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Qatar banking sector sees growth in total assets, overall deposits, loans in December: QNBFS

By **Pratap John**
 Business Editor

Qatari banking sector saw a growth in its total assets, overall deposits and loans in December, QNB Financial Services (QNBFS) said in a report.

Total assets increased by 3.3% MoM (up 4.2% in 2022) in December 2022 to reach QR1.905tn, it said.

Overall loans increased by 2.7% to reach QR1.26tn mainly due to both

public and private sector. The government segment increased by 9.5% and can be attributed to flexibility in using short-term financing even as oil and gas prices remained elevated and added to government revenues.

Government institutions also increased by 5% and showed "positive signs" on government related corporate entities business activities picking up.

On the private sector front, real estate and services continued to increase in December 2022 to likely meet the

needs mainly arising from the FIFA World Cup Qatar 2022, while loans to the general trade segment likely increased from both higher trade activities related to energy related commodity exports and imports related to the World Cup.

Overall deposits, QNBFS said, increased by 4.3% in December to reach QR999.1bn, mainly due to government deposits surging by 31.3% and can be attributed to higher oil and gas prices and increased government revenues.

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Total assets of the banks increased by 3.3% MoM (up 4.2% in 2022) in December 2022 to reach QR1.905tn, according to QNBFS

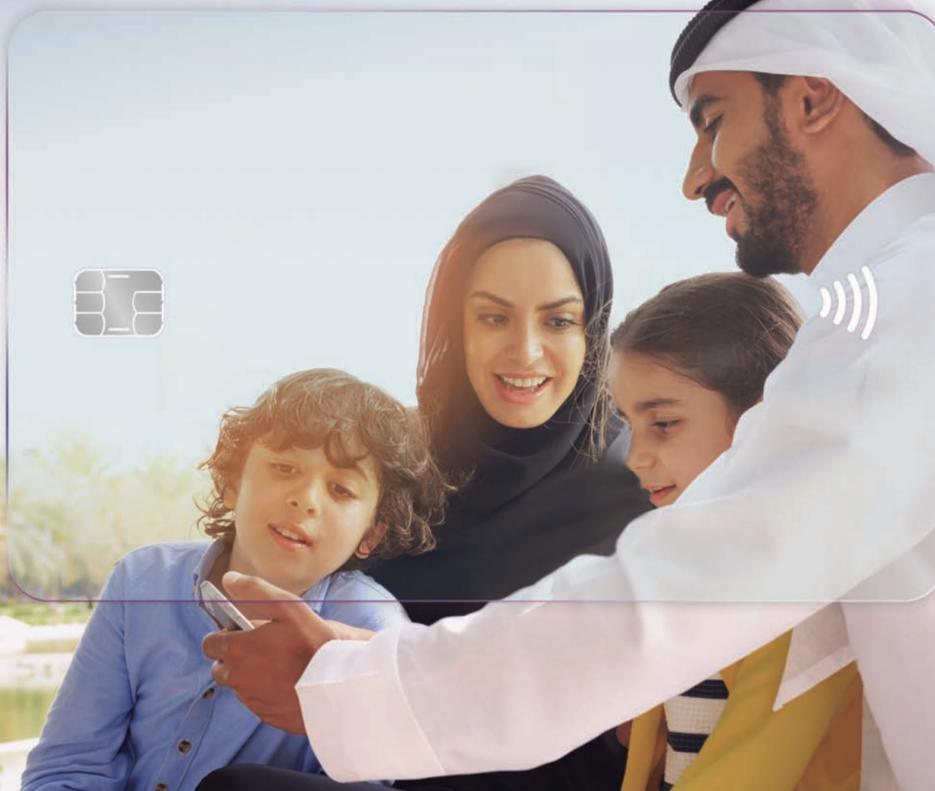


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India's 'balanced' budget factors in aspirations of youth and MSMEs

LuLu Financial Holding managing director Adeeb Ahmed yesterday termed India's federal budget as balanced and said it took into account the aspirations of India's youth as well as micro, small and medium enterprises (MSMEs). "The Union Budget presented by Finance Minister Nirmala Sitharaman has checked several boxes" and it is balanced with equal focus on traditional and emerging sectors, he said, adding that, "the way forward is to build a technology and knowledge-based economy." As India navigates a period of global economic shocks, the country's economic resilience has managed to hold steady; youth and MSMEs, two foundational strengths of the country have been part of this growth story, he said. With the UN declaring 2023 as International Year of Millets, he applauded the efforts of the government to raise global awareness about India's millet farm-

ers, as well as provision schemes in the budget to make India a hub for millet production and research. On financial inclusion, Ahmed - who has significant investments in India's financial services sector in the form of LuLu Forex and LuLu Finserv, a non-banking finance company (NBFC) providing micro loans - said the move to ramp up the credit guarantee scheme for MSMEs will give a fillip to enabling faster access to financial services. The decision to expand the scope of services in Digilocker to include MSMEs and make PAN (permanent account number) a common identifier, will give a big boost to user documentation, supporting the onboarding efforts of NBFCs and fintechs driving financial inclusion among such companies, according to him. Ahmed, who also has investments in the travel and luxury hospitality sector, felt

that the proposal to adopt an integrated and innovative approach to develop destinations augurs well for the tourism sector. "It is encouraging to note that under the Swadesh Darshan and Dekho Apna Desh schemes, the government will be rolling out physical initiatives such as the Unity Mall to raise the global profile of GI products as well as virtual assets to enhance the experience of domestic and international travellers in some of the top destinations," he said. "The proposal to develop the tourism sector through the convergence of public and private stakeholders will surely help generate adequate employment opportunities. The proposal to open 50 new airports will further drive more inbound traffic and add to the overall economic prospects of the sector," he added. Finding that tourism is already one of the highest generators of employment in the

country but suffers from high operating expenses and low margins, he said it would have been beneficial to also relook the existing GST (goods and services tax) rates, apart from rolling out sector-specific schemes to encourage domestic and foreign investment into the sector. He also acknowledged the budget's focus on skill development under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 4.0 and setting up of 30 Skill India international centres, many of who can add immense value in service-based sectors. LuLu Financial Holdings has been an active participant in the upskilling of India's youth, having partnered last year with NSDC International, a newly formed subsidiary of National Skill Development Corporation of India, for the latter's Project Tejas to train, certify and place 10,000 Indian workers and professionals internationally.



Adeeb Ahmed, managing director, LuLu Financial Holding.

