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UK faces record hit to living standards as tax hikes loom

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Aramco to invest in $7bn petchem project in South Korea

Year-to-date (as on October 31, 2022) MSCI Qatar has been the best performer as it reported net returns of 7.97% compared to -29.42% in MSCI emerging markets and -21.14% in MSCI ACWI

Commercial Bank, Ooredoo migrate to large cap segment in MSCI Qatar Index

By Santhosh V Perumal
Business Reporter

Commercial Bank and Ooredoo have migrated to large cap segment from the midcap slot in the MSCI Qatar Index, to be effective from November 30, 2022.

Moreover, Mannai Corporation and Estithmar Holding have found place within MSCI Qatar Small Cap Index, said the leading provider of critical decision support tools and services for the global investment community.

The MSCI Qatar Index is designed to measure the performance of the large and mid-cap segments of the Qatari market. With 12 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in Qatar.

Year-to-date (as on October 31, 2022) MSCI Qatar has been the best performer as it reported net returns of 7.97% compared to -29.42% in MSCI emerging markets and -21.14% in MSCI ACWI.

The index, which was launched on January 23, 2006, is based on the MSCI Global Investable Market Indexes (GIMI) methodology; a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalisation size, sector and style segments and combinations.

This methodology aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index liquidity, investability and replicability.

The index is reviewed quarterly — in February, May, August and November — to reflect change in the underlying equity markets in a timely manner, while limiting undue index turnover. During the May and November semi-annual index reviews, the index is rebalanced and the large and mid-capitalisation cutoff points are recalculated.

The financial sector has the maximum weight of 70.69% in the MSCI Qatar Index, followed by industrials (9.22%), energy (7.55%), materials (3.86%), utilities (3.15%), communication services (3.03%) and real estate (2.51%) at the end of October 2022.

Among the top constituents in the MSCI Qatar Index are QNB, Qatar Islamic Bank, Industries Qatar, Masraf Al Rayan, Commercial Bank, Nakilat, Mesaieed Petrochemical Holding, Woqod, QIIB and Qatar Electricity and Water.

Qatar selected vice chair of UNCTAD's Investment, Enterprise and Development Commission

QNA
Geneva

The Ministry of Commerce and Industry has said in a statement that the selection of the State of Qatar for the post comes in light of the great interest the State attaches to developing investment policies in order to achieve its development goals in accordance with the Qatar National Vision 2030.

Members of the United Nations Conference on Trade and Development (UNCTAD) have selected Qassim al-Darwish Fakhro, Commercial Attache at the Office of the State of Qatar to the World Trade Organisation (WTO) and other economic organisations in Geneva, to hold the post of Vice-Chairman of the Investment, Enterprise and Development Commission during its thirteenth session, which continues until November 18.

The Ministry of Commerce and Industry has said in a statement that the selection of the State of Qatar for this post comes in light of the great interest the State attaches to developing investment policies in order to achieve its development goals in accordance with the Qatar National Vision 2030.

The Ministry stated that the meetings of the Investment, Enterprise and Development Commission discuss the key and emerging issues in the fields of investment, enterprises, technology, and their impact on sustainable development, noting that the deliberations focus on ways to mobilise public and private funding to be invested for the goals of sustainable development. The commission also considers ways to utilise the impact of new technologies on formulating science, technology and innovation policies to serve sustainable development.

It also examines the challenges and potential solutions facing developing countries in this field, with a special focus on energy and agriculture technologies.

Doha hosed the 13th session of the UNCTAD in 2012, where the Documents of Doha Manar (Arabic for beacon) and Doha Mandate were adopted.

The documents were significant achievements as they underscored the importance of development and the concerns of developing countries in international trade.

LuLu Exchange inaugurates sale of World Cup commemorative banknote to Yusuff Ali

LuLu Exchange, one of Qatar's leading remittance and currency exchange companies, has inaugurated the sale of the QR22 commemorative banknotes issued by the Qatar Central Bank (QCB) for the FIFA World Cup Qatar 2022 across all branches in the country. The first note was handed over to MA Yusuff Ali, chairman and managing director of LuLu Group International, by the company's senior management. The commemorative note reflects Qatar's cultural heritage and football history and is the first of its kind by the QCB to be made from polymer. Customers can purchase the commemorative banknote from any of its branches of LuLu Exchange in Qatar. LuLu Exchange Company is an ISO 9001:2015 certified financial services enterprise in Qatar.

Fans wearing Brazilian jerseys take pictures at Flags Plaza in Doha yesterday. According to the study, majority of the respondents applaud the fact that the upcoming World Cup will be carbon neutral, in keeping with the Qatar National Vision 2030, which emphasises sustainability as one of its cornerstones.

Majority believe FIFA World Cup Qatar 2022 is carbon neutral, says survey

Some 86% of respondents believe Qatar is set to hold a "carbon neutral" world cup event and are convinced that it will succeed in this aim, a study by market research firm Toluna has revealed.

Besides Qatar, the study covered Saudi Arabia and the UAE to assess sentiment and viewership behaviour among the population in the run-up to the FIFA World Cup Qatar 2022, the first in the Arab world.

According to the study, majority of the respondents applaud the fact that the upcoming World Cup will be carbon neutral, in keeping with the Qatar National Vision 2030, which emphasises sustainability as one of its cornerstones.

Furthermore, over 90% of respondents are pleased about this year's competition, and they are glad that it will be held in the Middle East; they feel the tournament will help to promote football as a sport in the Middle East.

