity prices.

Once again, the alternatives for equity investors may simply be limited.

Of course, this earnings season could deliver a major downside surprise in the tech space that triggers a more durable reversal, even if investors are forced to flee to other asset classes or low-growth defensive stocks. HSBC strategists have turned cautious and, on Monday, cut their maximum overweight equity position to neutral. A decline of 10% or more in the S&P 500 wouldn't seem unreasonable. But it would be a rarity.

In the last four years, the benchmark US equity index has only experienced one downturn of more than 10%. That was from February to April last year, when President Donald Trump's "Liberation Day" tariffs spooked markets, culminating in a 20% fall. History shows that markets can continue rising even when alarm bells are loud and clear. Former Federal Reserve Chair Alan Greenspan famously called out the "irrational exuberance" of the US equity market in 1996, years before the dotcom bubble actually burst.

The current AI boom could certainly outlast many doomsayers, given the slim opportunities elsewhere. It's notable that when HSBC changed its equity stance, it also said that any dips in the coming weeks "will likely be a good buying opportunity." But the "there is no alternative" trade can only fuel the "fear of missing out" trade for so long. At some point, this boom loop can become a doom loop.

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

AstraZeneca CEO strikes bullish tone on pipeline

Plan involves up to $2bn in one-time restructuring charges; AstraZeneca gives no detail on whether plan involves job cuts; third-quarter sales and profit top analysts' expectations; AstraZeneca maintains 2026 outlook; shares rise nearly 7%, erasing year-to-date losses

Reuters
London



An AstraZeneca logo is pictured in Brussels. AstraZeneca on Friday unveiled plans to save some $1.5bn annually to invest in its drug pipeline, sparking the biggest one-day share rally in a year as CEO Pascal Soriot moved to shift the focus back to growth after a turbulent few months.

AstraZeneca on Friday unveiled plans to save some $1.5bn annually to invest in its drug pipeline, sparking the biggest one-day share rally in a year as CEO Pascal Soriot moved to shift the focus back to growth after a turbulent few months.

The more bullish tone signals a revival for the British-based drugmaker, a long-term market success story, which saw a drug trial miss and talk of a deal for smaller US rival Bristol Myers Squibb weigh down its shares earlier in the year.

"With multiple potential blockbuster assets in late-stage development and transformative technologies scaling rapidly, we are on track to deliver our 2030 ambition and to sustain growth through the next decade," Soriot said in a statement.

The firm gave few details about the cost-cutting plan, aimed at funding investment in its rapidly growing drug pipeline. However, shares in the Anglo-Swedish drugmaker were up nearly 7%, reversing losses from earlier in the year.

The company also beat third-quarter sales and profit forecasts, and maintained its 2026 outlook.

"These results should reassure investors after a turbulent period for what historically has been a really strong business," said Quilter Cheviot analyst Sheena Berry.

AstraZeneca is increasing investment across its business as CEO Soriot seeks to convince investors the company remains on track to achieve its target of $80bn in annual revenue by 2030 despite recent clinical trial setbacks. The target relies in part on about 20 expected new drug launches.

The company said the three-year programme running through 2029 would reallocate resources across its business and generate annualised savings of about $1.5bn, which would be reinvested mainly in its pipeline of more than 180 projects.

However, it provided few details. It did not say whether the programme would involve job cuts, though it expects to incur up to $2bn in one-off restructuring charges.

Drugmakers are facing growing investor scrutiny over the strength of their pipelines as patents expire on established blockbuster medicines and future growth becomes increasingly dependent on successful late-stage trial results.

British rival GSK is also pursuing a cost-saving programme.

Questions over AstraZeneca's pipeline have intensified following setbacks involving camizestrant and Wainua. However, investors have generally remained confident that the breadth of the company's late-stage portfolio leaves it well placed to absorb disappointments.

Core earnings for the quarter were $2.79 per share as revenue rose 7% at constant exchange rates to $16.21bn, beating analysts' forecasts of $2.59 per share and $15.94bn respectively.

Growth was driven by cancer and rare-disease medicines. Oncology revenue rose 17% to $7.77bn, helped by a 35% jump in Enhertu sales to $969mn and a 26% rise in Imfinzi sales to about $2bn.

The gains helped offset pressure from older products facing generic competition. Sales of diabetes drug Farxiga fell 25% to $1.61bn.

AstraZeneca reported operating expenses of $27.56bn in the first nine months of 2026, up 7% from a year earlier. It said costs would rise again in the fourth quarter in line with seasonal trends.

With 2026 guidance unchanged, analysts said investor attention is increasingly turning to 2027, when AstraZeneca expects a series of late-stage trial results that it says could support more than $20bn in peak annual sales.

Syngenta targets valuation of at least $66bn in HK listing

Reuters
Zurich

Syngenta's advisers are targeting a valuation of at least $66bn in the Swiss-Chinese agrochemicals group's planned Hong Kong listing, which is likely to take place early next year, two people familiar with the matter told Reuters.

