ENERGY BUOYANCY | Page 8

QSE crosses 10,900 level on upbeat transport, banking and real estate sectors

Monday, January 23, 2023
Rajab 1, 1444 AH

GULF TIMES BUSINESS

EARLY-STAGE DISCUSSIONS : Page 7

UAE explores non-oil trade in Indian rupees, sees major role for crypto

Qatar Chamber discusses enhancing co-operation relations with EU delegation

Officials of Qatar Chamber and a delegation from the EU held a meeting yesterday to discuss ways to enhance co-operation relations.

Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari met with Thomas Jurgensen, Minister Counsellor and the new head of Trade and Economic Affairs Section at the Delegation of the European Union in Riyadh.

During the meeting, both officials discussed means to enhance economic and commercial relations between Qatar and the EU, especially in the private sector and its role in activating trade and investment exchange.

Speaking at the meeting, al-Kuwari praised the close relations of both sides, citing huge Qatari investments in a number of European countries, such as France and Germany, among others.

"Qatar highly welcomes European investments in various economic sectors, especially in areas that localise advanced technologies," he said, adding that there are numerous opportunities for co-operation between Qatari companies and their European counterparts amid advanced infrastructure and attractive economic legislation.

Al-Kuwari also stressed that Qatar's success in hosting the 2022 FIFA World Cup would open new opportunities for growth in various sectors like services, tourism, food security, petrochemicals, and other.

He assured that the private sector would play a leading role in the projects that will be implemented in post-World Cup Qatar. For his part, Jurgensen said his visit aims to familiarise and explore ways to strengthen co-operation between Qatari and European companies and the most important sectors that attract EU businessmen to invest in Qatar. Jurgensen praised Qatar's success in hosting the World Cup, noting that companies in the EU are interested to learn more about the investment climate in Qatar.

Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari during a meeting with Thomas Jurgensen, Minister Counsellor and the new head of Trade and Economic Affairs Section at the Delegation of the European Union in Riyadh.

QFCRA and British CJBS-RGP sign MoU

QNA
Doha

The Qatar Financial Centre Regulatory Authority (QFCRA) signed a memorandum of understanding (MoU) with the Cambridge Judge Business Schools Regulatory Genome Project (CJBS-RGP).

The MoU is intended to contribute to the development and promotion of the RGP.

The RGP is a collaboration to develop and support an open information structure that will facilitate the comparative analysis of financial regulations across jurisdictions. It offers an opportunity to reduce fragmentation in the global exchange of regulatory information.

The MoU was officially signed by Dean Mauro Guillen of the Cambridge Judge Business School on behalf of The Chancellor, Master and Scholars of the University of Cambridge and chief executive officer of the QFCRA Michael G Ryan.

Ryan welcomed the signing of the MoU, saying: "We look forward to the establishment of a working relationship with the RGP and contributing to its ongoing development under this MoU. With the increase in information significant to regulatory requirements, the demand to verify and process data efficiently is unprecedented. We are pleased to collaborate with the RPG on this first of many opportunities."

Executive director, Regulatory Genome Project, Dr Giovanni Bandi commented on the MoU, highlighting that "the taxonomies in the Cambridge Regulatory Genome are root taxonomies that categorise obligations to a level that supports the regulatory community with baseline comparative analysis. The input from QFCRA's experts and all other regulators is fundamental to ensure that these taxonomies remain relevant to a broad range of users worldwide."

Under the MoU, QFCRA and CJBS-RGP aim to enhance the use and usefulness of data in regulating the financial services industry through developing taxonomies and mapping regulatory texts into an open machine-readable data repository.

The QFCRA and CJBS-RGP have entered into this MoU in an effort to establish a formal basis for co-operation.

A comprehensive regulatory benchmarking tool developed by CJBS-RGP will make available to the QFCRA regulatory texts from 130 jurisdictions across 11 emerging regulatory themes in the financial services sector to assist the organisation in achieving its policy development objectives.

The QFCRA and CJBS-RGP have entered into this MoU in an effort to establish a formal basis for co-operation

GECF member countries' petrochemical expansion set to boost exports

By Pratap John
Business Editor

The export value of selected petrochemicals such as methanol, ammonia, ethylene, propylene, and polypropylene from GECF member countries was estimated at $28.8bn in 2021, Doha-headquartered Gas Exporting Countries Forum said in an expert commentary.

Polyethylene exports from GECF member countries accounted for the bulk of the petrochemical export value with a share of 44%, followed by methanol (21%), ammonia (19%), polypropylene (13%), ethylene (2%), and propylene (1%).

"Given the petrochemical sector expansion plans in the GECF member countries and their competitive advantages, petrochemicals exports value may increase in coming years," GECF's Gas Market Analysis Department noted in the commentary.

Moreover, a significant portion of petrochemicals and fertilisers are consumed domestically in GECF member countries. Some endogenous factors are critical for determining whether to export or domestically consume petrochemical products. For example, geographic location, access to the export infrastructure such as seaports, economy's structure, climate, and agriculture sector's potential impact decision-making on whether to consume petrochemical products domestically or export them.

Global natural gas consumption continues to be dominated by the power generation, industrial and residential sectors, where it is used as an energy fuel source. In the meantime, non-energy use of natural gas, mainly in the petrochemical industry, represents only 6% of global natural gas consumption - around 230bn cubic metres (bcm) per year.

In this context, there is plenty of room for further penetration of natural gas in the petrochemical sector, with natural gas used as a feedstock to make higher value-added products.

Global natural gas consumption continues to be dominated by the power generation, industrial and residential sectors, where it is used as an energy fuel source. In the meantime, non-energy use of natural gas, mainly in the petrochemical industry, represents only 6% of global natural gas consumption - around 230bn cubic metres per year

GECF member countries, endowed with the world's largest proven natural gas reserves, have a prominent potential to monetise their natural gas resources through developing higher value-added petrochemical products.

For many countries, the establishment of a petrochemical value chain can secure a number of potential benefits for their economies and societies.

These include diversification of the national economy away from one major source of export revenues; growth of the national economy, mainly through the addition of value to raw materials; sustainable export revenues amidst the volatility of oil and gas prices; potential socio-economic benefits on the state level (job creation, higher wages) and potential environmental advantages of developing the petrochemical industry.

The petrochemical industry has shown significant growth in recent years, and GECF member countries continued to be the leaders in the global petrochemical industry.

While each GECF member country has its own specific strengths, they have some common advantages.

Firstly, the major advantage of GECF member countries is the availability of natural gas resources which is one of the key feedstock in the industry, with more than 70% of global proven natural gas reserves concentrated there.

Secondly, petrochemical producers in GECF member countries are likely to enjoy low-cost feedstock, and in this context they have a competitive advantage compared to other producers, particularly in Europe and Asia, when gas prices are relatively lower than oil and coal prices.

Thirdly, GECF member countries also have the relevant infrastructure and integrated supply networks. In addition, they have the well-established expertise in the managerial and technical aspects of the industry. Moreover, the Forum presents GECF member countries with a unique opportunity to collaborate and share knowledge and best practices.

The GECF analysis shows that there is a great potential for its member countries to monetise their natural gas through the petrochemical industry. This is supported by their leading role as a reliable supplier of petrochemicals globally, abundance of untapped natural gas reserves and a bright outlook for demand for petrochemicals.