On a more down-to-earth view, and taking into account the effects of global inflation on rising prices in global and regional markets, the study found that, while some Gulf football fans are concerned about the rising cost of living, two-thirds have confirmed that they plan to spend as much or more than they did for previous World Cups on going out and socialising with family/friends while watching the matches, with 54% more in Qatar, versus 42% in UAE and 45% in Saudi Arabia.

According to the study, three in five Qatari fans plan to watch matches live in the stadium with 82% of respondents planning to watch complete matches on either their TV or smartphone/tablet, with 70% of respondents aiming to watch more matches than in past World Cups.

Approximately 87% are pleased that the FIFA World Cup is taking place at this time of year, despite the fact that it is generally held in the summer.

They feel that the good weather in the Gulf region throughout November and December will make attending the event a pleasant experience for football fans coming to Qatar from all over the world.

"It's apparent that fan engagement for the FIFA World Cup Qatar 2022 is momentous in the Gulf region, especially because it's happening in Qatar, the first time an Arab country organises such a huge event," Manisha Juneja, research lead at Toluna MEA, said of the survey findings.

"The respondents strongly believe that the World Cup will be carbon neutral, and that growing living costs will not refrain them from enjoying their favourite sport," Juneja noted.

BUSINESS

Saudi Aramco to invest in $7bn petchem project in South Korea

Reuters
Seoul

Saudi Aramco said yesterday it plans to invest in a $7bn project to produce petrochemicals from crude oil at its South Korean affiliate S-Oil Corp's refining complex in the port city of Ulsan.

The project, named Shaheen, is the Saudi company's biggest investment in South Korea and will mark the first commercial use of Aramco and Lummus technology to produce chemicals from crude, Aramco said in a statement.

The construction of the complex, to produce up to 3.2mn tonnes per year (tpy) of petrochemicals, will begin in 2023 and be completed by 2026, Aramco said.

The chemicals-to-crude unit will have a capacity of 46,000 barrels per day while the capacity of the cracker unit is 1.8mn tpy.

Saudi Aramco owns more than 60% of S-Oil.

On completion of the project, S-Oil's chemical yield, by volume, could almost double to 25%, Aramco said.

Global petrochemical demand growth is "anticipated to accelerate, driven in part by rising consumption from Asia's emerging economies," Chief Executive Amin Nasser said in the statement, which coincided with Saudi Arabian Crown Prince Mohamed bin Salman's visit to South Korea yesterday.

Asia's petrochemical sector has faced headwinds this year as slower demand from China forced cracker operators to cut output.

"Eventually demand continues to grow...you will at some point need a wave of petchems to meet that demand," Armaan Ashraf, global head of NGLs at consultancy FGE, said.

The project provides an outlet for Saudi oil while improving S-Oil's long-term competitiveness as gasoline demand is expected to decline as electric vehicle use increases, analysts said.

"The Shaheen project will increase chemical yields while reducing operating costs, thus making it more competitive especially in a low-margin environment," Refinitiv analyst Chua Sok Peng said.

The companies first signed a memorandum of understanding in 2019 for the Ulsan project, which was then valued at $6bn.

The logo of Saudi Aramco is seen at its headquarters in Dhahran, Saudi Arabia (file). The project, named Shaheen, is the Saudi company's biggest investment in South Korea and will mark the first commercial use of Aramco and Lummus technology to produce chemicals from crude, Aramco said in a statement.

Opec+ oil cuts spell tight stockpiles despite demand headwinds

Bloomberg
London

Planned output cuts from the Opec+ group of oil producers will keep global stockpiles tight over the coming months, according to the latest outlooks from the world's three big forecasting agencies.

After converging in October, oil demand forecasts for 2022 from the International Energy Agency, the US Energy Information Administration and the Organisation of Petroleum Exporting Countries diverged again this month. While the two consumer-focused groups increased their assessments of demand, forecasters at Opec continued to grow more bearish and are now the most pessimistic of the three groups for the first time this year. That may explain why the group and its allies decided to cut their output target when they met last month.

A deteriorating economic outlook in the midst of rampant inflation, China's ongoing Covid Zero policy and Russia's invasion of Ukraine are weighing on oil demand outlooks. While the IEA and the EIA were quick to cut their forecasts for global oil demand after Moscow's troops crossed the border in February, Opec's analysts have responded much more slowly.

By October, all three groups had converged on a figure of just over 99.6mn barrels a day as an average for the year, but the producer group's analysts continued to cut their forecast in the latest report, while the IEA and EIA both increased theirs, widening the gap again. Even so, the difference between the highest and the lowest forecast is just 260,000 barrels a day, or 0.26% of total demand.


The Opec flag is seen on the day of Opec+ meeting in Vienna, Austria on October 5. A deteriorating economic outlook in the midst of rampant inflation, China's ongoing Covid Zero policy and Russia's invasion of Ukraine are weighing on oil demand outlooks.

But this apparent agreement on an annual average figure hides some much bigger differences in their views of the current quarter and the next.

The IEA sees global oil demand contracting on a year-on-year basis in the final quarter of 2022 and growing by only a tiny amount at the start of next year. The EIA and Opec both have much more positive views of oil consumption, seeing growth of about 750,000 barrels a day this quarter, rising to about 2mn barrels a day in the first three months of next year.

Forecasts converge briefly for the second quarter of 2023 before diverging again for the second half of the year, this time with the US-based EIA taking a more pessimistic view.