UBS and China International Capital Corp (CICC), two of Syngenta's IPO sponsor banks, are marketing the Basel-based maker of seeds and crop-protection products at 15 to 20 times expected 2026 core earnings (EBITDA), the people said.

That would value Syngenta, which is controlled by Chinese state-owned firm Sinochem, at $66bn to $88bn, based on its 2025 EBITDA of $4.4bn, placing the offering among the largest global IPOs expected next year.

The valuation reflects Syngenta's efforts to position itself more as a biotechnology company than as a chemicals producer, the people said.

One of them added that a strong product lineup in crop protection and a development pipeline for new seed varieties resistant to disease and pests supported a high valuation.

China CITIC Bank and Bank of America are also sponsors of the IPO, said a separate source with knowledge of the offering.

Syngenta and UBS declined to comment. CICC, China CITIC Bank and Bank of America did not respond to requests for comment.

Three people said the IPO could still take place before the end of 2026, but an early-2027 debut was considered more likely.

"There's confidence a January window is feasible," said one.

The bankers are meeting investors in Shanghai, Hong Kong and Beijing ahead of planned marketing in Frankfurt and London.

Some Asian investors are also showing renewed interest in more traditional industrial companies as enthusiasm for AI-related stocks cools, the people added.

Syngenta plans to sell a stake of 10% to 20% and use the proceeds to reduce debt and invest in crop-protection products and seeds.

The company has already filed for the flotation, which could raise $5bn to $10bn.

Hong Kong's IPO market is booming, with 118 newly listed companies raising HK$388.0bn ($49.5bn) in the first nine months of 2026, up 106% from a year earlier, according to HKEX data.

Sentiment weakened this month, however, after a sell-off in AI-related stocks raised concerns over valuations and returns on AI spending. Changzhou Microintelligence and Jiangsu Slender West Lake Culture and Tourism postponed their offerings, citing market conditions.

ChemChina Group acquired Syngenta for $43bn in 2017 in what is China's largest foreign takeover to date, before the group itself was merged into Sinochem in 2021 to create the world's biggest industrial chemicals company.

Syngenta's IPO would revive Sinochem's efforts to take the company public after it withdrew a proposed Shanghai listing in 2024.

Syngenta competes with BASF, Bayer and Corteva, and recently appointed as CEO Hengde Qin, a Chinese national seen as someone who can navigate the various approval processes.

The company sells seeds, herbicides, insecticides and fungicides, alongside biological and digital farming products. It has more than 50,000 employees in over 90 countries, according to its website.

Nvidia's web of AI bets: Smart strategy or bubble risk?

AFP
New York

Nvidia's $3bn investment in Meta's share sale, announced on Tuesday, is the latest addition to a portfolio of stakes, loans and guarantees that has made the chip giant what some analysts describe as the central bank of the artificial intelligence boom.

The galaxy of deals has helped keep demand running high for Nvidia's processors, which power vast data centers around the world and are the central ingredient of the AI revolution.

That demand has made Nvidia the world's most valuable company by market capitalisation and turned chief executive Jensen Huang into AI's kingmaker.

But the investments have raised a nagging question among some doubters on Wall Street: is Nvidia helping to inflate an AI bubble?

What is Nvidia investing in?

Nvidia has taken stakes in leading AI developers including OpenAI, Anthropic and Elon Musk's xAI, now part of SpaceX. It has also invested in "neocloud" companies such as CoreWeave and Nebius, which rent out computing power built on Nvidia chips.

Its bets extend well beyond the United States. In Europe, Nvidia has backed French AI developer Mistral and British self-driving startup Wayve.

In Asia, it has teamed up with South Korea's SK Group to build data centers.

Beyond equity, the company has offered financial backstops, acting as a customer of last resort.

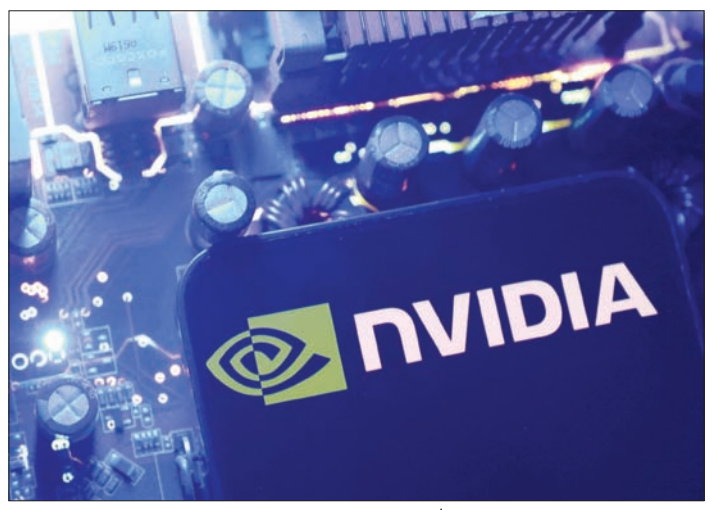
In CoreWeave's case, Nvidia committed to buy up to $6.3bn of unused computing capacity if no other customer takes it.