Gulf IPO pipeline remains strong in 2023: Kamco Invest

By Santhosh V Perumal
Business Reporter

The initial public offerings (IPO) pipeline in the Gulf Co-operation Council (GCC) remains strong for 2023 with as many as 27 to 39 companies likely to tap the market, according to Kamco Invest, a regional economic think-tank.

"The GCC will continue to generate interest for its strong businesses and family office listings from international investors, given their strong competitive positioning and established reach in the market, in our view," Kamco said in its latest report.

Separately, regulators would look at the performance of the listed IPO vehicles such as SPACs (special purpose acquisition companies) and market maker funds that are aimed at improving liquidity and participation, before providing wider access to such products, it said.

While it expects the trajectory of interest rate hikes, it said geopolitics, secondary stock market volatility and oil price volatility continue to remain risks in 2023.

Nevertheless, the prevalence of these factors did not stop strong IPO activity in 2022, it said, highlighting that the GCC finished 2022 as one of the few bright spots in global IPO markets.

Although the IPO pipeline for the GCC in 2023 shows potential for healthy activity for primary equity issuances in 2023, it said, the total addressable market for the number of deals is much higher than 2022 achievements, based on commentary from the region's exchanges.

However, issuers are likely to look at the secondary market for more conducive entry-points in terms of market stability, valuations, and could potentially employ a wait-and-watch approach in 2023 before going ahead with their IPO plans.

"The region's primary equity capital markets outperformed global peers in 2022, despite mixed secondary market performances across stock exchanges, as quality IPO issuers continued to achieve significant oversubscription for their issuances," the report said.

Issuers were able to showcase their unique business models, and in some cases were rewarded for their value propositions in terms of being strong dividend yield plays from stable businesses such as utilities and consumer names, it said.

Further, there remain opportunities for corporates to explore and execute dual listing options between exchanges, as listed corporates look at improving liquidity by foreign ownership limits (FOL).

Governments in the GCC remain active in both listing state-owned names to exchanges and providing additional support to private companies that are looking to execute an IPO, it said.

After witnessing a standout year in 2021, the GCC IPO market witnessed strong activity throughout 2022 and surpassed its previous year achievements, despite volatility in secondary markets, Kamco Invest said.

Total number of IPOs from the GCC jumped to 48 issuances in 2022 from 20 in 2021, as per its analysis. Proceeds for 2022 from the GCC issuers more than tripled to $23.38bn on annualised basis, based on data from Bloomberg and the stock exchanges.

The report said issuers remained confident of their business fundamentals, communication to the market, and investor appetite for their issuances. Moreover, the relative resilience and immunity to global geopolitical events such as the Ukraine-Russia war which drove passive index flows and index compiler weightings in favour of regional stock exchanges in the GCC.

Invitation for the attendance at the Ordinary General Assembly Meeting of Qatar National Bank (Q.P.S.C.)

The Board of Directors of Qatar National Bank (Q.P.S.C.) is pleased to invite you to attend the Ordinary General Assembly Meeting to be held on Monday February, 13th 2023, at 4:30pm, at The Sharq Village Hotel. In case a quorum is not met, a second meeting will be held on Sunday February 19th 2023, at 4:30 pm, at The Sharq Village Hotel. The Agenda shown below shall be discussed during the meeting. Accordingly, shareholders are kindly requested to be available at the meeting hall by 3:30pm to enable the taking of a record of their names and the number of shares they represent.

Agenda of the Ordinary General Assembly

1. Hearing the statement of His Excellency the Chairman and the report of the Board of Directors on the Bank's activities, financial position for the year ended 31 December 2022 and the business plan for 2023.
2. Hearing and approving the report of the External Auditors on the Bank's balance sheet and on the accounts submitted by the Board of Directors.
3. Discussing and approving the balance sheet and profit and loss for the year ended 31 December 2022.
4. Approving the proposal of the Board of Directors to distribute to the shareholders cash dividends at the rate of 60% of the nominal share value, i.e. QR0.60 for each share.
5. Releasing from liability the members of the Board of Directors and fixing their fees for the financial year ended 31 December 2022.
6. Discussing and approving the Bank's Corporate Governance Report.
7. Appointing an External Auditor for the Bank for the financial year 2023 and fixing the fees.

Ali Ahmed Al-Kuwari
Chairman

Reminder:

1. Exclusively for the review of the Bank's shareholders, the Bank will make available, seven days before the convening of the Ordinary General Assembly, statements showing the remuneration, charges, commissions, loans, letters of credit, letters of guarantee and privileges in kind received by the Chairman and each member of the Board of Directors, along with the External Auditor's report in this regard at the Board of Director's Office, 5th floor, of the QNB Head Office, Corniche Street, Doha.
2. Every shareholder has the right to authorise another person to attend the meeting on their behalf, provided such an authorisation should be special and in writing and the authorised deputy should be a shareholder. However, a Board member may not be deputised for this purpose and only an authorisation made using the authorisation form to the invitation letter shall be acceptable. In all respects, the number of shares held by a deputy in this capacity may not exceed 5% of the Bank's total shares (i.e. 461,821,428 shares). In case the shareholder is a corporate person (company, establishment, etc) the representative of the shareholder who will attend the meeting should present a written authorisation from the company/establishment duly signed and stamped per normal practice to be able to attend the meeting.
3. This invitation shall be deemed as a legal announcement to all shareholders, without the need to send special invitations by mail according to the Law No 11 of the year 2015 amending some provisions of the Commercial companies law.

Independent Auditors' Report
To the Shareholders of Qatar National Bank (Q.P.S.C.)

Opinion

We have audited the consolidated financial statements of Qatar National Bank (Q.P.S.C.) (the 'Bank') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISA'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), together with the ethical requirements that are relevant to our audit of the Bank's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of financial assets	
See notes 4(b), 8, 9, 10, 11, 15, 20 and 40 in the consolidated financial statements	
The key audit matter	**How the matter was addressed in our audit**
We focused on this area because: • Impairment of financial assets involves: - complex accounting requirements, including assumptions, estimates and judgements underlying the determination of impairment; - ECL modelling risk over methodology and design decisions; - susceptibility to management bias when making judgements to determine expected credit loss outcomes; and - complex disclosure requirements. • The assumptions regarding the economic outlook remain uncertain which increases the level of judgement required by the Group in calculating the ECL, and the associated audit risk. • The Group's financial assets, both on and off-balance sheet, subject to credit risk were QAR 1,347,688 million, as at 31 December 2022, which constitutes a material portion of the consolidated statement of financial position. Furthermore, the total impairment recognized by the Group on these financial assets amounted to QAR 9,144 million, during the year ended 31 December 2022, which represents 63% of the net profit of the Group, hence a material portion of the consolidated income statement.	Our audit procedures in this area included the following, among others: • Evaluating the appropriateness of the accounting policies adopted based on the requirements of IFRS 9, our business understanding, and industry practice. • Confirming our understanding of management's processes, systems and controls implemented, including controls over ECL model development. • Identifying and testing the relevant controls. • Involving information risk management (IRM) specialists to test IT systems and relevant controls. • Evaluating the reasonableness of management's key judgements and estimates made in the provision calculations, including selection of methods, models, assumptions and data sources, as well as the impact of the economic uncertainties. • Involving financial risk management (FRM) specialists to challenge significant assumptions / judgements relating to credit risk grading, significant increase in credit risk, definition of default, probability of default, macro-economic variables, and recovery rates including any impact of the economic uncertainties. • Involving valuation specialists to evaluate the inputs, assumptions and techniques used by the valuers engaged by the Group for the valuation of real estate collateral, relating to the determination of ECL. • Assessing the completeness, accuracy and relevance of input data used. • Evaluating the appropriateness and testing the mathematical accuracy of ECL models applied. • Evaluating the reasonableness of and testing the post-model adjustments. • Performing detailed credit risk assessment of a sample of performing and non-performing loans and advances. • Assessing the adequacy of the Group's disclosures in relation to IFRS 9 by reference to the requirements of the relevant accounting standards.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Bank's Annual Report but does not include the Bank's consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the statement of the Chairman which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
– Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

i. We have obtained all the information and explanations we considered necessary for the purposes of our audit.
ii. The Bank has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
iii. We have read the Chairman's report to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Bank.
iv. We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Bank's Articles of Association having occurred during the year which might have had a material effect on the Bank's consolidated financial position or performance as at and for the year ended 31 December 2022.