Adani abandons \$2.5bn share sale in big blow to Indian tycoon

Reuters
New Delhi

Gautam Adani's flagship firm called off its \$2.5bn share sale in a dramatic reversal yesterday as a rout sparked by a US short-seller's criticisms wiped billions more off the value of the Indian tycoon's stocks.

The withdrawal of the Adani Enterprises share offering marks a stunning setback for Adani, the school dropout-turned-billionaire whose fortunes rose rapidly in recent years in line with stock values of his businesses.

"Today the market has been unprecedented, and our stock price has fluctuated over the course of the day. Given these extraordinary circumstances, the Company's board felt that going ahead with the issue will not be morally correct," Adani said.

"Our balance sheet is very healthy with strong cashflows and secure assets, and we have an impeccable track record of servicing our debt.

This decision will not have any impact on our existing operations and future plans," the billionaire added in a statement to Indian exchanges.

Adani, whose global business interests span ports, airports, mining, cement and power, is battling to stabilise his companies and defend his reputation.

"Once the market stabilises, we will review our capital market strategy," he added.

A report by Hindenburg Research last week alleged improper use by the of offshore tax havens and stock manipulation by the Adani Group.

It also raised concerns about high debt and the valuations of seven listed Adani companies.

The January 24 report has since triggered a \$86bn erosion in market capitalisation of seven listed Adani Group companies.

Adani Group has denied the allegations, saying the short-seller's allegation of stock manipulation has "no basis" and stems from an ignorance of Indian law.

The group has always made the necessary regulatory disclosures, it added.



Gautam Adani's flagship firm called off its \$2.5bn share sale in a dramatic reversal yesterday as a rout sparked by a US short-seller's criticisms wiped billions more off the value of the Indian tycoon's stocks

Adani Group was working with its bankers to refund the proceeds received by in the secondary share sale of Adani Enterprises.

Anchor investors who had supported the issue included Maybank Securities and Abu Dhabi Investment Authority.

The company aims to protect the interests of its investing community by returning the proceeds, it said.

Adani Group had on Tuesday mustered enough support from

investors for the share sale to proceed, in what some saw as a stamp of investor confidence amid the storm.

But after a brief respite, the sell-off in Adani Group stocks and bonds resumed yesterday, with shares in Adani Enterprises plunging 28% and Adani Ports and Special Economic Zone dropping 19%, the worst day on record for both.

The fundraising was critical for Adani, not just because it would have

helped cut his group's debt, but also because it was being seen by some as a gauge of confidence as he faced the biggest business and reputational challenge of his career.

Yesterday's stock losses saw Adani slip to 15th on the Forbes rich list with an estimated net worth of \$75.1bn, below rival Mukesh Ambani, the chairman of Reliance Industries who ranks ninth with a net worth of \$83.7bn.

The share sale had succeeded on

Tuesday even when the Adani Enterprises stock price in Mumbai markets traded below the offer price of the share sale.

"I do not know how the markets will behave in short term. But this is a measure to enhance (Adani's) reputation since the investors were staring at a 30% loss even before the shares were allotted," said Rajesh Baheti, chief executive, Crossseas Capital Services, an algo trading firm.

China expands IPO reform to help companies raise capital

Reuters
Shanghai

China published draft rules on Wednesday to broaden the registration-based initial public offering (IPO) system, marking a big step towards reforming the world's second-biggest stock market.

Expanding the US-style IPO mechanism to all corners of China's stock market will speed up listings and corporate fundraising, as Beijing seeks to revive a Covid-ravaged economy.

The fresh reform will also benefit investment banks and private equity funds, though some fear a flood of listings could drain market liquidity.

The registration-based IPO system, first adopted by the tech-focused STAR Market, was later rolled out to start-up board ChiNext and the Beijing Stock Exchange.

It will now be expanded to the main boards in Shanghai and Shenzhen, the China Securities Regulatory Commission (CSRC) said.

The IPO reform is designed "to give the right of choice to the market," and make IPOs more transparent and predictable, the CSRC said in a statement.

Currently, IPOs on the main boards - home to China's blue-chip stocks - need a nod from the CSRC under an approval-based system, and IPO prices there are capped by the regulators.

Under the new system, stock exchanges will vet IPOs with a focus on information disclosure, while the CSRC will only make sure listings are in line with national industrial policy.

"This is a milestone event in China's capital markets," Boser Asset Management Co said in a statement. "It will increase the proportion of direct financing and strengthen the role of finance to serve the real economy."

However, some are worried that the reform will lead to a growing number of low-quality listings, potentially burning investors.

"I think the market will be negatively impacted," said Chun Xu, fund manager at JSVest Shanghai Ltd. "The quality of listed companies will be lower, which will be increasingly dangerous to investors."

The CSRC said on Wednesday that after four years of the pilot scheme, conditions were ripe to expand the IPO reform. However, the registration-based system doesn't mean less stringent quality control, the CSRC said.

"It doesn't mean any company can list as long as it wishes to," the regulator said, adding candidates must meet certain thresholds and strict information disclosure requirements.

South Korea slides towards recession as exports plunge in January

Reuters
Seoul

South Korea's economy inched toward its first recession in three years as data on Wednesday showed its January trade deficit soared to a record thanks to a plunge in exports caused by a combination of long holidays and cooling global demand.

Asia's fourth-largest economy, which relies heavily on trade for growth, shrank by 0.4% in the October-December quarter and is now on the brink of falling into what would be its first recession since the middle of 2020 during the height of the Covid-19 pandemic.

Exports fell 16.6% in January from a year earlier, trade ministry data showed, worse than an 11.3% decline predicted in a Reuters survey and the fastest drop in exports since May 2020. Imports fell 2.6% compared with a

year earlier, less than a 3.6% drop predicted in the survey. As a result, the country posted a monthly trade deficit of \$12.69bn, setting a record amount for any month.

"I have a zero percent forecast for the first-quarter growth but today's trade figures are definitely a minus to that," said Park Sang-hyun, economist at HI Investment and Securities.

The increasing chances of recession - two consecutive quarters of decline in gross domestic product - also underscore growing bets in markets that the central bank's campaign of raising interest rates since late 2021 has run its course.

Leading the sluggish trade performance in January were a 44.5% dive in semiconductor exports and a whopping 31.4% plunge in sales to China, the trade ministry data showed. Both were the worst rates of decline since the 2008/2009 global financial crisis. South Korean bond yields fell across

the board on the growing bets for a less restrictive monetary policy ahead, while stock and currency investors largely shrugged off the monthly figures.

