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Call for developing Qatar debt market to lessen reliance on non-resident deposits

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'Political, economic stability makes Qatar fertile soil for growth and investment'

Global energy market may 'tighten' in second half of 2023: Analyst

By Pratap John
Business Editor

The global energy market is expected to "tighten" in the second half of the year in view of Chinese reopening and the strong rebound that is being seen in Asia, according to Salih Yilmaz, senior research analyst at Bloomberg Intelligence.

Providing '2023 Energy Outlook' at the Qatar Financial Market Forum in Doha yesterday, Yilmaz said the energy market "tightening will not be like the one we saw last year, but certainly tighter than the first half of this year."

In the first half of the year, he said the prices will be in check due to uncertainty with regard to the reopening in China and relatively milder weather in Europe among other factors.

"But then when we look at the second half, we do see a lot more upside risk for both oil and gas," Yilmaz said.

And in terms of volatility, he said: "We don't expect to see the volatility that we saw in 2022 at the peak of the uncertainty with Russia. But given certain uncertainties, volatility may remain relatively high. And then in the long term, again, it's a similar story for all of the commodities that I have mentioned."

Yilmaz highlighted "underinvestment" in the sector and said it remains the "underlying theme".

Underinvestment in the oil sector is due to policy pressure, reduced spending and perhaps the outlook for peak oil demand.

In the gas sector, Yilmaz noted: "Europe that is strapped for energy right now still wants to reduce its exposure to gas and the EU taxonomy is still not very favourable for natural gas.


Salih Yilmaz, senior research analyst at Bloomberg Intelligence.
PICTURE: Shaji Kayamkulam

"So these are all essentially red flags for producers that are looking to sanction or looking to invest in new projects."

Speaking at the event, Edmond Christou, senior research analyst, Bloomberg Intelligence, said: "Although we have seen lower debt issuance by Qatari banks last year, diversification of the funding mix remains a key area of focus given local lenders' debt makes up 8% of overall liabilities, in comparison to over 11% for international peers.

"Developing a domestic capital market helps banks tap into liquidity and strengthen long-term funding, to support a growing infrastructure pipeline."

Bloomberg data shared during the forum highlighted that since 2019, Gulf banks had issued $105bn worth of debt, but only 5% of which are green bonds, indicating a significant growth potential for green or sustainable finance, especially with the increasing number of organisations adhering to ESG principles.

Qatar is on the path to developing a more diversified capital market. With established regulations for the governance of existing and new financial investments and continued efforts to adopt comprehensive approaches to capital market development, the country is set to establish a niche sustainable finance market, which is expected to reach a global value of over $22tn by 2031.

Al-Kuwari meets minister of finance of Pakistan


HE the Minister of Finance Ali bin Ahmed al-Kuwari met yesterday with Minister of Finance of the Islamic Republic of Pakistan, Ishaq Dar, during his visit to Doha. During the meeting, they discussed the existing co-operative relations between the two countries, and prospects of enhancing and developing them, especially in the fields of investment, finance and economy, in addition to a number of issues of mutual interest, reports QNA.

Aamal subsidiary Elsewedy Cables Qatar wins 30-month contract with Kahramaa

Aamal Company has announced that Elsewedy Cables Qatar has been awarded a 30-month engineering, procurement, and construction (EPC) contract by Qatar General Electricity & Water Corporation (Kahramaa).

The EPC contract is for the establishment of new underground Extra High Voltage/High Voltage Cables (EHV/HV), in addition to different voltage levels from 132kV, 66kV, and modifications of the existing circuits.

Aamal Company CEO Rashid bin Ali al-Mansouri said: "We are very pleased that Elsewedy Cables Qatar has been awarded this major contract, one that demonstrates its capabilities as a leading supplier able to meet the demand associated with large-scale projects in Qatar.

"As one of Qatar's distributors of electromechanical equipment, products from Doha Cables and third-party manufacturers, and providing bespoke solutions for commissioned projects, it is pleasing to see how, through continuous investment and expansion of its product range, Elsewedy Cables Qatar has maintained its market-leading position for almost two decades on from its establishment. Aamal will continue to benefit from various opportunities arising in different economic sectors, adding value to all our stakeholders."

Ahmed F Elsewedy, executive vice president of Senyar Industries Qatar Holding, said: "We are delighted that Kahramaa has selected Elsewedy Cables Qatar for such an important project, the scope of which includes engineering, procurement, and construction activities.

"Elsewedy has been at the forefront of Qatar's infrastructure development due to the high quality of our products, expertise, and commitment, and we are committed to remaining a trusted partner as the country continues to grow. Our wide range of quality products, expertise, and dedicated workforce are key factors in our success." Elsewedy Cables Qatar is an owned subsidiary of Senyar Industries Qatar Holding by 73.4%, one of Qatar's leading industrial groups in which Aamal is a 50% shareholder.

Oil prices rise further on stronger China outlook

Oil prices rose by 1% yesterday to $88.50 a barrel, extending last week's gains on the back of a stronger outlook thanks to an expected economic recovery in top oil importer China this year, reports Reuters.

Brent crude was up 84 cents, or 0.84%, at $88.37 a barrel at 1428 GMT, having earlier gained as much as $1 to its highest since November 18. West Texas Intermediate (WTI) US crude rose 46 cents, or 0.56%, to $82.10.

Last week Brent rose 2.8% while the US benchmark logged a 1.8% gain.

Asian trading was slower because of the Lunar New Year holiday, but analysts said that optimism over China's reopening is likely to drive oil prices higher.

Sukrit Vijayakar, director of Mumbai-based energy consultancy Trifecta, said the market wants to preserve long positions in case Chinese growth resumes.

Data shows a solid pick-up in travel in China after Covid-19 curbs were eased, ANZ commodity analysts said in a note, pointing out that road traffic congestion in the country's 15 key cities so far this month is up 22% from the same period last year.

Crude oil prices in much of the world's physical markets have started the year with a rally amid signs of more buying from China and concern that sanctions on Russia could tighten supply.

"While the (China) reopening itself will no doubt prove to be complicated, particularly over the holiday season, early indications suggest there has been a rise in activity, meaning the economy could perform better," said OANDA analyst Craig Erlam.

Brent is expected to move back into a range between $90 and $100 as the oil market tightens, Erlam said.

QNB Group platinum sponsor of International Credit Rating Agencies Conference

The conference was held for the first time in Qatar with the participation of international credit rating agencies such as Moody's and Standard & Poor's Global Ratings

QNB Group announced its platinum sponsorship of the International Credit Rating Agencies Conference.

This conference was held for the first time in Qatar with the participation of international credit rating agencies such as Moody's and Standard & Poor's Global Ratings.

Commenting on this sponsorship, Heba Ali al-Tamimi, senior executive vice-president QNB Group Communications, said: "QNB Group is proud to be a platinum sponsor for this conference, which aims to solidify Qatar's position within the region. The group has continuously played a major role as a catalyst given its capital strength, unparalleled network, coverage in major financial centres such as London, Paris and Singapore, and strong credit ratings."

This conference attracted elite experts and specialists in the economic and financial sector to highlight the latest trends in investment and credit ratings.

This event aims to support Qatar's efforts to attain a high rating, most notably due to the record rise in energy costs, the increasing demand for liquefied natural gas globally, in addition to the high private sector export, financing, and the accumulated sovereign financial assets of the Qatar Investment Authority.

Bloomberg QuickTake Q&A

Why Europe is fuming over America's green subsidies

By Bryce Baschuk

US President Joe Biden is offering about $370bn in subsidies and tax breaks to boost green industries and cut US greenhouse-gas emissions. But some of America's largest trading partners — most importantly the European Union — say the measures will unfairly benefit US companies and violate World Trade Organisation rules. Washington and Brussels have often sparred over state support for sectors ranging from aircraft manufacturing to banana and beef production and biotechnology. If this latest flashpoint descends into a transatlantic trade war, it's likely to hinder the growth of technologies needed in the shift to a low-carbon economy.