Nvidia also has around $36bn in cloud backstops and a guarantee of up to $105bn linked to an OpenAI data centre, according to US media.

Why is Nvidia doing this?

Experts say Nvidia's enormous profits give it few better options.

"They're essentially becoming a bank," said Michael Cusumano, a professor at the MIT Sloan School of Management.



Nvidia logo is seen in an illustration. Nvidia's $3bn investment in Meta's share sale is the latest addition to a portfolio of stakes, loans and guarantees that has made the chip giant what some analysts describe as the central bank of the artificial intelligence boom.

"Channeling it back to infrastructure investment tied to purchases of Nvidia equipment is a smart thing." He said the alternatives were less attractive.

Running its own data centers would put Nvidia in competition with its biggest customers "and that might also trigger a whole bunch of antitrust complaints," Cusumano added. Gil Luria, head of technology research at DA Davidson, said Nvidia identifies parts of the AI ecosystem that are not investing enough and puts money into them to fill the gaps.

"It's unprecedented, but it appears to be working," he said.

Huang has defended the approach, arguing that frontier AI labs are the first generation of startups that need tens of billions of dollars to get started, not just millions.

Nvidia's investments effectively give those companies more time to succeed.

Is it 'circular' financing?

Critics have compared the deals to the dot-com era, when companies inflated their growth by investing in startups that then bought their products.

"There is nothing intrinsically wrong with Nvidia helping its clients," said Paulo Carvão, a senior fellow at the Harvard Kennedy School. "But the closer these relationships are, the harder it is for one to assess true sustainable demand."

Luria said not all demand was equal.

"If Nvidia gives CoreWeave money to turn around and buy Nvidia chips, that's not as good as Microsoft buying Nvidia chips because they have a customer in OpenAI that has a customer in an enterprise technology that's willing to pay for it," he said.

What are the risks?

The main concern is concentration. Two direct customers accounted for 22% and 14% of Nvidia's revenue in its 2026 fiscal year, according to the company's annual report. Carvão said the web of overlapping investments increases the risk of contagion if a weaker company such as CoreWeave runs into trouble. "If AI demand disappoints, spending cuts could hit chipmakers, data-center builders and their financiers at once," he said.

Those concerns have grown this month. Shares of several Nvidia-linked neocloud companies, including CoreWeave, Nebius and IREN, fell at least 30% in October amid worries about tighter credit for AI projects.

Carvão noted that the market for AI chips remains limited by supply. He estimated demand would keep growing for another 12 to 18 months before it begins to level off.

Cusumano said he expected high demand for Nvidia chips to continue for three to five years.



People walk below a stock index board in Seoul. The Kospi index closed down 3.5% to 5,730.74 points yesterday.

Tech firms take fresh hit on Asian stock markets

AFP
Hong Kong

Tech firms were again on the back foot on Asian stock markets yesterday after another round of disappointing earnings from Wall Street titans fanned already deep concerns about the AI investment boom.

In Tokyo, the Nikkei 225 closed down 2.1% to 63,290.11 points; Seoul - Kospi ended down 3.5% to 5,730.74 points; Hong Kong - Hang Seng Index closed down 1.5% to 23,294.42 and Shanghai - Composite ended down 1.4% to 3,599.02 points yesterday.

Traders were also keeping an eye on bitcoin, which tumbled after the world's largest crypto exchange said it had been hit by what analysts warned could be the biggest hack of its kind in the world.

AI-linked tech firms suffered steep losses after Amazon's quarterly report fell short of analyst expectations on profit and revenue, and Intel's expected income missed estimates owing to weak demand for PC processors and supply-chain problems.

The announcements came a day after Google parent Alphabet reported soft growth in revenue from advertising and its search business, while saying it would ramp up capital expenditure.

Alphabet plunged more than 12%, while Amazon tanked more than seven percent in after-hours trade -- having lost more than four percent before the close -- while Intel cratered 23%. The Nasdaq finished down more than one percent.

And the selling continued in Asia, where Korean chipmaker SK hynix dived more than seven percent and rival Samsung lost three percent, well off their morning lows.

Japanese semiconductor firm Kioxia shed more than seven percent, while Advantest and SoftBank skidded nearly six percent.

TSMC in Taiwan lost 1.9%.

"This earnings season has been tough on AI players, with most getting punished against a backdrop of AI bubble and inflation fears," said Anna Wu, of Floodlines Research.

"The concern isn't that AI demand has already slowed. It's that higher funding costs and credit risk could eventually force hyperscalers to slow their build-out."

The selloff hit most broader markets in the region, with Seoul diving more than three percent, while Tokyo and Taipei shed more than 2%.