Finance Minister Choo Kyung-ho blamed long lunar New Year holidays in China and a steep fall in computer chip prices versus a year ago for the sharp declines in export values, adding China's reopening would help ease the situation over time.

"The government will mobilise all available policy resources to help support a drive to boost exports so that the timing of improvement in trade balance can be advanced," Choo said at a meeting of trade-related officials, without elaborating.

The government has forecast this year's exports would fall 4.5% after posting a 6.1% gain in 2022, and the trade ministry has said it would do what it can to avert a decline. (Reporting by Choonsik Yoo and Jihoon Lee.)

Pakistan inflation rises to 48-year high of 27.55%



A boy buys vegetables from a makeshift stall at a market in Karachi. Inflation rose to a 48-year high in crisis-hit Pakistan, where the International Monetary Fund is visiting for urgent talks, according to data released by the country's statistics bureau on Wednesday, reports AFP. Inflation in January was recorded at 27.55%, the highest since May 1975. Pakistan is gripped by a major economic crisis, with the rupee plummeting, inflation soaring and energy in short supply. The government has loosened controls on the rupee to rein in a rampant black market in US dollars, a step that caused the currency to plunge to a record low. Artificially cheap petrol prices have also been hiked.

QCB Governor meets head of Citibank's EMEA emerging market cluster



HE the Governor of the Qatar Central Bank Sheikh Bandar bin Mohamed bin Saud al-Thani met yesterday with head of EMEA Emerging Market Cluster at Citigroup Ebru Pakcan, reports QNA. During the meeting, they reviewed the latest developments in the financial and banking sector.

German Business Council Qatar elects new officials



The German Business Council Qatar (GBCQ) recently held its Annual General Member's Assembly and elected a new set of officers. The newly-elected officials are Henning Zimmermann (president); Elias Chedid, Jens Schuster, Hakan Ozdemir, and Herbert Klausner (board of directors); Oliver Moritz (treasurer); and Bahman Dastvareh (auditor).

US rate hike fears drive QSE down 132 points; M-cap erodes QR8bn

By Santhosh V Perumal
Business Reporter

Mirroring the global sentiments on expectations of up to 25 basis points hike in the US interest rates, the Qatar Stock Exchange yesterday fell for the second consecutive day as it lost more than 132 points in key index and QR8bn in capitalisation.

A higher than average selling pressure at the insurance, banking and industrials counters led the 20-stock Qatar Index to decline 1.21% to 10,799.84 points.

The market, which was highly skewed towards shakers, had touched an intraday high of 11,040 points, indicating demand generation especially during the first 60 minutes of the start.

The local retail investors were seen bearish in the main market, whose year-to-date gains truncated further to 1.11%.

More than 67% of the traded constituents were in the red in the main bourse, whose capitalisation saw QR8.25bn or 1.33% erosion to QR611.7bn, mainly led by small and midcap segments.

The foreign individual investors' weakened net buying also had its influence in the main market, which saw a total of 0.31mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.82mn changed hands across 19 deals.

However, the foreign institutions were seen net buyers in the main bourse, which saw no trading of sovereign bonds.

The Islamic index was seen declining slower than the other indices in the main market, which saw no trading of treasury bills.

The Total Return Index shed 1.21%, the All Share Index by 1.27% and the Al Rayan Islamic Index (Price) by 0.33% in the main bourse, whose trade turnover and volumes were on the increase.

The insurance sector index tanked



A higher than average selling pressure at the insurance, banking and industrials counters led the 20-stock Qatar Index to decline 1.21% to 10,799.84 points yesterday.

2.9%, banks and financial services (1.75%), industrials (1.55%) and consumer goods and services (0.04%); while telecom gained 1.34%, real estate (0.65%) and transport (0.05%).

Major shakers in the main market included Qatar General Insurance and Reinsurance, Medicare Group, Doha Bank, Inma Holding, Al Khaled Takaful, QNB, Leshia Bank, Salam International Investment, Baladna, Mekdam Holding, Qatar Electricity and Water, Estithmar Holding, Qatar Insurance, Mazaya

Qatar and Gulf Warehousing. Nevertheless, United Development Company, Aamal Company, Mannai Corporation, Meseaied Petrochemical Holding, Ooredoo and QIB were among the gainers in the main market.

The local retail investors turned net sellers to the tune of QR78.18mn compared with net buyers of QR37.5mn on January 31.

The foreign individuals' net buying weakened markedly to QR1.8mn against QR4.38mn the previous day.

However, the foreign institutions were net buyers to the extent of QR33.24mn compared with net sellers of QR40.91mn on Tuesday.

The Gulf institutions' net buying strengthened considerably to QR17.57mn against QR7.6mn on January 31.

The domestic funds turned net buyers to the tune of QR16.88mn compared with net sellers of QR13.42mn the previous day.

The Arab individual investors' net buying expanded noticeably to

QR8.44mn against QR4.79mn on Tuesday.

The Gulf retail investors' net buying grew marginally to QR0.13mn compared to QR0.06mn on January 31.

The Arab institutions were net buyers to the extent of QR0.11mn against no major net exposure the previous day.

The main market saw a 13% jump in trade volumes to 152.61mn shares, 7% in value to QR644.07mn and 3% in deals to 20,133.

Qatari banking sector sees growth in total assets, overall deposits, loans in December: QNBFS

From Page 1

As deposits gained by 4.3% in December, the Loans to Deposits ratio (LDR) moved down to 125.7% in December as opposed to 127.6% in November 2022.

"Overall there is a better liquidity in the banking system and it is likely to improve since the shift from government commitments for FIFA World Cup Qatar 2022 will refocus towards diversifying the economy and long-term sustainability, while capitalising on the successful hosting of the best ever edition of the FIFA World Cup," an analyst told *Gulf Times* yesterday.

Domestic private sector loans increased by 2.1% MoM (+7.4% in 2022) in December 2022, QNBFS noted.

The real estate, services and the general trade segments were for the second consecutive month the main contributors toward the private sector loan growth.

The real estate segment (contributes 23% to private sector loans) shot up by 6% MoM (+15.2% in 2022) in December 2022.

Services (contributes 29% to private sector loans) moved up by 2.6% MoM (+1.3% in 2022). General trade (contributes 21% to private sector loans) went up by 2.7% MoM (3.5% in 2022).

However, consumption and others (contribute 20% to private sector loans) declined by 2.4% MoM (+2.6% in 2022) during December 2022. Outside Qatar loans dipped by 7.1% MoM (-16.7% in 2022) during the month of December 2022, the report noted.

