

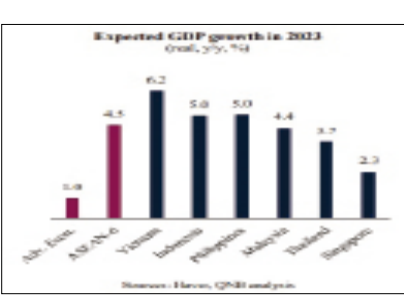


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QNB REPORT | Page 12

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WALL ST WEEK AHEAD: Page 3


US technology stock rebound faces doubters



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Qatar Chamber, Cuban delegation seek to enhance investment ties

Officials of Qatar Chamber and a delegation from Cuba recently held a meeting in Doha to seek ways to enhance co-operation relations. Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari met with Antonio Rodriguez Rodriguez, president of the National Institute of Hydraulic Resources of the Republic of Cuba, and his accompanying delegation. The meeting, which was attended by Cuban ambassador Oscar Leon Gonzalez, touched on economic and commercial relations between both countries and ways to enhance co-operation between the Qatari private sector and its Cuban counterpart. The sectors discussed during the meeting include the construction and operation of water networks and stations, as well as business opportunities offered by the Cuban side in the water resources sector. Al-Kuwari praised the close relations between Qatar and Cuba and the common desire to develop them, noting that there are many areas for co-operation between them, especially

in economic and investment aspects. He assured that Qatar Chamber is keen to boost co-operation ties between Qatari businessmen and their counterparts from other countries, and called on Cuban businessmen to invest in Qatar and take advantage of the incentives offered for the foreign investors and the advanced infrastructure and leading economic legislation. Al-Kuwari also pointed out that the Qatari private sector is interested in exploring investment opportunities in Cuba, indicating that Qatar Chamber encourages Qatari businessmen to invest in Cuba, in line with the state's economic diversification strategy and expanding investments in friendly countries. Rodriguez said the objective of the delegation's visit is to inform the Qatari side of the investment opportunities available in Cuba and exchange views on developing co-operation in the water sector. He also called on Qatari investors to invest in his country which offers plenty of opportunities in various fields.

Qatar-South Korea bilateral trade jumps 45.3% to \$15.4bn in Jan-Nov 2022

By Peter Alagos
Business Reporter

Qatar and South Korea recorded a 45.3% year-on-year (y-o-y) growth in bilateral trade volume to reach \$15.4bn from January-November 2022. South Korea's cumulative exports to Qatar also grew 21.5% in the same period in 2022 to \$450mn. Similarly, imports from Qatar rose 46.2% to \$14.9bn, according to South Korean ambassador Lee Joon-ho, who said as of November 2022, Qatar is the 18th largest trading partner to South Korea.

In a statement to *Gulf Times*, Lee pointed out that the increase in the value of both countries' trade volume is "attributable mainly to the rise in oil prices affected by the conflict in Ukraine."

Asked to give an overview of Qatar-South Korea bilateral economic relations in 2023, Lee said South Korea and Qatar have developed a "close and friendly relationship" since both countries concluded diplomatic ties in 1974. The ambassador noted that



South Korean ambassador Lee Joon-ho.

Qatar is the largest supplier of liquefied natural gas (LNG) to South Korea and that South Korea is the second largest trading partner to Qatar.

"Building on the longstanding co-operation in the fields of LNG,

high-level exchanges last year. In March, South Korean Prime Minister Kim Boo-kyum visited Qatar to promote partnerships in the fields of energy, investment, agriculture, and healthcare, he said.

Lee also said HE the Deputy Prime Minister and Minister of Foreign Affairs Sheikh Mohamed bin Abdulrahman al-Thani visited South Korea in August 2022 to further strengthen bilateral relations, especially in the energy, technology, and food security sectors.

"In addition, bilateral economic collaboration linked to Qatar's North Field Expansion plan and the construction of LNG carriers is on track.

In particular, South Korean companies won the contract for the construction of 53 LNG carriers and the Engineering, Procurement and Construction (EPC) contract for QatarEnergy Renewable Solutions' 875MW Industrial Cities (IC) solar power plant in 2022.

"I believe that our mutually beneficial partnership will continue and step forward to the greater economic collaboration between our two countries in the

Qatari banks' loan books will 'remain strongest' this year, says Moody's

By Pratap John
Business Editor

Qatari banks' loan books will "remain strongest" this year because a sizeable share of their lending activities is to the government and related entities, Moody's Investor Service said in a report.

Banking sector profitability is on a firm path towards pre-pandemic levels. Economic growth, margin preservation, solid efficiency and moderate provisioning needs will support net earnings, it said.

The dollar peg keeps interest rate increases tied to the US Fed hiking cycle. Rising rates will largely preserve net interest margins with a delay since US monetary policy tends to pass through to deposits and other liabilities more quickly, while loans and other assets tend to reprice with a lag, often due to competition.

"This is relevant for banking sectors that rely heavily on market funding like Qatar, or in Kuwait where the central bank recently fully passed a rate hike onto deposits while the increase on the lending side was partial," Moody's noted.

GCC Islamic banks will benefit from the rising rate cycle because they focus on higher-yielding household lending and have near-zero deposit costs.

Their efficiency will remain stronger than global peers because banks have invested in IT infrastruc-



Qatari banks' loan books will 'remain strongest' this year because a sizeable share of their lending activities is to the government and related entities, Moody's Investor Service said in a report

ture as well as cost-saving digital offerings and operate limited branch networks.

Ongoing consolidation aims to achieve cost synergies. Qatari banks' aggregate cost-to-income ratio is among the lowest globally (22.2% in the first half of 2022) with a small and concentrated population that does not require an extensive branch network.

Provisioning costs will rise slightly after post-Covid dips but will remain contained since loan-loss reserves remain ample.

The report also noted the North Field liquefied

natural gas expansion project will create new business opportunities for Qatari banks.

The North Field expansion plan, which is the global industry's largest ever LNG project includes six LNG trains that will ramp up Qatar's liquefaction capacity from 77mtpy to 126mtpy by 2027.

Strong capital provides a "substantial loss-absorbing buffer", Moody's said and noted GCC banks' core capital levels are among the "highest" globally, a key credit strength.

At 15% of risk-weighted assets on average, tangible common equity will continue to shield GCC banks from unexpected losses. These robust levels will remain stable, balancing loan growth with unchanged net profit retention efforts over 2023. Core capital is resilient under our low probability, high-stress scenario analysis.

According to Moody's the regulatory capital requirements in the GCC far exceed Basel III guidance. This is to capture risks posed by high concentrations of loans in economies that remain dominated by government-related entities and a few large family-owned conglomerates.

Loan-loss provisioning against expected losses fully covers problem loans in Saudi Arabia, Kuwait, Qatar, Oman and Bahrain, providing an extra layer of protection to core capital cushions.

Problem loans do not exceed 16% of shareholders' equity and loan-loss reserves on average across the region, it said.

Opec development fund raises \$1bn with first ever bond

Reuters
London

The Opec Fund for International Development, a development institution established by the Organisation of the Petroleum Exporting Countries' (Opec) member governments nearly 50 years ago, has raised \$1bn by selling its first ever bond.

With the money earmarked for food security, healthcare, infrastructure, education, employment and renewable energy projects, the three-year bond which will pay investors an interest rate of 4.5%, will also be classed as a 'sustainable development' bond.

It is a label that has a growing appeal for investors increasingly looking to use their resources in more environmentally and socially-beneficial ways.

The Opec Fund's Head of Funding, Martine Mills Jansen, said said that central banks from the Middle East, Europe and Asia and other types of "official" institutions, including from the United States, accounted for 62% of the bond's buyers. Commercial banks made up another 19%, asset

managers and insurance and pension funds accounted for almost all the rest, while geographically overall, 52% of the buyers were from the Europe, Middle East and Africa region, 27% from Asia-Pacific and 21% were from North America.

Mills Jansen said the Opec Fund now planned to issue a dollar-denominated bond every year to build what bankers call a 'curve', something which helps gauge borrowing costs.

It may also do "opportunistic" smaller deals alongside it in smaller markets and potentially other currencies. "The beauty of having a transaction out there is that you have something to build on," she said.

One of the Fund's stipulations is that it only invests in countries that are not members of Opec.

It had originally planned to sell the bond last year but put the plans on hold when the global surge in interest rates triggered by inflation and the war in Ukraine unsettled funding markets.

This year's calmer conditions, though, have seen a deluge of issuance globally and allowed the Opec Fund to go for a jumbo deal.

Philippine central bank chief sees rate peaking this quarter

Bloomberg
Manila

The Philippine central bank will likely end its monetary tightening with one or two more rate increases this quarter that will bring the key rate to around 6%, according to its governor. “The most likely scenario is that the last increase is the March meeting,” Bangko Sentral ng Pilipinas Governor Felipe Medalla said in an interview in his office on Friday. Asked what he thinks of analysts predicting BSP’s peak rate at 6% from the current 5.5%, he said: “I think they’re most likely right.” After delivering one of the region’s largest rate increases in the past year, the Philippines is at the tail end of its most aggressive tightening in two decades as the global outlook darkens

and a stronger peso cools 14-year high inflation. Malaysia on Thursday unexpectedly held its rate steady in what could be the start of a wave of monetary pauses as Indonesia signalled it’s near peak rates. BSP will likely continue raising at its February 16 and March 23 meetings as “inflationary expectations are still high,” Medalla said. Unlike neighbours that used subsidies to fight price pressures, the Philippines leaned heavily on monetary policy, he said. Medalla, 72, said BSP’s credibility as an inflation-targeting central bank is on the line and he’d rather stay hawkish while inflation expectations are still high than prematurely call off tightening. Earlier this month, the governor flagged a quarter- or half-point move in February. Monetary settings will continue to be dependent on data including domestic inflation and Federal Reserve actions,



Felipe Medalla, Philippine central bank governor.

Medalla said on Friday, adding that he thinks some of BSP’s other board members are “more hawkish than I am.” Once the central bank is done increasing rates, a 200-basis-point cut in the reserve requirement ratio from

the current 12% is on the table, he said. “The moment it’s clear we’re not raising anymore and therefore we will not be confusing the market, then we’ll cut” RRR, most likely before his term ends in the middle of the year. BSP expects inflation to slow to within its 2%-4% target in the third quarter and slightly below 2% in early 2024, Medalla said. A peso that has advanced 8% against the dollar since slumping to a record low in October, could also help arrest price gains in a nation that imports goods including fuel and rice. Weeks ago, a kilo of onion was selling for nearly \$12, more expensive than meat. “The strong dollar period is over unless there is a drastic change,” Medalla said. “We are giving the peso some room to appreciate, but we will buy opportunistically” to build up currency reserves.

