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Markets sigh with relief after Powell speech, but more turbulence seen

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BUSINESS

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FTX collapse crushes crypto dreams in Africa and beyond

Qatar ports record increased transshipment in November

By Santhosh V Perumal
Business Reporter

Qatar's maritime sector saw a 1% gain in transshipment volumes in November 2022, as about 116,000 TEUs (twenty-foot equivalent units) and more than 142,000 tonnes of general cargo were handled at the Hamad, Doha and Ruwais ports, according to the official data.

The number of ships calling on Qatar's three ports were 269 in November 2022, which was 6.92% and 15.67% lower year-on-year and month-on-month respectively, said Mwani Qatar in a tweet.

As many as 2,764 ships have called on three ports during January-November of this year.

"The maritime sector of Qatar has undergone a significant transformation in recent years," Mwani Qatar had said in a tweet.

As many as 2,764 ships have called on three ports during January-November of this year

Hamad Port – whose strategic geographical location offers opportunities to create cargo movement towards the upper Gulf, supporting countries such as Kuwait and Iraq and south towards Oman – saw as many as 133 vessels call on the port in the review period.

The November also saw the inauguration of port community system "Mwanina" – an electronic platform that allows smart and secure exchange of information between persons concerned and the entities associated with the Hamad Port, thus helping improve and develop the importation and exportation operations and making them more efficient and less costly.

The general cargo handled through the three ports stood at 142,680 tonnes in November 2022, which showed a 17.09% and 11.49% decline on yearly and monthly respectively in the review period.

Hamad Port – whose multi-use terminal is designed to serve the supply chains for the RORO (vehicles), grains and livestock – handled 81,125 freight tonnes of bulk and 55,450 freight tonnes of breakbulk in November this year.

On a cumulative basis, the general cargo movement through the three ports totalled 1.46mn tonnes during January-November this year.

The three ports handled 6,939 RORO in November 2022, which registered a 34.4% and 4.19% increase year-on-year and month-on-month respectively. Hamad Port alone handled 6,712units in November this year.

The three ports together handled as many as 73,138 vehicles during January-November 2022. The container handling through three ports stood at 115,968 TEUs, which showed 7.17% and 10.44% decline year-on-year and month-on-month respectively in November 2022.

Hamad Port, which is the largest eco-friendly project in the region and internationally recognised as one of the largest green ports in the world, saw 113,895 TEUs of containers handled this November.

The container handling through the three ports stood at 1.31mn TEUs during January-November this year. The container terminals have been designed to address the increasing trade volume, enhancing ease of doing business as well as supporting the achievement of economic diversification, which is one of the most important goals of the Qatar National Vision 2030.

The building materials traffic through the three ports stood at 61,203 tonnes in November this year, which shot up 50.36% and 7.2% year-on-year and month-on-month respectively.

A total of 470,854 tonnes of building materials had been handled by these ports during January-November 2022.

The three ports had handled 17,381 livestock in November 2022, which showed 27.84% and 21.15% decrease on yearly and monthly basis respectively. The ports had handled a total of 166,741 heads during January-November this year.

The Doha Port Redevelopment project, carried out to the port's basin and quay, has contributed to boosting its capacity for receiving the world's largest cruise ships as it received supersize floating hotels during the FIFA World Cup Qatar 2022, which is currently underway.

"Qatar's maritime sector is expected to witness another year of strong growth in light of the efforts taken by the authorities concerned to boost goods traffic at the ports, with expectations of supply chains improving during the next few periods," Mwani Qatar had said in its latest annual report.

Duty free sales at Qatar and select GCC airports to reach $3bn by 2026: Alpen Capital

By Pratap John
Business Editor

Duty free sales at select GCC airports including Doha and Dubai are expected to grow by 65.5% y-o-y to reach $2.2bn in 2022, Alpen Capital has said in a report.

By 2026, duty free sales in Qatar, UAE and Bahrain are further projected to reach $3bn, implying an annualised growth of 8.4% since 2022, Alpen Capital said in its report on 'GCC retail industry'.

It said the GCC nations have laid out strategic plans to promote the tourism sector as part of their long-term objective to diversify away from oil.

This has led to investments in the development of tourism infrastructure, which includes expanding the airport capacity to complement the governments' commitment towards the tourism sector. At the same time, the governments have been easing visa regulations to boost the number of tourist arrivals.

Duty free operators are the biggest beneficiaries of the expansion of the tourism industry, as the resultant rise in passenger traffic potentially leads to increase in sales.

Prior to the pandemic, international tourist arrivals in the GCC increased at an annualised growth rate of 2.8% between 2016 and 2019 primarily driven by the UAE (6.6% CAGR) and Kuwait (6.7% CAGR).

Majority of the demand was generated by personal, leisure and religious travel followed by business and professional travel during the period. With 35.7% inbound tourist arrivals in 2019, the UAE led the GCC countries in terms of share of international tourist arrivals, followed by Saudi Arabia (28.6%), and Bahrain (15.6%).

As a result of the Covid-19 led restrictions, GCC international tourist arrivals declined by 75% y-o-y in 2020. However, swift response to curb the virus through stringent policies and widespread vaccine deployment led to the crisis reach an endemic state. Consequently, tourist arrivals in the region witnessed widespread recovery in 2021, posting a 56.1% y-o-y growth compared to the end of 2020 to reach 27.7mn.

At the same time, passenger traffic at international airports in Doha, Dubai, Abu Dhabi, and Bahrain have also grown since 2020.

These factors have revived the region's airport retail market, which was significantly hit during the pandemic.

Between 2016 and 2019, duty free sales at Doha, Dubai and Bahrain airports grew at a CAGR of 3.3% and cumulatively accounted for 44.1% of the Middle East's total sales.

In 2020, duty free sales at these airports declined by 58.3% y-o-y and witnessed a revival of 11.5% y-o-y in 2021 to reach an estimated $1.3bn by the year-end.

Share of the GCC duty free sales of the total Mena region during 2021 improved to an estimated 46.9% from 44.1% in 2016.

Key Qatar Duty Free retail openings in 2021 included several luxury avenues, stand-alone airport boutiques, cafes and high-end brand stores among others130.

In 2021, the Hamad International Airport was recognised as the 'Best airport in the world' by the Skytrax World Airport Awards, while also being named the 'Best Airport in the Middle East' and 'Best Airport with 25 to 35mn passengers'.

The airport was also recognised with awards for 'Best airport staff' in the Middle East and 'Covid-19 airport excellence' during the year, Alpen Capital noted.

GCC 2023 outlook 'constructive', may remain 'outperformer' in global context: Emirates NBD

By Pratap John
Business Editor

The GCC looks likely to remain an "outperformer in the global context" next year, Emirates NBD said although it expects the region's average GDP growth to slow to 3.5% in 2023.

The GCC countries have enjoyed a strong performance in 2022 on several fronts. The outlook for the GCC in 2023 also remains constructive.

Emirates NBD expects economic growth in the region to come in at around 7% on a nominal GDP-weighted basis, the fastest in over a decade.

This has largely been driven by double-digit growth in oil production across the region as the pandemic-related production cuts were fully unwound.