17 January 2023
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
Licensed by QFMA: External
Auditors' License No. 120153

QNB

Financial Highlights

Call +974 4425 2444 or visit qnb.com

Qatar National Bank (Q.P.S.C.)
Consolidated Statement of Financial Position
As at 31 December 2022
(All amounts are shown in thousands of Qatari Riyals)

	2022	2021
ASSETS		
Cash and Balances with Central Banks	91,563,936	88,551,288
Due from Banks	96,259,687	69,055,144
Loans and Advances to Customers	807,601,336	763,652,041
Investment Securities	159,913,041	142,821,328
Investments in Associates	7,902,221	7,467,009
Property and Equipment	6,941,495	5,156,806
Intangible Assets	3,178,417	3,886,786
Other Assets	15,858,879	12,447,209
Total Assets	**1,189,219,012**	**1,093,037,611**
LIABILITIES		
Due to Banks	142,814,699	111,441,572
Customer Deposits	842,278,655	785,511,524
Debt Securities	35,152,720	40,088,927
Other Borrowings	25,593,253	26,138,239
Other Liabilities	37,322,900	29,800,702
Total Liabilities	**1,083,162,227**	**992,980,964**
EQUITY		
Issued Capital	9,236,429	9,236,429
Legal Reserve	25,326,037	25,326,037
Risk Reserve	11,000,000	10,000,000
Fair Value Reserve	890,129	(1,169,550)
Foreign Currency Translation Reserve	(26,833,105)	(23,613,712)
Other Reserves	(381,451)	46,141
Retained Earnings	65,848,784	59,117,808
Total Equity Attributable to Equity Holders of the Bank	**85,086,823**	**78,943,153**
Non - Controlling Interests	969,962	1,113,494
Instruments Eligible for Additional Tier 1 Capital	20,000,000	20,000,000
Total Equity	**106,056,785**	**100,056,647**
Total Liabilities and Equity	**1,189,219,012**	**1,093,037,611**

These consolidated financial statements were approved by the Board of Directors on 11 January 2023 and were signed on its behalf by:

Ali Ahmed Al-Kuwari
Chairman of the Board of Directors

Abdulla Mubarak Al–Khalifa
Group Chief Executive Officer

Qatar National Bank (Q.P.S.C.)
Consolidated Income Statement
For the year ended 31 December 2022
(All amounts are shown in thousands of Qatari Riyals)

	2022	2021
Interest Income	59,671,733	44,736,163
Interest Expense	(30,807,135)	(21,700,043)
Net Interest Income	**28,864,598**	**23,036,120**
Fee and Commission Income	4,824,073	4,535,149
Fee and Commission Expense	(1,449,655)	(1,322,326)
Net Fee and Commission Income	**3,374,418**	**3,212,823**
Net Foreign Exchange Gain	1,871,625	1,331,118
Income from Investment Securities	369,859	125,985
Other Operating Income	79,827	237,229
Operating Income	**34,560,327**	**27,943,275**
Staff Expenses	(3,643,564)	(3,382,058)
Depreciation	(624,388)	(615,699)
Other Expenses	(2,656,265)	(2,294,345)
Net ECL / Impairment Losses on Loans and Advances to Customers	(8,785,090)	(7,066,008)
Net ECL / Impairment Losses on Investment Securities	(62,057)	(55,851)
Net ECL / Impairment Losses on Other Financial Assets	(296,761)	(102,639)
Amortisation of Intangible Assets	(77,546)	(79,113)
Other Provisions	(45,227)	(51,705)
	(16,190,898)	**(13,647,418)**
Share of Results of Associates	544,199	370,208
Profit Before Income Taxes and Net Monetary Loss Arising from Hyperinflation	**18,913,628**	**14,666,065**
Income Tax Expense	(2,719,245)	(1,389,965)
Profit Before Net Monetary Loss Arising from Hyperinflation	**16,194,383**	**13,276,100**
Net Monetary Loss Arising from Hyperinflation	(1,745,116)	-
Profit for the Year	**14,449,267**	**13,276,100**
Attributable to:		
Equity Holders of the Bank	14,348,860	13,211,123
Non - Controlling Interests	100,407	64,977
Profit for the Year	**14,449,267**	**13,276,100**
Basic and Diluted Earnings Per Share (QR)	1.44	1.32

Qatar National Bank (Q.P.S.C.)
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2022
(All amounts are shown in thousands of Qatari Riyals)

	2022	2021
Profit for the Year	**14,449,267**	**13,276,100**
Other Comprehensive Income that is or may be Reclassified to the Consolidated Income Statement in Subsequent Periods:		
Foreign Currency Translation Differences for Foreign Operations	(7,373,195)	(5,020,969)
Share of Other Comprehensive Income of Associates	(428,674)	(119,981)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	1,168,493	222,657
Effective Portion of Changes in Fair Value of Net Investment in Foreign Operation	518,864	713,760
Investments in Debt Instruments Measured at FVOCI		
- Net Change in Fair Value	419,030	(354,934)
- Net Amount Transferred to Income Statement	(4,497)	-
Other Comprehensive Income that will not be Reclassified to the Consolidated Income Statement in Subsequent Periods:		
- Net Change in Fair Value of Investments in Equity Instruments Designated at FVOCI	(42,681)	61,914
- Effects of Hyperinflation	3,938,484	-
Total Other Comprehensive Loss for the Year, net of Income Tax	**(1,804,176)**	**(4,497,553)**
Total Comprehensive Income for the Year	**12,645,091**	**8,778,547**
Attributable to:		
Equity Holders of the Bank	12,761,554	8,738,785
Non - Controlling Interests	(116,463)	39,762
Total Comprehensive Income for the Year	**12,645,091**	**8,778,547**

Qatar National Bank (Q.P.S.C.)
Consolidated Statement of Cash Flows
For the year ended 31 December 2022
(All amounts are shown in thousands of Qatari Riyals)