Public sector deposits increased substantially by 9.5% MoM (+20.7% in 2022) for the month of December 2022.

Looking at segment details, the government segment (represents 30% of public sector deposits) shot up by 31.3% MoM (+4.9% in 2022), while the government institutions' segment (represents 56% of public sector deposits) increased by 2.0% MoM (+28.4% in 2022) and the semi-government institutions' segment moved up by 2.9% MoM (+31.8% in 2022).

Private sector deposits went up by 1.1% MoM (+13.2% in 2022) in December 2022.

On the private sector front, the consumer segment increased by 2.4% MoM (+4.4% in 2022). However, the companies and institutions' segment declined marginally by 0.1% MoM (+23.7% in 2022) during December 2022.

Non-resident deposits slightly reversed its sharp fall for the year during the month of December 2022 and pushed up by 2.9% MoM.

However, for the year 2022 non-resident deposits fell by 31.4%, QNBFS said.

Bloomberg QuickTake Q&A

How 'chip war' puts nations in technology arms race

By Ian King and Debby Wu

The incredibly complex, high-stakes business of making semiconductors has always been a battle of corporate giants. Now it's also a race among governments. These critical bits of technology — also known as integrated circuits or, more commonly, just chips — may be the tiniest yet most exacting products ever manufactured. And because they're so difficult and costly to produce, there's a worldwide reliance on just a handful of companies, a dependence that was brought into stark relief by shortages during the pandemic. Access to chips has also become a geopolitical weapon, with the US ratcheting up curbs on exports to China to contain the rise of an economic rival.

1. Why the war over chips?

Chippmaking has become an increasingly precarious business. New plants have a price tag of more than \$20bn, take years to build and need to be run flat-out for 24 hours a day to turn a profit. The scale required has reduced the number of

companies with leading-edge technology to just three — Taiwan Semiconductor Manufacturing Co (TSMC), South Korea's Samsung Electronics Co and Intel Corp of the US. Chippmakers have been under increasing scrutiny over what they sell to China, the largest market for chips. National security concerns, shifts in the global supply chain and the pandemic-era shortages led governments from the US and Europe to China and Japan to subsidise investment in new production lines costing tens of billions of dollars. More recently, slowing economies have curbed global demand, causing a glut of unwanted chips.

2. Why are chips so critical?

They're what's needed to process and understand the mountains of data that have come to rival oil as the lifeblood of the economy. Made from materials deposited on disks of silicon, chips can perform a variety of functions. Memory chips, which store data, are relatively simple and are traded like commodities. Logic chips, which run programs and act as the brains of a device, are more complex and expensive. As the technology running devices — from rockets to refrigerators — is getting smarter and more connected, semiconductors

are ever more pervasive. That explosion has some analysts forecasting that the industry will double in value this decade. Spending on research and development for chips is dominated by US companies, with more than half the total.

3. How did we go from chip shortages to a glut?

Pandemic lockdowns and supply chain disruption made many types of chips scarce for about two years. With demand for phones and personal computers cooling off post-pandemic, the cycle has turned. PC and smartphone makers have slashed orders for chips as consumers tighten the purse strings, and there's oversupply in areas such as industrial machinery and cloud computing. The chippmakers are responding by reining in their plans for new production capacity, even though governments are willing to foot part of the bill.

4. How's the geopolitical competition going?

■ In October, the US imposed tighter export controls on some chips and chippmaking

equipment to stop China from developing capabilities that could become a military threat, such as supercomputers and artificial intelligence.

■ The success of Washington's containment policy around China depends partly on getting allies to impose similar restrictions on their local companies. The effort appeared to be paying off in early 2023, with Japan and the Netherlands agreeing to join the US in limiting China's access to their advanced semiconductor machinery.

■ China's chippmakers still depend on US technology, and their access is shrinking. A huge Chinese spending spree hasn't succeeded at creating sufficient domestic supply of vital components.

■ US politicians have decided that they need to do more than just hold back China. The Chips and Science Act, signed into law on August 9, will provide about \$50bn of federal money to support US production of semiconductors and foster a skilled workforce needed by the industry. All three of the biggest makers have announced plans for new US plants.

■ Europe has joined the race to reduce the concentration of production in East Asia. European Union nations agreed in November

on a €43bn (\$46.6bn) plan to jump-start the region's semiconductor output. The goal is to double production in the bloc to 20% of the global market by 2030.

5. How does Taiwan fit into all this?

The island democracy emerged as the dominant player in outsourced chippmaking partly because of a government decision in the 1970s to promote the electronics industry. TSMC almost single-handedly created the business of building chips designed by others, one that was embraced as the cost of new plants skyrocketed. Big customers like Apple Inc gave TSMC the massive volume to build industry-leading expertise, and now the world relies on it. The company overtook Intel in terms of revenue in 2022. Matching its scale and skills would take years and cost a fortune. Politics have made the race about more than money, though, with the US signalling it will continue efforts to restrict China's access to American-designed chips made in Taiwan's foundries. China has long claimed the island, just 100 miles off its coast, as its own territory and threatened to invade to prevent its formal independence.



CORPORATE RESULTS

ExxonMobil posts record profits of \$55.7bn in 2022



ExxonMobil reported record annual profits of \$55.7bn in 2022 on Tuesday, reflecting higher commodity prices amid recovering demand and the impacts of Russia's invasion of Ukraine. In the fourth quarter, profits rose 43.7% to \$12.8bn, thanks to higher oil and natural gas prices and better refining margins compared with the year-ago period. Revenues from October through December rose 12.3% to \$95.4bn.

The results reflect slightly higher production of oil and natural gas in 2022 that chief executive Darren Woods said reflected ExxonMobil's investments prior to the Covid-19 pandemic. "While our results clearly benefited from a favourable market, the counter-cyclical investments we made before and during the pandemic provided the energy and products people needed as economies began recovering and supplies became tight," Woods said. "We leaned in when others leaned out."

In 2020, ExxonMobil was kicked out of the Dow index while its stock languished during the coronavirus crisis, which dented petroleum demand. At the time, the company was criticised for taking on more debt than rivals. The huge profits by oil companies have sparked pushback from governments. In December, ExxonMobil sued to challenge a new windfall tax policy in Europe. ExxonMobil, along with rival Chevron, has also sparred with US President Joe Biden, who has bashed the energy giants for buying back shares instead of putting extra funds into new oil and gas investments.