1. What is the dispute about?

The 2022 Inflation Reduction Act offers subsidies and tax credits for the production of electric vehicles, renewable electricity, sustainable aviation fuel and hydrogen. Solar and other green industries are creating thousands of US jobs as the economy recovers from the pandemic, and Biden needs a solid economy if he seeks re-election in 2024. EU policymakers are concerned that the law could lure investment to the US that would otherwise flow to Europe if there were a more level playing field.

2. What's at stake?

Industrial subsidies have been at the core of some of the thorniest disagreements between the US and the EU, including a multi-decade dispute over support for aircraft makers Boeing Co and Airbus SE that led to tariffs on tens of billions of dollars worth of trade in 2019. These stand-offs can drag on for many years and lead to punitive costs on companies, leading to higher prices and weaker growth. That's the last thing either side needs right now, with governments keen to foster industries that can help them meet binding climate commitments.

3. Why does the EU object to the US subsidies?

The European Commission, which handles international trade matters on behalf of the EU's 27 member states, says the US measures include local content, production and assembly requirements that discriminate against non-US companies. Specifically, the law offers consumers a $7,500 tax credit for electric vehicles as long as 40% of raw materials in their batteries are extracted and processed in the US or in countries that have a free-trade agreement with the US. That means US partners — such as Canada and Mexico — are exempt from the law's content restrictions, while other foreign car producers are not.

4. Has the US addressed the EU's concerns?

Biden is unapologetic about the law, saying it benefits US workers and helps fight climate change. Nevertheless, he acknowledged that the law has some "glitches" and told reporters in late 2022 that there's room for tweaks to "make it easier for European countries to participate." Separately, the US Treasury Department has signalled that some imported cars will qualify for electric-vehicle tax credits, which assuaged some, but not all, EU concerns.

5. How has the EU responded?

Its member states are yet to agree a common stance on the US green subsidy law. The European Commission and EU leaders such as France's Emmanuel Macron have called on Washington repeatedly to change the rules. The commission filed a direct appeal to the US Treasury Department with its concerns. The head of the European Parliament's Trade Committee, Bernd Lange, called on the commission to file a complaint at the WTO. If the EU lodges a dispute with the global trade body and wins, it could persuade the US to change its rules or face trade retaliation, but that would take several years to play out.

6. How is this fight related to China?

The dispute risks undermining Biden's effort to invigorate transatlantic trade and build a coalition of western allies to confront trade abuses by China. The readiness of both the US and the EU to offer financial support to their local industries makes it harder for them to complain about China doling out its own subsidies on a range of critical goods. As recently as 2022, Washington and Brussels were negotiating a deal to set new international rules aimed at curbing trade distorting Chinese subsidies. The new US climate bill represents a change of tactics — aiming to redirect global supply chains for clean-energy products away from China so that Beijing can't abuse its dominant position in some key raw materials. Any resulting supply-chain disruption could affect the EU disproportionately as it relies on China for 98% of its rare-earth minerals and magnets, which are used in car batteries, solar panels, power generators and hydrogen storage equipment.

7. What does the WTO say?

Nothing formally, as the EU hasn't filed a dispute. But WTO director-general Ngozi Okonjo-Iweala urged the US and EU to try to settle the disagreement amicably to prevent a "race to the bottom" on subsidies.

8. Could the EU match Biden's green subsidies?

Yes. The Biden administration has encouraged the EU to offer green subsidies of its own. In January, European Commission President Ursula von der Leyen announced a "Net-Zero Industry Act" aimed at increasing funding for green technologies in response to the impending US climate law. If the US and EU can successfully align their green subsidy plans, it could even accelerate global decarbonisation efforts and become a model for other nations to emulate.

9. Could this trigger another transatlantic trade war?

It's too early to say. Biden says he's committed to addressing the EU's concerns and the Treasury Department's implementation work is ongoing. German Chancellor Olaf Scholz says he's convinced there won't be a trade war and expects the US and EU to reach a deal to resolve Europe's concerns.

Japan warns of dire finances as BoJ struggles to contain yields

Reuters
Tokyo

A man walks past Bank of Japan's headquarters in Tokyo. The government has been helped by near-zero bond yields, but bond investors have recently sought to break the BoJ's 0.5% cap on the 10-year bond yield, as inflation runs at 41-year highs, double the central bank's 2% target.

Japan's finances are becoming increasingly precarious, Finance Minister Shunichi Suzuki warned yesterday, just as markets test whether the central bank can keep interest rates ultra-low, allowing the government to service its debt.

The government has been helped by near-zero bond yields, but bond investors have recently sought to break the Bank of Japan's (BoJ) 0.5% cap on the 10-year bond yield, as inflation runs at 41-year highs, double the central bank's 2% target.

"Japan's public finances have increased in severity to an unprecedented degree as we have compiled supplementary budgets to respond to the coronavirus and similar issues," Suzuki said in a policy speech starting a session of parliament.

It is not unusual for the finance minister to refer to Japan's strained finances.

Despite the country's growing debt pile, the government remains under pressure to keep the fiscal spigot wide open.

Japan must balance regional security concerns over China, Russia and North Korea, and manage a debt burden more than twice the size of its $5tn economy — by far the heaviest burden in the industrialised world.

Market showed little reaction to Suzuki's speech, in which he explained the details of the coming fiscal year's state budget worth a record ¥114.4tn ($878.9bn).

Suzuki reiterated the government's aim to achieve an annual budget surplus — excluding new bond sales and debt-servicing costs — in the fiscal year to March 2026.

The government, however, has missed budget-balancing targets for a decade.

The Ministry of Finance estimates that every 1-percentage-point rise in interest rates would boost debt service by ¥3.7tn to ¥32.5tn for the 2025-26 fiscal year.

"The government will strive to stably manage Japanese government bond (JGBs) issuance through close communication with the market," he said.

"Overall JGB issuance, including rolling over bonds, remain at an extremely high level worth about ¥206tn. "We will step up efforts to keep JGB issuance stable."

"Public finance is the cornerstone of a country's trust.

We must secure fiscal space under normal circumstances to safeguard trust in Japan and people's livelihood at a time of emergency."

Prime Minister Fumio Kishida echoed Suzuki's resolve to revive the economy and tackle fiscal reform.

He stressed the need for a positive cycle of growth led by corporate profits and private consumption, which accounts for more than half of the economy.

"Wage hikes hold the key to this virtuous cycle," Kishida said in his policy speech.

He vowed to push labour reform to create a structure that allows sustainable wage growth and overcome the pain of rising living costs.

"First of all, we need to realise wage growth that exceeds price increases," Kishida added, pledging to also boost childcare support, and push investment and reform in areas such as green and digital transformation.

Iraqi central bank chief leaves post amid currency volatility

AFP
Baghdad

Iraq's prime minister said yesterday the country's central bank governor had been relieved of his duties as the local currency continues to fall against the dollar.

"Today, the central bank governor's request for discharge was approved, as was the request for retirement by the president of the Trade Bank of Iraq," Prime Minister Mohamed Shia al-Sudani said during a televised address.

Mustafa Ghaleb Mukhif's departure as head of the Central Bank of Iraq comes after the market value of Iraq's dinar fell against the greenback in recent months.

Without identifying the successors for the key posts, Sudani said they were "known for their experience, their abilities and their integrity".

While an official exchange rate is set by Baghdad at 1,470 dinars to the dollar, the market value of the currency has dropped to 1,620 dinars since mid-November, according to the official INA news agency.

Analysts and officials say the drop in value coincides with efforts to make Iraq's banking system compliant with the international electronic transfer system, known as SWIFT.

Muzhar Saleh, an adviser to the prime minister, previously told AFP these steps, which began in mid-November, were required to access Iraqi funds held in the United States.

Iraqi banks must now make "transfers on an electronic platform, verify the requests…and if it (the US Federal Reserve) has doubts, it blocks the transfer", he explained.

Banks in the oil-rich country have an estimated $100bn in funds held at the US Federal Reserve.