	2022	2021
Cash Flows from Operating Activities		
Profit Before Income Taxes	17,168,512	14,666,065
Adjustments for:		
Interest Income	(59,671,733)	(44,736,163)
Interest Expense	30,807,135	21,700,043
Depreciation	624,388	615,699
Net ECL / Impairment Losses on Loans and Advances to Customers	8,785,090	7,066,008
Net ECL / Impairment Losses on Investment Securities	62,057	55,851
Net ECL / Impairment Losses on Other Financial Assets	296,761	102,639
Other Provisions	122,095	117,348
Dividend Income	(55,285)	(47,198)
Net Gain on Sale of Property and Equipment	(6,919)	(49,406)
Net Gain on Sale of Investment Securities	(265,986)	(59,492)
Amortisation of Intangible Assets	77,546	79,113
Net Amortisation of Premium or Discount on Investments	(3,351,819)	(970,336)
Net Share of Results of Associates	(370,978)	(256,673)
Net Monetary Loss Arising from Hyperinflation	1,745,116	-
	(4,034,020)	**(1,716,502)**
Changes in:		
Due from Banks	583,859	(5,063,696)
Loans and Advances to Customers	(83,925,088)	(81,430,647)
Other Assets	(31,078,344)	(10,678,206)
Due to Banks	35,275,224	32,175,130
Customer Deposits	111,275,723	82,244,426
Other Liabilities	6,553,034	(873,933)
Cash from Operations	**34,650,388**	**14,656,572**
Interest Received	53,620,058	43,974,692
Interest Paid	(26,824,083)	(21,580,593)
Dividends Received	55,285	47,198
Income Tax Paid	(2,314,547)	(1,245,157)
Other Provisions Paid	(68,487)	(66,082)
Net Cash from Operating Activities	**59,118,614**	**35,786,630**
Cash Flows from Investing Activities		
Acquisition of Investment Securities	(89,976,146)	(96,932,320)
Proceeds from Sale / Redemption of Investment Securities	65,297,786	74,114,534
Investment in an Associate	-	(305,578)
Additions to Property and Equipment	(1,335,072)	(1,173,874)
Proceeds from Disposal of Property and Equipment	119,201	64,505
Net Cash used in Investing Activities	**(25,894,231)**	**(24,232,733)**
Cash Flows from Financing Activities		
Payment of Coupon on Instrument Eligible for Additional Tier 1 Capital	(1,000,000)	(1,000,000)
Proceeds from Issuance of Debt Securities	1,591,695	8,748,885
Repayment of Debt Securities	(5,739,025)	(10,754,896)
Proceeds from Issuance of Other Borrowings	4,167,335	11,259,064
Repayment of Other Borrowings	(3,558,972)	(10,419,936)
Payment of Lease Liabilities	(192,591)	(239,951)
Dividends Paid	(5,079,312)	(4,162,715)
Net Cash used in Financing Activities	**(9,810,870)**	**(6,569,549)**
Net Increase in Cash and Cash Equivalents	**23,413,513**	**4,984,348**
Effects of Exchange Rate Fluctuations on Cash Held	(2,760,347)	(807,228)
Cash and Cash Equivalents at 1 January	**106,660,460**	102,483,340
Cash and Cash Equivalents at 31 December	**127,313,626**	**106,660,460**

Qatar National Bank (Q.P.S.C.)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2022
(All amounts are shown in thousands of Qatari Riyals)

	Equity attributable to equity holders of the Bank										
	Issued capital	Legal reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Equity attributable to equity holders of the Bank	Non-controlling interests	Instruments eligible for Additional Tier 1 Capital	Total
Balance at 1 January 2022	**9,236,429**	**25,326,037**	**10,000,000**	**(1,169,550)**	**(23,613,712)**	**46,141**	**59,117,808**	**78,943,153**	**1,113,494**	**20,000,000**	**100,056,647**
Total Comprehensive Income for the Year											
Profit for the Year	-	-	-	-	-	-	14,348,860	14,348,860	100,407	-	14,449,267
Total Other Comprehensive Income / (Loss)	-	-	-	2,059,679	(3,219,393)	(427,592)	-	(1,587,306)	(216,870)	-	(1,804,176)
Total Comprehensive Income for the Year	**-**	**-**	**-**	**2,059,679**	**(3,219,393)**	**(427,592)**	**14,348,860**	**12,761,554**	**(116,463)**	**-**	**12,645,091**
Transfer to Risk Reserve	-	-	1,000,000	-	-	-	(1,000,000)	-	-	-	-
Transfer to Social and Sports Fund	-	-	-	-	-	-	(268,382)	(268,382)	-	-	(268,382)
Transactions Recognised Directly in Equity											
Dividend for the Year 2021	-	-	-	-	-	-	(5,080,036)	(5,080,036)	-	-	(5,080,036)
Dividend Appropriation for Instruments Eligible for Additional Capital	-	-	-	-	-	-	(1,082,917)	(1,082,917)	-	-	(1,082,917)
Other Movements	-	-	-	-	-	-	(186,549)	(186,549)	(27,069)	-	(213,618)
Total Transactions Recognised Directly in Equity	**-**	**-**	**-**	**-**	**-**	**-**	**(6,349,502)**	**(6,349,502)**	**(27,069)**	**-**	**(6,376,571)**
Balance at 31 December 2022	**9,236,429**	**25,326,037**	**11,000,000**	**890,129**	**(26,833,105)**	**(381,451)**	**65,848,784**	**85,086,823**	**969,962**	**20,000,000**	**106,056,785**
Balance at 1 January 2021	**9,236,429**	**25,326,037**	**9,000,000**	**(1,811,051)**	**(18,617,295)**	**166,050**	**52,509,508**	**75,809,678**	**1,092,041**	**20,000,000**	**96,901,719**
Total Comprehensive Income for the Year											
Profit for the Year	-	-	-	-	-	-	13,211,123	13,211,123	64,977	-	13,276,100
Total Other Comprehensive (Loss) / Income	-	-	-	643,988	(4,996,417)	(119,909)	-	(4,472,338)	(25,215)	-	(4,497,553)
Total Comprehensive Income for the Year	**-**	**-**	**-**	**643,988**	**(4,996,417)**	**(119,909)**	**13,211,123**	**8,738,785**	**39,762**	**-**	**8,778,547**
Reclassification of Net Change in Fair Value of Equity Instruments upon Derecognition	-	-	-	(2,487)	-	-	2,487	-	-	-	-
Transfer to Risk Reserve	-	-	1,000,000	-	-	-	(1,000,000)	-	-	-	-
Transfer to Social and Sports Fund	-	-	-	-	-	-	(259,143)	(259,143)	-	-	(259,143)
Transactions Recognised Directly in Equity											
Dividend for the Year 2020	-	-	-	-	-	-	(4,156,393)	(4,156,393)	-	-	(4,156,393)
Dividend Appropriation for Instruments Eligible for Additional Capital	-	-	-	-	-	-	(1,000,000)	(1,000,000)	-	-	(1,000,000)
Other Movements	-	-	-	-	-	-	(189,774)	(189,774)	(18,309)	-	(208,083)
Total Transactions Recognised Directly in Equity	**-**	**-**	**-**	**-**	**-**	**-**	**(5,346,167)**	**(5,346,167)**	**(18,309)**	**-**	**(5,364,476)**
Balance at 31 December 2021	**9,236,429**	**25,326,037**	**10,000,000**	**(1,169,550)**	**(23,613,712)**	**46,141**	**59,117,808**	**78,943,153**	**1,113,494**	**20,000,000**	**100,056,647**

Note: The above published financial information are not the full set of the consolidated financial statements. The published audit report of the independent auditors is issued on the full set of consolidated financial statements which are available on the Bank's website: www.qnb.com

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Financial Highlights

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LNG has a long future as customers seek energy security

By Fahad Badar

Qatar's investment in developing liquid natural gas (LNG) for export looked ambitious in the 1990s, but is resulting in returns that are both lucrative and long-term as customers seek energy security

The biggest event in 2022 was the invasion of Ukraine by Russia's armed forces, and one of the biggest economic side-effects has been to accelerate the quest for energy security.