The differing views on demand have implications for output decisions from the Opec+ producer group, which unites the 13 Opec members with 10 allied countries. When they last met, in early October, the alliance decided to cut their output target by 2mn barrels a day with effect from the beginning of November. The cut in actual production will be much smaller, with many of the group's members already pumping well below their targets. Some of the real cuts that are expected from the likes of Saudi Arabia, Kuwait and the United Arab Emirates will be offset by rising production in Kazakhstan and Nigeria.

The Opec members of the alliance pumped 29.5mn barrels a day of crude last month, according to data compiled from the secondary sources they use to monitor output levels.

Keeping their output flat at that level would result in small increases in global oil inventories, averaging less than 200,000 barrels a day, over the current quarter and through the first half of next year.

And they need to be rebuilt. Commercial oil stockpiles in the OECD countries were sufficient to meet just 58 days worth of forward demand at the end of 3Q22. That's about four days less than the pre-pandemic level of cover. Emergency stockpiles controlled by governments were about six days lower using the same measure.

Whether those stockpiles can be replenished will depend on both the depth of the output cut and the resilience of global oil demand over the Northern Hemisphere winter. Both remain highly uncertain.

'More pain' ahead after decline in markets, says Abu Dhabi fund

Bloomberg
Singapore

Turmoil in global markets this year that's brought down valuations may have further to run, but this is going to create more investment choices in the future, according to the head of one of Abu Dhabi's wealth funds.

"For investors such as ourselves, looking at it from a long-term perspective, valuations now are coming to a much better place," Mubadala Investment Co's group chief executive officer Khaldoon Khalifa al-Mubarak said at the Bloomberg New Economy Forum in Singapore. "I still think there is more pain generally speaking but we will have more opportunities than less opportunities in time ahead of us."

For GIC Pte CEO Lim Chow Kiat, also a longer-term investor, having a higher asset yield is a good thing. The Singapore sovereign fund's head sees opportunities as supply chains realign after the Covid pandemic.

"We are still dealing with the inflation pressures, but there have been some good structural developments," he said on Wednesday. "I would in fact highlight the US as an interesting market."

"Valuation may not be quite there yet but if you look at some of the longer term trends, for example the government incentives to really re-industrialise the economy, that's a big positive," Lim said. "We are pretty confident that down the road we should be able to find good investment opportunities out of that."

The New Economy Forum is being organised by Bloomberg Media Group, a division of Bloomberg LP, parent company of Bloomberg News.

HSBC Oman, Sohar International Bank agree merger

HSBC Bank Oman and local rival Sohar International Bank have entered into a binding merger agreement, the two lenders said on Wednesday, reports Reuters.

All assets and liabilities of HSBC Oman will be transferred to Sohar International, the banks said in two separate regulatory announcements, without disclosing the deal value.

On completion of a merger, HSBC Oman will cease to exist as a legal entity and its shares will be cancelled, the banks said.

HSBC has been in Oman since 1948.

HSBC Bank Middle East's operations in Oman in 2012 merged with Oman International Bank to create a HSBC Bank Oman.

"HSBC Bank Middle East Limited will now seek regulatory approval to establish a new, wholly owned branch of HSBC Bank Middle East Limited in Oman, should the merger of HSBC Oman and Sohar International receive the necessary shareholder approvals," the bank said in a separate statement on Wednesday.

Shareholders of HSBC Oman will be offered a consideration valuing HSBC Oman at 1 times book value, with an option for shareholders to elect to receive cash provided it does not exceed 70% of the total consideration payable by Sohar International.

Climate debt trap risks pushing emerging markets to the brink

Bloomberg
Sharm el-Sheikh

Rising global borrowing costs are denting the finances of some of the most climate-vulnerable countries right when they most need money to fight the devastating impacts of global warming.

It's a convergence of events that risks pushing developing nations into a "debt trap," according to Prime Minister Shehbaz Sharif of Pakistan, who addressed world leaders at the COP27 climate talks in Egypt last week. Countries that borrowed heavily when interest rates were low are now struggling to fund projects that would make them more resilient to extreme weather, leaving them vulnerable to even higher borrowing costs in the future.

Pakistan, which was pushed to the brink of default by flooding on nearly a third of its territory this summer, is a case in point. The country received a $1bn loan from the International Monetary Fund to help tide it over, but the flood damage is estimated at around $32bn and the country has $3bn of debt to service through June 2023, according to Bloomberg Economics.

Leaders of nations most vulnerable to climate change have long argued that the countries that contribute the bulk of emissions should foot the bill for mitigation and adaptation, but rich nations have consistently fallen short on their promise to provide $100bn in annual climate finance to the developing world. While loans from individual countries and development finance organisations have helped plug some of the gap, emerging markets have also had to rely heavily on bond markets.

"If we have to fight and rebuild and repair our infrastructure, which has to be resilient and adaptive, then of course we can only do so through additional funding, not through additional loans and debts," Sharif said in his speech at the summit in Sharm el-Sheikh.

Developing-nation governments need to pay back or roll over about $350bn in dollar- and euro-denominated bonds by the end of 2024, according to data compiled by Bloomberg. Meanwhile, sovereign dollar bonds from a quarter of the countries in Bloomberg's EM Sovereign Dollar Debt Index are trading with a spread of 1,000 basis points or more over US Treasuries, a generally accepted metric of distress.

Climate risks aren't yet widely being reflected in the price of new debt, although investors are starting to ask more questions about how extreme weather events will impact a country's ability to service its bonds, according to two bankers involved in selling sovereign debt.