On Tuesday Biden tweeted that the only thing "stopping Big Oil from increasing production is their decision to pay shareholders billions instead of reinvesting profits." "I'm doing my part to lower prices, it's time Big Oil did theirs," he wrote. The president's tweet came after a White House spokesperson told the BBC that Exxon's record profits were "outrageous," especially after "the American people were forced to pay such high prices at the pump" in the wake of the Russian invasion of Ukraine.

In 2022, ExxonMobil put \$29.8bn into shareholder distributions, evenly split between dividends and share repurchases.

GlaxoSmithKline

British pharmaceutical giant GlaxoSmithKline on Wednesday announced soaring annual profits thanks to the demerger of its consumer healthcare unit Haleon.

Net profit surged to £14.9bn (\$18.3bn) last year from £4.4bn in 2021, GSK said in a statement. GSK posted a gain of £10.1bn thanks to the demerger of Haleon, which became London's biggest listing for more than a decade when it was spun off last year. The company profited last year also from strong sales of its drugs, notably its shingles vaccine Shingrix.

Total annual group revenue jumped 19% to £29.3bn. "2022 was a landmark year for GSK delivering the step change in performance we committed to, driven by strong growth in specialty medicines and vaccines, including record sales for Shingrix," GSK chief executive Emma Walmsley said in the earnings statement. "We enter 2023 with good momentum." Following the update, GSK's share price rose 0.4% to £14.28 on London's top tier FTSE 100 index, which was up 0.1% overall in early trading. "Today's full year results would appear to suggest that the business is heading in the right direction with fourth-quarter profits beating expectations," noted Michael Hewson, chief market analyst at CMC Markets UK.

Nordisk

Lifted by sales of diabetes and obesity treatments, Denmark's Novo Nordisk, the world's leading insulin company, on Wednesday reported a 16% rise in net profit for 2022. The group's net profit rose to 55.53bn Danish kroner (\$8.1bn), compared to analysts' expectations of 55.13bn, according to a survey by Factset. Revenue was 176.95bn kroner, where analysts had expected 176bn.

"More than 36mn people living with diabetes are now benefiting from our treatments," CEO Lars Fruergaard Jorgensen said in the company's earnings report. The pharmaceutical company has seen growing success with its GLP-1 analogues, a medicine which increases the amount of an intestinal hormone that secretes insulin. It now claims a 54.9% share of the global market — up almost two percentage points since the year before. Type 2 diabetes treatments like Rybelsus and Ozempic are among the company's best sellers, with Rybelsus seeing a 114% increase in sales and Ozempic a 61% increase in 2022.

Caterpillar

Caterpillar reported a drop in profits Tuesday as higher costs and the drag from the strong dollar offset the lift from buoyant demand in industrial markets.

This manufacturer of machine equipment for the construction, resource and energy sectors saw continued healthy demand across its businesses. But executives cited increased materials costs amid lingering supply chain problems as a drag, while also pointing to a hit from higher freight costs. Net profits for the fourth quarter came in at \$1.5bn, down 31.4% from the year-ago period, while revenues rose 20.3% to \$16.6bn.

Company officials described broad progress on supply chain shortfalls, but with some areas still problematic. "All it takes is one component to prevent you from shipping an engineering machine," chief executive Jim Umpleby said on a conference call with analysts. "It's very different product by product." The said it company expects cost pressures to moderate throughout the year. Caterpillar is looking for opportunities to pass on higher costs to consumers, while weighing what's feasible. "Certainly we take into account the increases from our suppliers in cost," Umpleby said. "We also pay very close attention to the competitive market... we're managing the balance."

Pfizer

Pfizer Inc on Tuesday forecast a bigger-than-expected drop in sales of its Covid-19 vaccine and treatment for 2023, intensifying investor concerns over demand for the products as governments cut orders and work through inventories. Chief executive Albert Bourla said that 2023 should be a "transition year" for Pfizer's Covid products, before potentially returning to growth in 2024.

Pfizer's total annual sales crossed the \$100bn mark for the first time in 2022, driven by the more than \$56bn in sales of its Covid-19 vaccine and Paxlovid antiviral treatment. It expects total 2023 revenue of \$67bn to \$71bn. "We are building on a significant capital position that we know how to deploy to create growth," Bourla told analysts and investors on conference call. "We are building an R&D engine that is more productive than ever."

The company launched five new products last year and hopes to introduce as many as 14 more over the next year and a half, including a vaccine for respiratory syncytial virus (RSV) and an mRNA flu vaccine. Pfizer shares were down slightly at \$43.53. The stock had tumbled 15% this month, through Monday's close.

Citi analyst Andrew Baum said the company is struggling to escape its dependence on Covid drugs. "We see little here to change our cautious view on Pfizer's ex-Covid business," Baum said in a research note.

Excluding Covid-related sales, Pfizer expects 2023 revenue to grow 7% to 9%. Pfizer developed its Covid-19 vaccine with German partner BioNTech, and the companies split the profits. Pfizer forecast 2023 sales of \$13.5bn for their vaccine, below analysts' estimates of \$14.4bn, and projected \$8bn in Paxlovid sales, short of Wall Street's expectation of \$10.33bn. Bourla said the company expects to start

selling its Covid vaccine Comirnaty through commercial channels in the United States in the second half of 2023, rather than selling the shots directly to the government.

McDonald's

McDonald's reported Tuesday a jump in fourth-quarter profits following higher sales in most markets, scoring with consumers worried about inflation.

The fast-food giant notched 12.6% comparable sales growth globally in the quarter ending December 31. With the exception of China, where Covid-19 restrictions continued to depress sales, major markets including the United States, Japan and Germany all enjoyed solid growth.

"Overall we're still seeing the consumer is resilient and it plays to our strengths as a system in terms of being well positioned on value," chief executive Chris Kempczinski said on a call with analysts.

But Kempczinski said the company must stay "judicious" in terms of passing on higher operating costs to consumers. Profits during the quarter were \$1.9bn, up 16% on the year-ago period on a 1% dip in revenues to \$5.9bn.

Cost pressures remained especially sharp in Europe, where the company is still working through "peak" inflation, in contrast to the United States, where cost pressures on food and paper materials have abated somewhat, said Chief Financial Officer Ian Frederick Borden. Borden said prices in the United States rose about 10% over the course of 2022.

To assist its partners, especially in Europe, McDonald's plans \$100mn to \$150mn in financial support in 2023 for franchisees, Borden said. Back in its home market, McDonald's plans to open about 400 restaurants in 2023, the first additions in the United States since 2014. The new US restaurants are "a sign of the confidence we have" in the business, said Kempczinski, who added that the US business has been boosted by higher digital and delivery sales.