Sanctions have had a significant impact. The opening of the Nordstream 2 pipeline, intended to supply Western Europe directly from Russia, has been postponed, and European nations have begun an urgent quest to source energy from other suppliers. Qatar is perfectly positioned. With its North Field offshore natural gas reserves, it has the third largest known reserves in the world, after Iran and Russia. Its investment in developing liquid natural gas (LNG) in the 1990s is paying off handsomely. Qatar has signed long-term supply contracts with Sinopec of China, at 27 years the longest such contract to date; and with Germany (15 years). In December last year, Germany opened its first specialist LNG terminal, constructed in record time.

Oil and gas are often categorised as a commodity export, but in the case of LNG it is a more sophisticated product than crude oil. Liquefying the gas so that it can

be transported safely by sea involves advanced engineering, while only specialist facilities can handle the reverse process at the destination port, before the product is transported to homes and businesses via pipelines.

When Qatari investment began in the 1990s, it was a considerable undertaking, requiring partnership with major oil companies to provide the advanced level of expertise. At the time, the oil company as partner was able to negotiate better terms in return for its expertise, but as Qatar has developed its expertise and the LNG bet proved successful, that proportion has fallen. It is more a premium product with significant added value than a simple commodity, and an increasing proportion of profits are retained by Qatar.

In addition to the geopolitical turmoil that worsened in 2022, there are other features that have contributed to rising global demand for LNG. Although it is a fossil fuel, and major corporations and governments are committing to Net Zero targets to reduce greenhouse gas emissions, LNG is cleaner than oil or gas, so it is well-positioned as a transition fuel. In Europe, while overall consumption of natural gas dipped in 2022, the proportion taken up by LNG increased sharply, up by 65% in the first eight months of the year, as supplies from Russia fell.

States and companies are prioritising energy security as well as reducing emissions. While the availability and cost-effectiveness of many types of renewable energy are improving, it is always a risk to be over-reliant on one or two, or even three, sources of energy for electricity generation. It is wiser to have five or six sources, including some that are unaffected by the weather. The wind doesn't always blow and the sun doesn't always shine. Hydropower was badly affected by drought in the northern hemisphere in 2022.

Security is a strategic priority, often more important than prices, which tend to be volatile and unpredictable. In October, the World Bank projected that oil and gas prices would probably decline in 2023 from the relative highs of 2022, affected by the conflict in Ukraine. But by 2024 coal and natural gas prices are likely to be double the average of the previous five years. Developing expertise in LNG has proved to be a smart investment for Qatar.

■ *The author is a Qatari banker, with many years of experience in the banking sector in senior positions.*

UAE explores non-oil trade in Indian rupees, sees major role for crypto

Bloomberg
Davos

The United Arab Emirates and India are discussing ways to boost non-oil commerce in rupees as the Gulf country looks to strengthen ties with its second-largest trade partner.

"We are still in early-stage discussions with India on this dirham-rupee trade," Thani al-Zeyoudi, the UAE's Minister of State for Foreign Trade, told Bloomberg Television in Davos, Switzerland. Another area he spotlighted in a separate interview on Friday is the role of cryptocurrencies in commerce.

"Crypto will play a major role for UAE trade going forward," al-Zeyoudi said. The UAE — and especially Dubai — has been working to lure the world's largest firms with its crypto-friendly policies.

"The most important thing is that we ensure global governance when it comes to cryptocurrencies and crypto companies," al-Zeyoudi said. "We started attracting some of the companies to the country with the aim that we'll build together the right governance and legal system, which are needed."

The UAE has been seeking to step up trade with crucial partners and last year signed multiple economic pacts with countries including India, Indonesia, Turkiye, Israel and Ukraine. In the coming months, the UAE expects to finalise similar agreements with Cambodia and Georgia, al-Zeyoudi said.

The economic agreements are set to boost the UAE's gross domestic product by 3.4% to 3.8% by 2030, he said.

A fruit vendor counts Indian rupee notes in Mumbai. The United Arab Emirates and India are discussing ways to boost non-oil commerce in rupees as the Gulf country looks to strengthen ties with its second-largest trade partner.

Opec's third-biggest producer has long maintained a currency peg to the dollar and most trade in the Gulf is settled in the US currency. Total bilateral trade between the UAE and India was nearly $64bn in 2021, according to data compiled by Bloomberg.

Oil sales in the Indian currency are "not under consideration," al-Zeyoudi said. "This is only going to be focusing on non-oil trade."

Al-Zeyoudi's statement echoes that of neighbouring Saudi Arabia. Earlier this week, Saudi Finance Minister Mohamed al-Jadaan said the kingdom is open to discussions about trade in currencies other than the US dollar.

The dollar's strength in the first half of last year and its weaponisation to enforce sanctions on Russia has given fresh impetus to some of the world's biggest economies to explore ways to circumvent the US currency. China has looked to bolster the yuan's global appeal and has been pushing to boost its use in transactions with major energy and commodity exporters.

Discussions on a trade agreement with China are also taking place, the UAE minister said.

"China is our first trade partner," he said. "For sure, more is going to be good for consumers, for workers, for people, for businesses."

The UAE and neighbouring Gulf countries look relatively resilient to the risk of a global recession this year, mainly due to massive oil bounties they collected in 2022 and measures they have taken since the Covid-19 pandemic.

Dubai, part of the seven emirates comprising the UAE, has seen an influx of businesses, entrepreneurs and tourists over the past couple of years.

The UAE is "very immune" if a recession in the world economy materialises in 2023, al-Zeyoudi said. "We did excellently last year, and we're going to have an excellent performance this year as well."

The government will also start imposing a 9% corporate tax later this year, a rare move in a region otherwise known for being tax-free. The UAE said it would slash other fees to offset the impact of the levy.

"There will be an overlap for some time between the normal fees and the corporate tax," al-Zeyoudi said. "It's the first time we are applying it, it's going to take some time."

Iran's oil gushes into global market as China imports surge

Bloomberg
London

Iran's oil exports are surging, offering solace to both Tehran and a global market fretting over the prospect of sanctions squeezing Russian supply. Much of it appears to be finding its way to China.

The Gulf country's oil exports climbed to about 1.3mn barrels a day in November, and last month held near the highest in four years, according to data from Vortexa Ltd and Kpler, two well-known shipping analytics firms.

FGE, an energy-market consultant, forecasts that Iran will boost its shipments of crude and refined products by as much as 200,000 barrels a day this year.

The jump comes as sanctions on Moscow threaten to tighten oil supply from a key producer. The picture is nuanced for the US and its allies — who want low oil prices but have also been trying to curb Iranian exports in order to restrict the country's nuclear programme.

Nuclear negotiations between Iran and world powers including the US have all but broken down. US Secretary of State Antony Blinken this week said Washington had all but given up on a deal, which would ease oil sanctions on Iran in return for it curbing atomic activities.