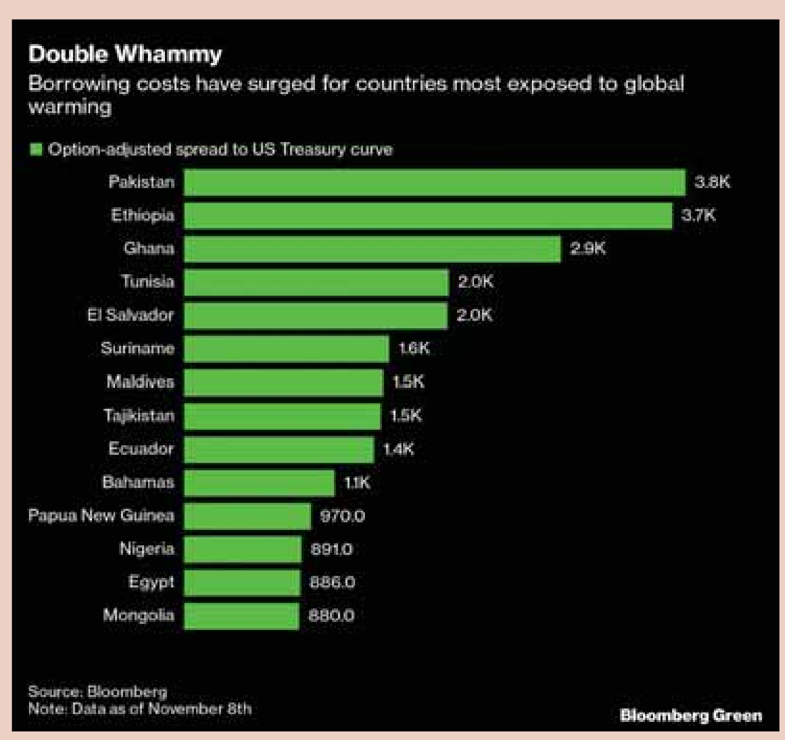
"The market as a whole is still a couple of steps behind," said Christine Phillpotts, portfolio manager at AllianceBernstein LP in New York. "If we continue down the road that we're heading on, there's going to be discussion forced upon investors and governments as to not only what is the correct price to be paid for assets in the country, but how do you actually reduce that risk premium."

Part of the answer may be more low-cost lending by the world's development banks, something that Egyptian Finance Minister Mohamed Maait demanded at the climate talks last week. Another potential tool, which was on the official agenda at COP for the first time this year, is a loss-and-damage facility, which would channel funds from rich countries that have contributed more to emissions historically, to those that are on the front lines of climate change. So far only a few wealthy countries have committed contributions.

"From the perspective of the African Group of Negotiators we do need to see immediate support for loss and damage on the continent," said Barbara Creecy, South Africa's environment minister on the sidelines of the conference on Sunday. "Of course" we want money right now, she added.

"Anything that allows a poor country to recover" will always help reduce the risk premium baked into their debt, according to Jens Nystedt, a senior portfolio manager at Emso Asset Management in New York. "It makes sense for richer countries that are in a lot of ways responsible" to fund the facility, he added.

The Nature Conservancy, a US nonprofit, has been pushing for debt-for-nature swaps as a potential solution. Such deals typically allow countries to restructure debt at lower interest rates or longer maturities, with the proceeds being allocated to conservation or green projects. Since 2016, the Nature Conservancy has organised debt-for-nature swaps for the Seychelles, Belize and Barbados, which overall helped to convert more than $500mn of debt into $230mn of money for conservation.



The instruments could "offer developing countries with little fiscal space the opportunity to undertake urgently-needed climate investments," Kristina Kostial, deputy director of the strategy policy and review department at the International Monetary Fund, said during a panel session at COP last week.

The so-called debt trap was a key topic at the talks this year, partly because it was hosted by Egypt, a developing nation that is already seeing the effects of climate change, and partly because global interest rates are rising. Senegal President Macky Sall said in a speech at the conference that developing nations "aren't ready to put up with" the current perspective where developing nations take on debt to fund climate mitigation.

China advisers 'to recommend' modest growth target for 2023

Reuters
Beijing

Chinese government advisers say they will recommend modest economic growth targets for next year ranging from 4.5% to 5.5% to an annual policymakers' meeting, marking a pickup from this year's growth but still hobbled by Covid-19 and other challenges.

China's leadership is also expected to prioritise stimulus over reform at the closed-door Central Economic Work Conference in December, which will chart the policy course for the world's second-largest economy, including economic targets, people involved in the government's policy discussions said.

The gathering will aim to jump-start growth that has been depressed by strict Covid-19-related curbs — and their disruption to supply chains and people's daily lives — as well as by a slumping property market and slowing global growth.

China's economy grew just 3% in the first three quarters of this year, well below the "around 5.5%" full-year target set by the government at last year's December work conference and the first shortfall since 2015, when China was hammered by a stock market crash and capital flight.

"We are not optimistic about the economic situation. Downward pressures are still there even as we make some policy adjustments on Covid and the property sector," said one of the government advisers, who all spoke on condition of anonymity because the deliberations are private. "Fiscal policy will be proactive next year as we need to issue more debt to fund infrastructure projects.

Monetary policy has room to ease given inflation remains moderate."

The government's recent easing of Covid curbs and stepped-up financial support for the property sector have boosted market sentiment regarding the economy, but it will take time for the effects to filter through to growth rates, policy sources and analysts said.


People line up to take a nucleic acid test for the coronavirus disease (Covid-19) at a booth near an office building in Central Business District in Chaoyang district, Beijing. China's economy grew just 3% in the first three quarters of this year, well below the "around 5.5%" full-year target set by the government at last year's December work conference and the first shortfall since 2015, when China was hammered by a stock market crash and capital flight.