In all, McDonald's plans 1,900 new stores globally, including about 900 new spots in China.

General Motors

General Motors rode a strong performance in North America to higher fourth-quarter profits and said Tuesday that an easing in logistics problems has helped brighten its outlook for 2023.

GM, which regained the title of top US automaker last year after losing the status in 2021 to Toyota, reported fourth-quarter profits of \$2bn, up 14.8% from the year-ago period on revenues of \$43.1bn, up 28.4%. The automaker cited strength in its "core auto business," with quarterly revenues in North America notching a fresh record, thanks to robust demand for the company's truck and sport utility vehicle offerings, its bread-and-

butter products in its home market. Pricing has been boosted by low vehicle inventories over the last year as the industry has struggled with shortages of semiconductors and other materials.

Looking ahead to 2023, the automaker described improving commodities and logistics as a "slight tailwind" and new US tax policies to incentivise electric vehicles as "at least" a \$300mn boost.

GM released a 2023 profit per share target of between \$6 and \$7 per share, above analyst expectations.

However, the outlook for vehicle pricing remains a question mark on auto industry profitability. Tuesday's presentation showed an uptick in October-through-December US dealer inventories to more than double the level of a year ago.

That adds to a complex pricing picture already clouded by higher lending costs and recession worries.

Rivals Tesla and Ford announced price cuts in January to leading electric vehicles. But GM Chief Financial Officer Paul Jacobson signalled no intention to follow suit. "We feel we're well positioned," Jacobson said in a briefing with reporters. "Our customers are saying that our vehicles are priced well."

UniCredit

Italian bank UniCredit said on Tuesday its net profits tripled in 2022 on the back of rising interest rates and a cost-cutting drive, saying it plans to return most of that money to shareholders.

With net profits coming in at €6.5bn (\$7.0bn), it easily beat the analyst consensus of €5.1bn. The bank announced it would pay out €5.2bn to shareholders via dividends and share buybacks. The news sent the bank's share prices zooming more than 8% higher in morning trading. The European Central Bank has been lifting interest rates since last year to tackle inflation and tame consumer price growth.

Despite the uncertainty hanging over the global economy the bank anticipates earning a similar net profit this year.

In the fourth quarter of last year net profits doubled year-on-year to €2.4bn, also beating expectations.

UniCredit also handily beat its own objective for 2022 for adjusted net profit, last revised in October, of €4.8bn excluding impacts from its Russia operations.

UniCredit was one of the European banks most exposed to Russia when Moscow invaded Ukraine last year, with a large local subsidiary operating in the country. It began preliminary discussions on a sale last year, but the talks haven't advanced.

UBS

Swiss banking giant UBS on Tuesday reported better-than-expected fourth quarter earnings, with its net profit surging by nearly a quarter, even as its investment bank revenues took a hit. Net profits at Switzerland's largest bank soared

23% to nearly \$1.7bn in the final quarter of 2022, while its revenues came in at just above \$8bn, marking an 8-percent drop year on year. Analysts polled by the AWP financial news agency had expected to see UBS rake in \$1.28bn in net profit on revenues of \$7.92bn. For the full year 2022, UBS meanwhile saw its net profit inch up to \$7.6bn from \$7.5bn a year earlier.

"We delivered good full-year and solid fourth-quarter results in a difficult macroeconomic and geopolitical environment," company chief Ralph Hamers said in a statement.

UBS has also likely benefitted from what is believed to be a significant exodus of clients from its scandal-plagued Swiss rival, Credit Suisse.

"Our performance proves that our strategy is the right one.

Clients turned to us for advice and stability," Hamers said, pointing out that UBS pulled in \$60bn of new fee-generating assets in 2022. All was not rosy however.

The bank warned that the combined impact in 2022 of "persistent inflation, rapid central bank tightening, the Russia-Ukraine war, and other geopolitical tensions," had hit asset pricing levels and investor sentiment.

As revenues generated by global markets dwindled, UBS's investment bank saw revenues shrink 24% in the fourth quarter.

And its asset management revenues dropped by 31% due to decreasing net management fees, amid negative market performance and foreign currency effects, it said.

Samsung Electronics

Samsung Electronics said Tuesday that its fourth-quarter operating profits plunged nearly 70%, the biggest drop in more than eight years, as the global economic slowdown dealt a blow to electronics and chips sales.

The South Korean tech giant said operating profits for the October to December period slumped to 4.3tn won (\$3.4bn), a 69% drop from a year earlier.

The drop is in line with the estimate Samsung released earlier this month and marks the company's worst decline in quarterly profits since the third quarter of 2014.

"The business environment deteriorated significantly in the fourth quarter due to weak demand amid a global economic slowdown," Samsung said in a statement.

Sales fell 8% to 70.46tn won from the same period the previous year.

Samsung singled out weak demand for memory chips, saying the sector had been hit hard "as prices fell and customers continued to adjust inventory amid deepening uncertainties in the external environment".

The firm is the flagship subsidiary of the giant Samsung Group, by far the biggest of the family-controlled conglomerates that dominate business in Asia's fourth-largest economy.

The fourth-quarter drop is the second consecutive margin squeeze for Samsung, which saw a 31% fall in operating profits in the third quarter year-on-year.

For the full year, Samsung reported 43.38tn won in operating profit and a record-high annual revenue of 302.23tn won.

Until the second quarter of 2022, Samsung, along with other tech companies, significantly benefited from strong demand for electronic devices — as well as chips that power them — during the pandemic.

But the global economy is now facing multiple challenges, including soaring inflation, rising interest rates and higher energy costs.

Global memory chip revenue dropped 10% last year, as electronic equipment manufacturers "started to deplete memory inventory they had been holding in anticipation of stronger demand," according to tech research firm Gartner.

"Consumers also began to reduce spending, with PC and smartphone demand suffering, and then enterprises starting to reduce spending in anticipation of a global recession, all of which impacted overall semiconductor growth," said Andrew Norwood, VP Analyst at Gartner.

The macroeconomic uncertainties are expected to persist in 2023, Samsung said, adding: "the Company anticipates demand to begin recovering in the second half."

"Samsung was dealt a heavy blow with deteriorating external factors, like weaker demand and rising costs," Samsung Electronics vice chairman Han Jong-hee said during CES 2023 in Las Vegas earlier this month, according to the Yonhap News Agency.