There were also losses in Shanghai, Singapore, Bangkok, Jakarta, and Manila, though Hong Kong, Sydney, Mumbai, and Wellington rose. Friday's retreat was a far cry from the optimism seen earlier in the week, when SK hynix said operating profit soared 632% and AI giant Anthropic reported a first-half revenue surge of about 1,300% in its IPO filing.

The results have been unable to soothe investor worries about the eye-watering amounts firms are pumping into AI and when that will see a profit, while surging borrowing costs are fuelling fears over company finances. Focus is now turning to Tuesday's US midterm elections and the impact they could have on the final two years of Donald Trump's presidency, with some speculating that he could ramp up his war on Iran, which could send oil spiking again.

"There's been a lot of talk that once these are out of the way, the US could go all shock and awe on Iran? I'm not sure how the midterms would affect that if he loses control of both Houses," said Michael Hewson, of MCH Market Insights.

"Does the outcome matter for the markets, probably not, although a crude oil price which moves above $120 a barrel could well be another story. This remains a much bigger risk for markets than anything the US midterms might bring about."

Fears of a ramping up in US-Iran hostilities were stoked by a report in the Wall Street Journal saying Trump's top Middle East commander had briefed him on military options for Tehran.

Both main contracts climbed more than one percent, with Brent heading towards $120 a barrel for the first time since April.

Bitcoin tumbled around five percent to a one-month low of around $76,400 after crypto platform Binance said it had fallen victim to a major hack that had impacted more than $6bn in funds.

The world's largest crypto exchange by daily trading volumes posted a series of sometimes contradictory messages on X, insisting that "user funds are completely safe" but also saying it would "cover all losses".

It said later on its X account for Latin America that "the total estimated impact is around $6.3bn".

Bank of Japan says inflation hit 2% target after 13 years

AFP
Tokyo


Bank of Japan governor Kazuo Ueda.

The Bank of Japan (BoJ) said on Friday inflation had hit its 2% target, more than 13 years after it adopted the goal in a bid to pull the economy out of deflation, but held off hiking interest rates for now.

Successive governments struggled for decades to pull the country out of a spiral of deflation -- sustained falls in prices that are harmful for economic growth -- and the two percent goal was set in 2013 as the BoJ launched massive monetary easing measures.

While core consumer inflation intermittently topped the level in the early 2020s, Friday marked the first time that the central bank confirmed the long-term price trend had been achieved.

"Underlying CPI (consumer price index) inflation is at a level that is generally consistent with the price stability target of two percent, and is expected to remain at around that level," the central bank said on its website.

Despite the central bank's view of sustainable inflation, Prime Minister Sanae Takaichi's government has been more cautious about officially declaring victory over deflation. "We're not there," Economy Minister Minoru Kiuchi said last week. Takaichi is seen as prioritising economic stimulus measures over controlling inflation, at the risk of giving the impression of pressuring the BoJ to keep rates low.

The BoJ also said in a statement it had kept its key interest rate unchanged at 1.25% after an eight-to-one majority vote, following similar moves over the past two days by the US Federal Reserve and the European Central Bank. However, Japanese officials are expected to hike in December as inflationary pressure builds.

Japan has faced sustained consumer price increases since spring 2022, and the BoJ began tightening rates in March 2024 after 10 years of ultra-loose monetary policy.

Core inflation in September stood at 2.1%, sharply up from 1.7% in August, according to data released by the government last week. The BoJ warned Friday that the year-on-year rate of increase in CPI excluding fresh food "is likely to accelerate to a level clearly above two percent".

It said this was because of various factors including a rise in oil costs that "is expected to push up prices, mainly of energy and goods", and the rise in the price of semiconductors, reflecting the increase in global AI-related demand.

Chinese, Swiss leaders hail trade deal

AFP
Beijing

China's leader Xi Jinping and Swiss President Guy Parmelin hailed a major trade deal update at a signing ceremony on Friday, removing tariffs on almost all Swiss exports to the world's second-largest economy.

With China has having put up trade barriers to many European countries and the United States in recent months, observers are eyeing the Swiss deal as a potential litmus test for other economies.

The updated agreement grants 99.8% of Swiss exports duty-free access to the Chinese market over the next 10 years, up from around half of Swiss shipments previously.

Duties will be eliminated on all imports of Swiss watches, of which only one percent were previously tariff-free, though producers will still have to pay China's luxury consumption tax.

Swiss cheese and coffee, among other exports, will also see duties removed, bringing them in line with products such as chocolate and wine, which were already tariff-free.

The update also grants Switzerland greater access to the Chinese market in areas including manufacturing-related services, aircraft maintenance and maritime transport.

In exchange, the updated deal removes tariffs on 97.3% of Chinese agricultural exports to Switzerland, up from 80.1% prior. The two leaders hailed the deal as they met to sign it in Beijing's opulent Great Hall of the People on Friday.