Four government advisers told Reuters they had drafted recommendations for next year's annual economic growth targets, ranging from 4.5% to 5.5%.

"We should set a growth target around 5% for next year," one of the advisers said.

Top leaders are expected to endorse a target at the December meeting, although it will not be announced publicly until China's annual parliament meeting, usually held in March.

A Reuters poll in October showed that economists expect China's economy to grow 3.2% in 2022 but some have since trimmed their forecasts.

The poll also showed that China's growth could pick up to 5.0% in 2023.

President Xi Jinping laid out a long-term vision of "Chinese-style modernisation" at a twice-per-decade conference of the ruling Communist Party last month, with a goal of doubling China's economy by 2035 that would require annual growth of 4.7%, according to government economists.

To fulfil Xi's ambition of turning China into a great global power by the middle of the century, the country will have to avoid the "middle income trap" where economies can get stuck with low productivity and a mediocre spot in the global value chain.

China's economic slowdown and its ageing population have led many analysts to reconsider when China will surpass the United States as the world's largest economy — or if it ever will.

Chinese leaders, under pressure from the mounting economic costs of their strict Covid containment policy, announced a handful of easing measures, including shortening quarantines by two days and ending penalties for airlines that carry a large number of Covid-positive passengers.

But a full reopening is unlikely before the annual convening of China's parliament in March, the advisers said.

"We need to follow a step-by-step approach. We fear social instability if we abruptly remove all control measures," one of them said.

China faces a particularly pressing need to increase vaccine coverage among its elderly population before it can ease restrictions.

"If China were to abandon zero-Covid now, that would warrant a lower not higher GDP forecast for next year," Capital Economics wrote in a note.

In the troubled property sector as well, while the market reacted favourably to a rescue package on Sunday to boost liquidity for cash-strapped developers, including loan repayment extensions, analysts worry that weakening demand will make for a slow and bumpy recovery.

QSE MARKET WATCH

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	16.07	-2.01	34,503
Widam Food Co	2.44	-1.29	109,436
Vodafone Qatar	1.72	-0.92	1,821,431
United Development Co	1.43	-2.52	1,419,804
Salam International Investment	0.70	-0.28	3,986,479
Qatar & Oman Investment Co	0.62	0.32	945,152
Qatar Navigation	10.15	-0.39	619,391
Qatar National Cement Co	4.54	-2.18	22,413
Qatar National Bank	19.14	-1.34	3,953,369
Qlm Life & Medical Insurance	4.90	3.75	13,098
Qatar Islamic Insurance Group	8.71	0.00	-
Qatar Industrial Manufacturing	3.49	-0.43	141,000
Qatar International Islamic	11.64	-2.84	1,959,848
Qatari Investors Group	1.82	-0.11	774,602
Qatar Islamic Bank	24.50	-0.08	1,433,842
Qatar Gas Transport (Nakilat)	4.11	0.24	1,447,493
Qatar General Insurance & Reinsurance	2.00	0.00	-
Qatar German Co For Medical	1.32	-3.44	4,168,162
Qatar Fuel Qsc	19.70	1.08	1,430,676
Lesha Bank Llc	1.22	-0.49	899,849
Qatar Electricity & Water Co	17.80	-3.16	4,426,612
Qatar Exchange Index Etf	11.83	-0.94	19,000
Qatar Cinema & Film Distribution	3.20	-7.17	19,658
Al Rayan Qatar Etf	2.67	-0.67	15,430
Qatar Insurance Co	2.12	0.00	341,028
Qatar Aluminum Manufacturing	1.65	-0.48	9,664,985
Ooredoo Qpsc	9.85	0.25	1,245,703
Alijarah Holding Company Qps	0.86	-2.73	6,950,659
Mazaya Real Estate Developme	0.81	-2.66	9,494,999
Mesaieed Petrochemical Holding	2.25	-0.44	2,441,233
Al Meera Consumer Goods Co	16.86	-2.49	132,643
Medicare Group	6.75	0.00	15,158
Mannai Corporation Qsc	8.65	-5.27	791,856
Masraf Al Rayan	3.71	-0.80	18,026,044
Al Khalij Commercial Bank	0.00	0.00	-
Industries Qatar	15.31	-1.16	2,329,863
Inma Holding Company	5.10	-1.88	122,927
Estithmar Holding Qpsc	1.74	-0.97	2,954,579
Gulf Warehousing Company	4.24	0.00	35,148
Gulf International Services	1.71	-1.56	3,999,688
Al Faleh Education Holding	1.24	-1.89	7,505
Ezdan Holding Group	1.11	-1.94	5,109,137
Doha Insurance Co	2.06	0.20	25,927
Doha Bank Qpsc	2.20	0.09	4,735,082
Dlala Holding	1.34	-2.97	471,727
Commercial Bank Psqc	6.09	0.66	1,958,981
Barwa Real Estate Co	3.34	-0.03	1,448,621
Baladna	1.72	2.68	5,664,452
Al Khaleej Takaful Group	2.42	-1.54	379,928
Aamal Co	1.02	-2.40	76,360
Al Ahli Bank	4.01	-3.14	92,718

Tencent to distribute $20bn Meituan stake as dividend

Tencent Holdings Ltd pledged to distribute the majority of its shares in meal delivery giant Meituan to investors, as China's social media leader ramps up plans to reduce its extensive holdings across the world's largest Internet industry, reports Bloomberg.