"I think this difficult business environment will continue this year as a prolonged economic slowdown and risks in supply chains increase uncertainties."





Fed slows rate hikes, signals further increases coming

Bloomberg
Washington

The Federal Reserve slowed its drive to rein in inflation and said further interest-rate hikes are in store as officials debate when to end their most aggressive tightening of credit in four decades.

Policy makers lifted the Fed's target for its benchmark rate by a quarter percentage point to a range of 4.5% to 4.75%. The smaller move followed a half-point increase in December and four jumbo-sized 75 basis-point hikes prior to that.

The unanimous decision by the Federal Open Market Committee was in line with financial market expectations.

"The committee anticipates that ongoing increases in the target range will be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive to return inflation to 2% over time," the Fed said in a statement issued after the two-day policymaking meeting, repeating language it has used in previous communications.

In a sign that the end of the hiking cycle may be in sight, the committee said the "extent



The Federal Reserve building in Washington. Policymakers lifted the Fed's target for its benchmark rate by a quarter percentage point to a range of 4.5% to 4.75% yesterday.

of future increases" in interest rates will depend on a number of factors including cumulative tightening of monetary policy. It had previously tied the "pace" of future increases to those factors.

In another shift from its last statement, the Fed noted that inflation "has eased somewhat but remains elevated," suggesting policymakers are growing

more confident that price pressures have peaked.

That compares with prior language where officials simply stated price growth was "elevated."

At their prior meeting in December, 17 of 19 policymakers forecast that they'll increase rates to 5% or above this year, with none looking for cuts.

There were no fresh forecasts published on Wednesday.

Some Fed officials sounded more hopeful last month that they can achieve a soft landing of the world's largest economy, bringing down inflation without crashing the US into a recession. White House officials and the International Monetary Fund are also voicing more optimism.

Most private economists though don't think the Fed will get by without pushing the US into a downturn. Forecasters surveyed by Bloomberg in January put the probability of a contraction over the next year at 65%.

After initially dismissing a surge in prices as temporary, Fed policymakers have been scrambling to get control of runaway inflation before it becomes embedded into the economy, lifting rates sharply from levels close to zero as recently as a year ago.

They're also reducing the Fed's balance sheet at a record clip, withdrawing hundreds of billions of dollars from the financial system.

While policymakers have had some success in reining in inflation – the Fed's favourite gauge slowed to a year-on-year rate of 5% in December from 7% in June – they've been loath to declare victory until they're confident price rises are on track to return to their 2% price target.

Powell has zeroed in on the labour market as a source of potential inflationary pressure, arguing that demand for workers is outstripping supply and that wages are rising too quickly to be consistent with the Fed's 2% inflation target.

QSE MARKET WATCH

Company Name	Lt Price	% Chg	Volume
ZAD HOLDING CO	14.20	0.71	9,093
WIDAM FOOD CO	1.59	-0.81	319,611
VODAFONE QATAR	1.72	0.17	1,809,962
UNITED DEVELOPMENT CO	1.27	4.71	787,936
SALAM INTERNATIONAL INVESTME	0.60	-2.29	3,587,797
QATAR & OMAN INVESTMENT CO	0.60	0.00	1,513,879
QATAR NAVIGATION	9.57	0.74	291,129
QATAR NATIONAL CEMENT CO	5.00	-1.96	183,916
QATAR NATIONAL BANK	17.48	-2.89	8,111,427
QLM LIFE & MEDICAL INSURANCE	4.00	-0.15	10,500
QATAR ISLAMIC INSURANCE GROU	8.65	0.00	75,855
QATAR INDUSTRIAL MANUFACTUR	3.13	-0.76	11,000
QATAR INTERNATIONAL ISLAMIC	10.49	1.75	2,398,466
QATARI INVESTORS GROUP	1.73	-1.31	529,496
QATAR ISLAMIC BANK	19.46	-1.07	1,964,394
QATAR GAS TRANSPORT (NAKILAT)	3.79	-0.21	1,350,602
QATAR GENERAL INSURANCE & RE	1.35	-6.90	51,000
QATAR GERMAN CO FOR MEDICAL	1.22	-0.97	1,366,233
QATAR FUEL QSC	18.00	0.78	661,302
LESHA BANK LLC	1.12	-2.45	3,086,684
QATAR ELECTRICITY & WATER CO	17.13	-3.66	819,777
QATAR EXCHANGE INDEX ETF	10.82	0.42	6,682
QATAR CINEMA & FILM DISTRIB	3.10	0.00	3,530
AL RAYAN QATAR ETF	2.39	-0.46	307,579
QATAR INSURANCE CO	1.76	-3.84	233,787
QATAR ALUMINUM MANUFACTURING	1.80	-0.83	15,852,586
OOREDOO QSC	9.10	1.76	1,557,349
ALJARAH HOLDING COMPANY QPS	0.71	-1.11	2,715,397
MAZAYA REAL ESTATE DEVELOPME	0.68	-2.17	4,282,862
MESAEIED PETROCHEMICAL HOLDI	2.19	1.77	3,197,908
MEKDM HOLDING GROUP	7.80	-2.51	392,317
AL MEERA CONSUMER GOODS CO	16.11	0.00	34,028
MEDICARE GROUP	5.82	-6.13	330,469
MANNAL CORPORATION QSC	7.84	2.00	211,546
MASRAF AL RAYAN	2.68	-1.90	46,615,509
INDUSTRIES QATAR	13.80	-1.78	8,709,087
INMA HOLDING COMPANY	3.65	-5.66	328,139
ESTHIMAR HOLDING QSC	1.61	-4.12	11,230,185
GULF WAREHOUSING COMPANY	3.30	-3.31	508,469
GULF INTERNATIONAL SERVICES	1.70	-3.85	4,087,913
AL FALEH EDUCATION HOLDING	1.29	0.00	-
EZDAN HOLDING GROUP	0.99	-1.50	4,836,896
DOHA INSURANCE CO	2.06	-1.86	32,022
DOHA BANK QSC	1.83	-5.68	10,521,063
DLALA HOLDING	1.11	-1.94	259,400
COMMERCIAL BANK PSQC	6.00	0.00	1,797,582
BARWA REAL ESTATE CO	2.80	-1.41	315,077
BALADNA	1.45	-2.75	967,515
DAMAAN ISLAMIC INSURANCE CO	4.25	-0.47	392,604
AL KHALEEF TAKAFUL GROUP	2.12	-4.93	1,001,307
AAMAL CO	1.01	3.17	315,509
AL AHLJ BANK	4.01	0.00	425

EU sets out green industry plan to counter US and China subsidies

Reuters
Brussels

The European Commission proposed a plan yesterday to try to ensure Europe can compete with the United States as a manufacturing hub for electric vehicles and other green products and reduce its dependence on China.