"However the non-oil sectors have performed well too and we expect average non-oil GDP to reach 4.4% this year, similar to the growth rate achieved across the GCC in 2021, even as global growth has slowed this year," noted Khatija Haque, head of research and chief economist at Emirates NBD.

Domestic demand has continued to rebound from the pandemic and the recovery in global travel and tourism has also supported the non-oil sectors, particularly in the UAE.

Expo 2020 contributed to strong growth in the UAE's tourism and hospitality sectors in Q1, 2022, and the reopening of long-haul markets has seen visitor numbers rebound sharply from last year, although they remain around 15% below 2019 levels through September.

The FIFA World Cup is expected to support demand in Qatar in Q4, 2022 even as the global economy has started to slow.

The GCC budget performance has also improved significantly this year on the back of higher oil production and prices, as well as the broader economic recovery in the region, Emirates NBD noted.

"We estimate the average GCC budget surplus will reach almost 8% of GDP this year following seven years of deficits. While government spending has increased slightly this year, governments have so far been relatively prudent with their oil windfall, using budget surpluses to build up reserves, pay down debt and invest for the future," it said.

The GCC countries have also provided financial support to other Mena countries that have faced current account shocks this year on the back of rising energy and food prices.

"The outlook for the GCC in 2023 remains constructive," it said.

"GDP growth will slow sharply as the 16% increase in oil and gas GDP that we saw this year is unlikely to be repeated, and further production cuts from Opec+ pose a downside risk to growth in this sector in 2023.

Non-oil GDP is also expected to slow somewhat next year but is likely to remain relatively robust as governments continue to invest in strategic sectors and projects to diversify their economies.

"Our baseline forecast is for oil prices to remain above $100/b next year, which will allow governments to maintain spending even as private investment slows," Haque noted.

There are headwinds to growth in the coming months, however. The tightening in monetary policy that we've seen in 2022 will continue to weigh on global economic growth in 2023 as central banks focus on bringing inflation down.

Even with oil prices expected to remain relatively high, the region is not immune from slowing global growth, particularly given its position as a global trade and logistics hub.

"Higher borrowing costs may deter private sector investment in the region and a strong dollar will also erode competitiveness, making the region a more expensive destination for both foreign investors and tourists," Emirates NBD said.

Powell signals smaller December Fed rate hike amid hope for soft landing

Bloomberg
Washington, DC

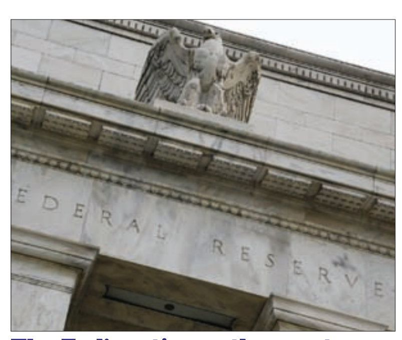
Chair Jerome Powell cemented expectations that the Federal Reserve will step down from its aggressive pace of tightening in December and presented a case for achieving lower inflation without tipping the economy into a deep recession.

Just how high rates will go and how long policymakers will hold them there depends on how the economic data rolls in as officials fight the highest inflation in 40 years.

But Powell, in a speech and question-and-answer session on Wednesday, offered guarded optimism that price pressures will slow, sending US stocks sharply higher as investors cheered the lack of a sharper-edged message from the Fed chief.

His remarks, as officials prepare to enter their blackout period ahead of the Fed's December 13-14 meeting, hardened bets they will downshift to a 50 basis-point rate increase after delivering four straight 75 basis-point moves.

"Powell tried to walk a fine line between signalling a possible turning point and not sounding too encouraging for risk appetite," said Derek Tang, an economist at LH Meyer in Washington.



The Fed's actions – the most aggressive since the 1980s – have lifted the target range of their benchmark rate to 3.75% to 4% from nearly zero in March

"His main goal was to pin down a message of no easing in 2023, a signal that got across. The market was encouraged because a longer-hold strategy means not hiking too much more," Tang added.

The Fed's actions – the most aggressive since the 1980s – have lifted the target range of their benchmark rate to 3.75% to 4% from nearly zero in March. Powell said rates are likely to reach a "somewhat higher" level than officials estimated in September, when the median projection was for 4.6% next year. Those projections will be updated at the December meeting.

"The time for moderating the pace of rate increases may come as soon as the December meeting," Powell said at the Brookings Institution in Washington. "The timing of that moderation is far less significant than the questions of how much further we will need to raise rates to control inflation, and the length of time it will be necessary to hold policy at a restrictive level."

He noted that goods prices had decelerated and shelter inflation was also decreasing by some measures. On the other hand, service costs remain a challenge, particularly the cost of scarce labour to deliver them.

"It will take substantially more evidence to give comfort that inflation is actually declining," he said. "The truth is that the path ahead for inflation remains highly uncertain."

The data has shown "tentative signs" of moderating labour demand he said. But more cooling is needed, and his remarks imply that the Fed will continue to raise rates until the three conditions – further deceleration of goods prices, lower shelter inflation, and softening labour demand – fall clearly into place.

When asked if the Fed could reduce inflation without tipping the economy into a steep downturn, Powell said he was optimistic that it could do so.

BUSINESS

Turkish companies go solar at record pace to cut energy costs

Bloomberg
Istanbul

A record number of Turkish companies are installing solar systems to avoid soaring electricity costs caused by a collapse in the currency and a spike in global energy prices.

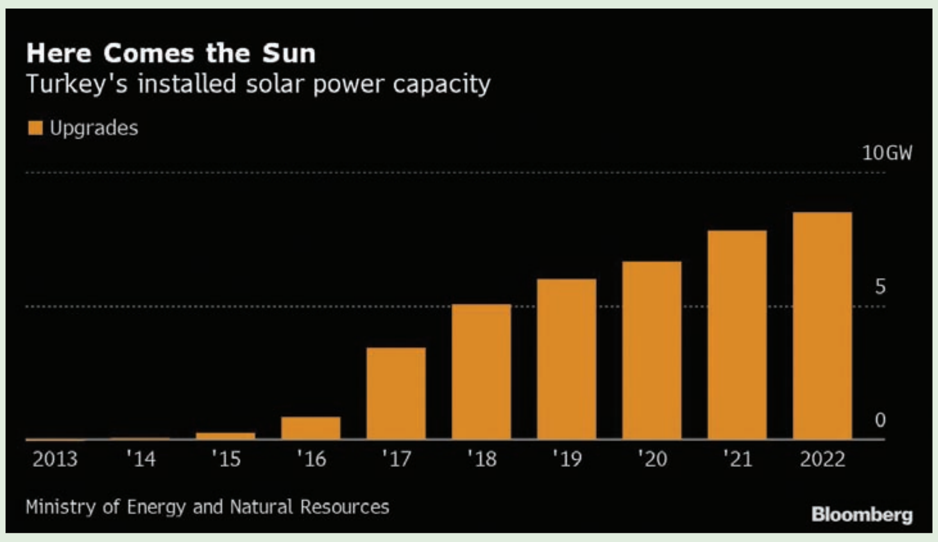
More than 300 companies applied in the past two weeks alone for approval to install solar panels, Mustafa Yilmaz, head of Turkiye's energy market regulator, told the state-run Anadolu Agency.

"Companies made $110bn -worth of investment applications for renewable energy production," he was quoted as saying.