"Together, we can inject valuable confidence and greater certainty into China-Europe economic and trade cooperation," Xi told Parmelin, according to pool reporters.

The Swiss president said the deal was "a new step" and "also encompasses research, innovation, science, as well as labour-related issues," he said.

Swiss and Chinese officials first announced the deal in August, a year after US President Donald Trump imposed on Switzerland some of the highest US trade tariffs in Europe.

As the only country in continental Europe to have an FTA with China, observers are watching how Switzerland balances the trade deal against security and technological concerns.

"Switzerland's approach to weighing up economic openness with resilience and security could set an example for other economies," Selina Hanni, a Swiss public affairs specialist at the World Economic Forum, wrote in a blog.

Polarised zinc becomes a bull-bear battleground

By Andy Home
London

Record long and short positions have locked zinc bulls and bears in a standoff on the London Metal Exchange (LME).

The fund community is split down the middle over whether this year's unexpected price rally is over or merely pausing for breath.

Investment managers have accumulated record short positions on the London zinc contract.

But fund long positioning is also close to record highs. The tension is manifest in outright price volatility and a rolling squeeze on nearby dates.

The conspicuous absence of any price consensus reflects an equally polarised physical market, neatly captured by the International Lead and Zinc Study Group (ILZSG) in its latest statistical snapshot.

When ILZSG met this time last year, it expected robust mine supply and higher refined production to overwhelm demand to the tune of a 271,000-metric-tonne surplus.

The group's latest assessment is that the global market will experience an 88,000-ton supply shortfall this year.

The revision is all down to what's been happening on the supply side. Demand is barely growing, reflecting zinc's exposure via galvanized steel to the construction sector, which is weak everywhere, particularly in China.

But zinc supply has surprised on the downside.

Rather than growing as expected, global mined zinc output is on track to fall by 2.6% year-on-year in 2026, reflecting a combination of the closure of Glencore's Lady Loretta mine in Australia, lower grades at Teck Resources' Red Dog mine in Alaska and unexpected disruption at Boliden's Garpenberg mine in Sweden.

Tight raw-materials markets have pushed smelter treatment charges into uncharted negative territory, leaving many smelters living off sales of by-products such as sulphuric acid.

Chinese smelters are winning the intense competition for zinc concentrates. China's refined output is expected to rise by 3.7% this year from 2025, but production in the rest of the world is due to contract by 2.0%.

The result is a polarised physical market, with China in surplus and everyone else short of metal.

Chinese exports are helping rebalance the global market, thanks to a widening arbitrage window with the LME.

China shipped 111,000 tonnes of refined zinc in August and September, according to the World Bureau of Metal Statistics, which collects official customs figures.

Flows have unsurprisingly been directed to LME warehouse locations such as Hong Kong, Singapore and the Taiwanese port of Kaohsiung.

China has traditionally been a net importer of refined zinc, and the last time it exported such volumes was 20 years ago, before Beijing imposed export tariffs in 2008.

China's deliveries have helped LME stocks recover from an August low of 92,550 tons to 165,650 tons, but the arrivals are being quickly snapped up.

Last week brought 26,300 tonnes of net cancellations, and the amount of metal now awaiting physical load-out has grown to almost 20% of the headline stocks total.

Off-warrant inventory, meanwhile, remains extremely low at just 11,261 tons.

The rolling squeeze that has gripped the LME contract since July is becoming more acute again.

The cash premium over three-month metal has flared out from under $50 per tonne to $118 per tonne over the last week.

Three-month zinc has bounced off the October 15 low of $3,650 per tonne to a Tuesday high of $3,855, which suggests the bulls have the upper hand. For how long remains to be seen. Zinc bears can take heart from ILZSG's forecasts for next year.

The group expects mined supply to grow by 3.0% year-on-year in 2027, flipping the global market back to a modest 25,000-tonne supply surplus.

That, however, is a very marginal call in what is a 14mn tonne global marketplace.

It also comes with the caveat that ILZSG was expecting mine production to grow this year, which is not how things have turned out.

Short-term dynamics will be determined by whether China can maintain this pace of exports. Even China's super-competitive smelters seem to be struggling to access raw material.

The country's imports of zinc concentrates grew by 30% year-on-year in 2025 but inbound volumes were up by just 0.6% year-on-year in the first nine months of 2026. Right now, there is still everything to fight for and the bull-bear battle looks set to continue for a while yet.

■ *Andy Home is a columnist for Reuters. The views expressed are those of the author.*

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UK energy poised for more deals amid high taxes, oil prices

Reuters
London

Tax advantages and high energy prices will drive further consolidation in Britain's North Sea oil and gas fields after a flurry of deals this year, 11 industry analysts and bankers said.

A rise in oil and gas prices to multi-year highs caused by disruption linked to the US-Israeli war with Iran has generated huge amounts of cash for the industry, which has been reporting results this week.