However, since the introduction of the SWIFT mechanism, US regulators have declined 80% of requests from Iraqi banks over suspicions about the funds' final recipients, according to Saleh.

As a consequence, dollars have become more sought-after in Iraq and risen in value against the dinar, he said.

Apple targets raising India production share to up to 25%, says minister

Reuters
New Delhi

Apple Inc wants India to account for up to 25% of its production from about 5%-7% now, the trade minister told a conference yesterday, as the iPhone maker continues to move its manufacturing away from China.

"Apple, another success story," Piyush Goyal said, pitching India as a competitive manufacturing destination. "They are already at about 5%-7% of their manufacturing in India. If I am not mistaken, they are targeting to go up to 25% of their manufacturing. They launched the most recent models from India, manufactured in India."

Goyal did not say when Apple wants to meet the target.

Apple did not immediately respond to a request for comment.

Cupertino, California-based Apple has bet big on India since it began iPhone assembly in the country in 2017 via Wistron and later with Foxconn, in line with the Indian government's push for local manufacturing.

Foxconn plans to quadruple the workforce at its iPhone factory in India over two years, sources told Reuters late last year.

Ashwini Vaishnaw, India's Electronics and Information Technology Minister, tweeted yesterday that Apple's exports from India had hit $1bn in December.

China's Covid-related lockdowns and restrictions, and rising trade and geopolitical tensions between Beijing and Washington, have influenced Apple's plans to shift production elsewhere.

JP Morgan analysts estimated last year that a quarter of all Apple products would be made outside China by 2025, from 5% currently.

Pakistan raises key rate to 24-year high as crisis mounts

Bloomberg
Karachi

The emblem of the State Bank of Pakistan during a news conference in Karachi yesterday. State Bank of Pakistan's monetary policy committee raised the target rate by 100 basis points from 16%, a move expected by 25 of 43 economists in a Bloomberg survey.

Pakistan increased its benchmark interest rate to 17%, the highest in more than 24 years, as the economy grapples with raging inflation, supply shortages, dwindling currency reserves and stalled foreign financing.

State Bank of Pakistan's monetary policy committee raised the target rate by 100 basis points from 16%, a move expected by 25 of 43 economists in a Bloomberg survey. The majority of the economists had forecast a hike ranging from 75-200 basis points, while four predicted a hold.

"The inflation pressure persists and on this basis the MPC emphasised to control inflationary pressures," central bank governor Jameel Ahmad said in a press conference on Monday. The government's 2% economic growth estimate this year may see pressure, he said.

The South Asian nation is reeling from the aftermath of a catastrophic flooding last year that amplified the impact of political turmoil and financial crunch. With foreign currency reserves at a nine-year low and funding including from that of the International Monetary Fund held up, Pakistan was forced to restrict import payments.

On the bright side, Pakistan is "expecting progress in the talks with the IMF soon" and dollar inflows will come once that's completed, according to the governor, who made similar remarks last week about incoming funds from the Middle East. Other officials have also made those assurances in the past but the money has yet to materialise.

Pakistan has repaid $15bn of the $23bn in loans due in the financial year ending June, the governor said at the briefing. Of the remaining $8bn, $3bn will be rolled over, he said.

Pakistan's FX reserves were at $4.6bn as of January 13, equivalent to less than a month worth of imports.

At the same time, about 6,000 containers of food items, raw materials and medical equipment are stranded in ports, aggravating inflation that has lingered above 20% since June. Prices of chicken, eggs and flour in the country continue to rise even as global commodity costs have moderated.

As the government curtailed overseas purchases, local banks have been refusing to issue letters of credit, leading to a standstill that puts businesses at risk of shutting down.

Inflation may accelerate to 26.6% this month due to supply disruptions, according to Fahad Rauf, head of research at Ismail Iqbal Securities Pvt. That would put price gains near a four-decade high of 27.25% seen in August, higher than central bank's inflation forecast of 21%-23% that was revised upwards in November.

Since it's November meeting, the central bank said that inflation remains elevated, with the core gauge on a rising trend for the past 10 months. SBP raised the target rate by a total of 625 basis points in 2022.

"Near-term challenges for the external sector have increased despite the policy-induced contraction in the current account deficit," SBP said in a statement. Slowing global demand could affect exports and remittances, it added.


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BUSINESS

Euro hits 9-month high as ECB hawks let fly

Reuters
London


An employee holds a bundle of euro banknotes at the Ninja Money Exchange in Tokyo. The euro hit a nine-month peak against the dollar yesterday as comments signalling additional jumbo interest rate rises in Europe contrasted with market pricing for a less aggressive Federal Reserve.

The euro hit a nine-month peak against the dollar yesterday as comments signalling additional jumbo interest rate rises in Europe contrasted with market pricing for a less aggressive Federal Reserve.

The euro reached as high as $1.0927, breaking the recent peak of $1.08875, to trade at its highest level since April last year.

It was last up 0.2% at $1.0878. The single currency was aided by European Central Bank (ECB) governing council members Klaas Knot and Peter Kazimir, who both advocated for two more 50 basis point hikes at meetings in February and March.

A Reuters survey of analysts also favoured hikes of 50 basis points at the next two meetings and an eventual rate peak of 3.25%, from the current rate of 2%. The euro was also being supported by an easing of recession fears amid a fall in natural gas prices, according to Rabobank head of currency strategy Jane Foley. "The growth in confidence in the economic outlook, or at least the removal of a lot of the pessimism, is part of the euro story," Foley said.

"Layered on top of that, it looks as if the ECB are going to carry on hiking interest rates fairly aggressively," Foley added.

In contrast, futures have priced out almost any chance the Fed could move by 50 basis points next month and have steadily lowered the likely peak for rates to 4.75-5.0%, from the current 4.25-4.50%.

Investors also have around 50 basis points of US rate cuts priced in for the second half of the year, reflecting softer data on inflation, consumer spending and housing. Flash surveys on January economic activity due this week are forecast to show more improvement in Europe amid falling energy costs than in the United States.

"The US has lost its global growth leadership position if most recent PMI surveys are to be believed," said Ray Attrill, head of FX strategy at NAB.

"Additionally, US inflation is seen falling further and faster than the Fed's own projections," he added. "Under this scenario, the USD has scope to fall much further this year."

The dollar index, which measures the greenback against a basket of currencies including the euro, was flat at 109.96, a whisker away from its eight-month trough of 101.510.

The dollar rose against the yen, holding firm after the Bank of Japan (BoJ) defied market pressure to reverse its ultra-easy bond control policy last week.

Analysts assume the BoJ will stand the line until at least the next policy meeting in March, though one hurdle will be the expected naming of a new BoJ governor in February. The dollar was up 0.6% at 130.345 yen, following last week's wild gyrations between 127.22 and 131.58.

The Canadian dollar was a touch firmer at $1.3354 per US dollar, ahead of a Bank of Canada interest rate decision on Wednesday, with markets expecting a quarter-point rise to 4.5%. The pound rose as high as $1.24475, its highest in seven months, before turning 0.3% lower to $1.2355.