Demand for solar power in Turkiye has been booming since last year after a combination of higher gas prices and a plunge in the currency saw electricity bills for companies quadruple.

Turkiye imports gas used to generate much of its power so, as the lira has weakened, the costs have risen. Russia's invasion of Ukraine in February compounded the problem as supply worries pushed up global energy prices.

Turkiye allows businesses to produce electricity from renewable energy sources for their own use but earlier this month simplified a process that also enables them to sell their surplus power to the grid. That incentive has given the market a new boost.



Turkiye's biggest mobile operator, Turkcell, plans to satisfy 65% of its energy needs using renewable sources in the coming years, Erkin Kilinc, general manager of its energy unit Enerjicell, told Bloomberg.

"We expect our annual energy costs to decline by $90mn by 2025, when all of our solar energy projects will be complete," he said.

The number of small solar plants, run by companies for their own needs, has exploded from little more than 1,000 in 2017 to more than 9,000 today. Overall, Turkiye's installed solar capacity has risen from virtually nothing a decade ago to about 9 gigawatts, enough to power millions of homes.

Affordable green financing options offered by banks have also given renewable energy a boost at a time when many businesses are struggling to secure loans for other projects.

The European Bank of Reconstruction and Development (EBRD) allocated €500mn ($522mn) this year to financing green investments in Turkiye. Commercial lender Garanti BBVA increased its green financing allocation from €200mn to €300mn last month.

"There is a boom in solar energy investments for self-consumption with manufacturing companies surpassing energy firms," Garanti BBVA chief executive officer Recep Bastug said at a recent conference. "The number of healthy companies turning to this alternative has increased and financing these demands is our priority."

That's also encouraged both Turkish and foreign companies to invest in manufacturing solar panels domestically.

"From big hotels and manufacturers to hospitals, many business build rooftop or field systems to avoid energy costs," said Halil Demirdag, head of the Turkish Solar Energy Industry Association and chief executive officer of solar panel producer Smart Enerji. "Most of the plants that are being built aim to meet this" demand.

Opec oil output drops in November after cut pledged, says survey

Reuters
London

Opec oil output has fallen in November, led by top exporter Saudi Arabia and other Gulf members, after the wider Opec+ alliance pledged steep output cuts to support the market amid a worsening economic outlook, a Reuters survey found on Wednesday.

The Organisation of the Petroleum Exporting Countries (Opec)pumped 29.01mn barrels per day (bpd) this month, the survey found, down 710,000 bpd from October.

In September, Opec output had been the highest since 2020.

Opec and its allies, known as Opec+, have been boosting output for most of 2022 as demand recovered.

For November, with oil prices weakening amid concern of recession, the group made its largest cut since the early days of the Covid-19 pandemic in 2020.

Their decision for November called for a 2mn bpd cut in the Opec+ output target, of which about 1.27mn bpd was meant to come from the 10 participating Opec countries.

Output has been undershooting targeted amounts as many producers — notably Angola and Nigeria — lack the capacity to pump more due to insufficient investment and, in the case of Nigeria, crude theft.

Output from the 10 members fell by 720,000 bpd month-on-month, the survey found, leaving actual production 800,000 bpd below the group's November output target.

The shortfall in October was 1.36mn bpd.

As a result of production being below target, Opec over-delivered on its pledged cuts with a compliance rate of 163% in November, the survey found.

Opec+ meets virtually on Sunday to review its output policy and is not expected to make any changes.

In November, Saudi Arabia cut output by 500,000 bpd versus October, the survey found, virtually all of the pledged amount.

The United Arab Emirates and Kuwait made the next largest curbs.

Algeria cut about half of the pledged amount and Iraq, Opec's second-largest producer which has been calling for its quota to be increased, barely lowered output in November, according to the survey.

Angola and Nigeria each boosted output in November but both are pumping far below their quotas, the survey found.

Nigeria posted Opec's largest increase, helped by higher exports of Forcados crude.

There was little change in production in Libya, Iran and Venezuela, all of which are exempt from Opec output cuts.

The Reuters survey aims to track supply to the market. It is based on shipping data provided by external sources, Refinitiv Eikon flows data, information from tanker trackers such as Petro-Logistics, and information provided by sources at oil companies, Opec and consultants.

Saudi central bank steps up efforts to ease liquidity crunch for banks

Bloomberg
Riyadh

Saudi Arabia's central bank has stepped up the use of a mechanism to pump money into the financial system as it looks to tackle a liquidity crunch that has helped push borrowing costs for lenders to the highest in decades, according to people familiar with the matter.

The latest intervention is relying on open market operations, the people said, transactions that allow the central bank to provide or drain short-term liquidity in exchange for securities from lenders.

Unusually for a period of high oil prices, Saudi banks are facing a shortage of liquidity. A rapid rise in lending that's not been matched by deposit growth has left banks clamouring for funding. Meanwhile, an expected influx of government deposits from soaring crude receipts has not materialised and a previous central bank liquidity injection provided only temporary relief.

The monetary authority has stepped up its use of open market operations over the past few weeks to tackle the issue, the people said, asking not be named because the information is private. The effort by SAMA, as the central bank is known, helped stabilize the interest rate banks charge one another for loans, though it remains near a record high.

SAMA didn't immediately respond to a request for comment.

Policymakers are trying a new tack months after bank liquidity came under unprecedented pressure as an expansion of credit outpaced deposit growth and Saudi Arabia largely matched four successive 75 basis-point rate hikes by the US Federal Reserve to maintain its currency peg against the dollar.

Around June, the Saudi central bank placed about 50b riyals ($13bn) as deposits with commercial lenders, Bloomberg reported at the time. The injection of funds at a discount to the three-month Saudi Interbank Offered Rate, or Saibor, eased liquidity conditions through the summer before they started to tighten again.


A Saudi woman counts banknotes at a jewellery shop in the Tiba gold market in the capital Riyadh (file). Unusually for a period of high oil prices, Saudi banks are facing a shortage of liquidity. A rapid rise in lending that's not been matched by deposit growth has left banks clamouring for funding.

The funding stress intensified last month, with the three-month Saibor peaking at a record of just under 6% in late October. It's since dropped by nearly half a point even as Saudi Arabia followed the Fed again in November and raised its policy rates by 75 basis points.

"Higher policy rates are partly to blame for the higher Saibor rates but a domestic liquidity squeeze is adding to the pressures," said Farouk Soussa, an economist at Goldman Sachs Group Inc. "Banks are competing strongly for market share through aggressive loan-book expansion which is happening at a rate that far exceeds deposit growth."

Saudi authorities are trying to assert control over the cost of money for banks because the liquidity crunch threatens to undermine the ability to fund the kingdom's construction pipeline estimated at over $400bn over the next five years, part of an economic makeover to diversify away from oil.

Fitch Ratings warned this month that lending growth risks decelerating next year if the central bank doesn't step in with further liquidity support. Higher interbank rates can also ricochet across the economy by boosting the cost of borrowing for consumers and businesses.

Pressure in the kingdom's banking system has been building by a degree unmatched except during periods when oil prices were crashing or global crises like the credit crunch of 2008-2009. This year, by contrast, Saudi Arabia is on track to run its first budget surplus in about a decade after seeing revenues soar on the back of a rally in oil prices above $100 and higher production.