Still, several oil traders have speculated that the US is happy for Iranian shipments to continue as long as they help keep oil prices in check.

The extra Iranian barrels appear to be bound for China, the world's biggest oil importer, under the banner of shipments from Malaysia. Beijing's intake from the Asian nation surged to a record in December, figures from China's customs administration show.

Malaysian exports to China on that scale are unfeasible. They were almost triple the average daily crude output from the Southeast Asian nation over the first nine months of 2022. The flows also surpassed those of Opec giants Iraq and the United Arab Emirates.

"China's crude imports from Iran picked up to a new record in the last month of 2022," Armen Azizan, an analyst at Vortexa, said in a report.

A fax to China's General Administration of Customs wasn't immediately returned.

The official data show Malaysia as China's third-biggest supplier of crude last month, trailing only Saudi Arabia and Russia. Shipments from Iraq were at 5.06mn tonnes, while flows from the UAE were at 4.95mn tonnes in December.

Across 2022, China imported a total of 35.7mn tonnes of crude from Malaysia, making the Southeast Asian nation the sixth-biggest supplier, ahead of Brazil, and Opec members Kuwait and Angola.

Officially, China hasn't imported any Venezuelan crude since 2019 and has only taken oil from Iran on four occasions since the end of 2020, the customs data show.

Iran had tens of millions of barrels in floating storage as of early last year. While many of those were stored in Asian waters, it's unclear if they are being sold down in addition to the nation raising exports.

Bloomberg QuickTake Q&A

What Europe risks with wider sanctions on Russian oil

By Jack Wittels

The campaign by western nations to defund the Kremlin and force President Vladimir Putin to abandon his war in Ukraine is reaching a delicate phase. From February 5, the European Union will join the UK and the US in banning seaborne imports of Russian diesel and other oil products. The measure, coupled with a price cap on Russian fuel exports, is designed to blow a sizeable hole in Moscow's energy revenues. The flip side: If European buyers are unable to find alternative supplies, the sanctions risk heaping new costs on diesel-reliant industries such as farming and road haulage and make it harder for governments to rein in inflation.

1. Isn't Russian oil already under European sanctions?

Yes, but those apply to unrefined crude oil, which is subject to European bans and a $60-per-barrel price cap imposed on entities still buying from Russia. The new sanctions will affect seaborne Russian refined fuels. The country is also a major exporter of naphtha — which can be used to make gasoline and plastics — and fuel oil, which is often consumed in power generation and shipping. It also ships jet fuel, vacuum gasoil and other petroleum products. In all, Russia accounted for 9.3% of global oil product cargoes by volume in 2022, about 0.5 percentage points more than its share of the crude market, so these latest EU sanctions are just as significant.

2. How will the price cap work?

The same way as the cap on crude imposed by countries including the Group of Seven nations and the EU. Anybody paying above the cap for products shipped from Russia won't be able to obtain insurance and financing from key participating nations. That's a big deal, given that more than 95% of the world's oceangoing tankers are insured through London. The idea is that, even if buyers in Africa and elsewhere are willing to buy Russian diesel above the capped price, the bulk of the world's tankers won't be able to ship it. Oil product prices vary and the G7 is aiming for two price caps, with the levels yet to be decided. It's possible that some Russian fuel will be shipped at uncapped prices via a "shadow" tanker fleet that isn't reliant on western services.

3. How will EU buyers replace Russian fuel?

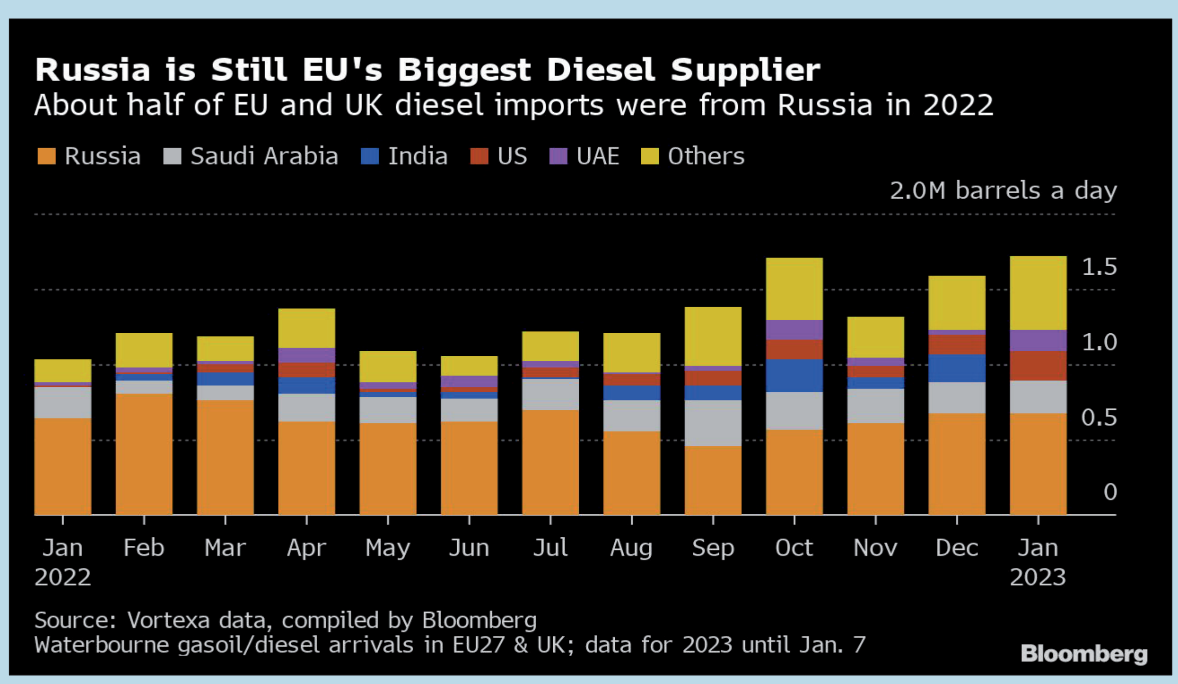
One of their trickiest challenges will be substituting diesel-type products that power cars, trucks, farm machinery, ships, manufacturing and construction equipment. About 220mn barrels were shipped to the bloc from Russian ports in 2022 — enough to fill about 14,000 Olympic-sized swimming pools. Suppliers in the Middle East, where new refineries are ramping up, are an obvious alternative. India and the US could also help fill the gap.

4. Will it be enough?

It depends partly on whether firms in China use increased export quotas to make more oil products available to the global market. That should free up extra barrels to ship to the EU. The higher quota doesn't necessarily mean all possible exports will happen, especially with China's economy opening back up after Beijing abandoned its strict Covid Zero policy. There's also the question of whether Russia will keep exporting diesel. If it does, global trade flows will essentially be re-shuffled. There would still be the same amount of Russian fuel in the world, only it would be shipped to different places. However, if Russia can't find enough buyers and is ultimately forced to cut production, that could drain global availability. French oil sector strikes further complicate the picture, given the potential for disruption at refineries that could reduce the EU's own output.

5. What's the EU's ideal outcome?

EU leaders hope the new penalties will make a dent in Russia's finances



without causing an energy supply shock that disrupts key industries and makes it harder for governments to bring inflation under control. If the price cap is too low, Russian firms could refuse to sell, or work harder to find ways around it. If it's too high, they will have merely suffered the inconvenience of having to find new buyers. Potential replacement customers for Russian fuels include Turkiye as well as countries in Africa and Latin America.