QSE MARKET WATCH

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	14.40	-1.10	9,681
Widam Food Co	1.70	-3.63	325,888
Vodafone Qatar	1.67	2.08	686,258
United Development Co	1.26	1.12	891,200
Salam International Investme	0.61	0.17	5,000,768
Qatar & Oman Investment Co	0.58	0.34	84,150
Qatar Navigation	9.97	0.51	87,936
Qatar National Cement Co	5.11	1.17	819,738
Qatar National Bank	18.60	3.33	3,756,339
Qlm Life & Medical Insurance	4.00	-2.44	3,000
Qatar Islamic Insurance Grou	8.43	-0.82	1,613
Qatar Industrial Manufactur	3.03	-2.04	816,902
Qatar International Islamic	10.81	2.85	2,863,557
Qatari Investors Group	1.74	-0.40	90,690
Qatar Islamic Bank	19.60	1.87	1,729,330
Qatar Gas Transport(Nakilat)	3.94	0.77	2,168,974
Qatar General Insurance & Re	1.45	0.00	-
Qatar German Co For Medical	1.31	4.23	9,997,285
Qatar Fuel Qsc	17.99	-0.17	1,644,511
Lesha Bank Llc	1.18	-0.09	536,794
Qatar Electricity & Water Co	17.80	0.23	437,119
Qatar Exchange Index Etf	10.67	0.43	162,174
Qatar Cinema & Film Distrib	2.88	0.00	-
Al Rayan Qatar Etf	2.44	0.54	125,651
Qatar Insurance Co	1.95	1.04	26,349
Qatar Aluminum Manufacturing	1.77	1.84	20,233,269
Ooredoo Qpsc	9.20	0.52	847,378
Alijarah Holding Company Qps	0.77	-0.65	3,666,452
Mazaya Real Estate Developme	0.70	-0.57	3,275,348
Mesaieed Petrochemical Holdi	2.23	0.68	2,442,489
Mekdam Holding Group	7.72	0.53	38,832
Al Meera Consumer Goods Co	16.61	0.54	15,767
Medicare Group	6.00	-0.02	229,719
Mannai Corporation Qsc	8.00	-0.79	76,727
Masraf Al Rayan	3.03	-0.33	26,901,028
Industries Qatar	13.71	-0.65	3,629,575
Inma Holding Company	3.94	-0.96	510,943
Estithmar Holding Qpsc	1.78	-0.89	10,569,106
Gulf Warehousing Company	3.98	2.74	8,571
Gulf International Services	1.74	0.81	9,557,385
Al Faleh Education Holding	1.30	0.00	-
Ezdan Holding Group	0.99	-1.10	5,412,823
Doha Insurance Co	1.95	2.15	105,718
Doha Bank Qpsc	1.89	-0.32	3,239,721
Dlala Holding	1.22	-0.65	511,699
Commercial Bank Psqc	5.16	1.76	3,497,880
Barwa Real Estate Co	2.91	0.66	2,356,427
Baladna	1.54	0.13	1,124,580
Damaan Islamic Insurance Co	4.25	0.00	169,838
Al Khaleej Takaful Group	2.23	-2.96	1,123,627
Aamal Co	0.98	0.72	9,649
Al Ahli Bank	4.20	-0.24	100

Bullish calls mount as Asia stocks go on a tear

Bloomberg
Beijing

From trading desks to Wall Street analysts, positive calls are growing over Asian stocks this year as the outlook for earnings, valuations and flows all point upward.

The rally since end-October has pushed the MSCI Asia Pacific Index up by almost 23%, outperforming the US benchmark by the most since 1993 while also beating its European peer. The predominant driver has been China's reopening, with a weakening dollar giving an added fillip as investors look for recession-proof markets. Heading for the best start to a year since 2012, the MSCI Asia gauge has climbed 7.2% in January. The rally has many more months to run, according to a survey of fund managers by Bank of America Corp. China's growth outlook is getting rapidly upgraded in a boon for the region's economies, while earnings estimates are also rising in contrast to downgrades seen in Europe and the US.

With recession worries in the developed world, "the prospect of the Chinese authorities supporting their domestic growth has made both Chinese and broad Asian assets more attractive to global investors," said Gary Dugan, chief executive officer of the Global CIO Office, an asset manager and financial advisory firm. "We have increased our weightings in Asia and see this could have many months of payoff."

China has received most of the spotlight in Asia's rally, with the MSCI China Index surging more than 50% since end-October. But optimism is also spilling over. Benchmarks in the Philippines and Vietnam have entered bull markets this month while Taiwan is nearing the milestone. BofA's Asia Fund Manager Survey found 95% of investors expect stocks in Asia Pacific excluding Japan to rise in the next 12 months, and about half of them anticipate double-digit gains. Most of the fund managers are "unabashedly bullish on China," it added.

Flows are reflecting the seismic view change. Foreigners have purchased $16.5bn worth of mainland Chinese stocks in January alone, set to be the largest monthly inflow on record. They have also poured $3.3bn into South Korea and $4.5bn in Taiwan. Even with the rally, Asia's valuations don't look stretched. The region's MSCI benchmark is trading at 12.9 times forward earnings estimates, in line with its five-year median.

To be sure, an economic slump in the developed world may sap some of the newfound optimism toward Asia, especially for export-dependent markets such as Korea. And as China's economy gets back into full swing, there's a risk of inflationary pressures getting stoked, which could keep central banks hawkish for longer. Meanwhile, earnings paint a promising picture. Twelve-month forward profit estimates for the MSCI Asia benchmark have risen about 6% since the end of October, compared with a drop of at least 1% each for gauges representing the US and Europe, according to Bloomberg data.

"There isn't any economy within Asia which has a recession risk," Bernstein strategists led by Sarah McCarthy wrote earlier this month.

Europe's biggest pension fund issues warning to banks over CO2

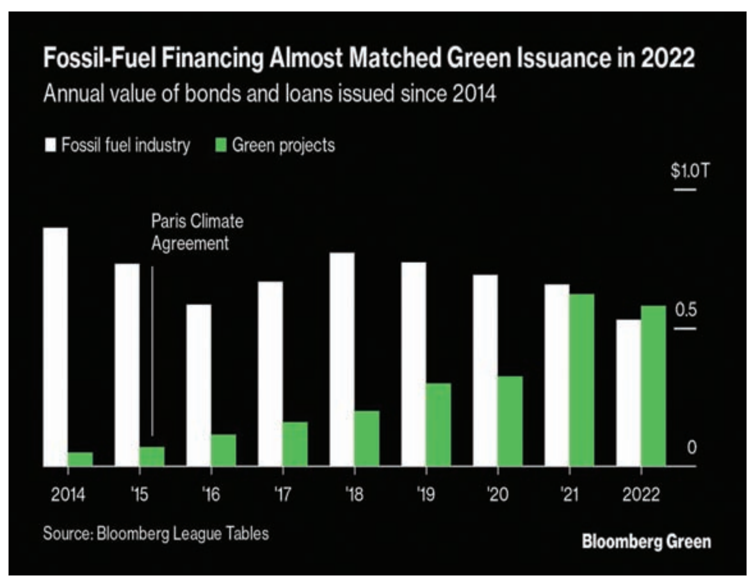
Bloomberg
London

One of Europe's biggest investors is putting banks on notice and may start exiting the sector unless it sees proof that claims of portfolio decarbonisation are matched by action.

"The financial sector has really lagged," said Dominique Dijkhuis, a member of the executive board and head of investments at ABP, Europe's biggest pension fund with about $600bn under management. "If you say you're committing to a climate course and then still actively granting loans to new fossil products, that's just not aligned."

ABP is setting "transparent" key performance indicators that financial firms must meet in order to avoid being sold off in the next three years, she said in an interview. Banks need to "take responsibility," which means looking "very critically" at their fossil-fuel exposures and "maybe move out."

The remarks reflect a rapidly evolving landscape, as institutional investors, regulators, legislators and climate activists ramp up scrutiny of the finance industry's role in fuelling carbon emissions. That's as banks making net-zero pledges continue to provide substantial support to oil, gas and coal firms that are expanding their business.



ABP made headlines in late 2021 when it announced it was divesting a €15bn ($16.3bn) portfolio of fossil-fuel assets. It's now keen to cut its indirect exposure to high-carbon assets. "We're concerned that the financial sector is still invested massively in fossil fuels," Dijkhuis said.

The climate risks lurking in the finance industry also have lawmakers and regulators concerned. Paul Tang, a member of the European Parliament, said it's time to rethink bank capital rules to reflect the industry's exposure to carbon emissions. The Committee on Economic and Monetary Affairs on which Tang sits is due to vote on new banking rules today.

He says support is mounting to require banks to add capital buffers if they don't meet their transition targets. It's a first step toward tightening the screws on the industry, which Tang is hopeful will win increasing support.

"If you have large exposures to fossil fuels or to emissions from fossil fuels, you need to have higher capital requirements," he said in an interview. Global regulators are already warning that climate risk can't be treated separately from financial risk.