Earlier this year, the government said it would hold billions of dollars of windfall revenue in a current account until the end of the year and only then decide how to distribute it.

Saudi banks have tried to cope by raising capital in the market and tapping more interest-bearing deposits. Lenders including Al Rajhi Bank and Riyad Bank issued about $7bn in debt this year, an amount comparable to their counterparts in the United Arab Emirates but at a higher spread.

The question is if the latest intervention will leave a more lasting mark on the local interbank market as the Fed delivers further rate hikes, with a plan to raise its benchmark by 50 basis points at its final meeting of the year on December 13-14.

"The rising Saibor premium appears to be driven by strong demand so an injection of liquidity by SAMA will help," said Tarek Fadlallah, head of Nomura Asset Management's Middle East business. "But banks may need to additionally lure substantial private-sector deposits in order to maintain the current pace of lending."

Bloomberg QuickTake **Q&A**

Why India's world-beating growth isn't creating jobs

By Vrishti Beniwal

Few major economies have been growing as fast as India's. Beyond the relatively strong figures, though, lies the grim reality of rising unemployment. The nation of 1.4bn people isn't creating enough jobs for its expanding population, a problem that Prime Minister Narendra Modi has promised to prioritise. That's proved tough, though, especially as the private sector has balked at making major new investments, deterred by dim business conditions. Tensions boiled over last June when angry youth facing bleak job prospects blocked rail traffic and highways in many states for days, even setting some trains on fire.

1. How bad is the jobs situation?

The unemployment rate has been hovering around 7% or 8%, up from about 5% five years ago, according to the Centre for Monitoring Indian Economy, a private research firm that produces data that is more timely than official statistics. (A drop in September to 6.4% was attributed to extra hiring around India's holiday season, an annual phenomenon. It was back at 7.8% in October.) The rate has remained elevated even though the total workforce has shrunk: Millions of people dejected over weak job prospects have pulled out, a trend that was exacerbated by the pandemic. The labour force participation rate — which counts people who are working or looking for work — has dropped below 40%, from 46% six years ago, according to the CMIE. By comparison, the rate in the US has been about 62%.

2. Who's most affected?

Women and the young. The share of women employed dropped to 19% in 2020 from 26% in 2010, according to the World Bank. As Covid-19 spread, a bad situation turned worse: The CMIE estimated that female labour force participation fell to 9% by 2022 — putting India in the same league as war-torn Yemen. Rosa Abraham, an economics professor at Azim Premji University in Bengaluru, who tracked more than 20,000 people before and after India's first pandemic lockdown, found that women were much more likely to lose their jobs than men and far less likely to go back after restrictions were lifted. Meanwhile, urban unemployment in the 20-24 age group of both sexes was 42% in October, according to CMIE estimates. That compares with about 18% for the 16-24 category in China.

3. What's behind those numbers?

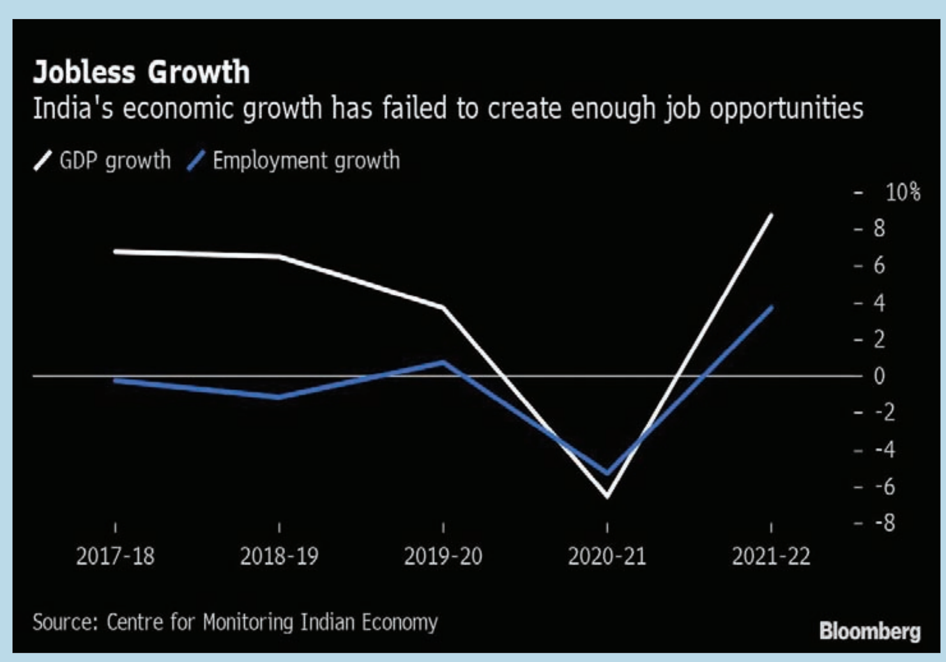
A big part of the problem is India's poor system of education and job-training, which means local degrees and certificates are often considered worthless by employers. In large-scale surveys, employers have said that fewer than half the college graduates entering the workforce in India have the skills they need or the ability to pick them up in the workplace. Unable to get hired, many discouraged job seekers decide instead to continue their studies, join family members in farming or just stay home, surviving on family rental income, pensions received by elderly household members or government transfers. Many women end up doing unpaid work at home: housekeeping, cooking and taking care of elderly relatives and kids.

4. Why is this a cause for concern?

India currently has the advantage of youth - half the population is under 30 - but it will start ageing in coming decades. At the current trend there will be more people older than 59 than in the working-age bracket by 2040. The risk is that the population gets old before the country develops and becomes rich enough to support everyone. There's also the potential for social unrest, as illustrated by the train protests that erupted in 2022 over a new military recruitment plan that offered shorter contracts — four years instead of 15 — and fewer benefits. (Despite the backlash, the air force alone said it had received nearly 750,000 applications, the most by far it has seen in any recruitment cycle.) Much of the recent economic growth was fuelled by pandemic-related government spending, which has waned just as rising inflation and the threat of global recession have posed new challenges. With national elections due by May 2024, Modi's opponents have started talking about a labour market crisis, and some of his allies have joined the chorus.

5. What's the government doing?

It announced plans in June to hire a million people by the end of 2023 to fill vacancies in government departments, and began handing out employment letters in October. But that's a drop in the bucket: The McKinsey Global Institute estimates 90mn new nonfarm jobs are needed by 2030. Private-sector companies — including technology and outsourcing enterprises and gig-economy startups like the food-delivery service Zomato Ltd — have helped add jobs, but not at a quick-enough pace. Many global companies are on the fence about India, deterred by chronic problems such as creaking infrastructure and bureaucratic red tape on top of inadequate labour quality. To address the skills issue, India has sought to lure more people into vocational training and apprenticeship programs, in part by creating a pathway from menial jobs to higher education. The shortened military program was sold as a way to get people back into the labour pool faster, and better disciplined. India also sought to entice manufacturers to invest, partly by pitching itself as a less politically charged alternative to China. In 2020 it announced a 500bn-rupee



($6.1bn) plan to attract manufacturers of mobile phones and related components with financial incentives and clusters of ready-to-use facilities. Apple Inc was among the takers, and exports of India-made iPhones are expected to almost double in the 2022-23 fiscal year, to $2.5bn. That's still a tiny fraction of the phones made in China.