6. Could there be unintended consequences?

Some nations may be in line for a windfall if they essentially buy Russian diesel at capped prices to cover their domestic requirements and sell fuel from their own refineries to EU buyers at a much higher price. There's also little to stop buyers outside the EU such as India from purchasing Russian crude, processing it in their own refineries to make fuels, then legitimately selling those barrels to buyers in the EU. Traders willing to break the rules entirely could ship Russian fuel to one country, mix it in with other fuel (or just relabel it) and send it to the EU. It can be very hard to prove the true origin of such cargoes.

Investment and Trade Court signs agreement with CrimsonLogic

QNA
Doha

The Investment and Trade Court signed a three-year agreement with Singaporean company CrimsonLogic to develop a system for commercial lawsuits and civil and commercial dispute settlement management.
The agreement aims to provide an integrated electronic system for managing commercial lawsuits and a comprehensive platform for all judicial procedures related to courts and concerned units to ensure and achieve information sharing, data management, dealing with all lawsuit parties through multiple channels, and the facilitation of commercial dispute settlement requirements. The new system will provide an advanced platform for litigation of commercial lawsuits according to best international judicial practices.
The system will also include the use of artificial intelligence in data analysis, in addition to implementing technically advanced automated processes that ensure high accuracy and quality, facilitate follow-up and evaluation, and support the decision-making process.
The agreement was signed by President of the Investment and Trade Court Judge Khalid bin Ali al-Obaidly, Vice-President of the Investment and Trade Court Judge Issa bin Ahmad al-Nassr, and undersecretary for shared services Jassim al-Mohannadi, while Senior Vice-President for Europe, Middle East, and Africa Loo Leong Seng signed on behalf of CrimsonLogic company.
This step comes within the framework of the Supreme Judicial Council's (SJC) endeavour to develop electronic justice systems and keep abreast of legislative updates in the judicial system, which recently witnessed the issuance of the Investment and Trade Court Law No (21) of 2021, and the Mediation Law in Settlement of Civil and Commercial Disputes No (2) of 2021. CrimsonLogic company is one of the leading companies in this field.
It is considered a reliable partner globally as they work on the continuous improvement of digital solutions to facilitate its implementation and achieve the desired results.


The agreement was signed by President of the Investment and Trade Court Judge Khalid bin Ali al-Obaidly, Vice-President of the Investment and Trade Court Judge Issa bin Ahmad al-Nassr, and undersecretary for shared services Jassim al-Mohannadi, while Senior Vice-President for Europe, Middle East, and Africa Loo Leong Seng signed on behalf of CrimsonLogic company.

Qatar bourse index crosses 10,900 levels as transport, banking and real estate sectors witness demand

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday opened the week on a stronger note as its key index gained 95 points to cross the 10,900 levels, mainly lifted by the strength in the global energy markets due to Chinese growth prospects.
Transport, banking and real estate sectors witnessed higher than average demand as the 20-stock Qatar Index shot up 0.87% to 10,905.09 points, recovering from an intraday low of 10,844 points.
More than 55% of the traded constituents extended gains to investors in the main market, whose year-to-date gains improved to 2.1%.
The Arab retail investors turned bullish and the foreign individual investors were seen increasingly into net buying in the main bourse, whose capitalisation saw QR6.53bn or 1.06% increase to QR620.8bn, mainly led by mid and microcap segments.
The local retail investors' weakened net selling pressure had its influence in the main market, which saw a total of 0.03mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.1mn changed hands across nine deals.
However, the Gulf individuals were increasingly net profit takers in the main bourse, which saw no trading of sovereign bonds.
The Islamic index was seen gaining slower than the other indices in the main market, which saw no trading of treasury bills.
The Total Return Index rose 0.87%, All Share Index by 0.91% and Al Rayan Islamic Index (Price) by 1.06% in the main bourse, whose trade turnover volumes were on the decline.
The transport sector index shot up 1.92%, banks and financial services (1.29%), realty (1.19%) and industrials (0.76%); while insurance shrank 1.8%, consumer goods and services (0.61%) and telecom (0.48%).
Major gainers in the main market included Beema, QIIB, Qamco, Ezdan, QNB, Gulf International Services, Mesaieed Petrochemical Holding, Estithmar Holding, United Development Company, Vodafone Qatar, Nakilat and Milaha. In the venture market, Al Faleh Educational Holding saw its shares appreciate in value.
Nevertheless, Doha Insurance, Zad Holding, Al Meera, Qatar Insurance, Commercial Bank, Qatar National Cement and Ooredoo were among the losers in the main market. The Arab individuals turned net buyers to the tune of QR8.92mn compared with net sellers of QR2.65mn on January 19.
The foreign retail investors' net buying increased perceptibly to QR2.88mn against QR0.96mn the previous trading day.
The Qatari individuals' net profit booking weakened noticeably to QR18.27mn compared to QR39.36mn last Thursday.
However, the Gulf institutions' net selling expanded markedly to QR14.28mn against QR10.33mn on January 19.
The domestic institutions' net selling shot up notably to QR13.22mn compared to QR11.37mn the previous trading day.
The foreign institutions' net buying weakened significantly to QR33.61mn against QR61.87mn last Thursday.
The Gulf individuals' net buying eased marginally to QR0.36mn compared to QR0.89mn on January 19.
The Arab funds had no major net exposure for the third consecutive day.
The main market saw 19% shrinkage in trade volumes to 143.21mn shares, 27% in value to QR476.5mn and 37% in deals to 15,530.