The long-time economics professor isn’t a fan of a strong currency. “Excessive appreciation is bad for the economy,” he said. The peso pared its gain to 0.2% on Friday after rising as much as 0.4% earlier. “Dovish signals and the BSP cautioning on a too-strong currency would provide some support to the USD/PHP after the sharp declines in recent weeks,” said Michael Ricafort, chief economist at Rizal Commercial Banking Corp in Manila. The Philippines won’t suffer from recession, Medalla said, predicting a worst-case scenario of 5% GDP growth this year. President Ferdinand Marcos Jr. this week said the economy will probably keep growing about 7% in 2023 despite a bleaker global outlook. The government will report fourth-quarter GDP on January 26.

BoJ fails to crush big short as global funds see capitulation

Bloomberg
Tokyo

Global funds will pressure the Bank of Japan (BoJ) until it capitulates and tightens policy, after the central bank disappointed bond bears by refusing to lift its ceiling on sovereign yields. UBS Asset Management and Schroders Plc are sticking with bets Japanese government bond yields will rise on the expectation the BoJ will eventually stop capping the 10-year benchmark at 0.5%, even after it kept the so-called curve control policy unchanged on Wednesday. Torica Capital Pty also expects the central bank to fall in line and shift toward the global trend of raising rates. “We see no reason to square up shorts,” said Tom Nash, a money manager at UBS in Sydney, referring to his reluctance to close out bearish bets on Japanese bonds. “The yield-curve-control policy is not consistent with the current economic and political landscape and will need to be dismantled.” It’s been a long game for those betting against the BoJ’s policy stance as Governor Haruhiko Kuroda’s determination to stand pat for years left investors nursing heavy losses. While some of the wagers finally paid off in December when the central bank tweaked policy and yields rose, market players are now confronted with the tricky task of trying to gauge the timing of the next move. Kuroda and his BoJ colleagues



People walk at the headquarters of Bank of Japan in Tokyo. Global funds will pressure the BoJ until it capitulates and tightens policy, after the central bank disappointed bond bears by refusing to lift its ceiling on sovereign yields.

kept their main policy settings unchanged Wednesday, leaving the key interest rate at minus 0.1% and the target for 10-year yields under the curve-control program around 0%. The decision surprised investors who were positioning for a change and sparked the biggest rally in Japanese bonds in a decade. The central bank also deployed a measure that some said could almost be taken as a doubling down on the easing stance: policy makers will decide on the interest rate for certain loans to commercial banks. Until now, these

loans have essentially provided free money to banks for up to 10 years that they can use to buy bonds, thereby helping the BoJ keep yields down. Bowing to market pressure would “erode their credibility at a time they need it the most,” said Omar Slim, co-head of Asia ex-Japan fixed income at PineBridge Investments in Singapore. “The mother of all pivots is under way, but it will come in phases.” The BoJ is the last central bank with negative rates and yield-curve control, which makes it vulnerable to macro funds look-


ing for the next big trade. Some funds say pressure on the BoJ will intensify as market functionality deteriorates. Investors have little to lose by shorting Japanese debt as the BoJ will allow yields to rise gradually as part of a move to normalize policy, said Raymond Lee, chief investment officer at Torica in Sydney. Kellie Wood, a money manager at Schroders, says Japan’s policy makers will have to capitulate at some point, given that higher yields will be at odds with their intention to maintain policy accommodation or market stability.

Dutch export rules on China in focus ahead of ASML results

Reuters
Amsterdam

Expectations that the Dutch government will further limit sales to China by chip equipment giant ASML Holding NV may overshadow what are expected to be strong fourth quarter results due next week. The Hague is expected to impose at least some additional restrictions on ASML’s exports to China, a Dutch government source familiar with security discussions between the United States and Netherlands told Reuters, though they could not give a timeframe. ASML, a key supplier to chipmakers, generates about 15% of its sales in China, an important growth market even after it was restricted from selling its most advanced machines there under US pressure in 2019. Tensions between Washington and Beijing over semi-conductors have since steadily worsened. Washington in October imposed export restrictions on its own chip equipment companies aimed at hobbling China’s ability to make chips and to blunt its military progress. US officials say they expect the Netherlands to follow suit. Dutch Prime Minister Mark Rutte on January 17 said he expected a “good outcome” to discussions with the United States on the matter after

meeting with President Joe Biden in Washington. But Dutch trade minister Liesje Schreinemacher has underlined the Netherlands will not simply adopt US rules. “I know there’s a lot of pressure internationally but I will be fighting for open trade and against protectionism,” she told a panel in Davos on January 19. The government source said The Hague has been working to resolve several concerns. One is making sure Dutch rules are drafted in such a way that they are not actually more restrictive for ASML than for US companies. Another is that Japan, home to ASML competitor Nikon, have similar rules, and a third is that new restrictions do not upend the global chip market, which is just emerging from Covid-19 era shortages and needs Chinese production, especially for less-advanced chips. “We will figure it out,” the source said. The Dutch Foreign Affairs Ministry, which oversees export controls, declined to comment. ASML also declined to comment citing a quiet period ahead of earnings due on January 25. ASML is expected to post fourth-quarter net income of 1.68bn euros (\$1.82bn) on record revenue of 6.37bn euros, according to Refinitiv Eikon data. In November ASML raised its annual revenue estimates by 25% to at least 30bn euros by 2025.




قطر للوقود Qatar Fuel

The Tender Committee Invites Tender Submission for the following Service:

SR. NO.	TENDER NUMBER	DESCRIPTION	TENDER FEE (QRS.)	TENDER BOND (QRS.)	TENDER CLOSING DATE
1.	QF/02/C/18/2112166/84/22	Outsourcing of Light / Medium Vehicle Drivers for QJET on call off basis for a period of 03 years	500/-Non-refundable	8,000/-	15/02/2023
2.	QF/02/C/17/111219973/03/23	Integrated Management System (IMS) Recertification and Surveillance Audit Services for WOQOD and Subsidiaries for a period of Three years	500/-Non-refundable	6,000/-	15/02/2023
3.	QF/02/P/14/31120002851/22	Supply of Marine Products – Welding Consumables, Marine Chemicals, Oil Spill Kit, Gases, Refrigerant Equipment and other miscellaneous supply for WOQOD & Polaris Marine Vessels for 3 years	1000/-Non-refundable	36,000/-	22/02/2023
4.	QF/01/P/SALE_AUTOPARTS/21	Disposal and Sale Auction of Obsolete Auto Spare Parts for Trucks, Tankers and Light Vehicles	Nil	Nil	16/02/2023
5.	QF/02/P/1120019877/01/23	Design, Supply and Installation of Heat Stress Wind Dancer Flag	300/-Non-refundable	Nil	08/02/2023
6.	QF/01/P/Wash-Mach/01/23	Disposal of 177 Nos. of Washing Machines at Aba salel WOQOD Petrol Station on 'As Is Where Is' basis	Nil	Nil	12/02/2023

- Tender document for the above invitation can be obtained as per following details:
- Document Issue Date:** From 22nd January 2023 until Bid Closing Date. No extension to Bid submission date due to late collection of Tender documents.
- Tender Fee:** Interested Parties shall first deposit the appropriate Tender Fee as mentioned above (non-refundable) into Account Name – Qatar Fuel (WOQOD), Account Number 222-88171-I-030-Q with Doha Bank. Tenderer must mention their Company's full name and specific Tender Number on the bank deposit slip.
- Tender Documents** shall be sent from QATAR FUEL (WOQOD) Procurement & Contracts Department e-mail, upon receipt of deposit slip in proof of the required payment if applicable, along with company letter and copy of Commercial Registration (CR) of the Company to eprocurement@woqod.com.qa
- Tenders shall be accompanied by a Tender Bond issued by one of the Qatari Banks or by a Bank operating in Qatar, in accordance with the terms of the tender documents and should be valid for 210 days from the Tender Closing Date.
- Offer should be valid for 180 days commencing from the Tender Closing Date.

Duly completed Tender should be delivered in sealed envelopes with the Tender Number and Bidders Company name clearly marked on the envelope, and should be deposited in **Tender Committee Office, P.O. Box: 7777, Ground Floor, WOQOD Tower, West Bay, Doha, Qatar, not later than 10:00 AM on the Tender Closing Date** mentioned above. [visit our website www.woqod.com.qa for more information]

**Caution Notice:**

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Alibaba seen fighting off Cohen’s pressure for stock buybacks

Bloomberg
Beijing

Billionaire investor Ryan Cohen's efforts in pushing Alibaba Group Holding Ltd to buy back more shares may face challenges. Alibaba bought \$7.3bn of its US-listed stock in the nine months in 2022, a 21% drop from the amount in 2021, according to the latest filings compiled by Bloomberg. Analysts say Cohen's call – after he took a stake in the e-commerce leader – may go unheeded given his holding remains relatively small and China's companies are less driven by shareholder value than their US counterparts. “A buyback is purely a signalling effect, and it is not cheap,” said Jason Hsu, chief investment officer at Rayliant Global Advisors, an asset manager with offices in mainland cities including Beijing and Shanghai. “You need to burn potentially hundreds of millions if not billions to convince the market that it is not a gimmick.” Deploying capital to buy their own shares is something of a rarity for most Chinese tech firms. The priority for capital markets, as Beijing sees it, is to raise funds for companies to ben-

efit the real economy in the form of jobs and innovation rather than seek to boost shareholder returns. Food delivery company Meituan said in June 2021 it would buy back 10% of shares, while live-streaming platform operator Kuaishou Technology announced an identical plan in April last year. Neither firm has moved to execute the plans, even though shares in both have fallen about half from their respective announcements. Still, some analysts see China's tech firms increasing their buybacks. Alibaba may enlarge its \$40bn share repurchases program by May assuming it keeps pace with Tencent Holdings Ltd's returns to shareholders. Bloomberg Intelligence analysts Catherine Lim in Singapore and Trini Tan in Hong Kong wrote in a research note this week. Cash generation by companies such as Alibaba, Tencent and Meituan may increase in 2023 as China's slowing digital economy leads to lower capital expenditure and this may free up more money for share buybacks and dividends this year, they said. Tencent boosted its buybacks by 10-fold in the first nine months in 2022, after its dominant shareholder Prosus NV shed its stake.