Tencent, which had announced plans to pare its stake in online retailer JD.com Inc, will dole out more than 958 million Class B stock in Meituan as a special dividend to existing shareholders. Tencent announced the move as it reported revenue shrank for the second straight quarter, underscoring the extent to which China's worsening economy is hurting its biggest private corporations.

The decision marks another milestone in Tencent's evolution from a sprawling Internet empire with investments across much of China's tech sphere to a more focused, cost-conscious gaming and social media operator. Its exit from JD and now much of Meituan comes after Xi Jinping imposed a series of withering curbs on the industry in 2021, including restrictions on play time and content.

Tencent executives had previously denied the company intended to sell its slice of Meituan, China's leader in food delivery. The stock to be paid out, valued at about HK$155bn ($19.8bn), marks about 91% of Tencent's Class B stake.

Alibaba reports loss of $2.9bn in third quarter

AFP
Beijing

Chinese e-commerce giant Alibaba yesterday reported a loss of 20.6bn yuan ($2.89bn) for the third quarter, as the company grapples with an economic slowdown and an anti-monopoly crackdown.

The heavy net loss attributable to ordinary shareholders was primarily due to a "decrease in market prices of our equity investments in publicly traded companies", among other factors, the company said in a statement.

Alibaba's performance is widely seen as a gauge of Chinese consumer sentiment, given its market dominance.

Revenue for the three months ending September 30 was up 3% year-on-year at 207.2bn yuan, which Chief Financial Officer Toby Xu said was achieved "in spite of the impact on consumption demand by the Covid-19 resurgence in China as well as slowing cross-border commerce". Alibaba said it achieved revenue growth by "enhancing operating efficiency" as well as through the expansion of its logistics and services businesses, despite a slump in e-commerce sales within China.

It comes after the company earlier this year reported flat quarterly revenue growth for the first time ever.

The company said in its statement yesterday that revenue from domestic commerce had fallen in the third quarter, "mainly as a result of softer consumption demand, Covid-19 resurgence and restrictions, as well as ongoing competition". In a sign of difficulties for Alibaba, the company appears to have laid off a number of employees, with its headcount down more than 1,700 from the previous quarter.

China's major tech companies have faced economic uncertainty, Covid-19 restrictions that have depressed consumer spending, as well as heightened scrutiny from regulators in recent months.

Bloomberg QuickTake Q&A

How a border surge tests Biden's immigration approach

By Jordan Fabian

US President Joe Biden promised a more compassionate immigration policy than that of his predecessor, Donald Trump, who moved in myriad ways to restrict the flow of newcomers to the country. An unprecedented surge of migrants crossing the US southern border, however, has reignited the long-running clash over immigration and tested Biden's relatively welcoming approach. A court's ruling against a mechanism that's been used to quickly expel about half the arrivals complicates his administration's ability to manage the inflow.

1. How many people are illegally entering the US?

US Border Patrol reported 2.2mn apprehensions of migrants entering the country without authorisation in the 12 months that ended September 30, the vast majority crossing from Mexico. The number, which includes some people caught more than once, compares with almost 1.7mn the year before, the previous record. It's impossible to know what share of border crossers manage to evade patrols. One estimate is 50%.

2. What was the court ruling?

On November 15, a federal judge ruled against the continued use of a controversial public health order known as Title 42, enacted under Trump to curb migration at the start of the Covid-19 pandemic. In about 1mn of the 2022 apprehensions, authorities used this rule to quickly send individuals back to their homeland or to the country from which they entered the US. The alternative is to process apprehended migrants under regular immigration law. It gives migrants a chance to remain in the US at least temporarily in order to make long-shot bids at gaining asylum, available to people who can show they have a legitimate fear of persecution at home. Title 42's demise raised the prospect of exacerbating processing backlogs that in the past have led to overcrowding and other poor conditions in border holding facilities. To prepare for handling the migrant crush without the rule, the Biden administration requested and received a delay in implementing the judge's decision.

3. Where are migrants coming from and why?

Historically, the majority of people who illegally crossed the border were Mexicans. By 2016, deteriorating conditions in Central America's so-called Northern Triangle — consisting of El Salvador, Guatemala and Honduras — made people from this region the biggest group. More recently, border patrols have intercepted large numbers of people from Venezuela, Nicaragua and Cuba. In October, nearly 70,000, or 38%, of the migrants apprehended were from these three countries. Economic and political instability there has been exacerbated by the pandemic, and the Biden administration argues that this accounts for the surge in overall arrivals. Critics of the president say his accommodating approach to immigration has served as an invitation to foreigners to illegally enter the US.

4. How has Biden changed immigration policy?

Since taking office in January 2021, Biden, a Democratic president, has unwound many of Trump's immigration policies. He halted most though not all new construction on the wall Trump commissioned on the US southern frontier, and he undid a policy that required asylum-seekers to wait in Mexico for their court hearings. Immigration arrests in the US interior were down in fiscal year 2021, which comprised most of Biden's first year in office, compared to 2020 under Trump. Biden originally tried to rescind Title 42, only to be thwarted by a different judge's ruling. Then, in the face of the influx at the border, he actually expanded use of the rule in October by applying it to all Venezuelans entering the country without authorisation.


US President Joe Biden.