The Basel Committee on Banking Supervision said in December that "climate-related financial risks can impact banks' credit-risk exposure through their counterparties." Banks should take a "conservative approach" to ensure capital reserves are sufficient to absorb potential losses, it said.

A key concern is the extent to which high-carbon bank assets become "stranded," or worthless because they have no place in a low-carbon economy. A June report by the EU's Economic Governance Support Unit that was sent to lawmakers said there's now an "urgent" need to establish policy to deal with stranded assets.

The finance industry is fighting back. The European Banking Federation said in an emailed response to questions that imposing higher capital requirements for loans to the fossil-fuel industry will boost the price of capital and reduce the overall lending capacity of banks and won't cut the demand for fossil-fuel activities."

The EBF also said a climate capital buffer would push fossil-fuel financing into less regulated markets, which would create "competitive advantages for shadow banks and banks outside the EU."

New suppliers race to plug in to electric vehicles market

Reuters
London

The global auto industry has committed $1.2tn to developing electric vehicles (EVs), providing a golden opportunity for new suppliers to grab contracts providing everything from battery packs to motors and inverters.

Startups specialising in batteries and coatings to protect EV parts, and suppliers traditionally focused on niche motorsports or Formula One (F1) racing, have been chasing EV contracts.

Carmakers design platforms to last a decade, so high-volume models can generate large revenues for years.

The next generation of EVs is due to hit around 2025 and many carmakers have sought help plugging gaps in their expertise, providing a window of opportunity for new suppliers.

"We've gone back to the days of Henry Ford where everyone is asking 'how do you make these things work properly?'," says Nick Fry, CEO of F1 engineering and technology firm McLaren Applied.

"That's a huge opportunity for companies like us." Bought from McLaren by private equity firm Greybull Capital in 2021, McLaren Applied has adapted an efficient inverter developed for F1 racing for EVs.

An inverter helps control the flow of electricity to and from the battery pack.

The silicon carbide IPG5 inverter weighs just 5.5 kg (12 lb) and can extend an EV's range by over 7%. Fry says McLaren Applied is working with around 20 carmakers and suppliers, and the inverter will appear in high-volume luxury EV models starting January 2025.

Mass-market carmakers often prefer to develop EV components in-house and own the technology themselves.

After years of pandemic-related parts shortages, they are wary of over-reliance on suppliers.

"We just can't afford to be reliant on third parties making those investments for us," said Tim Slatter, head of Ford in Britain.

Traditional suppliers, such as German heavyweights Bosch and Continental, are also investing heavily in EVs and other technologies to stay ahead in a fast-changing industry.

But smaller companies say there are still opportunities, particularly with low-volume manufacturers that cannot afford huge EV investments, or luxury and high-performance carmakers seeking an edge.


An electric vehicle charge point in Germany. The global auto industry has committed $1.2tn to developing electric vehicles, providing a golden opportunity for new suppliers to grab contracts providing everything from battery packs to motors and inverters.

Croatia's Rimac, an electric hypercar maker part-owned by Germany's Porsche AG that also supplies battery systems and powertrain components to other automakers, says an undisclosed German carmaker will use a Rimac battery system in a high-performance model – with annual production of around 40,000 units – starting this year, with more signed up.

"We need to be 20%, 30% better than what they can do and then they work with us," CEO Mate Rimac says. "If they can make a 100-kilowatt hour battery pack, we must make a 130-kilowatt pack in the same dimensions for the same cost."

Some suppliers like Cambridge, Massachusetts-based Actnano have had long relationships with EV pioneer Tesla.

Actnano has developed a coating that protects EV parts from condensation and its business has spread to advanced driver-assistance systems (ADAS), as well as other carmakers including Volvo, Ford, BMW and Porsche. California-based startup CelLink has developed an entirely automated, flat and easy-to-install "flex harness", instead of a wire harness to group and guide cables in a vehicle.

CEO Kevin Coakley would not identify customers but said CelLink's harnesses had been installed in around a mn EVs. Only Tesla has that scale.

Coakley said CelLink was working with US and European carmakers, and with a European battery maker on battery wiring. Others are focused on low-volume manufacturers, like UK startup Ionetic, which develops battery packs that would be too expensive for smaller companies to make themselves.

"Currently it costs just too much to electrify, which is why you see some manufacturers delaying their electrification launch," CEO James Eaton said.

Since 1971, Swindon Powertrain has developed powerful motorsports engines.

But it has now also developed battery packs, electric powertrains, e-axles and is working with around 20 customers, including carmakers and an electric vertical take-off and landing (eVTOL) aircraft maker.

"I realised if we don't embrace this, we're going to end up working for museums," said managing director Raphael Caille.

But time may be running out. Mate Rimac says major carmakers scrambled in the last three years to roll out EVs and now have strategies largely in place.

"For those who haven't signed projects, I'm not sure how long the window of opportunity will remain open," he said.

'Political, economic stability makes Qatar fertile soil for investment'

By Peter Alagos
Business Reporter

The successful hosting of the FIFA World Cup Qatar 2022 and optimistic expectations of the country's economic growth in 2023 reflect the state of Qatar's political and economic stability, which makes it "a fertile soil for investment and growth," according to a finance and business administration expert.

Ahmad al-Mansoori, board deputy chairman of the Qatar Association of Certified Public Accountants (QCPA), made the statement during the 'International Credit Rating Agencies Conference' held in Doha yesterday.

The event was held through the auspices of HE the Minister of Social Development and Family Maryam bint Ali bin Nasser al-Misnad and in partnership with Moody's, the Global Compliance Institute, and S&P Global.

In his speech, al-Mansoori described 2022 as "an exceptional year," saying the Qatari economy showed "record performance," especially during the staging of the FIFA World Cup.

Citing the latest World Bank report, al-Mansoori said Qatar's economy would achieve growth of about "3.4%" this year. He said the World Bank also estimates that the Qatari economy would have achieved a "4%" growth in 2022 compared to initial estimates of "3.2%."

Al-Mansoori also said: "After the World Cup curtain fell, the 2023 budget was issued to confirm the strength and durability of the Qatari economy and its ability to withstand the fluctuations and uncertainty in the global economy, and to prove that the State of Qatar, under its wise leadership, continues to move forward with confidence in building its strong economy and completing its development path."

Sheikh Saif al-Thani, CEO of Qatar Central Securities Depository (left); and Ahmad al-Mansoori, board deputy chairman of the Qatar Association of Certified Public Accountants. **PICTURES:** Thajudheen

Similarly, al-Mansoori noted that international rating agencies also confirmed the strength of Qatar's economy, which shows that the country is maintaining strong creditworthiness.

Al-Mansoori also lauded the resiliency of all companies and financial institutions listed on the Qatar Stock Exchange, as well as the goal to achieve a financial surplus of "not less than QR29bn" this year.

"Perhaps the most prominent strengths on which these ratings are based on are the high per capita income, huge hydrocarbon reserves, the growth of global demand for oil and gas, the high value of net assets, the private sector's contribution to economic activities, and the efficiency of monetary and fiscal policies. This confirms the strength, flexibility, and ability of the local economy to face economic challenges and fluctuations," he said.

Al-Mansoori added that Qatar's financial stability has helped draw foreign investments and that public-private partnerships helped raise the country's level of economic performance and attractiveness to international financial institutions.

For his part, Sheikh Saif al-Thani, CEO of Qatar Central Securities Depository, said the country had to honour to host the FIFA World Cup under the wise leadership and achieved "a distinguished renaissance," particularly in the social and economic sectors. He also lauded the role of Qatar Central Bank in leading the development of the country's financial markets in partnership with various agencies, especially the Central Depository, which worked on creating the devices and tools used in the market to reach the necessary levels to achieve planned goals.

"The first thing that was worked on was the movable collateral registry, which aims to help small and medium companies to benefit from the tools, equipment, and goods they have to gain access to funding to develop their business. Work is underway to apply lending and borrowing, which will assist and give investors in Doha additional options and tools.