QATAR OLYMPIC COMMITTEE PUBLIC TENDER ADVERTISEMENT

The Tenders and Auctions Committee at Qatar Olympic Committee (QOC) announces the issuing of the following tender:

Tender No.	Subject	Tender Bond QR.	Tender documents Fee QR.	System of Tender Submission	Last Date for tender documents Collection	Closing Date
F02024/CN/MC/001/2023	Communications Agency for the 21 st FINA World Championships & World Masters Championships Doha 2024	40,000	500QR	2 Separate Envelopes	05/02/2023	19/02/2023

- Tender documents Fee: QR 500.00 to be paid at. The Finance Department on the 14th floor of the QOC Building and is non-refundable at all cases.
- Collection of Tender Documents from the Tenders and Auctions Committee on the 6th floor on the QOC Building West Bay. (Against submission of a copy of C.R. and authorization letter)
- Last Date for Tender Document Collection: at 12:00 on Sunday 05/02/2023 as indicated above. No Tender Documents will be released thereafter.**
- Closing Date: At 12:00 on the Closing Date specified above. No tenders will be received thereafter.
- All forms and schedules attached to the Tender Document, including the Tender Form and its appendices, shall be completed, and endorsed as required and shall be returned together with the other sections of the Tender Document including the original + a copy of the same. Tenders are to be submitted following the 2-separate envelope system (technical and commercial) 1 original and 2 copies) along with 2 soft copies USB flash memory (one technical in the technical envelope, one commercial in the commercial envelope), and any tender not complying with this requirement shall be disregarded.
- A Tender Bond in the form of a provisional bank letter of guarantee from a Qatari bank or endorsed by a bank operating in the State of Qatar shall be submitted together with the Tender. The bond shall be valid for a period of 120 days after the Closing Date as indicated above and shall be in the same format attached to the Tender Document.
- The Tender Bond shall be submitted in the envelope enclosing the technical bid any bidder that will not submit the tender bond with his bid on the closing date will be disqualified.
- Bidder are required to submit samples if requested as per the specification in the tender documents and any tender not complying with this requirement shall be disqualified.
- The successful Bidders shall be required to submit a Performance Bond in the value of 10% of the accepted tender value.
- The Committee shall have the right to increase or decrease the quantities up to 20% of the Contract Value.
- The Committee reserve the right to split the award of this Tender to more than one bidder, based on lowest prices submitted, maintaining compliance with required specifications and delivery dates.
- The Committee shall have the right not to accept the lowest bid without giving any reason.
- The Tender shall be valid for a period of 120 days after the Closing Date.
- Request for additional information or clarifications received less than five working days before the closing date for submission of tenders will not be processed.
- Tenders are to be submitted in wax sealed envelopes to the Tenders and Auctions Committee at the 6th floor on QOC Building-west Bay, along with a soft copy USB flash memory inside each envelope. You are also required to provide a single point of contact (name, email, direct phone, mobile) for any further queries regarding this tender
- For any queries, please contact us by email to stc@olympic.qa.**

Wall Street spreads new year cheer with upbeat Davos outlook

Bloomberg
New York

After a year that brought a surprise surge in interest rates, the biggest stock drop since 2008 and a halt to major deals, plenty of finance executives lined up at the World Economic Forum's annual meeting to say they now see reasons to be upbeat.

Bankers from JPMorgan Chase & Co's Mary Erdoes to Morgan Stanley's James Gorman and Citigroup Inc's Jane Fraser were among those identifying an easing of inflation and the reopening of China as grounds for cautious optimism at this week's gathering in the Swiss ski resort of Davos.

While the annual event is often ridiculed as a reverse indicator for the coming year's economic fortunes, the hopefulness of Wall Street was echoed

by business leaders and policy makers as the forum returned to its traditional January setting for the first time in three years.

"The tone here, having come here for the past decade, is less depressed than it often is," Erdoes told Bloomberg Television. "That's a good sign."

Fraser cited the strength of the balance sheets of banks, consumers and companies as reasons to bet any recessions will prove mild. Gorman said there is "clear evidence" inflation has peaked and also welcomed signs China is taking steps to revive relations with the rest of the world.

Finance chiefs spent much of the last year warning of coming clouds. That makes their budding hope for 2023 stand out all the more, even though it was guarded.

Inflation is still to be beaten, rates continue to rise, unemployment is ticking up, Russia's war in Ukraine en-

dures, property markets are wobbling and there is a brewing battle among lawmakers over the US debt limit.

"Participants are trying very hard to be optimistic about the world economy," said Christopher Willcox, head of wholesale banking at Nomura Holdings Inc. "Participants are worried about missing out on the upside potential, but I do not think they have full conviction yet that all the risks that are still out there can be ignored."

Hope over experience: Former US Treasury Secretary Lawrence Summers, a contributor to Bloomberg Television, said he was also feeling more positive.

"Soft landings are the triumph of hope over experience, but sometimes hope does triumph over expectation," he said. "The figures are better than what someone like me would have expected three months ago."

The reopening of China was a key

driver of the turn in mood as Vice Premier Liu He used the Davos stage to express confidence the world's second largest economy will most likely "return to its normal trend" this year and that the peak of coronavirus infections has peaked.

"The lockdown of the last three years has created pent-up demand domestically, so I would see increased domestic consumption and of course the manufacturing sector will pick up," said Laura Cha, chair of Hong Kong's exchange. "All those will be good factors for global growth."

German growth: After a warmer than feared winter, German Chancellor Olaf Scholz told Bloomberg he is "absolutely convinced" Europe's largest economy will avoid a recession this year.

Still, few were prepared to be completely unabashedly positive, especially as inflation could stay sticky, forcing

central bankers to hike even more and risk tipping economies into recession.

Deutsche Bank AG chief executive officer Christian Sewing said he also anticipated a brightening outlook, but warned against underestimating the danger posed by inflation, calling it "poison."

Central bankers: Indeed, the message from the central bankers present was that rates likely have higher to go.

"Inflation by all accounts, whichever way you look at it, is way too high," European Central Bank President Christine Lagarde told a panel on Thursday. "We shall stay the course."

Job losses could cast a pall over any recovery too, even if looser labour markets could help weaken price pressures. Just this week, Microsoft Corp said it plans to cut 10,000 positions and Bank of America Corp has started telling executives to pause hiring.

"We went past our target head-

count," chief executive officer Brian Moynihan said on Thursday. "Now we can do a slowdown in hiring."

"What we can say is that the next shoe to drop has to be a decline in the economy, in particular, a contraction in the labour markets," said Bob Prince, the co-chief investment officer of Bridgewater Associates.

The International Monetary Fund also counselled caution as it prepares to revise its forecasts for global growth in coming weeks.

Gita Gopinath, the fund's No 2 official, said while the world economy should improve as 2023 goes on it will still be "a tough year."

Her boss was more forthright about the challenges ahead.

"My fear is that we are sleepwalking into this world," Kristalina Georgieva, managing director of the IMF told Bloomberg. "But hey, here is Davos! Wake up! Do the right thing!"

US tech stock rebound faces doubters with earnings season ahead

Reuters
New York

A spate of earnings reports in coming weeks is set to test a recent bounce in technology and other megacap stocks, a category whose leadership position in US markets has faltered after last year's deep selloff.

The tech-heavy Nasdaq 100 index has gained over 3% in 2023, double the rise for the S&P 500. Shares of some megacap companies — which include those grouped outside of tech in sectors like communication services and consumer discretionary — have shot higher, with Amazon, Meta Platforms and Nvidia posting double-digit percentage increases.

Several factors are driving that outperformance, including investors piling into stocks they believe were overly punished in 2022.

A moderation in bond yields, whose jump last year particularly pressured tech-stock valuations, is also likely helping the group, investors said.

Now, however, the focus is shifting to whether these companies can withstand a widely expected economic downturn while supporting valuations that some investors believe are too high.

"To keep this rebound going, the guidance for '23 has to be less worse than what people are anticipating," said Peter Tuz, president of Chase Investment Counsel, whose firm recently pared its holdings in Apple and Microsoft.

Tech and growth stocks led US equity markets for years fol-



An external view of the New York Stock Exchange. A spate of earnings reports in coming weeks is set to test a recent bounce in technology and other megacap stocks, a category whose leadership position in US markets has faltered after last year's deep selloff.

lowing the 2008 financial crisis, aided by near-zero interest rates.

They struggled along with broader markets last year as the Federal Reserve raised rates to fight surging inflation, and some investors doubt they will regain the market's pole position any time soon.

The Nasdaq 100 fell 33% in 2022, while the S&P 500 lost 19.4%. The top six stocks by market value in late 2021 — Apple, Microsoft, Alphabet, Amazon, Meta and Tesla — have seen their collective weight in the S&P 500 fall from 25% to 18%, according to Strategas Research

Partners. That dynamic echoes a pattern seen after the market's dot-com bubble burst after the turn of the century.

The six biggest stocks at that time saw their collective weight in the S&P 500 decline to 5% from a peak of 17% over a number of years, according to Strategas.

"This leadership unwind...is going to be one that is measured in years, not in months or quarters," said Chris Verrone, head of technical and macro research at Strategas.

Companies comprising over half the S&P 500's market value are due to report results in the

next two weeks, including Microsoft, the second-largest US company by market value, on Tuesday, Elon Musk's Tesla and IBM on Wednesday and Intel on Thursday.

Apple, the largest US company by market value, and Google-parent Alphabet report the following week.

Fourth-quarter earnings in the tech sector are expected to have declined 9.1% from a year ago, compared to a 2.8% decline for S&P 500 earnings overall, according to Refinitiv IBES.

A critical question for many megacaps, once heralded for their stellar growth, is whether

they can increase revenue and profits significantly while cutting costs in the face of a possible recession.

Alphabet Inc said Friday it is cutting about 12,000 jobs, or 6% of its workforce, the latest tech giant to announce layoffs.

Microsoft on Wednesday said it would eliminate 10,000 jobs while Amazon started notifying employees of its own 18,000-person job cuts.

"The biggest positive could be if they could show a control of expenses while keeping at least reasonable growth intact," said Rick Meckler, partner at Cherry Lane Investments in New Vernon, New Jersey. "It's a hard balancing act."

Valuations for tech and megacap companies have moderated after last year's selloff, though they still stand above those of the broader market.

The S&P 500 tech sector still trades at a roughly 19% premium to the broader index, above its 7% average of the past 10 years, according to Refinitiv Datastream.

Nonetheless, some investors are reluctant to bet against tech stocks.

The Wells Fargo Investment Institute counts tech as one of its favoured US sectors.

The firm expects an economic downturn and believes many tech companies have businesses that are resilient to economic uncertainty, said Sameer Samana, a senior global market strategist there.

"It's just too important and too big a weighting not to participate," Samana said. "But the years of handily outperforming the S&P are probably now behind us."

Europe faces more high gas prices next winter

By John Kemp
London

Europe is on course to end the winter of 2022/23 with a record amount of gas in storage, putting downward pressure on futures prices for deliveries this spring and summer.

But even with a record inventory carry over, the region will likely experience higher prices and renewed pressure to conserve gas in the winter of 2023/24.

Europe's storage is designed to smooth out seasonal variations in consumption not to provide a strategic stockpile to protect against an embargo disrupting supplies.

Combined gas consumption in the European Union and United Kingdom was around 5,203 terawatt-hours (TWh) in 2019, the last full year before the pandemic, according to Eurostat.