But the price rises have also increased inflation for everyone, sharpening the appetite for scale to justify production in the mature North Sea Basin, which the British government views as a secure, domestic supply source.

Oil and gas M&A involving a UK target or buyer has reached $19.6bn year to date, exceeding the $16.5bn for all of 2025, according to LSEG data. That makes 2026 the strongest year for activity since at least 2022, when Russia's full-scale invasion of Ukraine led to a previous energy crisis.

Among the analysts and bankers who spoke to Reuters, James McCormack of investment bank and research firm Cavendish said the pool of potential buyers was relatively small, but that did not preclude more deals. He described the UK North Sea as "an increasingly concentrated market when it comes to credible buyers with the balance sheet, tax capacity and decommissioning capability to execute material deals".

As relative costs are especially high in ageing oil and gas fields, Cavendish in a report published in September said the pressure was on for mergers.

"Companies that can offer diversification, liquidity and development capital are attracting premium valuations, while sub-scale operators face growing pressure to merge, seek capital in deeper markets, or accept takeover approaches," it said.

Alexander Franke, an energy consultant at Oliver Wyman, also predicted the need to contain costs would drive more activity with the caveat the pace would depend on the oil price outlook.

Any unexpected fall in energy prices could deter buyers, while sustained rises could boost cash flow and funding for acquisitions. British taxes are a further incentive to maximise efficiency, the bankers and analysts said.

An Energy Profits Levy, introduced by the previous Conservative government and increased under the current Labour administration, has pushed the headline tax rate on UK upstream oil and gas activities to 78%.

"There's been a lot of tax-driven consolidation in recent years," Greig Aitken, director of corporate research at Wood Mackenzie, said. Others also highlighted the advantage of scale in the tax context.

"There's still a rationale for two UK North Sea players to combine, so that the enlarged company can take advantage of the tax credits as well as operational synergies," Tony White of advisory firm MKI said.

Apart from the unpredictability of energy prices, investment decisions are complicated by the uncertainty of government policy.

The British government has said it remains committed to achieving net-zero greenhouse gas emissions by 2050, but it approved earlier this month the development of the Jackdaw North Sea gas field.

In its autumn budget statement on Wednesday, it reiterated its long-term commitment to keeping oil and gas in the energy mix, although it did not announce any new measures for the oil and gas industry.

The decision on Jackdaw followed years of debate as environmental campaigners said there was no justification for investment in fossil fuel production, while others said the project would provide jobs and a domestic source of natural gas at less environmental cost than imported supplies.

"Doubling down on oil and gas is the opposite of what we need for energy security. It locks us into the same broken system of high bills, volatile markets and dependence on fossil fuel dictators," Greenpeace campaigner Philip Evans said.

He argued that money would be better spent on public services and infrastructure to help communities cope with climate impacts.

The biggest oil companies for years have been withdrawing from the ageing North Sea to focus on bigger prospects elsewhere. Shell has opted to manage its remaining North Sea exposure through partnerships and joint ventures, including the creation of Adura with Norway's Equinor.

BP, the last major with a significant North Sea focus, this July announced plans to sell its oil and gas fields in the basin as part of a portfolio overhaul to improve profitability.

Analysts have estimated the sale could raise $2bn and trigger another wave of consolidation.

"Most likely the buyer is another North Sea consolidator. Value will be driven by infrastructure and tax synergies rather than by reserves alone," Cavendish's McCormack said, naming UK companies EnQuest, NEO NEXT+ and Ithaca as possible buyers.

The next round of bidding will be in December, one person with knowledge of the process said. BP had no further comment.

Speaking after the company posted record quarterly earnings on Friday, BP CEO Meg O'Neill said she was "pleased" with the level of interest in the assets.

Amjad Bseisu, CEO of EnQuest, has said he is interested in the assets. The company had no further comment.

Ithaca declined to comment, while NEO NEXT+ did not respond to a Reuters request for comment.

UK-listed companies have drawn rival bids, including from international would-be buyers. London-listed Genel Energy in September raised its offer to $436mn for Britain's Capricorn Energy, outbidding Norway's DNO .

Israel's Ratio Petroleum outbid Serica Energy with a sweetened $196mn offer for Pharos Energy in August. Serica said it continues to evaluate acquisition opportunities in both the UK North Sea and international markets.

This month Gulf Keystone Petroleum and ShaMaran Petroleum announced a $601mn all-share merger, while Ithaca has agreed to buy three offshore oil assets from Canada's Suncor for C$1.2bn ($853.49mn). Even Pharos CEO Katherine Roe, a former investment banker, said she was surprised by the bidding war for the company.

She told Reuters rising costs and limited diversification left smaller producers more exposed to political, operational and energy price risks, but that consolidation can improve efficiency and investor returns.