"Preparations are being made for central clearing that will increase the volume of transparency in the market while reducing risks, and giving investors the ability to raise the classification of the market as a whole. Qatar Central Securities Depository is keen to develop the applicable plan and strengthen it further during the next stage," Sheikh Saif added.

Goldman Sachs to cut asset management investments that weighed on earnings

Reuters
New York

Goldman Sachs Group Inc's asset management arm will significantly reduce the $59bn of alternative investments that weighed on the bank's earnings, an executive told Reuters.

The Wall Street giant plans to divest its positions over the next few years and replace some of those funds on its balance sheet with outside capital, Julian Salisbury, chief investment officer of asset and wealth management at Goldman Sachs, told Reuters in an interview.

"I would expect to see a meaningful decline from the current levels," Salisbury said. "It's not going to zero because we will continue to invest in and alongside funds, as opposed to individual deals on the balance sheet."

Goldman had a dismal fourth quarter, missing Wall Street profit targets by a wide margin.

Like other banks struggling as company dealmaking stalls, Goldman is letting go of more than 3,000 employees in its biggest round of job cuts since the 2008 financial crisis.

The bank will provide further details on its asset plan during Goldman Sachs' investor day on February 28, he said.

Alternative assets can include private equity or real estate as opposed to traditional investments such as stocks and bonds.

Slimming down the investments on a bank's balance sheet can reduce volatility in its earnings, said Mark Narron, senior director of North American banks at credit rating agency Fitch Ratings.

Shedding investments also cuts the amount of so-called risk-weighted assets that are used by regulators to determine the amount of capital a bank must hold, he said.

Goldman Sachs' asset and wealth management posted a 39% decline in net revenue to $13.4bn in 2022, with its revenue from equity and debt investments sinking 93% and 63%, respectively, according to its earnings announced last week.

The $59bn of alternative investments held on the balance sheet fell from $68bn a year earlier, the results showed.

The positions included $15bn in equity investments, $19bn in loans and $12bn in debt securities, alongside other investments.

"Obviously, the environment for exiting assets was much slower in the back half of the year, which meant we were able to realise less gains on the portfolio compared to 2021," Salisbury said.

If the environment improves for asset sales, Salisbury said he expected to see "a faster decline in the legacy balance sheet investments."

"If we would have a couple of normalised years, you'd see the reduction happening," in that period, he said.

Clients are showing keen interest in private credit given sluggish capital markets, Salisbury said.

"Private credit is interesting to people because the returns available are attractive," he said. "Investors like the idea of owning something a little more defensive but high yielding in the current economic environment."

Goldman Sachs' asset management arm closed a $15.2bn fund earlier this month to make junior debt investments in private equity-backed businesses.

Private credit assets across the industry have more than doubled to over $1tn since 2015, according to data provider Preqin.

European Central Bank seen to raise deposit rate to 3.25% by mid-year

Reuters
London

The European Central Bank (ECB) will deliver 50 basis point interest rate rises at each of its next two meetings, according to economists polled by Reuters, whose forecasts still risk lagging behind policymakers' guidance on how high rates will go.

Rate setters have failed to convince markets about their commitment to continue increasing borrowing costs to rein in inflation, evident in the poll, which showed the central bank would stop when the deposit rate reaches 3.25% next quarter.

The latest poll findings come despite ECB President Christine Lagarde telling investors in Davos last week they should "revise their positions", adding weight to earlier comments from Dutch and Latvian policymakers.

Although the eurozone's central bank has been raising rates at its fastest pace on record, it has so far failed to bring inflation anywhere near its 2% target.

Prices rose 9.2% in December from a year earlier, official data showed last week.

Lagarde and her Governing Council will take the deposit rate to 2.50% on February 2, said 55 of 59 economists in the January 13-20 poll.

They are likely to follow that up with another 50 basis point lift in March.

The central bank will then add 25 basis points next quarter before pausing, giving a terminal rate in the current cycle of 3.25%, its highest since late 2008.

In December's poll, the rate was put at 2.50% at end-March and was seen topping out at 2.75%.

Asked how the risks were skewed to their terminal deposit rate forecasts, over two-thirds of respondents, 23 of 33, said it was more likely it ends higher rather than lower than they currently expect.

"The risk is they will actually be as aggressive as they have claimed.

The headquarters of the European Central Bank in Frankfurt. The ECB will deliver 50 basis point interest rate rises at each of its next two meetings, according to economists polled by Reuters, whose forecasts still risk lagging behind policymakers' guidance on how high rates will go.

Lagarde and others have said they are in for the long haul where we are going to raise rates meeting by meeting in 2023," said Silke Tober at the Macroeconomic Policy Institute (IMK).

"It's a very clear risk but I happen to think it would be a mistake."

The refinancing rate was expected to rise 50 basis points to 3.00% next week and reach a peak of 3.50% in March.

The US Federal Reserve, which began raising rates many months before the ECB, is forecast to end its tightening cycle after a 25 basis point hike at each of its next two policy meetings.

It is then expected to hold rates steady for at least the rest of the year, according to a recent Reuters poll. Inflation has already peaked in the 20-nation EU, the poll found, and will drift down, but was not seen at the ECB's target until at least 2025. Inflation will average 6.0% this year and 2.5% next but will be 2.0% across 2025.

A mild winter so far, falling gas prices and recent positive economic data meant some quarterly growth forecasts were upgraded in the latest poll from a December survey.

Although a technical recession was still predicted — with a 0.2% contraction last quarter and 0.3% in the current one — the economy was now expected to grow 0.1% next quarter rather than flatline.

It is forecast to expand 0.3% in the following two quarters, unchanged medians showed. When asked in an extra question whether the downturn is likely to be deeper, or shallower, than expected, all but one of the 36 economists said it was more likely to be shallower than deeper.

"Not only has the risk of severe, energy-driven recessions diminished markedly but the direction of travel of leading indicators, including our PMI data, signals a rising likelihood of an earlier pick-up in growth than expected," said Ken Wattret at S&P Global.

Across this year, growth was pegged at 0.1%, a turnaround from the 0.1% contraction forecast last month.

In 2024 it was expected to grow 1.3%, unchanged from December's prediction.

SPOTLIGHT ON COMMODITIES

Fuel products join the rally in gold and copper

By Ole S Hansen

The Bloomberg Commodity Index traded higher for a second week, driven by continued gains across industrial metals, crude oil, and fuel products. The gains which were been driven by optimism over the growth outlook in China were partly being offset by sharp losses in natural gas and wheat, as mild weather and ample supply continues to keep these two key commodities under pressure. Meanwhile, the precious metal sector was mixed, with gold continuing higher supported by US bond yields and the dollar trading near cycle lows. Silver and platinum struggled to keep up, both recording losses – taking silver back to near unchanged on the month.

The general positive risk sentiment across commodities has been supported by a 1.6% drop in the Bloomberg Dollar index and a 0.4% slump in US ten-year yields as US inflation continues to ease, thereby supporting a further downshift in the Fed's rate hike trajectory towards one-and-done – meaning a single 0.25% rate hike remains before the Fed pauses. In addition, Russia's attempt to stifle a sovereign nation and the western world's push back against Putin's aggression remains a sad and unresolved situation that continues to cause havoc across global supply chains of key commodities, not least the energy sector where an already established embargo on crude sales will be expanded on February 5 to include fuel products – a development that may end up having a bigger impact on Russian supply than seen so far.

However, the main driver impacting the commodity sector is the prospect of China's reopening, in turn driving expectations for a pick-up in demand for commodities from the world's biggest consumer of raw materials. With activity in China unlikely to pick up in earnest until after the Lunar New Year holiday, the prospect of a lull in activity could be the trigger for a pause in the current rally – especially across industrial metals where copper has started the year with an 11% gain – before gathering fresh momentum and strength towards the end of the current quarter.

Crude oil gathering momentum supported by strength across fuel products

Crude oil prices were heading for a second weekly advance, thereby fully offsetting the weakness that hit the market during the first days of January. Prices are supported by continued optimism on Chinese demand and increasingly by strength in the product market. Gasoline and diesel are both trading at a two-month high ahead of the embargo on Russian products from February 5, and following a late December wintry blast in the US which continues to impact refinery activity.