They have enough capacity to store 1,129 TWh, equivalent to about 21% of annual consumption, according to Gas Infrastructure Europe.

In practice, storage depletion supplies a much smaller share of actual consumption each year, typically around 10%.

Seasonal storage is designed to absorb excess production during summer, discharging during winter to meet peaking consumption. Using inventories to shift supply from summer to winter in this way is more cost-effective than maintaining lots of extra production capacity that would only be used a few months each year.

Inventories are large enough to cope with the unpredictability of winter heating demand and ensure supply does not run out in the event winter is much colder than average.

But given the relatively small volume of gas that can be stored, the inventory system cannot provide both seasonal and strategic storage at the same time. Storage follows a two-season cycle

of summer (with inventories accumulating from roughly April to September) and winter (inventories depleting from roughly October to March). Deviations from this are usually reversed within the subsequent season via large changes in prices forcing inventories back to the long-term average within 6-12 months.

If inventories end the summer unusually high, prices fall to boost consumption, ensure inventories deplete faster and end winter close to average.

Conversely, if inventories end winter low, prices rise to curb consumption, accelerate inventory accumulation and end summer close to normal.

Price changes ensure that inventories normalise within a single storage year rather than over multiple storage years.

Gas conservation policies, high prices and an extended period of unusually warm temperatures between mid-December and mid-January have combined to avert possible gas shortages this winter.

EU and UK storage is on course to end the winter of 2022/23 more than 54% full, well above the average of 35% over the previous 12 years ("Aggregated gas storage inventory", GIE, January 20).

But that means there will be much less unused space to absorb over-production during the summer season of 2023.

Lack of storage will ensure prices fall to stimulate consumption and discourage production to limit inventory accumulation.

But the futures market is forward-looking; traders are already anticipating, accelerating and amplifying the price decline.

Prices have tumbled to limit excess inventories and create more space for gas to be put into storage during summer 2023.

■ John Kemp is a Reuters market analyst. The views expressed are his own.

Stock investors try to look past bond market's sullen signals

Bloomberg
New York

Arousing Friday rally salvaged the week for tech investors but couldn't undo damage done to the broader market by increasingly dour signals on the economy, many of them originating from bonds.

The 2023 surge in the S&P 500, spurred by speculation inflation is cooling, started showing cracks in the four-day week as focus shifted to prospects of an economic contraction. Anxiety that the Federal Reserve's campaign of rate hikes has gone too far loom ever larger in the Treasury market, whose three-month trouncing of riskier assets reflects stiffening bets on a slowdown.

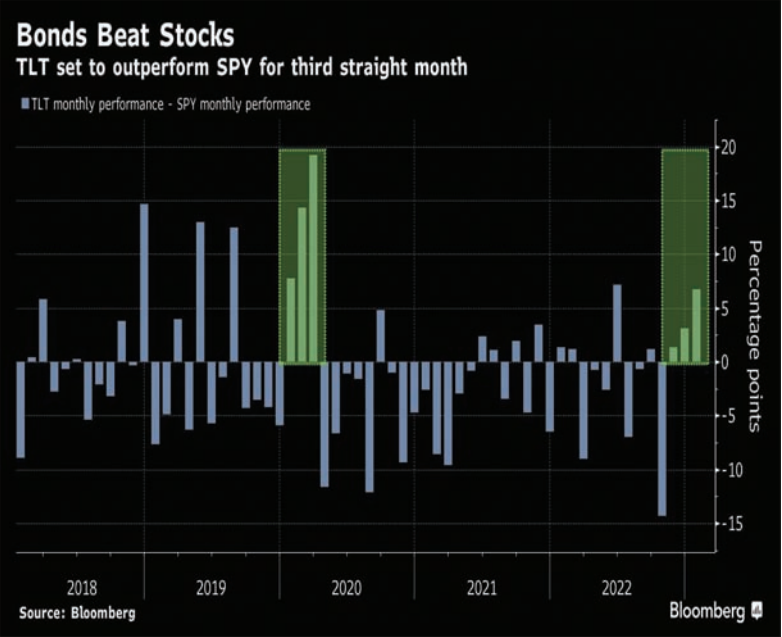
It's not just fixed-income's dour economic signal. Despite rallying to start the year, government bonds continue to represent legitimate competition to stocks in terms of valuation. A rough comparison of yields suggests the recovery in Treasury prices has room to run when viewed next to a still-expensive equity market.

None of that was enough to prevent Friday's tech-led rebound, the biggest gain of the year for the Nasdaq Composite Index. The S&P 500 still suffered its first weekly decline of 2023, held back by losses on Wednesday and Thursday after reports on retail sales, producer prices and business equipment rekindled concern about the future of the economy.

"We believe that the S&P in particular is trading at valuations that are not appropriate with what we're likely to see from earnings," David Spika, president and chief investment officer of GuideStone Capital Management, said in an interview. "Bonds are still expensive, but relative to stocks, they're much more attractively valued."

The \$32bn iShares 20+ Year Treasury Bond exchange-traded fund (ticker TLT) has climbed 6.7% in 2023 as investors seek safety in long-dated government securities, versus a 3.5% rise for the \$365bn SPDR S&P 500 ETF Trust (SPY). That sets TLT up for a third straight month of outperformance relative to SPY, the longest winning streak since 2020.

The long-dated bond ETF just



logged a 50-day advance that topped 12.5% — something that in the past has occurred only when a recession

is close at hand or fears over one are high, according to Nicholas Colas, co-founder of DataTrek Research. Over

the past two decades, such a surge has happened in 2008-9 and also in 2020 when downturns were around the corner; it happened from 2010-2012, in 2015 and in 2019 when investors fretted over one, he found.

"Seeing +20-years rally by this amount is therefore not a fool-proof recession indicator, but it does say markets are concerned about an economic contraction," he wrote in a note.

The S&P 500 fell 0.7% in the four days, paring its gain this year to 3.5%.

Even after 2022's historical sell-off, the so-called Fed model — which plots the S&P 500's earnings yield against the yield on 10-year Treasuries — shows that bonds are still inexpensive compared to equities, at least by recent history. Relative to its price, the S&P 500 "pays out" roughly 5.2% in earnings, versus roughly 3.5% on the benchmark US bond. That's close to the slimmest advantage for stocks in the past decade.

"Yields can come down quite a bit further despite the fact that they've come down quite a bit over the last couple of days, and it is an environment in which bonds are cheap again,"

JPMorgan Asset Management global market strategist Meera Pandit said on Bloomberg Television. "The attractiveness of bonds going into the rest of 2023 has surged."

Those early returns have revived the decades-old 60/40 investing approach after the twin selloffs in stocks and bonds last year produced the worst annual loss for the strategy since 2008's financial crisis.

Portfolios divided between 60% stocks and 40% bonds are enjoying their best start to a year since 1987, according to a Bloomberg Index.

The debt market's dominance so far stacked against still-expensive equities has some portfolio managers advocating for a twist on the classic strategy: switch the components around and put most of the assets into bonds.

"The bond market is demonstrably cheap to the stock market," DoubleLine Capital's Jeffrey Gundlach said on a recent webcast hosted by his company. "I recommend not a 60/40 portfolio, but more like a 40/60 portfolio, or even a 60/25/15 portfolio — bonds, stocks and then other things in the 15%."

The Qatar Stock Exchange (QSE) Index declined by 179.64 points or 1.6% during the week to close at 10,810.57. Market capitalisation decreased 1.1% to QR614.3bn compared with QR621.2bn at the end of the previous trading week. Of the 49 traded companies, 30 ended the week lower, 17 ended higher and two were unchanged. Widam Food Company (WDAM) was the worst performing stock for the week, down by 14.7%. Meanwhile, Ooredoo (ORDS) was the best performing stock for the week, up 5.5%.

Qatar Islamic Bank (QIBK), Masraf Al Rayan (MARK) and Commercial Bank of Qatar (CBQK) were the primary contributors to the weekly index loss. QIBK and MARK removed 65.42 and 51.30 points from the index, respectively. Further, CBQK removed another 49.72 points.

Traded value during the week decreased 3.9% to QR2,657.9mn from QR2,766.4mn in the prior trading week. Masraf Al Rayan (MARK)

was the top value traded stock during the week with total traded value of QR461.7mn.

Traded volume declined 10.7% to 716.7mn shares compared to 802.4mn shares in the prior trading week. The number of transactions edged 0.4% lower to 96,738 vs 97,079 in the prior week. Masraf Al Rayan (MARK) was the top volume traded stock during the week with total traded volume of 150.8mn shares.

Foreign institutions turned bearish, ending the week with net selling of QR92.3mn vs net buying of QR24.6mn in the prior week. Qatari institutions turned bullish with net buying of QR28.4mn vs net selling of QR15.3mn in the week before. Foreign retail investors ended the week with net buying of QR15.6mn vs net selling of QR7.7mn in the prior week. Qatari retail investors recorded net buying of QR48.4mn vs net selling of QR1.6mn the week before. YTD (as of Thursday's closing), global foreign institutions were net sellers of \$22.4mn.



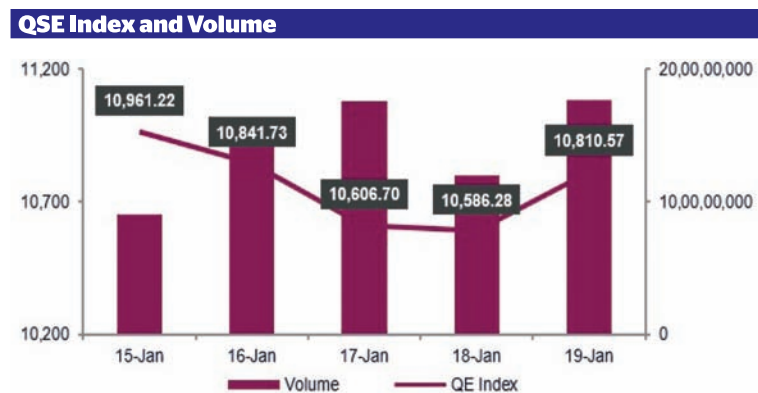
Weekly Market Report

Market Indicators	Week ended Jan 19, 2023	Week ended Jan 12, 2023	Chg. %
Value Traded (QR mn)	2,657.9	2,766.4	(3.9)
Exch. Market Cap. (QR mn)	614,268.8	621,204.9	(1.1)
Volume (mn)	716.7	802.4	(10.7)
Number of Transactions	96,738	97,079	(0.4)
Companies Traded	49	47	4.3
Market Breadth	17:30	25:20	