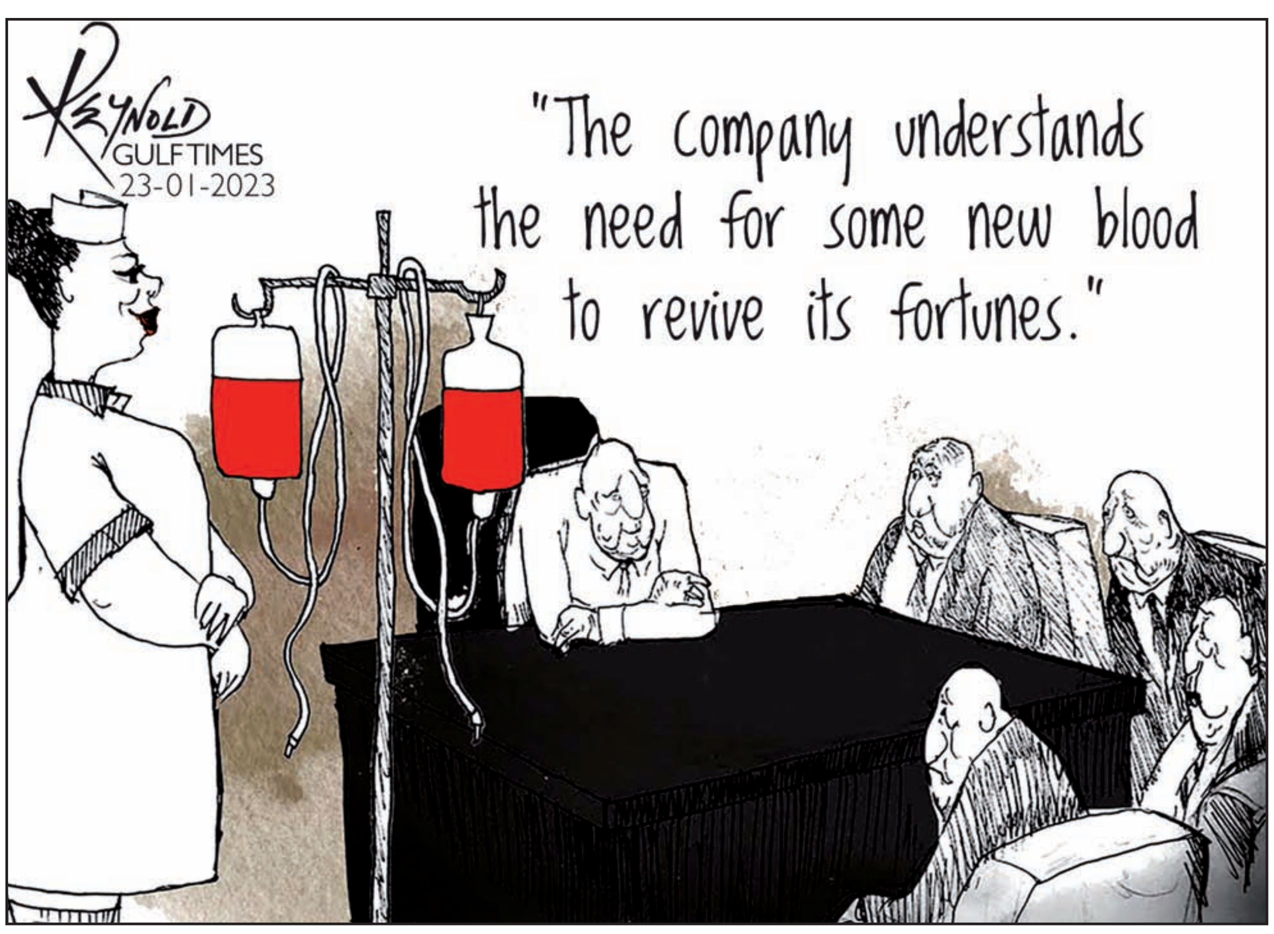
Transport, banking and real estate sectors witnessed higher than average demand as the 20-stock Qatar Index shot up 0.87% to 10,905.09 points yesterday, recovering from an intraday low of 10,844 points. **PICTURE:** Thajudeen

ECB's Knot wants at least two more half-point rate hikes

Bloomberg
Frankfurt


Klaas Knot, European Central Bank governing council member.

The European Central Bank should continue with half-point interest-rate increases at the next two meetings and the time to slow the pace of hikes is "still far away," according to Governing Council member Klaas Knot.
"We made a step down in December from 75 to 50 basis points — that will be the pace for a multiple number of meetings," Knot told *La Stampa* in an interview. "So that means at least the two in February and March," he said. "I do think that we will continue to be in tightening mode until the summer."
At some point in the first half, risks to the inflation outlook will become more balanced, Knot said. That would be the moment for the ECB to become more nuanced in its policy response.
"That would also be a time in which we could make a further step down from 50 to 25 basis points," according to Knot. "But we are still far away from that. I want to re-emphasise that this is not in sight for the upcoming meetings."
The hawkish Dutch central bank chief already made the case for continued ECB tightening last week, arguing that underlying inflation is still rising, even as the headline measure slows. Speaking in a separate WNL interview yesterday, Knot reiterated that message, saying "something will follow in May and June" without specifying what size of rate hikes he was envisioning.
Officials in 2022 raised the deposit rate by 250 basis points to 2% and economists in a Bloomberg survey see them peaking at 3.25% by summer. Still, some officials consider slowing the pace of tightening as price pressures ease and energy costs drop, according to people familiar with their thinking.
"In the December data, we saw a first decline in headline inflation, but that was entirely due to base effects and lower energy inflation," Knot said. "We focus on core inflation where, unfortunately, there is no good news. Because it is still on the rise. Underlying inflationary pressures show no signs of abating yet."
He isn't alone in his pushback against taking the foot off the gas too quickly. ECB President Christine Lagarde told the World Economic Forum in Davos that policy makers would "stay the course," and the central bank chiefs of Austria and Finland made a similar case in recent days.
"At this moment, the risk that we have to manage is the risk that we do too little, not too much," Knot said.
Turning to quantitative tightening, which is set to start in March, Knot said he expects the "impact to be limited which would allow us to gradually increase the €15bn to ultimately €26bn." This would imply a complete halt of reinvestments for the ECB's Asset Purchase Program, he added.
"I also think we should go there cautiously and gradually, because we have never done it before," the Dutch governor said.
Meanwhile European Central Bank Governing Council member Olli Rehn said "there are grounds for significant increases" in the key interest rate in the winter and early spring, reiterating comments he'd made earlier in the week.
Thereafter the central bank should decide on rates depending on data received at each meeting, Rehn said in an interview on Finland's MTV on Saturday. The Finnish central bank governor added that the rate increases are intended to help with the eroding purchasing power of euro-area citizens.
ECB President Christine Lagarde and some of her colleagues overseeing monetary policy in the single currency area have been pushing back against suggestions that the pace of interest-rate hikes should be slowed after an expected half-point move next month.



Treasury system not built to prioritise certain debt: Yellen

Bloomberg
New York

Treasury Secretary Janet Yellen said the department doesn't prioritise some bills over others, and that any non-payment of obligations is a default that would "undoubtedly" trigger a recession.
"Failure on the part of the United States to meet any obligation — whether its debt holders, to members of our military or to Social Security recipients — is effectively a default," Yellen said on Friday while speaking with reporters in Dakar, Senegal.
Congress "really cannot negotiate over whether or not we're going to honour our obligations," Yellen said, adding that "Treasury systems have all been built to pay all of our bills when they're due and on time, and not to prioritise one form of spending over another."
Some House Republicans, as well as analysts, have floated the idea that the Treasury Department could, if necessary, prioritise some payments, perhaps the interest on US Treasuries, if it comes very close to running out of cash. That would reduce the damage inflicted on financial markets.
The Treasury chief informed congressional leaders in a letter Thursday that the federal debt limit had been reached and her department had begun using special measures to avoid a US payments default. In an earlier letter, Yellen told lawmakers that so-called extraordinary measures would probably allow the Treasury to continue covering its bills through early June, but she warned that estimate is "subject to considerable uncertainty."
After that point, payments would be at risk in a year that some economists already think is more likely than not to include a mild US recession.
A failure to make payments would "undoubtedly cause a recession in the US economy," Yellen said in an interview on CNN International on Friday. "Many people would lose their jobs and certainly their borrowing costs would rise."
That's because a default would "at a minimum" trigger a debt downgrade, Yellen said, undermining the dollar's position as the world's reserve currency as foreign governments lose confidence in the country's ability to pay its bills.
Republican leaders and the White House are currently engaged in a stare-down over how to handle the debt limit, with President Joe Biden saying it isn't up for negotiation and pushing for an increase without conditions.
Biden said Friday that he would discuss the debt limit with Speaker Kevin McCarthy, who is trying to wrangle members of a factious GOP-led house that want to use the debt-ceiling crisis to force Democrats' hand on major cuts to Social Security and Medicare.