Reports that China's Covid caseload has peaked further boosted optimism that demand will start to recover more sustainably following the Lunar New Year holiday. Global demand expectations also received a boost as US jobless claims data supported the view that the labour market is still tight, thereby reducing the risk of a recession in the world's biggest energy consuming economy. A jump in US crude exports and the first week without injections from Strategic Petroleum Reserves (SPR) nevertheless saw inventories jump 8.4m barrels as refinery demand struggled to recover following the late December wintry blast and outages.

Monthly oil market reports from Opec and the IEA painted a mixed picture, although both mention the recovery in China as the main driver behind a rise in global crude oil demand this year. The IEA saw global oil demand rising by 1.9 million barrels per day – to a record 101.7mn barrels per day – with half of the increase from China following the lifting of its Covid restrictions. An overall non-Opec+ rise of 1.9mn barrels per day led by the US, Canada and Brazil will be partly offset by an Opec+ drop of 870 kb/d due to expected declines in Russia.

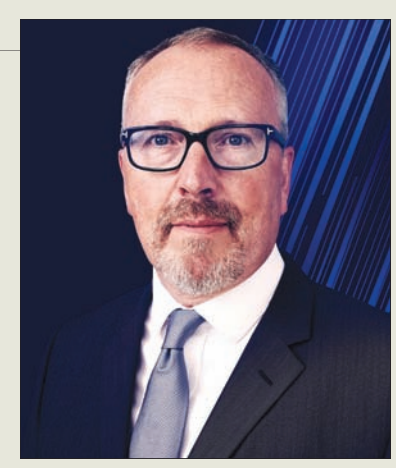
Having bounced from support at the 50-day moving average at $83.77, a weekly close for Brent above $87 may signal further strength in the week ahead. This could also be the case for WTI at $81.

While silver struggled to keep up, gold continued to show resilience and, following a three-day pullback during which it found support at $1896, it jumped to an eight-month high at $1835, supported by US yields and the dollar remaining near new cycle lows. Gold is likely to remain supported as long as these two key sources of inspiration for momentum and machine-driven strategies continue to trade on the soft side. This is despite a continued lack of interest from ETF investors as total holdings remains near a two-year low, having seen no pickup during the past two months rally.

During the week, the US Fed Fund rate and gold caught my attention. It shows the strong reaction in gold in the months and quarters that followed the three previous peaks in US rates during the past 20 years. The market is currently forecasting one or two further US rate hikes before pausing at or below 5%.

Should history repeat itself, gold would have a significant further upside, not least considering the prospect for last year's headwinds from a stronger dollar and rising yields reversing to add support. In addition, continued demand from central banks and the prospect of institutional investors eventually joining in remains a potent cocktail for gold. In the short term, however, the risk of a pullback continues to rise, with a break below current support at $1895 potentially signalling a deeper move lower to test the 21-day moving average, currently at $1861.

Copper is heading for a fifth weekly gain, with optimism about a pickup in demand as China reopens being supported by supply concerns. Protests in Peru are threatening supply from two mines



accounting for around 2% of the world's copper output. While visible inventories held at exchanges are low, demand is expected to rise as China recovers and the energy transition continues to gain traction. Having rallied 11% without looking back, the timing of a potential pause could be during the coming weeks when China shuts down its factories as the population celebrates the Lunar New Year and the arrival of the year of the rabbit – an animal associated with peace, prosperity, and longevity in Asia.

■ *Ole S Hansen is head of commodity strategy at Saxo Bank.*

QFC forum calls for developing local debt market to lessen reliance on non-resident deposits

By Santhosh V Perumal
Business Reporter

A QFC panel discussion on developing local debt market in Qatar. **PICTURE:** Shaji Kayamkulam

Doha's banking industry's margins have performed better than the market expected and there was a need for increasing reliance on domestic liquidity (than on non-resident deposits) as the gap between the growth in assets and deposits have been widening since last few years, thus calling for developing local debt market, according to a panel discussion at the Qatar Financial Market Forum.

"There has always been more asset growth than deposits. The gap has been growing over the last five to six years. This gap (between the growth in assets/loans and deposits have to be plugged," Ayman Doukali, Head of Islamic and Structured Finance, Qatar Financial Centre, told the panel discussion 'Domestic Debt Capital Market in Qatar: Potential and Building Blocks' at the forum, organised by the Qatar Financial Centre in association with Bloomberg.

He said Qatar banks' margins have performed better than the market expected despite all the challenges.

The panel discussion focused on the liquidity position of Qatari banks and its performance based on the dynamics of local and foreign currency funding situation, the challenges impacting funding environment, the role of a potential domestic debt capital market in improving the Qatari capital market and other aspects that affect Qatar's banking sector.

Edmond Christou, Senior Research Analyst, Bloomberg Intelligence, said on the liquidity front, the long term funding issues have to be addressed as he suggested more reliance on domestic liquidity for the banking sector and less reliance on dollar funding.

Akber Khan, Senior Director, Al Rayan Investment, said the regional banks in the Gulf Co-operation Council have strong balance sheets.

Compared to peers in the developed markets, the strength of their balance sheet ratios are "extremely high" (for the regional lenders), he said.

Pravesh Malhotra, Head of Investments, The Commercial Bank, said "we are in a sweet spot as the local balance sheets are strong."

A concern for him is the US Federal Reserve's policy, specifically related to quantitative tightening, considering that local banks are reliant on external financing.

"I don't see any imminent risk from liquidity perspective as there is plenty of liquidity and liquidly buffers in terms of HQLA (high quality liquid assets) holdings as by international standards, Qatar's sovereign debt qualify for HQLA," he said.

However, the key concerns would be replacing non-resident deposits with domestic deposits and to what it extend it could be stretched, he said, highlighting that over the period of last seven to eight months, the banks have shed 13% of non-resident deposits.

"But there is a limited opportunity for the local banks to be able to continue with this momentum since structurally the local liquidity pool is shorter," he said.

Regarding the ways to address this issue, he said it is important to focus on developing local liquidity pool by developing local debt market, which should also give opportunity to retail investors to internalise their savings.


Qatar Chamber board member Sheikh Hamad bin Ahmed bin Abdullah al-Thani presiding over the meeting, which was held at the chamber's Doha headquarters.

Qatar Chamber holds Tourism and Exhibition Committee meeting to discuss industry challenges

Qatar Chamber's Tourism and Exhibition Committee held a meeting yesterday in Doha to discuss the challenges facing the tourism and exhibition sectors and ways to address different issues.

During the meeting, which was presided over by Qatar Chamber board member Sheikh Hamad bin Ahmed bin Abdullah al-Thani, committee members reviewed the most prominent proposed solutions to improve the performance of the tourism and exhibition sectors.

The committee underscored the importance of co-ordination between ministries and concerned bodies with tourism companies and travel agencies in the local market, stressing that this will create a positive impact on the development and support of the sector.

It is noteworthy that the Tourism and Exhibition Committee plays a key role in developing the sector in the state.

It follows up on the implementation of the strategic plans adopted by the country to develop the sector and reviews, follows up, and activates laws, legislation, and recommendations that would contribute to the development of these sectors.

The committee also organises seminars, conferences, and workshops that help promote the sector and participates in local and international meetings, seminars, and conferences, as well as contributes to conducting studies on the labour market in the sector and presents recommendations and proposals to the chamber's board of directors.