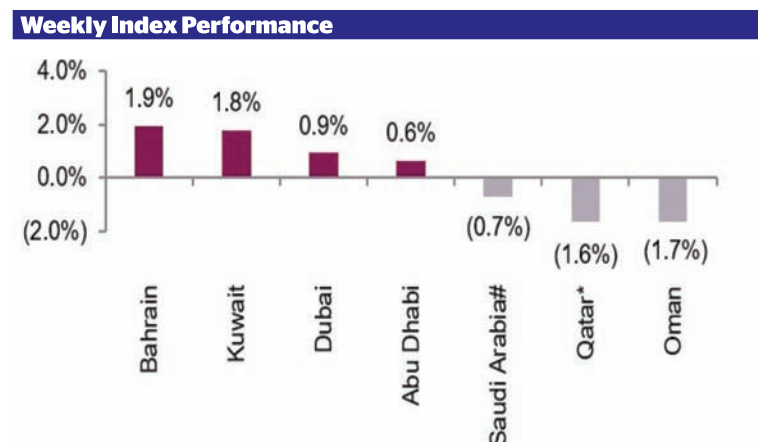
Source: Qatar Exchange (QE)

Market Indices	Close	WTD%	MTD%	YTD%
Total Return	22,143.55	(1.6)	1.2	1.2
ALL Share Index	3,476.85	1.1	1.8	1.8
Banks and Financial Services	4,397.54	0.3	0.3	0.3
Industrials	3,982.47	0.7	5.3	5.3
Transportation	4,353.35	2.5	0.4	0.4
Real Estate	1,525.56	(4.0)	(2.2)	(2.2)
Insurance	2,185.00	(0.2)	(0.1)	(0.1)
Telecoms	1,329.41	4.2	0.8	0.8
Consumer Goods & Services	7,989.69	(2.2)	0.9	0.9
Al Rayan Islamic Index	4,629.02	(1.3)	0.8	0.8

Source: Qatar Exchange (QE)



Source: Qatar Exchange (QE)



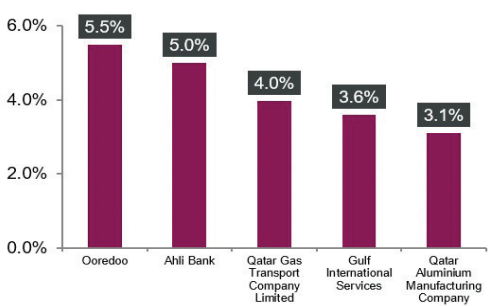
Source: Bloomberg

Regional Indices	Close	WTD%	MTD%	YTD%	Weekly Exchange Traded Value (\$ mn)	Exchange Mkt. Cap. (\$ mn)	TTM P/E**	P/B**	Dividend Yield
Qatar*	10,810.57	(1.6)	1.2	1.2	727.19	168,309.7	12.0	1.4	4.2
Dubai	3,353.11	0.9	0.2	0.2	287.26	159,372.1	20.8	2.2	1.6
Abu Dhabi	10,132.08	0.6	0.1	0.1	2,342.09	690,298.7	18.0	2.9	2.0
Saudi Arabia*	10,664.04	(0.7)	1.8	1.8	5,583.81	2,651,746.5	16.0	2.1	2.7
Kuwait	7,256.91	1.8	(0.5)	(0.5)	909.68	151,651.2	19.9	1.7	2.8
Oman	4,798.46	(1.7)	(1.2)	(1.2)	39.18	22,095.1	13.6	1.1	3.5
Bahrain	1,927.19	1.9	1.7	1.7	42.47	65,355.0	5.2	0.7	5.5

Company Name	Last Price	% Change Weekly	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	17.60	(1.95)	(2.22)	162,561	11.9	1.9	3.1
Qatar Islamic Bank	19.00	(4.19)	2.37	44,896	11.7	1.9	3.0
Commercial Bank of Qatar	5.18	(6.50)	3.60	20,965	9.8	1.1	3.1
Doha Bank	1.91	(4.11)	(2.10)	5,928	10.9	0.6	3.9
Al Ahli Bank	4.21	4.99	4.99	10,740	14.8	1.6	3.4
Qatar International Islamic Bank	10.21	(2.30)	(1.83)	15,455	16.3	2.3	3.7
Masraf Al Rayan	3.03	(5.78)	(4.32)	28,216	21.6	1.2	5.6
Qatar First Bank	1.17	0.34	2.53	1,315	6.8	1.2	N/A
National Leasing	0.77	2.53	9.52	381	19.9	0.6	N/A
DiAla Holding	1.23	(5.19)	7.27	233	N/A	1.0	1.7
Qatar & Oman Investment	0.59	(6.51)	7.09	186	121.0	0.7	N/A
Islamic Holding Group	4.02	(5.08)	(2.31)	227	19.9	1.5	1.2
Banking and Financial Services				291,104			
Zad Holding	15.10	(1.63)	3.42	4,133	21.8	2.8	4.1
Qatar German Co. for Medical Devices	1.26	(8.78)	0.00	145	116.9	4.2	N/A
Salam International Investment	0.61	(5.76)	(1.47)	692	14.9	0.4	N/A
Baladna	1.53	(0.26)	(0.13)	2,907	33.4	1.3	3.5
Medicare Group	6.00	(4.76)	(3.33)	1,689	20.8	1.6	30.0
Qatar Cinema & Film Distribution	2.85	(8.48)	(8.48)	179	78.0	1.3	2.1
Qatar Fuel	18.00	(2.54)	0.28	17,897	16.8	1.9	4.2
Qatar Meat and Livestock	1.74	(14.75)	(14.37)	313	N/A	1.2	N/A
Mannal Corp.	8.00	(1.23)	5.42	3,649	129.8	2.8	78.8
Al Meera Consumer Goods	16.96	2.42	7.48	3,392	17.8	2.2	5.3
Consumer Goods and Services				34,996			
Qatar Industrial Manufacturing	3.10	(4.02)	(3.43)	1,473	8.3	0.8	3.9
Qatar National Cement	5.15	2.87	6.36	3,364	14.7	1.1	5.8
Industries Qatar	13.71	1.03	7.03	82,946	8.7	2.0	7.3
Qatari Investors Group	1.73	(0.74)	2.73	2,153	8.8	0.7	5.8
Qatar Electricity and Water	17.79	1.66	0.51	19,569	12.7	1.3	4.5
Aamal	0.98	(2.20)	0.51	6,174	17.4	0.8	5.1
Gulf International Services	1.70	3.59	16.79	3,167	11.3	0.9	N/A
Mesaieed Petrochemical Holding	2.17	(2.03)	2.02	27,262	14.4	1.6	5.1
Investment Holding Group	1.77	(4.02)	(1.89)	6,012	16.3	1.4	N/A
Qatar Aluminum Manufacturing	1.70	3.10	11.51	9,458	8.5	1.4	4.7
Mekdam Holding Group	7.66	0.53	0.42	521	18.8	5.7	3.3
Industrials				162,099			
Qatar Insurance	1.97	0.05	2.65	6,447	14.1	1.0	5.1
QLM Life & Medical Insurance	4.10	(2.40)	(14.57)	1,435	17.7	2.8	5.4
Doha Insurance	2.00	2.99	1.01	1,000	10.7	0.8	6.1
Qatar General Insurance & Reinsurance	1.45	1.54	(1.23)	1,269	20.2	0.2	N/A
Al Khaleej Takaful Insurance	2.28	(5.67)	(1.61)	578	13.3	1.0	3.3
Qatar Islamic Insurance	8.50	0.00	(2.30)	1,275	13.3	2.9	4.7
Damaan Islamic Insurance Company	4.06	(3.68)	N/A	811	N/A	N/A	N/A
Insurance				12,815			
United Development	1.23	(4.65)	(5.38)	4,355	12.2	0.4	4.5
Barwa Real Estate	2.87	(3.95)	(0.07)	11,172	10.0	0.5	6.1
Ezdan Real Estate	0.98	(3.26)	(2.20)	25,968	174.4	0.8	N/A
Mazaya Qatar Real Estate Development	0.70	(2.10)	0.57	810	N/A	0.8	N/A
Real Estate				42,305			
Ooredoo	9.25	5.47	0.54	29,630	10.4	1.2	3.2
Vodafone Qatar	1.61	0.56	1.70	6,814	14.8	1.5	3.7
Telecoms				36,444			
Qatar Navigation (Milaha)	9.74	0.93	(4.04)	11,066	12.0	0.7	3.1
Gulf Warehousing	3.81	(1.55)	(5.85)	223	9.5	1.0	2.6
Qatar Gas Transport (Nakilat)	3.83	3.97	4.53	21,208	14.2	1.9	3.1
Transportation				32,498			
Qatar Exchange				614,269			

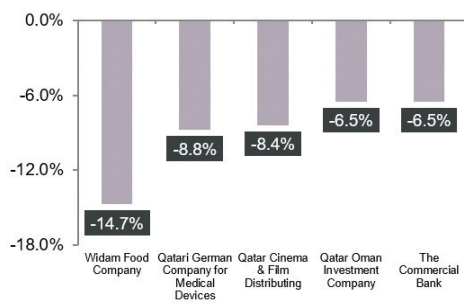
Qatar Stock Exchange

Top Five Gainers



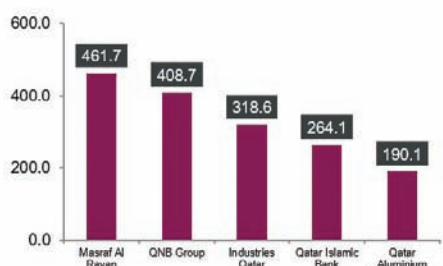
Source: Qatar Stock Exchange (QSE)

Top Five Decliners



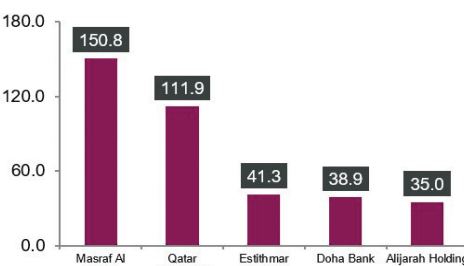
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Value (QR Million)



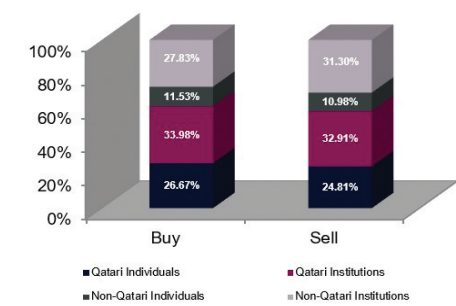
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Volume (Million)



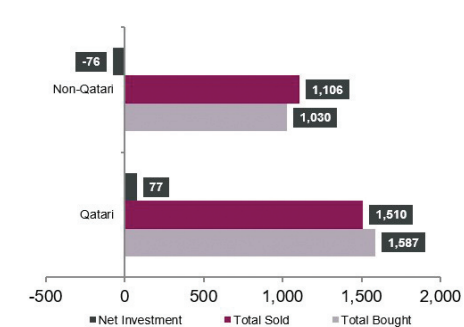
Source: Qatar Stock Exchange (QSE).