6. Why not use government data?

The government in April cited what it called "authentic data" from the Statistics Ministry showing the labour market recovering. But economists have described those figures as outdated and inadequate. For starters, they come with a lag of one year: Official data for the year ending June 30, 2021, was only released in June 2022. And it showed the unemployment rate fell to 4.2% that year, down from an official 4.8% - despite harsh Covid lockdowns and an economic slowdown. Markets and academicians prefer to rely on the survey-based unemployment data from CMIE as it's more timely and correlates better with ground realities. The government has started some new efforts to get data directly from businesses, and is working on more surveys aimed at the so-called informal sector, such as migrant labourers and domestic workers, which covers 75% of the workforce.

FTX collapse crushes crypto dreams in Africa and beyond

- FTX's bankruptcy hurts small investors across the world
- Young African crypto backers fret about damage to sector
- Regulators repeat warnings about risks of crypto dealing

Thomson Reuters Foundation
Lagos/Bangkok

The logo of FTX is seen on a flag at the entrance to the FTX Arena in Miami, Florida, US. Even as regulators crack down on crypto, people in developing nations are embracing virtual currencies to avoid high commissions on remittances, and to preserve their savings in times of hyper inflation and political instability.

Days before his FTX cryptocurrency exchange collapsed, co-founder Sam Bankman-Fried tweeted "Hello, West Africa!" — his latest nod to a region where a growing number of kitchen table investors had put their faith, and savings, in FTX.

In South Africa, Nigeria and Ghana, FTX held a series of swish events in the months leading up to its bankruptcy filing in the United States on November 11, which sent shockwaves through the crypto world and major coin prices plummeting.

At least $1bn of customer funds have vanished from the collapsed crypto exchange, Reuters reported, and it is now the subject of investigations by authorities in the Bahamas — where it was based — for "criminal misconduct".

In Nigeria, where many young people see cryptocurrency as offering a chance for income amid economic woes including double-digit inflation and high unemployment, FTX's demise has been painful.

"It hurts more than I can express," said Osarieme Aghedo, who works in marketing at a Nigerian startup and had $8,720 in FTX as news of its implosion circulated on Twitter.

He tried in vain to withdraw his money, which he had hoped to use to buy a car next year.

Aghedo said he had been trading in digital currencies since 2017, and had lost money before as their values dipped.

But the FTX loss has hit him harder, he said, because he thought it was "risk free" and kept his savings there.

Like him, many Africans used FTX as a bank, as it offered 8% annual interest rate on the stablecoin stored on the platform.

Customers also used FTX to convert their local currencies to dollars.

Even as regulators crack down on crypto, people in developing nations are embracing virtual currencies to avoid high commissions on remittances, and to preserve their savings in times of hyper inflation and political instability.

Many exchanges have courted users in Africa, and crypto adoption is growing in the continent, with Nigeria ranked 11th on a global index by research firm Chainalysis, which also includes Kenya and Morocco in the top 20.

Despite the FTX blow, Aghedo said he was not giving up on crypto.

"Crypto has connected the global economy. I receive and pay people in crypto from many countries, and that would have been impossible before," he said.

Cryptocurrencies were designed to be free of authorities such as governments and central banks.

They allow for "peer-to-peer" transfers between users online without any intermediaries.

Their relative anonymity offers a haven for criminals, extremist groups and sanctioned governments — but champions say they also support citizens caught up in crises.

Now, crypto's highest-profile collapse in recent years has left millions in the lurch, and it is unclear how many FTX users — estimated at about 1mn in the United States and many more across the world — will be able to recover their funds.

South Korea, Singapore and Japan accounted for the highest number of visitors to FTX.com until October, according to data compiled by crypto site Coingecko.

Singaporean Edward Choy was at work when he heard about a liquidity crunch at FTX.

He immediately began getting his deposits out, just hours before withdrawals were suspended.

"I was able to pull out about 90% of my funds," said Choy, 43, an actor and voice artist who has been a crypto investor since 2017.

"But I know many others were unable to get anything out — some had put nearly all their assets into FTX and have now lost everything," he told the Thomson Reuters Foundation.

Regulation of crypto currencies has come into sharp focus following the collapse of several platforms this year and increased volatility, with bitcoin down more than 70% from an all-time high of $69,000 in November last year.

Several investors have also blamed regulators for failing to regulate platforms and protect users.

On a Facebook group for crypto users in Singapore, Alfred Lee posted: "Shifted my six-figure portfolio from Binance to FTX.

Didn't manage to get out fast enough as I was on vacation," he said, referring to his move after Binance was banned in Singapore last year for breaching local payment services rules.

The Monetary Authority of Singapore (MAS) said it could not protect local users from the FTX collapse, as it had not given FTX a licence, and that the exchange had operated offshore.

"The most important lesson from the FTX debacle is that dealing in any cryptocurrency, on any platform, is hazardous," MAS said in a statement last week. "As MAS has repeatedly stated, there is no protection for customers who deal in cryptocurrencies. They can lose all their money."

In Ghana, where authorities have not commented on the FTX collapse, 21-year-old content creator Elisha Owusu Akyaw, who often posts about crypto on Twitter and TikTok, said he had $200 on FTX when it collapsed.

"It's now worth just $6," he said, adding that he had earlier held the equivalent of about $70,000 on the platform, but had withdrawn most of it some months ago as the value of cryptocurrencies fell.

QSE MARKET WATCH

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	15.50	-2.64	18,555
Widam Food Co	2.23	-0.76	484,653
Vodafone Qatar	1.68	-0.88	1,121,803
United Development Co	1.40	0.43	542,618
Salam International Investme	0.69	1.92	10,239,446
Qatar & Oman Investment Co	0.60	0.84	1,457,515
Qatar Navigation	10.40	3.79	788,912
Qatar National Cement Co	4.45	-3.17	511,233
Qatar National Bank	19.52	-0.41	2,224,799
Qlm Life & Medical Insurance	4.80	-3.79	7,501
Qatar Islamic Insurance Grou	8.68	-0.21	270
Qatar Industrial Manufactur	3.13	0.35	165,589
Qatar International Islamic	11.06	0.91	1,406,146
Qatari Investors Group	1.82	-0.92	329,013
Qatar Islamic Bank	24.20	-0.33	1,839,886
Qatar Gas Transport(Nakilat)	3.90	-1.76	2,147,819
Qatar General Insurance & Re	1.80	-2.71	530,903
Qatar German Co For Medical	1.40	-1.06	8,799,249
Qatar Fuel Qsc	18.31	0.99	1,435,388
Lesha Bank Llc	1.25	2.47	1,065,078
Qatar Electricity & Water Co	17.00	0.53	326,994
Qatar Exchange Index Etf	11.62	1.16	1,048
Qatar Cinema & Film Distrib	3.12	0.00	-
Al Rayan Qatar Etf	2.63	1.39	290,679
Qatar Insurance Co	2.01	0.50	164,939
Qatar Aluminum Manufacturing	1.63	3.42	18,632,238
Ooredoo Qpsc	9.34	5.29	1,842,508
Alijarah Holding Company Qps	0.81	4.36	9,230,335
Mazaya Real Estate Developme	0.80	2.18	10,688,451
Mesaieed Petrochemical Holdi	2.29	-1.85	1,018,459
Al Meera Consumer Goods Co	16.77	0.90	87,789
Medicare Group	6.64	1.14	148,795
Mannai Corporation Qsc	8.60	3.64	1,020,800
Masraf Al Rayan	3.57	0.90	13,283,469
Al Khalij Commercial Bank	0.00	0.00	-
Industries Qatar	15.43	3.63	3,258,082
Inma Holding Company	4.90	3.51	314,299
Estithmar Holding Qpsc	1.96	-0.36	12,941,272
Gulf Warehousing Company	4.00	1.76	151,043
Gulf International Services	1.63	3.69	12,468,852
Al Faleh Education Holding	1.21	0.00	-
Ezdan Holding Group	1.15	3.50	12,709,602
Doha Insurance Co	2.10	0.00	-
Doha Bank Qpsc	2.14	-0.09	2,328,339
Dlala Holding	1.29	9.95	6,321,818
Commercial Bank Psqc	5.90	-0.66	1,064,371
Barwa Real Estate Co	3.27	-1.03	1,004,987
Baladna	1.67	-1.30	839,475
Al Khaleej Takaful Group	2.37	4.08	670,271
Aamal Co	1.03	0.10	72,222
Al Ahli Bank	4.12	0.10	2,600