5. How has the fight over immigration been recharged?

To express their dismay with the uptick in illegal crossings, Republican governors in Texas, Arizona and Florida sent thousands of apprehended migrants north to so-called sanctuary cities, which refuse to comply with immigration-enforcement efforts. The unannounced arrivals taxed social services in New York City, Chicago and Washington, DC. Though it's the federal government's responsibility to patrol the border, staff ports of entry and process unlawful entrants, states along the border end up as a way station for many of those waiting to have their asylum requests heard in court and for migrants who are never apprehended. The office of Texas Attorney General Ken Paxton estimated in 2021 that his state spends $850mn annually on health, medical, housing and educational costs related to undocumented immigrants. Republican officials across the country have said that immigrants living unlawfully in the US take jobs from citizens and are more prone to commit crime, claims amplified by party candidates in November 8 congressional, state and local elections.

6. Are the claims true?

Some economists say illegal immigration reduces work and wages for low-skill workers, especially Black and Hispanic Americans; others challenge that argument and the data behind it. A number of studies have concluded that migrants commit crimes at lower rates than native-born Americans. For example, in Texas in 2018, the share of undocumented immigrants who'd been convicted of a crime was 45% below that of native-born Texans, according to a Cato Institute analysis. Scholars who support higher levels of immigration also say estimates like Paxton's fail to consider economic activity and tax revenue generated by immigrants.

7. How does Biden want to change immigration policy further?

On his first day in office, he proposed a bill creating an eight-year path to citizenship for most of the 11mn immigrants living illegally in the US. However, Biden's party hasn't had sufficient control of Congress to pass legislation without support from Republicans, among whom views on immigration hardened under Trump. Even if the bill were to become law, it deals only with undocumented migrants in the US as of January 1, 2021, leaving unresolved the issue of newer and future arrivals. Some immigration experts argue that to seriously slow unlawful border crossers, the US must greatly expand visa access for migrant labourers. Such a plan would also run into Republican opposition to opening the door to foreigners.

UK faces record hit to living standards as tax hikes loom amid inflation pain

Reuters
London

Britain faces a record hit to living standards this year as surging inflation erodes incomes, the country's budget forecasters warned, after Finance Minister Jeremy Hunt announced more pain, with tax rises now and spending cuts further ahead.

In a bid to restore Britain's fiscal reputation after the chaos caused by former prime minister Liz Truss's plans for sweeping tax cuts, Hunt outlined a budget programme on Thursday to save £55bn a year to fix the public finances.

Almost half the belt-tightening is due to come from tax increases, prompting some protests from within in Prime Minister Rishi Sunak's ruling Conservative Party, which faces a national election within two years.

Already struggling to adjust to life outside the European Union, Britain's economy was suffering from high inflation and a slowing global economy even before Truss sent financial markets into convulsions.

It is the only Group of Seven economy yet to recover its pre-Covid size and income growth was near-stagnant for a decade ahead of the pandemic.

The Office for Budget Responsibility said household disposable incomes would fall by 4.3% in the current financial year and by 2.8% in 2023/24, the sharpest declines in records dating back to the 1950s.

That two-year slump would wipe out all the growth in living standards over the eight years to 2022, the OBR said.

Millions of Britons are already grappling with a cost of living crisis.

Inflation was 11.1% in October, a 41-year high.

But Hunt said painful fiscal medicine was needed for Britain to maintain the recent return of calm to financial markets, even if most of the belt-tightening is delayed until past 2024, when the next national election is expected.

The OBR said the tax burden was on course to reach 37.1% of GDP in five years' time, its highest sustained level since World War Two, up from 33.1% in the 2019-20 tax year.

"Credibility cannot be taken for granted and yesterday's inflation figures show we must continue a relentless fight to bring it down, including an important commitment to rebuild the public finances," Hunt told parliament.

Hunt said the economy was already in recession and set to shrink next year as it struggles with inflation forecast to average 9.1% this year and 7.4% in 2023 before falling sharply.

Sterling was down 1.1% against the dollar and 0.5% against the euro at 4.40pm (1640 GMT), as investors assessed the scale of retrenchment, which looked more severe than anything planned by other big rich economies.

A man walks past a closed retail premises in London yesterday. Already struggling to adjust to life outside the European Union, Britain's economy was suffering from high inflation and a slowing global economy even before Truss sent financial markets into convulsions. It is the only Group of Seven economy yet to recover its pre-Covid size and income growth was near-stagnant for a decade ahead of the pandemic.

"The UK remains somewhat of a difficult place to judge right now," Marcus Brookes, chief investment officer at Quilter Investors, said. "We are not necessarily at the end of the train of bad news and with a prolonged recession priced in we may need to wait for a more sustained downward path of inflation."

Ratings agency Moody's, which last month warned it could downgrade Britain's credit rating after Truss's short but tumultuous spell as prime minister, said Hunt's plan was a "further step" towards fixing the public finances.

"However, the polarised domestic political environment and heightened policy unpredictability may undermine efforts to deliver on fiscal consolidation," Moody's senior credit officer Evan Wohlmann said.

Jacob Rees-Mogg, a leading minister under Truss, said he was "particularly concerned" about the tax rises.

Other Conservative Party lawmakers supported the plan.

More people will have to pay basic and higher-rate income tax, and Hunt lowered to £125,000 ($147,000) the threshold at which people pay the top 45% rate.

He also cut tax-free allowances for income from dividends.

A threshold at which employers start to pay social security contributions will be frozen until 2028, costing companies more.

A temporary levy on oil and gas companies' profits will rise to 35% from 25% until 2028, and a similar 45% tax will be imposed on nuclear and wind power electricity producers, raising a combined £15bn next year.

Public spending would grow more slowly than the economy but rise in overall terms, Hunt said.

A scaled-back version of an existing cap on energy costs would cost nearly 13bn pounds next year, less than half of what was planned by Truss's finance minister Kwasi Kwarteng.