Investor Trading Percentage to Total Value Traded



Source: Qatar Stock Exchange (QSE)

Net Traded Value by Nationality (QR Million)



Source: Qatar Stock Exchange (QSE).

Technical analysis of the QSE index



The QSE index closed down by 1.63% from the week before; it closed at 10,810.57. The trend remains down and the Index is expected to test the lower side of the correc-

tive channel. The next support level is around the 10,200 then 10,000 psychological support. The first major weekly resistance facing the Index is around the 11,500 level.

Definitions of key terms used in technical analysis

RSI (Relative Strength Index) indicator – RSI is a momentum oscillator that measures the speed and change of price movements. The RSI oscillates between 0 to 100. The index is deemed to be overbought once the RSI approaches the 70 level, indicating that a correction is likely. On the other hand, if the RSI approaches 30, it is an indication that the index may be getting oversold and therefore likely to bounce back.

MACD (Moving Average Convergence Divergence) indicator – The indicator consists of the MACD line and a signal line. The divergence or the convergence of the MACD line with the signal line indi-

cates the strength in the momentum during the uptrend or downtrend, as the case may be. When the MACD crosses the signal line from below and trades above it, it gives a positive indication. The reverse is the situation for a bearish trend.

Candlestick chart – A candlestick chart is a price chart that displays the high, low, open, and close for a security. The 'body' of the chart is portion between the open and close price, while the high and low intraday movements form the 'shadow'. The candlestick may represent any time frame. We use a one-day candlestick chart (every candlestick represents one trading day) in our analysis.

UK shoppers cut back on spending as inflation takes its toll

Reuters
London

Inflation-pinchd British consumers cut their shopping by the most in the key month of December in at least 25 years, official data showed on Friday, dashing hopes for a Christmas boost for the country's flagging retail sector. Sales volumes were down by 5.8% compared with December 2021, the biggest fall for that month in records going back to 1997, and the ninth month in a row that they fell in annual terms. Sales unexpectedly fell by 1% from November, the Office for National Statistics said, confounding a forecast for a 0.5% monthly increase in a Reuters poll of economists. Sterling fell against the US dollar and the euro. Olivia Cross, with consultancy Capital Economics, said the surprise fall suggested that some of the resilience seen in the economy in late 2022 petered out in December. "What's more, we think the bulk of the drag on activity from high inflation and rising interest rates has yet to be felt," she said. A survey showed a first drop in three months in consumer confidence in January which fell back close to its lowest level since at least 1974. Britain's economy is widely expected to fall into a recession. Retail sales volumes fell by 3.0% in 2022, their worst full-year performance since at least 1997. Heather Bovill, ONS deputy director for surveys and economic indicators, said food sales had risen in November as shoppers stocked up early for Christmas, but they fell again in December with supermarkets linking the drop to the rising cost of living. Food sales fell by 0.3% in December after a monthly rise of 1.0% in November. Non-food stores sales volumes fell by 2.1%. In terms of value, overall spending was down by a month-on-month 1.2% from November. On Thursday, Bank of England (BoE) Governor Andrew Bailey sounded a more hopeful note, saying recent falls in inflation were "the beginning of a sign that a corner has been turned." Nonetheless the BoE is expected to raise interest rates for a 10th time in a row on February 2. Helen Dickinson, chief executive of the British Retail Consortium, said retailers and customers still faced cost pressures but the situation would improve in the second half of 2023. Christmas trading updates from Britain's biggest retailers, including Tesco, Sainsbury's and Marks & Spencer, were better-than-expected with shoppers returning to stores at the expense of online a key trend. The ONS said online sales fell in December with strikes by postal workers a factor. Online retailer Boohoo reported an 11% revenue drop over Christmas, hurt by the strikes.

Bank of England may keep rates in painful territory

Bloomberg
London

The Bank of England (BoE) is likely to keep interest rates in painful territory through this year or longer even as the economy falls into recession. Inflation is running five times above the BoE's target, and Governor Andrew Bailey is concerned that worker shortages are feeding wage pressures. The market is betting on another 1 point increase in the benchmark lending rate this year and has walked back bets for a reduction thereafter. That's in sharp contrast with the US, where investors anticipate the Federal Reserve to deliver the first cuts in borrowing costs since the start of the pandemic as soon as November. "The BoE is going to have to keep bearing down on inflation for quite a long time," said Robert Wood, chief UK economist at Bank of America. He said the UK "stands out" as having the worst of problems in the US and Europe, adding that underlying price pressures and strong pay growth mean "this inflation is going to last." The latest economic data reported this week showed wage pressures at record levels, except for the period directly after the pandemic. Inflation ticked down for a second month to 10.5%. Bailey said he hoped a corner has been turned on inflation, but he also noted the scarcity of workers is leading to pay raises that may feed into higher prices. The result means the quickest monetary tightening cycle in three decades has further to run. Markets have almost fully priced in a half-point increase from the BoE in February to 4%, the highest since 2008, and then another half point by the third quarter.



Pedestrians pass the Bank of England building in the City of London. The BoE is likely to keep interest rates in painful territory through this year or longer even as the economy falls into recession.

In the US, investors see the Federal Reserve reversing some of its increases in the second half of the year. For British households, that means more pain. Families are already struggling with the tightest cost-of-living squeeze in a generation and wages falling short of inflation. The central bank has warned that 4mn households will have to remortgage this year at significantly higher rates – adding hundreds of pounds to monthly repayments. Those factors solidify forecasts that

the economy will struggle to grow before 2024. While the rest of the Group of Seven nations have recovered pre-pandemic levels of output and are planning for growth, albeit sputtering at times, the UK is headed into a long but shallow recession. That's adding to pressure on Prime Minister Rishi Sunak to come up with a growth plan. Some strategists believe divisions on the nine-member Monetary Policy Committee could even force the BoE to return with more rate hikes after a

pause in its tightening cycle expected later this year. The majority of the MPC backed a half-point increase last month. But Silvana Tenreiro and Swati Dhingra are pushing for no change while Catherine Mann wanted bigger hikes. Chief Economist Huw Pill has said the UK has the worst features of both the US and European Union economies – a high level of workforce dropouts and an energy supply crisis. Sanjay Raja, chief UK economist at

Deutsche Bank AG, said the UK is in a "unique situation" because of "stubbornly resilient" underlying price pressures and services inflation that is yet to peak. Britain's inflation rate is also well above the 6.5% level in the US, adding to concerns that long-term expectations about where prices are headed have come loose from the 2% anchor. Core inflation in the UK that excludes volatile food and energy costs remained stubbornly stable at 6.3%, and price growth accelerated in services. "We don't expect any rate cuts this year as inflation will likely stay uncomfortably above the Bank's 2% mandate," said Raja. "The BoE will need to keep up pressure on inflation by leaving rates in sufficiently restrictive territory for a little longer." The first cut for the BoE's base rate is not fully priced in by investors until February 2024. The UK's key lending rate will then remain around 4% until at least the summer 2024, according to money-markets bets. "At the next meeting I think they will go for 50 (basis points), and then the question is what happens next," said Guillermo Felices, global investment strategist at PGIM Fixed Income. A downshift in hikes from the Fed could put pressure on others to scale back tightening. Aaron Rock, investment director at Abrdn Plc, expects the BoE to pause on rate hikes when it reaches 4.25%, but he warned of the risk that the MPC needs to restart its tightening cycle. "I would not absolutely rule out stickier inflation and a tighter than expected labour market forcing the MPC to return with another 25 basis points hike or two either," Rock said. He said investors should "not price in deep and rapid rate cuts at the first sight of a moderation in headline inflation."

Global bond sales off to record start of nearly \$600bn

Bloomberg
London

The best start to a year for bond returns is helping fuel an unprecedented debt-sale bonanza by governments and companies around the world of more than half a trillion dollars. From European banks to Asian corporates and developing-nation sovereigns, virtually every corner of the new issue market is booming, thanks in part to a rally that's seen global bonds of all stripes surge 4.1% to start the year, the best performance in data stretching back to 1999. Borrowers looking to raise fresh financing after getting turned away for much of 2022 are suddenly encountering investors with a seemingly endless appetite for debt amid signs inflation is cooling and central banks will call a halt to the harshest monetary tightening in a generation. For many, fixed-income assets are looking increasingly attractive after last year's historic rout drove yields to the highest since 2008, especially as the prospect of a slowing

global economy offers the potential for further gains. "The run-up in bond prices has legs in our view, particularly when it comes to the investment-grade markets," said Omar Slim, co-head of Asia ex-Japan fixed income at PineBridge Investments. "Corporate fundamentals continue to be broadly solid," he said, adding that "the sharp U-turn we're seeing in Chinese policies will provide a much-needed boost to global growth, mitigating some of the tail risks for emerging markets and providing further support." Excess demand for offerings, falling new issue concessions and the largest inflows into high-grade US credit in more than 17 months has helped make this year's January borrowing so far the busiest ever. Global issuance of investment - and speculative - grade government and corporate bonds across currencies reached \$586bn through January 18, the biggest tally on record for the period, according to data compiled by Bloomberg. More issuers were pricing deals on Thursday. "This is a very good window," said Giulio Baratta, BNP Paribas SA's head

of investment-grade finance debt capital markets EMEA. "Investors are anticipating that inflation is calming down and seeing this as a good entry point into the market, certainly in the investment grade space and we are seeing it in the orders and how deals are tightening." US investment-grade credit spreads hit their tightest in nine months this week, while in Europe they were the lowest since May. At 123 basis points in the US, they are far from highs of about 200 basis points typically seen during recessions. Relatively high yields are a draw for investors, but some fear they won't be enough to compensate for risks as global growth sputters. A lack of supply after this month's flood could compress spreads even further, according to Collin Martin, fixed income strategist at Schwab Center for Financial Research. "If investment grade spreads continue to decline and get back to that 1% area, we'd start to get concerned because that would just be too tight given the economic outlook," Martin said in an interview.

Here are some other notable themes seen so far in 2023: **Euro binge:** The surge in global bond sales to start the year has been uneven. Debt issuance in euros is smashing records, climbing about 39% compared to a year earlier, according to data compiled by Bloomberg. Dollar bond sales are running roughly in line with last year's robust pace, the data show. Sterling debt has also seen a bumper start to the year as euro-to-sterling hedging costs are at their lowest since March, meaning it currently costs less for a European issuer to sell sterling debt and swap it back into euros than to issue euro debt outright, data compiled by Bloomberg show. However, there are also already signs that issuance is set to slow in some regions. Chinese onshore issuers are set to be off for a full week beginning January 23 for Lunar New Year holidays, likely reducing supply in Asia to a crawl, market observers say. **Bank buffers:** Financial firms have led the charge in global issuance this year as a sector, with year-to-date sales topping \$250bn.