Switzerland freezes $8bn in financial assets under Russia sanctions

Switzerland has frozen financial assets worth 7.5bn Swiss francs ($7.94bn) as of November 25 under sanctions against Russians to punish Moscow for its invasion of Ukraine, the State Secretariat for Economic Affairs (SECO) said yesterday, reports Reuters.

SECO, the agency overseeing sanctions, also said that 15 properties in six cantons are also "blocked". It did not name the cantons.

Up until June 3, SECO had been notified of existing deposits held by Russian nationals, and individuals and legal entities in Russia, amounting to 46.1bn francs, it said.

This was far below the 150bn to 200bn Swiss francs of Russian wealth that the Swiss Bankers Association has estimated Swiss banks hold.

SECO officials said the discrepancy could reflect the fact that Russians who are also Swiss or EU citizens, or have residence there, are not covered by the measures.

Only bank deposits of at least 100,000 francs — and not securities portfolios — are subject to reporting, they added.

Officials were looking into 30 cases of possible violations of reporting rules, one of which was with federal prosecutors.

Neutral Switzerland has routinely adopted European Union sanctions that aim to punish Russia for invading Ukraine, which Russia calls a "special military operation".

Musk's Neuralink hopes to implant computer in human brain in 6 months

Bloomberg
Palo Alto

Elon Musk's Neuralink Corp aims to start putting its coin-sized computing brain implant into human patients within six months, the company announced at an event at its Fremont, California headquarters on Wednesday evening.

Neuralink has been refining the product, which consists of a tiny device and electrode-laced wires, along with a robot that carves out a piece of a person's skull and implants it into the brain. Ongoing discussions with the US Food and Drug Administration have gone well enough for the company to set a target of its first human trials within the next six months, according to Musk.

In typical fashion for an Elon Musk venture, Neuralink is already bounding ahead, aiming implants at other parts of the body. During the event, Musk revealed work on two major products in addition to the brain-computer interface. It's developing implants that can go into the spinal cord and potentially restore movement in someone suffering from paralysis. And it has an ocular implant meant to improve or restore human vision.

"As miraculous as that may sound, we are confident that it is possible to restore full-body functionality to someone who has a severed spinal cord," Musk said at the event. Turning to Neuralink's vision work, he added that "even if they have never seen before, we are confident they could see."

The goal of the brain-computer interface, known as a BCI, is initially to allow a person with a debilitating condition — such as amyotrophic lateral sclerosis (ALS) or suffering the aftereffects of a stroke — to communicate via their thoughts. The company demonstrated that with a monkey "telepathically typing" on a screen in front of it. The Neuralink device translates neuronal spikes into data that can be interpreted by a computer. Musk's hope is that the device could one day become mainstream and allow for the transfer of information between humans and machines. He has long argued that humans can only keep up with the advances being made by artificial intelligence with the help of computer-like augmentations.

"You are so used to being a de-facto cyborg," Musk said. "But if you're interacting with your phone, you're limited."

As has been the case with past Neuralink events, some of the things demonstrated by Musk and his team have already been accomplished in academic settings. The company's critics have long accused Musk of overhyping Neuralink's advances and overpromising what the technology will be able to do in the near future, if ever. Brain-machine interface technology has been researched and advanced by academia for decades. Musk's entry into the arena, however, has spurred a wave of investment from venture capitalists into startups and helped push the field forward at a much more rapid clip.

A couple of similar startups are ahead of Neuralink when it comes to human trials. Synchron Inc, for example, has been able to implant a small stent-like device into the brains of patients in Australia and the US. The product has made it possible for patients who were unable to move or speak to communicate wirelessly via computers and their thoughts. Onward Inc has also done breakthrough

Musk's hope is that the device could one day become mainstream and allow for the transfer of information between humans and machines. He has long argued that humans can only keep up with the advances being made by artificial intelligence with the help of computer-like augmentations.

work restoring some movement in people with spinal cord injuries.

The type of brain surgery proposed by Neuralink is far more invasive than that of Synchron or most other competitors in the industry. A patient must have a chunk of their skull removed and allow wires to be implanted into their brain tissue. Neuralink has been doing tests for years on primates to prove that the surgery is safe and that the implant can remain inside the brain for long periods of time without causing harm.

Animals rights groups have been critical of the primates' past treatment when Neuralink relied on a partner laboratory for some of its experiments. Neuralink brought its animal husbandry programme in-house years ago and has endeavoured to make it an example for others to follow.

Neuralink's advantage over its rivals is one of processing power. Musk's bet is that the more invasive surgery coupled with greater computing capabilities will help Neuralink's hardware achieve better results and restore more functions in humans than competing products.

Musk's company has already missed some of the billionaire's ambitious timelines for placing the BCI implant in people. In meetings with his team over the past several months, Musk, being Musk, urged his engineers in blunt terms to work faster and harder. "We will all be dead before something useful happens," Musk told his team during a recent product review meeting. "We need to step it up. We need to ship useful products." During the same meeting, Musk expressed fear that advances in AI would outpace the work being done at Neuralink, rendering the company's efforts worthless.

Some of Neuralink's main concerns with the BCI implant have been making sure that the robot can perform surgeries quickly and with minimal harm to the body. Musk foresees a day when people get brain implants as a quick outpatient procedure.

The paralysis and ocular work only started relatively recently, and Musk has been pressing his teams to advance the state-of-the-art in the technology at a record pace.

Markets sigh with relief after Powell speech, but more turbulence likely ahead amid concerns over recession

Reuters
Washington, DC

A rally in US stocks and bonds powered ahead after a speech by Federal Reserve Chairman Jerome Powell on Wednesday, but some investors believe a looming recession could cap gains in both asset classes.

Though asset prices have been battered by the Fed's rate rises this year, momentum has been on the side of the bulls in recent weeks.

The S&P 500 has soared nearly 14% from its October low while yields on the 10-year benchmark Treasury, which move inversely to prices, are down at around 3.6%, from a 15-year high of 4.3% earlier this year.