Germany's economy grows more than expected in Q3

GDP grew by 0.2% in the third quarter versus 0.1% forecast; inflation slowed more than expected in October to 2.8%; strong H1 export growth slowed noticeably, says stats office; analysts say government spending boosted economic recovery

Reuters
Berlin


A general view of production lines of German car manufacturer Mercedes-Benz at a factory, in Rastatt. Germany's gross domestic product increased slightly more than expected in the third quarter, though economists warned the expansion remained heavily reliant on government spending.

German inflation slowed more than expected in October, the first month of a government fuel tax cut, adding to evidence that Europe's largest economy could prove more resilient than anticipated despite disruptions linked to the war in Iran.

Gross domestic product increased slightly more than expected in the third quarter, though economists warned the expansion remained heavily reliant on government spending.

Inflation eased to 2.8% year-on-year in October from 3.3% the month before, preliminary data from the statistics office showed on Friday, below forecasts for 3.1%.

Easing energy price rises drove the slowdown, increasing by 12.2% in October versus 14.9% the month before, and indicated that the fuel tax cut that runs to year-end is having an effect.

Core inflation, which excludes volatile food and energy prices, fell to 2.1% from 2.4% the month before.

The German data comes ahead of a eurozone inflation update due on Wednesday. Inflation in the bloc is expected to come in at 3.9% in October, slightly above September's 3.8%, according to economists polled by Reuters.

German GDP increased by 0.2% in the third quarter compared with the previous three-month period, according to preliminary data from the statistics office, slightly above a rise of 0.1% forecast by analysts polled by Reuters.

The data pointed to a fourth straight quarter of recovery in Europe's largest economy, helped by increased public spending, even as private sector momentum remained subdued.

Under Chancellor Friedrich Merz, government funding has surged since Berlin last year approved a €500bn ($560bn) infrastructure fund and exempted much defence spending from its debt brake rules.

The economy grew by 0.3% in the second quarter and 0.4% in the first quarter, according to the office.

The fuel tax cut, which aims to cushion households from the surge in oil prices caused by the Iran war, will likely help the economy hold up in the fourth quarter as well, said Deutsche Bank analyst Marc Schattenberg.

However, with no sign of a lasting de-escalation in the Middle East, energy prices are unlikely to drop noticeably and will continue to stoke inflation in coming months, say analysts.

"It is clear that the inflation rate will hover around 3.0% for some time to come," said Alexander Krueger, chief economist at Bethmann HAL bank. "Given this backdrop, an interest rate hike by the ECB cannot be ruled out."

The European Central Bank left interest rates unchanged on Thursday but clearly hinted at another hike in December.

While analysts broadly agree Germany is emerging from a prolonged slowdown, many stop short of calling the recovery self-sustaining because private investment remains weak.

A lack of sweeping reforms means Germany's attractiveness as a place to do business will remain impaired, preventing a significant recovery in private investment, Commerzbank chief economist Joerg Kraemer said.

Analysts pointed to the increased government spending on infrastructure and defence as the main driver of the recovery.

"Without this artificially initiated impulse, economic output would probably have stagnated," said Krueger.

Jens-Oliver Niklasch, economist at LBBW bank, said that next year would reveal whether the economic revival is sustainable or just a flash in the pan.

"For sustained, higher growth, investment would need to pick up more substantially, which, to date, has not been the case," he said.

The German government expects the economy to grow by 1.3% in 2026 and 1.1% in 2027, with the economy ministry saying earlier this month that the Iran war, and resulting high energy prices, is not hurting the economy as much as feared.

In a further positive sign, the Ifo economic institute's closely watched business climate index rose for a sixth straight month in October.

Wall Street tech rout deepens on doubts over AI spending

AFP
New York

Shares in US tech giants were pummeled on Friday, capping a week of earnings results that raised questions on Wall Street about whether the AI spending bonanza was sustainable.

Microsoft, Alphabet and Amazon all reported quarterly results this week, and each signalled it would keep pouring money into data centers and chips even as investors grow impatient for returns.

Along with Meta that reported last week, together the four companies are on track to spend more than $700bn on capital investment this year -- roughly the size of Argentina's or Belgium's entire economy -- much of it on AI infrastructure, according to analyst estimates.

The companies are "all showing some pretty significant growing pains as they... aggressively pursue the AI build-out," Christopher Low of FHN Financial told AFP.

Low said that while the sell-off reflected company-specific stories, the market was reading them as signs that the entire sector would slow.

Chipmaker Intel was the hardest hit, with its shares sinking as much as 30% after it gave a weaker-than-expected revenue forecast for the fourth quarter, citing weakness in the PC market and manufacturing bottlenecks.

Intel's PC business had been hurt by higher memory prices and supply problems caused by the AI build-out itself, as the race to build AI infrastructure crowds out the supply of key components used in consumer electronics.

The resulting shortage has pushed up prices for laptops, gaming consoles and smartphones – a squeeze that risks weighing on consumer demand for the devices that use Intel's chips.

Amazon shares also fell after the e-commerce and cloud giant missed expectations for the third quarter.