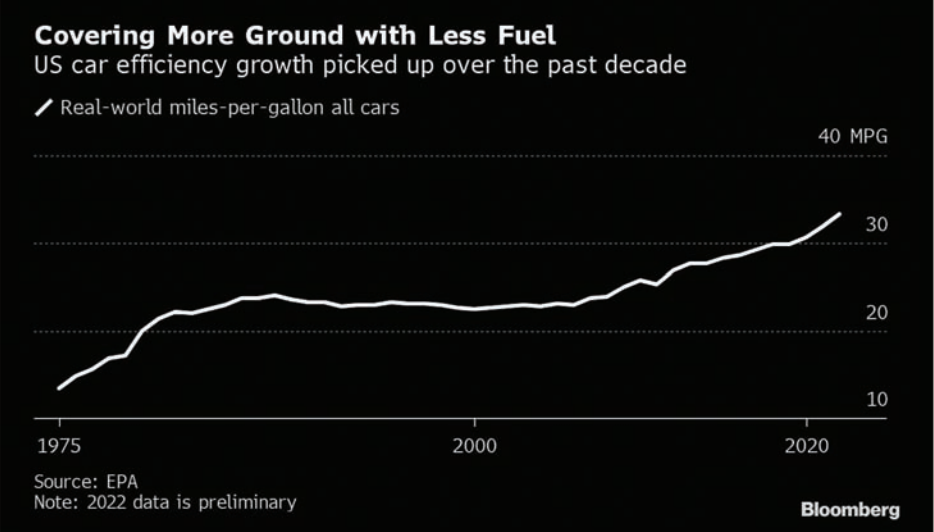
In Europe, sales from banks are already at the highest on record for any single month with over €100bn (\$108bn) of new bonds, according to data compiled by Bloomberg. Financial institutions are seizing on the improved risk appetite and falling credit costs to kick-start their yearly borrowing plans as well as looking to repay cheap pandemic-era European Central Bank loans. **Junk's slow start:** One of the few markets struggling to find its footing in terms of issuance is that for speculative-grade debt. Offerings from high-yield corporate and government issuers are running at the slowest pace since 2019, with about \$24bn priced through January 18. That's likely in part because junk-rated firms that had extended maturities in years past are waiting for interest rates to decline further before taking the plunge. Investor cautiousness about how those borrowers may weather a global recession is also a likely factor. Still, there are signs that demand may soon pick up.

Gasoline's slow fade heralds US supply pain now

Bloomberg
Houston

Gasoline demand in the US has peaked, with a surprise slowdown last year signalling that consumption is unlikely to ever again return to pre-Covid levels. This long-awaited milestone shows that climate-friendly initiatives put into place more than a decade ago are finally taking the US across the threshold. American drivers are travelling more miles on less fuel than ever thanks to a generation of cars with more efficient engines as well as new electric vehicles. The government forecasts further declines for gasoline demand this year and next. What comes next is a two-track future, short-term pain, followed by decades of economic and environmental benefits. In the next several years, the fuel industry is poised to cut supply faster than the drop in demand, with more plants due to shut or convert to smaller biofuels facilities. The result could be production crunches for gasoline, price spikes or even limited outages because of the mismatch. Paradoxically for drivers, it's gasoline's slow death that will make it painful. In the longer term, falling gasoline demand will eventually mean tamer prices and lower emissions, which is obviously good news for the environment since transportation is the biggest contributor to greenhouse gas emissions in

the US. Peak gasoline will "have significant implications for consumers, inflation, politics," said Mark Finley, an energy fellow at Rice University's Baker Institute for Public Policy. "All in all, a big deal – over time." One of the strange things about being at peak gasoline is that there's still quite a lot of demand. Consumption started plateauing in the years before the pandemic. Even as it drops now, it's not falling off a cliff and is still at what historically would be considered high levels. At the same time, oil refiners, who turn crude into useable fuels, are already cutting back to stay profitable. The supply losses were exacerbated because of pandemic-induced shutdowns. Since gasoline plants are destined to become uneconomical stranded assets as demand fades, there's little incentive to increase output from them now. In simple terms, the refining industry risks moving on from gasoline more quickly than consumers. It's the latest example of the global energy transition's bumpy path. While most prices have calmed in the past few months, the jolts in natural gas, electricity and fuel markets are likely to be with us for the next several years as investments flow out of fossil fuels and into technologies for clean power. And it also underscores why energy-driven inflation has become harder to control – even periods of relative stability will likely be punctuated with volatile price jumps that will



make the Federal Reserve's job that much more difficult. **What's happening with supply?** Oil refiners have already reduced their production capacity by more than 1mn barrels a day, equal to about 5% of the US total. That squeeze helped to send retail gasoline prices to all-time highs in 2022 and left drivers in parts of the country facing lines to fuel up during the

worst crunches of 2021. The disruptions are set to continue because of just how long the lingering dependency on gasoline will last. "It will take decades for gas-powered vehicles to drive off into the sunset," said Rob Jackson, a professor of Earth system science at Stanford University. **How much will US demand fall?** The Energy Information Administration sees a modest decrease for 2023, predicting a

drop of less than 1% to 8.74mn barrels a day. Matthew Parry, head of long-term forecasting at consultancy Energy Aspects, says the declines will become more pronounced over time. He predicts consumption will slump by about 15% between 2022 and 2027, for a total decline of around 1.4mn barrels a day over the period. "It's the ongoing replacement of old cars with more fuel efficient ones that contributes to the steady erosion in the amount of gasoline used per mile," said Linda Giesecke, an analyst at consultancy ESAI. US fuel economy in 2021 reached a record 25.42 miles per gallon, and preliminary data for 2022 shows an even greater jump to 26.36, according to the Environmental Protection Agency. **How long will the bumps last?** It's hard to predict exactly when the supply and demand sides will even out, partly because that will depend on how quickly consumers buy new fuel-efficient cars and EVs. In 2022, vehicles that run on full or partial electricity were poised to account for more than 17% of US auto sales, up from 3.3% six years ago, according to researcher LMC Automotive. But so far, EVs account for less than 1% of all vehicles on the road. Cutting fuel demand is a long game. To put in perspective how much time it takes for the fleet to turn over: Even if all cars sold in the US today are EVs, it will take an estimated nine years for EVs to replace just half the cars on US roads, according to John Eichberger, executive director of the Fuels Institute.


WEEKLY ENERGY MARKET REVIEW

Oil prices rise more than 1% on China demand outlook

www.abhafoundation.org

Oil

Oil settled up about \$1 a barrel on Friday and notched a second straight weekly gain as China's economic prospects brightened, boosting expectations for fuel demand in the world's second-biggest economy. China's lifting of Covid-19 restrictions should bring global demand to a record high this year, the International Energy Agency (IEA) said on Wednesday, a day after Opec also forecast a Chinese demand rebound. Brent crude closed at \$87.63 a barrel, up \$1.47, or 1.7%. US WTI crude settled at \$81.31 a barrel, gaining 98 cents, or 1.2%. For the week, Brent logged a 2.8% increase and the US WTI benchmark saw a 1.8% rise. Oil was supported by hopes that the US Federal Reserve will soon downshift to smaller interest rate hikes, which could brighten the US economic outlook, analysts said. Also helping oil prices, Baker Hughes said the US oil rig count fell 10 to 613, its lowest since November. The oil market has been down on global recession fears, but it is still showing signs it can remain tight a little while longer. Meanwhile, a price cap and sanctions on Russian oil, which have been rippling through the global market, are gradually acquiring some price impact and will become more of a bullish factor.




Docked oil platform, offshore drilling rig, in Port of Galveston, Texas. Oil settled up about \$1 a barrel on Friday and notched a second straight weekly gain as China's economic prospects brightened, boosting expectations for fuel demand in the world's second-biggest economy. Picture supplied by the Abdullah Bin Hamad Al-Attiah International Foundation for Energy and Sustainable Development.

Gas

Asian spot liquefied natural gas prices fell for the fifth week in a row on ample inventories and tepid demand ahead of the Lunar New Year holiday, amid low gas prices in Europe where storage levels are above the five-year average. The average LNG price was \$22 per million British thermal units (mmBtu), down \$1, or 4.3%, from the previous week, industry sources estimated. Prices have fallen more than 21% since the start of 2023.

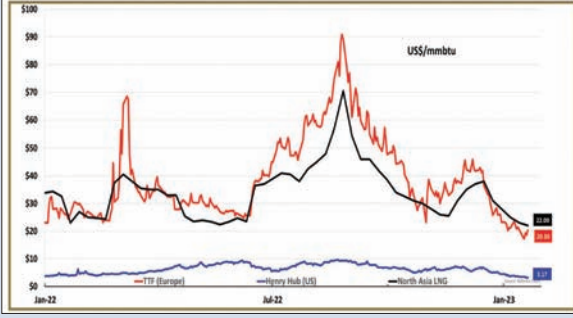
Volatility came back early this week with Southeast Asian players buying a block of cargoes which, while done sub-\$20, did push sentiment on supply reduction. In Europe, gas prices were down amid healthy storage levels and supply. Given that storage is over 80% full and on track to end the withdrawal season at 16% above the five-year average, upward price momentum will be limited, analysts said. In the US, natural gas futures fell

The closing price (\$/Barrel) as of Friday 20 Jan 2023 – February Futures



Benchmark Oil Prices		
Brent ICE	WTI NYMEX	DME Oman
87.63	81.31	84.93
Weekly Change ▲ 2.8%	Weekly Change ▲ 1.8%	Weekly Change ▲ 2.7%
YTD Change ▼ 6.9%	YTD Change ▼ 11.2%	YTD Change ▼ 7.7%

The closing price (\$/mmBtu) as of Friday 20 Jan 2023 – February Futures



Benchmark Gas Prices		
NE Asia LNG	Europe TTF	US Henry Hub
22.00	20.30	3.17
Weekly Change ▼ 4.3%	Weekly Change ▼ 1.4%	Weekly Change ▼ 7.2%
YTD Change ▼ 21.1%	YTD Change ▼ 24.63%	YTD Change ▼ 28.9%

3% on Friday to a 19-month low, on forecasts of less cold weather and lower heating demand than previously expected, which should allow utilities to pull less gas from storage than

usual for at least a third week in a row. Also weighing on prices, more traders believed Freeport LNG export plant in Texas would not return to service until February or later.

■ This article was supplied by the Abdullah Bin Hamad Al-Attiah International Foundation for Energy and Sustainable Development.

Southeast Asia set to re-take leading growth position in 2023: QNB

The Southeast Asian countries are expected to improve their economic performance this year mainly on the back of robust domestic macro fundamentals and the Chinese reopening, QNB said in its weekly economic commentary.