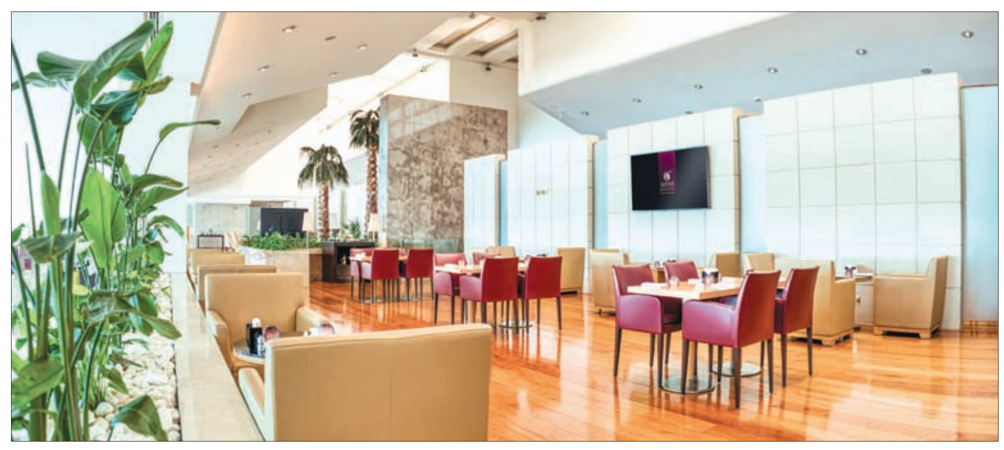
Qatar Executive records y-o-y jump in flight arrivals and departures during World Cup 2022

Qatar Airways' private jet charter division Qatar Executive (QE) experienced significant year-on-year (y-o-y) growth in flight arrivals and departures at its exclusive Premium Terminal fixed-base operator (FBO) during the completion of FIFA World Cup Qatar 2022.

Qatar Executive's FBO, located at Doha International Airport (DIA), saw a record-first y-o-y increase of 595% for arrivals and 574% for departures between November and December 2022. Between December 18 and 19 last year, after the World Cup final, some 296 jets departed from DIA.

In the lead up to the first FIFA World Cup in the Middle East, QE renovated the existing terminal in Doha, revitalising the FBO and thus offering customers a "seamless journey", both on the ground and on-board.

This included upgrading its F&B and baggage handling services, training additional staff members and renovating on-site facilities. Qatar Executive also deployed the latest Wi-Fi and streaming capabilities both within the terminal and onboard their fleet, providing football fans great connectivity to stream the World Cup matches uninterrupted.


Qatar Executive's FBO, located at Doha International Airport (DIA), saw a record-first y-o-y increase of 595% for arrivals and 574% for departures between November and December 2022

Qatar Airways Group Chief Executive, HE Akbar al-Baker, said: "Qatar Executive's operations grew significantly during the World Cup period, demonstrating the division's robust FBO services, while offering the most advanced flying solutions to valued customers. Qatar Executive's continuous growth trajectory reflects the trust of our clients and is also a testament to our commitment to innovation and excellence."

In addition, Qatar Executive added three more Gulfstream G650ER, with the aircraft type making up 15 of its 19-strong fleet, resulting in a 25% growth. This makes QE the world's largest owner and single commercial operator of the G650ER.

The Gulfstream G650ER features a state-of-the-art BR725 Rolls-Royce engine, is able to fly at record-breaking speed and range with outstanding fuel efficiency and capable of operating using 100 per cent sustainable aviation fuel (SAF), promoting sustainable business aviation. Moreover, QE now offers two A319, one of which is set up with a VIP ambulance layout, the other with a VIP passenger layout. In December, Qatar Executive received a new Gulfstream G650ER jet, expanding the total to fifteen of the same aircraft model. Additionally, QE currently operates two Bombardier Global 5000s, one Airbus A319ACJ and another Airbus A319 Air Ambulance aircraft, making the current fleet 19 strong.

QSE surpasses 11,000 points with ease on foreign funds' increased net buying

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) yesterday gained more than 120 points and its key index surpassed 11,000 points with an ease, reflecting the global optimism on Chinese growth prospects.

The foreign institutions were increasingly net buyers as the 20-stock Qatar Index shot up 1.1% to 11,025.14 points, recovering from an intraday low of 10,893 points.

The banks and financial services counter witnessed higher than average demand in the main market, whose year-to-date gains improved further to 3.22%.

The Gulf institutions were seen net buyers in the main bourse, whose capitalisation saw QR7.33bn or 1.18% increase to QR628.1bn, mainly led by mid and small cap segments.

More than 55% of the traded constituents extended gains to investors in the main market, which saw a total of 0.29mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR2.1mn changed hands across 41 deals.

However, the local 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 foreign institutions were increasingly net buyers as the 20-stock Qatar Index shot up 1.1% to 11,025.14 points yesterday, recovering from an intraday low of 10,893 points

The Total Return Index rose 1.17%, All Share Index by 1.25% and Al Rayan Islamic Index (Price) by 0.73% in the main bourse, whose trade turnover volumes were on the decline.

The banks and financial services sector index zoomed 2.21%, telecom (0.92%), transport (0.75%), real estate (0.54%) and insurance (0.4%); while consumer goods and services declined 0.22% and industrials (0.08%).

Major gainers in the main market included QLM, Qatari German Medical Devices, QNB, QIIB, Gulf Warehousing, Qamco and Vodafone Qatar. Nevertheless, Widam Food, Al Khaleej Takaful, Qatar Industrial Manufacturing, Zad Holding and Ezdan Ooredoo were among the losers in the main market.

The foreign institutions' net buying increased significantly to QR51.48mn compared to QR33.61mn on January 20.

The Gulf institutions turned net buyers to the tune of QR9.07mn against net sellers of QR14.28mn the previous day.

However, the Qatari individuals' net selling shot up noticeably to QR28.92mn compared to QR18.27mn on Sunday.

The domestic institutions' net profit booking expanded perceptibly to QR27.36mn against QR13.22mn on January 20.

The Arab individuals' net selling strengthened markedly to QR2.71mn compared to QR8.92mn the previous day.

The foreign retail investors were net sellers to the extent of QR1.14mn against net buyers of QR2.88mn on Sunday.

The Gulf individuals turned net profit takers to the tune of QR0.44mn compared with net buyers of QR0.36mn on January 20.

The Arab funds had no major net exposure for the fourth consecutive day.

The main market saw an 8% shrinkage in trade volumes to 131.53mn shares, about 1% in value to QR473.04mn and 1% in deals to 15,350.

QIG, eight group entities get ISO 27001 certification

Qatari Investors Group (QIG) and its eight group entities have been awarded the ISO 27001: 2013 certification by Det Norske Veritas (DNV) after complying with the rigorous requirements of this international standard.

ISO/IEC 27001:2013 is a globally recognised certification for Information Security Management System.

Achieving this certification, affirms QIG's ongoing commitment for continuous improvement, as it provides a framework for keeping the organisation's information safe.

It's a holistic approach that covers the entire organisation, and encompasses people, processes and technology, leading to a significant increase in the organisation's resilience to cyber-attacks while complying with business, legal and regulatory requirements.

After a detailed and comprehensive audit process, DNV has, from the first instance, awarded the internationally recognised ISO 27001 certification to QIG and its entities: Al Khalij Cement Company (AKCC), Mobility Car Rental (Europcar Qatar), Qatar Security Systems (QSS), QIG Marine Services, Al Masseya Shipping Agency, First Shipping Agency, United Logistics, and United Shipping Agency.

"It is one of the most ambitious group-wide ISO 27001 initiatives embarked on in the State of Qatar", Balamurugan Sambasivam, area manager (Middle East) at DNV Business Assurance, said.

"QIG demonstrated their uncompromised commitment to safeguarding information and information assets across their business areas considering the needs of its stakeholders", he added.

QIG is proud to deliver on this achievement to its shareholders, as it is yet another testimony of the Group's diligence in successfully managing and developing its operations, continuously striving for excellence and compliance with the best-in-class standards.


The certification affirms QIG's ongoing commitment for continuous improvement, as it provides a framework for keeping the organisation's information safe

Qatari Investors Group (QIG) is a diversified conglomerate listed on the Qatar Stock Exchange. The group owns and operates several subsidiaries in diverse sectors.

Its brands have an established presence and a record of accomplishment in the Qatari market, serving flagship projects, customers and facilities in the private and public sectors.