According to Low, demand for Amazon's cloud services remained strong, leading the company to nearly double its AI-related spending this year, while its retail revenue was weak.

"So that means they're going to need more debt to finance the build-out, and investors obviously didn't like that," he said.

Alphabet shares plunged 12 percent on Thursday, their worst day since the Google parent went public in 2004.

Low said search advertising, Alphabet's main source of revenue, had weakened last quarter, with investors worried this was partly because AI-assisted search was better at avoiding ads.

At the same time, he said, the returns on Alphabet's AI investments were "not very good." Steve Sosnick of Interactive Brokers said shares in the tech giants had been priced for perfection.

"When you price for perfection, anything less than perfect is going to come back and is going to bite you, and this is kind of what's happening here," he said.

Ives described the week as "a tale of two cities for tech investors."

Cloud results from Microsoft, Amazon and Alphabet were strong, he said, and their spending levels were broadly in line with expectations.

But he said the earnings had exposed uncertainty over which companies and sectors would be disrupted by AI.

For Alphabet, "this is the first quarter that the negative thesis around AI crushing search has legs," Ives wrote, referring to Google's search advertising business, one of the most profitable businesses in history.

He said software firms were also seeing AI projects convert into revenue more slowly, but added: "This is not the time to panic and sell all the tech winners and head into the bunker."

Canada's economy stalls in August

Reuters
Ottawa

Canada's economy stalled in August for the second straight month as increases in the retail, manufacturing and construction sectors were largely offset by a drop in activity in wholesale trade and public administration, data showed on Friday.

Analysts polled by Reuters had forecast gross domestic product would increase by 0.2% in August after failing to grow in July.

An advance estimate by Statistics Canada showed GDP is likely to contract by 0.1% in September, taking the annualised real growth by industry in the third quarter to 1.3%. This reading is mainly due to decreases in manufacturing and mining, quarrying and oil and gas extraction.

That figure would be substantially lower than the Bank of Canada's latest projection of 2% annualised growth in the third quarter.

StatsCan said a decline in the services sector was mostly offset by a rise in activity in the goods-producing sector. That sector contributes roughly a quarter of GDP.

Services-producing industries declined by 0.1%, led by a 1.4% drop in wholesale trade.

The public sector aggregate, which comprises educational services, health care and social assistance and public administration, fell 0.2% in August, its first decline in six months, StatsCan said.

The utilities sector contracted by 0.4% in August, data showed, driven by a 0.5% contraction in electric power generation, transmission and distribution.

Retail trade grew 1.2%, making up for the prior month's contraction.

The manufacturing sector grew 0.3%, and the statistics agency said it was the sector's fifth increase in seven months.

Manufacturing is one of the sectors most exposed to US tariffs.

The construction sector grew 0.2% while mining, quarrying and oil and gas extraction was flat in the month.

Money markets are pricing in expectations that the Bank of Canada will leave its key interest rate unchanged in December but raise it by 25 basis points in January to 2.75%.

European shares stumble on AI worries

Reuters
Frankfurt

European shares dropped on Friday, hammered by a global tech selloff that shaved billions off the market values of some chip heavyweights, ending a largely strong month on a sour note.

The pan-European STOXX 600 index closed 0.36% lower at 646.75 points, despite recording its best month since June.

Results from Amazon and Intel in the US rekindled concerns about the high costs of building out AI infrastructure and prompted a pullback from technology names worldwide.

"The message from investors is becoming clearer: strong AI demand is no longer enough on its own," Daniela Hathorn, senior market analyst at Capital.com, said.

The European technology sector index fell 2.75% for its worst day since July 7 and led sectoral declines. AT&S, Soitec and Technoprobe led losses on the STOXX 600, with declines ranging from 9% to 13%.


Traders work at the stock exchange in Frankfurt. European shares dropped yesterday, hammered by a global tech selloff that shaved billions off the market values of some chip heavyweights, ending a largely strong month on a sour note.

Robust earnings in Europe this quarter have offered some support to stocks, but the drop on Friday shows how quickly bullishness can evaporate if global sentiment shifts.

"The market is trying to wrestle with the equation. A huge amount of capex is being spent, relative to the timeline of a return on investment. And at the moment, they don't have an answer to that," Michael Hewson, chief analyst at MCH Market Insights, said.

Separately, data showed the eurozone economy grew faster than predicted last quarter, displaying exceptional resilience to headwinds from expensive energy, even as surging borrowing costs and rapid inflation cloud the outlook.

Additionally, French consumer prices rose more than expected in October, recording the highest inflation rate since December 2023.

Investors are already grappling with political unrest in the euro zone's second-largest economy, at a time when the country faces mounting pressure from elevated government debt, driving French bond yields to multi-year highs.

Universal Music Group jumped 7.89%, topping the STOXX 600, after posting a pick-up in subscription streaming revenue in the third quarter. The media sector rose 1.63%.