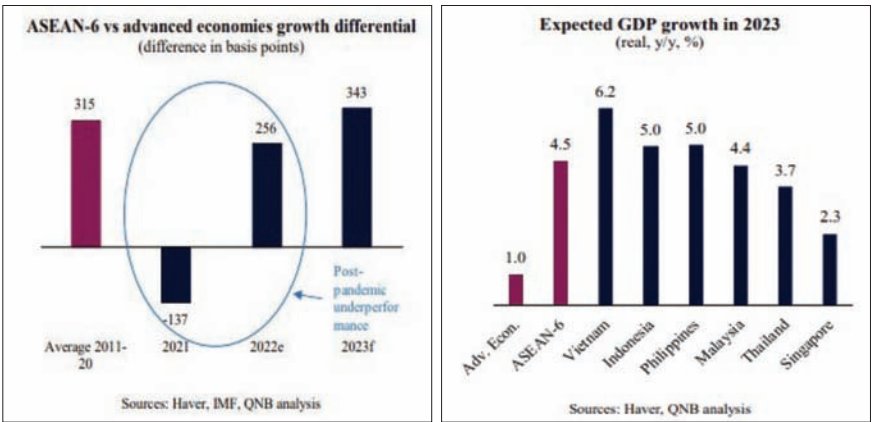
Pre-pandemic, Southeast Asia was one of the most dynamic economic regions in the world, prompting opportunity and growth at a significant scale for decades.

This was particularly the case with the six largest economies of the Association of Southeast Asian Nations (Asean-6), including Indonesia, Thailand, Singapore, Malaysia, Vietnam and the Philippines. In fact, Asean-6 economies have been out-performing most other countries when it comes to GDP growth until the beginning of 2020.

However, QNB noted this multi-decade picture has changed markedly with the turnaround brought by the Covid-19 pandemic. Following the shock caused by the global spread of Covid-19, Asean-6 countries became laggards rather than leaders in terms of short-term economic performance.

This was caused by a slower start to massive immunisation, less policy stimulus and a slowing China. Even the partial reopening from last year was not enough to place the region at more normal levels of relative performance, particularly after a rather weak 2021. "But we expect to see Asean-6 countries recovering to shine again as one of the hot spots for growth globally in 2023," QNB noted.

For the first time in two years, the Asean-6 growth differential versus advanced economies is expected to surpass their historic long-term norms. The growth differential is a key metric for emerging markets to measure the "gap", i.e., the economic growth required in order to reach



the level of income per capita in advanced economies, also known as "catch up."

The larger the gap, the longer it will take and the higher the growth is required to catch up. Periods of underperformance, such as in the immediate aftermath of the pandemic, tend to delay the catch up.

Historically, pre-pandemic, while advanced economies present a long-term growth average of 1.85%, Asean-6 economies present an average of 5%. This growth differential of 315 basis points, if maintained overtime, suggests that Asean-6 countries could relatively quickly catch up to the level of income per capita of advanced economies.

Advanced economies are expected to slow down further this year, while Asean-6 economies are more resilient to the current macro scenario and should present robust, mid-single digit growth.

Three factors underpin QNB's expectations for an above average outperformance for Asean-6 countries.

First, the outlook for advanced economies is particularly challenging, due to a

significant accumulation of macro imbalances and the negative impact from idiosyncratic geopolitical shocks. This includes the effects of too much post-pandemic stimulus, tight labour markets and the Russo-Ukrainian War.

High inflation, lower real disposable incomes, rising interest rates, less policy support and the European energy crisis should weigh on growth in advanced economies, producing below average performance.

Second, Asean-6 countries are not exposed to the same types of economic imbalances that most advanced economies are expected to suffer from over the next several quarters. In contrast to countries struggling with tight labour markets, high inflation, energy supply constraints and exhausted policy space for more stimulus, Asean-6 countries are still operating mostly with some spare capacity from the pandemic shock.

This suggests that there is more space to grow or even stimulate their economies beyond GDP potential for some time without producing undue persistent inflation.

Moreover, Asean-6 countries present adequate external buffers to smooth out the effects of tighter global liquidity and slower growth in advanced economies.

This protects their currencies against depreciation and therefore prevents disruptive spikes in imported prices, allowing for less restrictive monetary policies and more supportive credit conditions.

Third, the Chinese economic reopening is set to spillover into the broader Asia region, spurring growth. China is rapidly pivoting away from zero-Covid policies, i.e., travel bans, lockdowns and ultra-tight social distancing measures that aim to suppress waves of new virus cases.

In addition, the largest Asian economy is also gearing up policy efforts to stimulate their economy. Chinese growth has a high multiplying effect, often spilling over globally and particularly to the Asean-6 countries.

This is the case when it comes to the export-oriented manufacturers of "Factory Asia" such as Thailand, Malaysia and Vietnam, and commodity producers, such as Indonesia, Malaysia and the Philippines. Regional tourism should also receive a significant boost with the return of Chinese travellers. This forms a materially positive backdrop for growth across Asean-6 countries.

"All in all, slower growth in advanced economies, more robust domestic macro fundamentals and the Chinese reopening should favour the return of Asean-6 economic outperformance.

"While this is positive and indicates that the path of catching up with advanced economies is back on track, it is worth to note and mention that the growth rate of the Asean-6 economies is still below the pre-pandemic growth average of 5%," QNB added.

Meta lobbying spending dips as job cuts, costs surge

Bloomberg
New York



Mark Zuckerberg, CEO of Meta Platforms.

Meta Platforms Inc's spending on lobbying decreased by about \$1mn during the final three months of 2022 compared to the previous quarter, according to filings posted on Friday.

Meta, which owns Facebook, spent \$3.65mn on lobbying during the fourth quarter of 2022, a significant decrease from the \$4.72mn in the previous quarter.

The drop comes as Meta works to cut costs across the company, which expanded dramatically during the coronavirus pandemic. When Meta announced 11,000 layoffs last November, chief executive officer Mark Zuckerberg said he had wrongly assumed the pandemic revenue gains would endure.

Zuckerberg vowed to pare back Meta's office footprint and tighten the company's belt. Some of the country's largest technology companies have announced a wave of job cuts over the past few months. Alphabet Inc's Google on Friday slashed about 12,000 positions, while Amazon.com Inc announced 18,000 dismissals at the beginning of January. The tech sector announced 97,171 job cuts in 2022, up 649% compared to the previous year, Bloomberg reported.

It's unclear if those companies will adjust their lobbying outlays amid a worsening economic outlook. Amazon spent \$4.79mn on lobbying during the fourth quarter of 2022, a slight decrease from the \$4.95mn

it spent on lobbying the previous quarter. During the fourth quarter of 2021, Amazon spent \$4.8mn on lobbying.

The industry has dramatically expanded its lobbying presence over the past two years as they fended off congressional and regulatory threats. Last year, the technology giants defeated significant bipartisan legislation in Congress to rein in their power last year.

Google spent \$2.72mn on lobbying during the fourth quarter, a modest increase after spending \$2.47mn on lobbying during the third quarter. Microsoft, which said this week that it would eliminate 10,000 positions, was the only other major tech company to increase its lobbying in the last quarter, spending \$2.54mn compared to \$2.3mn in the third quarter.

Apple Inc, which has not announced major workforce reductions, spent a record amount of money on lobbying in the fourth quarter. Apple spent \$2.87mn on lobbying, up about \$1mn since it spent \$1.92mn in the previous quarter. Apple's spending came as the company worked to kill legislation aimed at reducing its control over its app store.

Google staff anxiety runs high after 12,000 colleagues cut

Bloomberg
New York

Google employees, after watching peers at rival tech firms lose their jobs en masse, were anxious about when layoffs would happen to them. Then on Friday morning, some of them couldn't get into their corporate accounts.

The company, owned by Alphabet Inc, had finally decided to cut 12,000 employees, or 6% of the workforce. Employees described a mostly orderly if impersonal transition, communicated mostly via the same technology products they helped build, with no direct answers for individuals about why they were included or not.

Some found out they lost their jobs via messages sent to their personal email addresses. With no central way to see which roles had been eliminated, the remaining workers took to writing their peers on messaging app Google Chat to see if it worked. If not, it meant that person had lost their job, according to a Google employee who requested anonymity because he was not authorised to speak to the press. On messaging apps and internal chat rooms, employees started to pose theories and share anxieties about the future. The layoffs appeared to be structural, rather than performance-based. With performance reviews yet to be finalised later this month, some workers fretted that their roles were still at risk of elimination, according

to multiple employees who spoke with Bloomberg, who asked not to be named speaking about internal matters. Workers who had lost their jobs gathered on messaging platforms such as Discord and Slack to stay in touch. For months, the search giant had refrained from thinning its ranks as tech giants such as Amazon.com Inc, Microsoft Corp and Meta Platforms Inc laid off thousands of workers. When the cuts did come, they appeared to impact a wide swath of the company.

"It's hard for me to believe that after 20 years at #Google I unexpectedly find out about my last day via an email," one software engineer, Jeremy Joslin, wrote on Twitter. "What a slap in the face. I wish I could have said goodbye to everyone face to face."

The company's prized artificial intelligence teams appeared to escape mostly unscathed. In a message to staff announcing the layoffs, Alphabet chief executive officer Sundar Pichai framed the cuts as a way for the company to sharpen its focus on artificial intelligence. But Area 120, an in-house incubator for new ideas, was decimated. The unit's managing partner and workers on three projects slated to be folded into Google were spared, but virtually all other employees were laid off, according to two people with knowledge of the matter.

Google employee Dallas Barnes, a visual designer, wrote on Twitter that he was the only member of his team who had survived the cuts.

"The amount of sadness, frustration,

and confusion I'm feeling right now is hard to put into words," he wrote. The Alphabet Workers Union, a so-called minority union that does not have collective bargaining rights, said the layoffs underscored the importance of worker organising.

"This is egregious and unacceptable behaviour by a company that made \$17bn in profit last quarter alone," Parul Koul, executive chair of Alphabet Workers Union, said in a statement. "With billions in profits and executive compensation untouched, our jobs should not be on the chopping block."

There had been a sense of foreboding among Googlers about the possibility of layoffs, especially as other tech companies started to announce cuts to their workforce in recent weeks,

said Keith Chaney, who worked on Google's partnerships strategy team for about a year. He lost his job on Friday. "I wasn't super shocked," he said. "There was a looming thought that it could happen. I just didn't know to what extent and when."

Chaney said he was eager for the chance to embrace entrepreneurship. Last year, he launched a startup called Peadbo, a platform that lets users build a "personal advisory board" dedicated to their personal or professional growth.

"I was grateful to work for Google and especially grateful they allowed me to pursue the startup while working there," Chaney said. "A part of me is excited to pour myself fully into the startup. With the severance, I think I'll be able to try that for a bit."