The immediate reaction to Powell's speech on Wednesday showcased investors' recently optimistic mood.

The S&P 500 soared more than 3% after Powell said the Fed could scale back the pace of its rate increases as soon as December, although he warned there was little clarity on how high rates will ultimately need to rise as the central bank fights the worst outbreak of inflation in decades.

Still, some market participants believe the weeks-long upswing in stocks and bonds is bound to fizzle, a fate that has met a handful of other rebounds this year.

The S&P 500 is down 14.4% year-to-date.

Upcoming employment and inflation reports — due on December 2 and December 13, respectively — could become near-term stumbling blocks if they fail to show that the rate rises the central bank has already delivered this year have sufficiently cooled the economy.

US consumer prices rose less than expected in October, supporting the view that inflation was ebbing.

Further ahead, some of Wall Street's biggest banks are now forecasting that the Fed's monetary policy tightening will bring on a recession next year.

The inversion of the US Treasury yield curve — a signal that has preceded past downturns — has lent weight to recession predictions.

Yields on two-year Treasuries recently exceeded those on 10-year Treasuries by their biggest margin since the dot com bubble.

"Our view is that this is not an enduring rally," said Jake Jolly, senior investment strategist at BNY Mellon. "The odds are there's going to be a recession next year, and that's going to pressure risk assets like equities."

Citi's analysts wrote that the rise in risk asset prices on Wednesday was due to "hawkish expectations that had built up ahead of Powell's remarks, the assurance of a slowdown to a 50bp rate hike pace, and the absence of a clear escalation of the hawkish message delivered at the early November FOMC meeting."

Their takeaway: Powell is shifting his focus to non-shelter service inflation, which will be more difficult to slow, "given still very-tight labour markets." On Wednesday, Powell noted that key price measures for services remain high.

Data released earlier in the day showed there were still about 1.7 job openings for each unemployed person.

"Powell seemed to come today and express that they are confident that the brakes are working," said Jake Schumeier, a portfolio manager at Harbor Capital Advisors, referring to the Fed's spate of jumbo 75 basis point increases aimed at slowing the economy.

Over the longer term, however, "the market seems positioned for a slowdown, so that will limit the upside once we get past seasonal trends at the end of the year," he said.

Among the banks predicting a downturn is Bank of America, whose analysts see a broadly flat S&P 500 as markets deal with "recession shock."

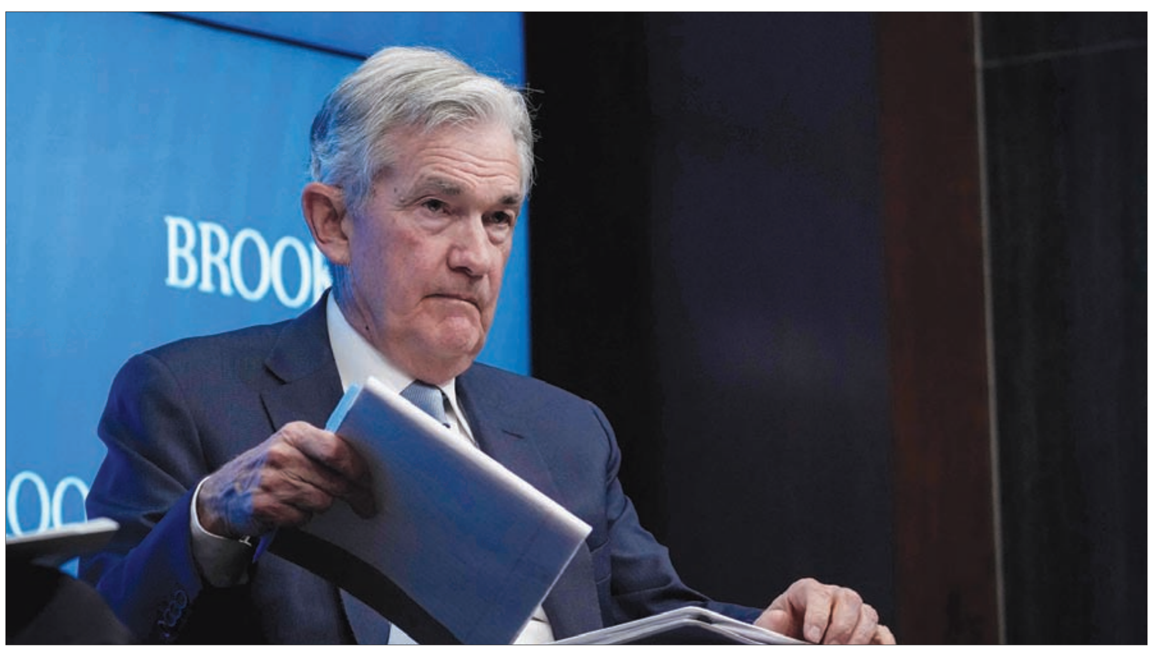
BlackRock Investment Institute said on Wednesday that while a recession is likely, "equity valuations don't yet reflect the damage ahead." They are also underweight long-dated government bonds, betting that central banks are unlikely to stop cutting rates in a downturn if inflation stays high.

To what degree economic worries impact the market's near-term bullish sentiment remains to be seen.

The S&P 500 on Wednesday traded above its 200-day moving average for the first time since April, a move that some chart-watching investors view as a sign of short-term equity strength.

In options markets, traders appear more preoccupied with not missing out on more gains in stocks than guarding against future declines.

The one-month moving average of daily trading in bearish put contracts against bullish calls on the S&P 500 index-tracking SPDR S&P 500 ETF Trust's options is at its lowest since January 2022, according to Trade Alert data.



US Federal Reserve Chair Jerome Powell speaks at the Brookings Institution on Wednesday in Washington, DC. The S&P 500 soared more than 3% after Powell said the Fed could scale back the pace of its rate increases as soon as December, although he warned there was little clarity on how high rates will ultimately need to rise as the central bank fights the worst outbreak of inflation in decades.

Seven EU countries make fresh push for dynamic gas price cap

Bloomberg
Brussels

Seven European Union (EU) member states are pushing for a more effective cap on gas prices, arguing that the one on offer is unlikely to help consumers afford their energy bills. With less than two weeks to go before energy ministers aim to reach an agreement, countries including Italy, Belgium and Greece are pushing for a tighter price cap that moves with rates set at key international hubs, according to a document seen by Bloomberg.

The push for a more dynamic level comes amid widespread frustration that the cap outlined by the commission comes with market conditions which may never be met. It wouldn't have been triggered when prices were skyrocketing in August this year, for example.