But pensions and welfare benefits would go up in line with inflation, a major expense for the public finances.

Paul Johnson of the Institute for Fiscal Studies think tank said the real pain of the tax hikes and spending restraint was only due to come after the likely 2024 election, raising questions about whether it will actually happen.

The fiscal tightening came as the OBR said Britain was already in a recession and it expected the economy to contract by 1.4% next year.

QDF wins 'World's Leading Airport Duty Free Operator 2022' award

Qatar Duty Free (QDF) was awarded the 'World's Leading Airport Duty Free Operator 2022' Award among ten eligible nominees recruited from more than a hundred competitors.

The World Travel Awards Grand Final Ceremony and Gala Dinner took place recently in Muscat, Oman.

Last month, QDF was also named Middle East's Leading Airport Duty Free Operator 2022 by the World Travel Awards during a big industry reunion at the Ritz-Carlton in Amman, Jordan. Middle East regional winners were progressed to the World Travel Awards Grand Final.

Vice-president (QDF) Thabet Musleh said, "It is with great pride and pleasure to be awarded the World's Leading Airport Duty Free Operator and the Middle East's Leading Airport Duty Free Operator by the prestigious World Travel Awards. These awards are grand achievements and a testament to our outstanding retail offer and excellent customer services. "It has been an enormous year of accomplishments and triumphs for Qatar Duty Free, and this award is a wonderful celebration of our major achievements. We look forward to welcoming you all to explore a new world of shopping at Hamad International Airport. This is just the beginning for many more victorious and successful years to come."

QDF has officially unveiled its brand new retail and food and beverage offer at the impressive airport expansion project to the world, enhancing passengers' retail experiences and transforming HIA into an ultimate shopping destination.

The new terminal offers unparalleled luxury and lifestyle shopping experience as well as world-class retail and F&B options with more than 65 retail and dining outlets spread across its three levels.

F&B options at the HIA expansion includes over 20 cafes and restaurants offering delicious local and global cuisines for an ultimate dining experience.

US labour market remains tight despite technology sector layoffs

The number of Americans filing new claims for unemployment benefits fell last week, showing widespread layoffs remain low despite a surge in technology-sector job cuts that has raised fears of an imminent recession, reports Reuters.

The weekly jobless claims report from the Labor Department yesterday, the most timely data on the economy's health, suggested the labour market remained tight.

That, together with solid consumer spending, keeps the Federal Reserve on track to continue raising interest rates, though at a slower pace amid signs inflation was starting to subside.

"This is a testimony to how tight the labour market remains," said Robert Frick, corporate economist at Navy Federal Credit Union in Vienna, Virginia.

Initial claims for state unemployment benefits dropped 4,000 to a seasonally adjusted 222,000 for the week ended November 12. Economists polled by Reuters had forecast 225,000 claims for the latest week.

There has been an increase in layoffs in the technology sector, with Twitter, Amazon and Meta, the parent of Facebook, announcing thousands of job cuts this month.

Companies in interest-rate sensitive sectors like housing and finance are also letting workers go. The layoffs have so far not been evident in official data.

Oil slick dampens QSE sentiments

By Santhosh V Perumal
Business Reporter

Weakened oil prices yesterday had its drag effect on the Gulf regional bourses including the Qatar Stock Exchange, which made losses for the third straight session.

The domestic funds turned net sellers as the 20-stock Qatar Index shrank 78 points or 0.65% to 12,213 points, although it touched an intraday high of 12,267 points.

The industrials, real estate and banking counters witnessed higher than average selling pressure in the market, whose year-to-date gains further truncated to 5.05%.

The Gulf retail investors' weakened net buying had its influence in the main bourse, whose capitalisation saw QR6.48bn or 0.95% erosion to QR678.6bn, mainly on the back of small cap segments.

The Islamic index was seen declining faster than the main index in the market, which saw a total of 0.03mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.27mn changed hands across 21 deals.

Trade turnover and volumes were on the increase in the main market; while the venture market saw lower trade turnover and volumes.

However, the local retail investors were seen increasingly into net buying in the bourse, which saw no trading of sovereign bonds.

The foreign individual investors were increasingly bullish in the main market, which saw no trading of treasury bills.

The Total Return Index shed 0.63%, the All Share Index by 0.77% and the Al Rayan Islamic Index (Price) by 0.74%.

The industrials sector index tanked 1.36%, realty (1.28%), banks and financial services (0.83%), telecom (0.04%) and transport (0.02%); while insurance gained 0.28% and consumer goods and services (0.09%).

More than 73% of the traded constituents were in the red in the main market and included Qatari Cinema and Film Distribution, Mannai Corporation, Qatari German Medical Devices, Qatar Electricity and Water, Ahlibank Qatar, QNB, Alijarah Holding, Widam Food, Al Meera, Qatar National Cement, Aamal Company, Gulf International Services, Mazaya Qatar, Untied Development Company and Ezdan.

In the venture market, Al Faleh Educational Holding saw its shares depreciate in value.

Nevertheless, QLM, Baladna, Woqod, Commercial Bank and Qatar Oman Investment were among the gainers in the main market.

In the junior bourse, Mekdam Holding saw its shares appreciate in value.

The domestic institutions turned net sellers to the tune of QR12.88mn compared with net buyers of QR7.18mn on November 16.

Total trade volume in the main market was up 3% to 108.14mn shares, value by 11% to QR487.14mn and deals by 6% to 16,078.

The venture market saw 38% shrinkage in trade volumes to 0.1mn equities, 41% in value to QR0.74mn and 43% in transactions to 46.