Key Demands

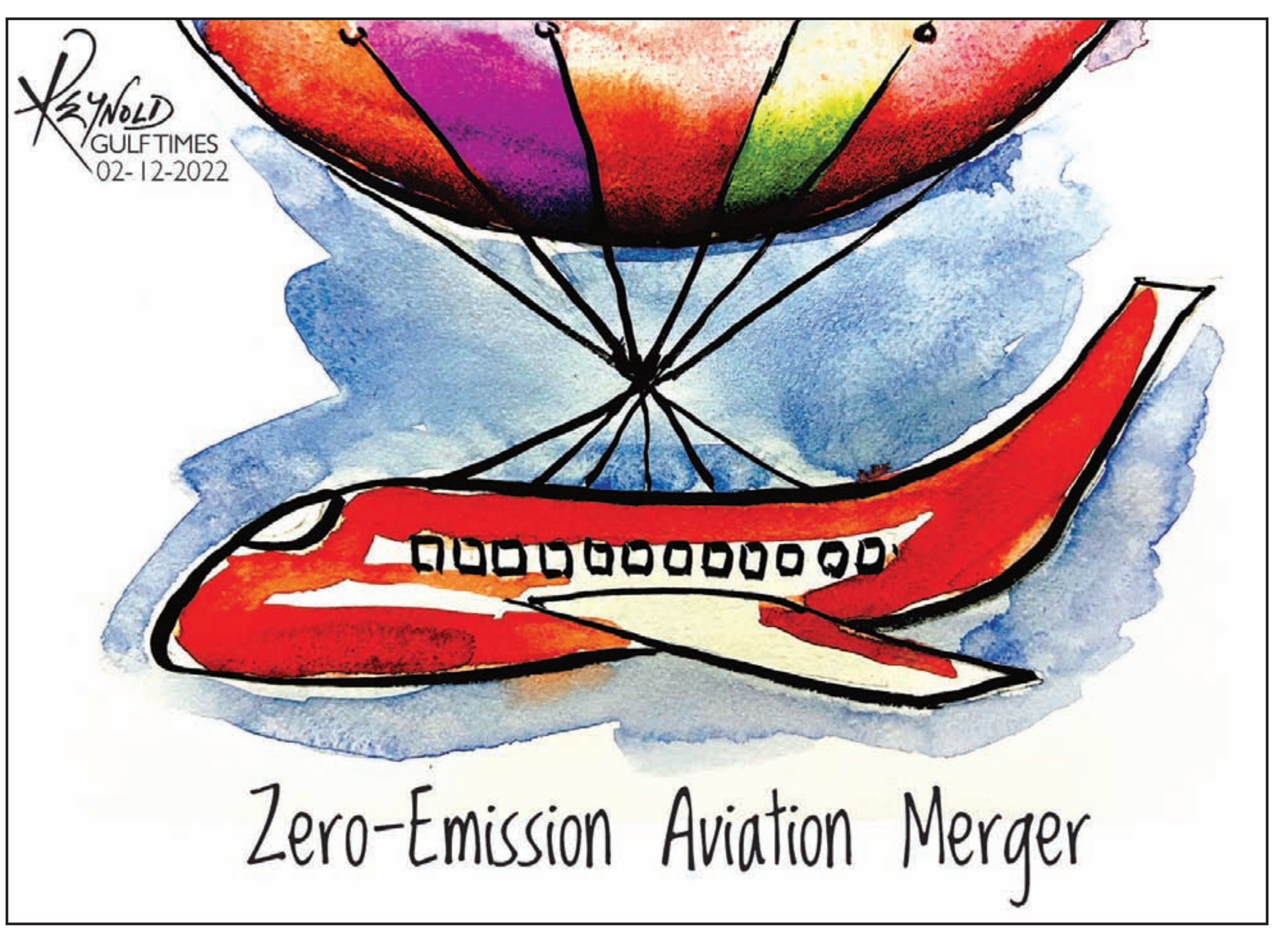
- 75% of the price cap level should be set according to a reference price (document cites €160 as an example.)
- The remaining 25% should move according to a weighted average of natural gas and LNG prices set at the Henry Hub in the US, the JKM in Asia, the NWE and MED in Europe.
- There is no time period set for the cap.
- The countries also propose scrapping Commission's second condition on gas prices trading at a significant premium to LNG.
- NOTE: Commission's current price-cap proposal requires prices to stay above $275 for two weeks and also be at least €58 higher than liquefied natural gas prices for 10 trading days. "The condition of two consecutive weeks of sustained high gas prices is not effective for delivering immediate positive results for the markets," the document said, referring to the commission's proposal. "The trigger levels are far from preventing episodes of excessive gas prices."

The new demands set the stage for tricky negotiations ahead of an emergency meeting of EU energy ministers on December 13, with stark divisions between countries remaining. If they fail to agree by then, the issue will go to leaders level at a summit later in the week, with a final energy council before the Christmas break scheduled on December 19.

The Czech Republic, which holds the rotating Presidency of the EU, floated a compromise that cuts the price cap level from €275 proposed by the Commission to €264, according to a separate document seen by Bloomberg. It also proposed shortening the length of time prices would need to stay above that to trigger the mechanism to five days from two weeks. That's still unlikely to be sufficient to those countries pushing for a tighter cap.

The risk is that a failure to reach an agreement holds back other pieces of emergency regulations that have been agreed upon in principle - on enabling faster permitting, joint gas purchases, and limiting intraday price volatility. The proposal by the seven nations would apply on month-ahead and quarter-ahead prices, according to people familiar with the matter. Whether it would also be set on over-the-counter trades is still unclear.

The countries also called for member states to have the final say on whether the price cap is suspended due to unintended market disturbances or disruptions to supply, rather than leaving it in the hands of the commission. There could also be the option of an automatic suspension.



Cooling demand squeezes factory activity in Europe and Asia

Bloomberg
Singapore/London

Factories in Europe and Asia struggled in November due to weakening global demand, with the pressure unlikely to let up in the months ahead.

Business surveys by S&P Global yesterday pointed to shrinking activity and a dire outlook in wide parts of both regions. Asian manufacturers are bracing for a further pullback in spending from US and European customers, where the fastest inflation in decades is weighing on companies and households.

The pace of the euro area's downturn slowed, however, a signal that a widely expected recession may turn out to be less severe than initially feared. Softer demand also helped ease cost pressures linked to logistical snarls.

"Future output expectations have picked up slightly on improved supply-chain and energy-market signals, the latter buoyed by warmer than usual autumn weather," S&P Global economist Chris Williamson said in a statement. "But confidence remains amongst the lowest seen over the past decade."

The global economy is cooling as a result of soaring prices and uncertainty stoked by Russia's war in Ukraine. Central banks, meanwhile, are continuing to move aggressively to stamp out inflation, weighing on purchasing power.

Manufacturing had just started to recover from pandemic-related lockdowns and supply-chain disruptions, making the global slowdown a rising concern.

While the euro-zone PMI rose to 47.1 from 46.4 in the previous month, it remained below 50 - the line separating expansion from contraction. Germany, the Netherlands and Spain were the report's worst performers.

The region's jobs market is holding up, however. The unemployment rate dropped to a record-low 6.5% in October, separate data yesterday showed.

Vietnam recorded the sharpest deterioration in Asia. Its PMI fell to 47.4 in November from 50.6 in October - the first time in over a year the gauge dipped below 50.

In Japan, the gauge dropped below that threshold for the first time in almost two years. Electronic hubs Taiwan and South Korea were also sluggish as producers curbed purchasing and inventory amid weaker overseas demand.

In China, a gauge of manufacturing activity jointly published by Caixin and S&P Global yesterday came in at 49.4 in November, remaining below the 50 mark for a fourth straight month. That followed dismal PMI readings on Wednesday, when official indexes measuring manufacturing and non-manufacturing fell to the lowest levels since the Shanghai lockdown in April.