Commission President Ursula von der Leyen announced a loosening of EU state aid rules, a repurposing of existing EU funds, faster approval of green projects and drives to boost skills and to seal trade agreements to secure supplies of critical raw materials.

The plan is partly a response to multi-billion-dollar support programmes of China and the United States, including the latter's Inflation Reduction Act.

"Major economies are rightly stepping up investment in net zero industries," von der Leyen told a news conference. "What we are looking at is that we have a global playing field."

Many EU leaders are concerned that the local content requirements of the \$369bn of green subsidies in the US

legislation will encourage companies to relocate, making the United States a leader



European Commission President Ursula von der Leyen presents a "communication" detailing the EU's "Green Deal Industrial Plan", which will provide \$369bn of subsidies for electric vehicles and other green products, in Brussels, yesterday.

in green tech at Europe's expense. The International Energy Agency estimates the global market for mass-produced clean energy will triple to around \$650bn a year by 2030, with related manufacturing jobs more than doubling.

The European Union wants a part of the action. The Commission proposed loosening state aid rules for investments in renewable energy or decarbonising industry, on a temporary basis, until end 2025, while recognising that not all EU

countries will be able to offer subsidies to the same extent as France or Germany.

In the short term, von der Leyen said EU members could, for example, draw on about 250bn euros (\$272.3bn), much of it remaining from the EU's post-pandemic recovery fund.

"We know that in the next years, the shape of the economy, the net-zero economy, and where it is located will be decided. And we want to be an important part of this net-zero industry that we need globally," von der Leyen

said. The European Commission is hoping member states will back its plan at a February 9-10 summit but it faces a hot debate.

Some EU members have already expressed opposition to parts of the plan, notably the loosening of state aid rules and the prospect that bigger countries such as France and Germany would be able to outspend others.

There is also clear resistance from certain EU members to previous suggestions that the plan could entail further joint borrowing.

Longer term, the Commission will propose creating a European Sovereignty Fund to invest in emerging technologies.

In the coming months, the Commission will propose a Net-Zero Industry Act that could streamline permitting processes and harmonise standards and a Critical Raw Materials Act to promote local extracting, processing and recycling.

The bloc is heavily reliant on China for rare earths and lithium, which are vital materials for the green transition.

The EU executive also wants to seal more free trade agreements and partnerships to make supply chains more resilient and to open markets for green goods.

Meanwhile, German chip supplier ZF Friedrichshafen and US chipmaker Wolf-speed will announce plans on Wednesday to build an electric vehicle chip plant in the Saarland region, according to three sources close to the matter.

"Amid the concerns that the US wants to divert investments from Europe with its Inflation Reduction Act, we're showing that a US firm wants to invest in Germany," a German government source said.

JPMorgan plots Germany consumer bank in next international foray

Bloomberg
New York

JPMorgan Chase & Co is planning to launch a digital bank in Germany as its second international consumer outpost, a move that will create a launchpad for the biggest US bank to further expand in Europe.

The launch is slated for late next year or early 2025, and the firm expects to target other EU countries after that, according to people familiar with the plans. JPMorgan has been hiring in Berlin as part of the effort, and intends for the German capital to be its base for EU consumer operations, the people said, asking not to be identified as the plans aren't public.

New York-based JPMorgan made its first consumer foray beyond US borders in late 2021 with a digital-only retail bank in the UK offering checking accounts. The firm plans to introduce credit cards to that platform as soon as this year, followed by personal loans, the people said. A JPMorgan spokesperson declined to comment on its international consumer expansion plans.

The firm long eschewed the costly, branch-heavy approach that its rivals Citigroup Inc and HSBC Holdings Plc used as they expanded overseas in decades past. That restraint proved prescient as the rise of fintech apps in recent years changed the calculus for JPMorgan's international consumer efforts.

Now, JPMorgan is one of the few big US banks expanding its consumer presence internationally. Citigroup is in the process of selling off more than a dozen retail units around the world. Goldman Sachs

Group Inc has also said its pulling back in consumer banking, which included a UK offering. Sanoko Viswanathan, JPMorgan's chief strategy and growth officer who oversees its international consumer push, signalled the firm's ambitions in an investor presentation in May. As of that month, Chase UK had more than 500,000 customers and deposit balances of about \$10bn, according to Viswanathan's presentation. While the firm anticipated a \$450mm pretax loss tied to the effort last year, it expects to break even in five to six years.

"Consumer banking outside the United States represents a significant untapped opportunity for the firm," Viswanathan said at the time. "Historically, banks have struggled to do well in markets outside their home markets in retail banking, but we think this is changing with digital." Jamie Dimon, JPMorgan's longtime chief executive officer, has been ploughing money into acquisitions and investments in recent years to build out offerings and fend off competition. In a section on that topic in his annual letter to shareholders last year, he cited the firm's consumer expansion abroad, touting advantages including a global payments business and an international private bank. As part of that investment agenda, JPMorgan agreed to buy UK digital wealth manager Nutmeg in 2021, which it is now integrating into its UK platform. That same month, it took a 40% stake in Brazilian bank C6.

"We have a big product road map ahead of us, including lending products and investment products, and as we build this out, we wanted to complement and accelerate our strategy," Viswanathan said in May, touting both investments.

Rates-rocked housing markets add fuel to bond bulls' case

Bloomberg
London

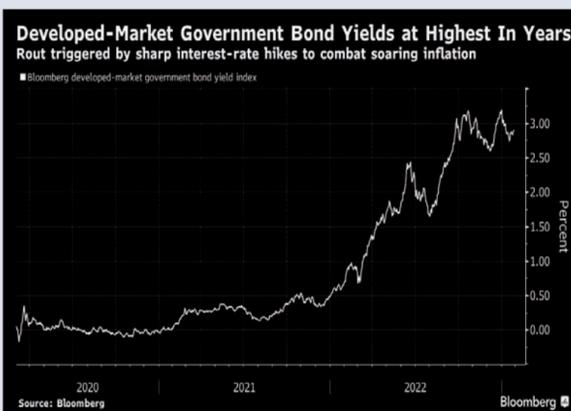
For bond investors looking to bet big on a rally this year, signs of distress in the world's highly-leveraged housing markets are only adding to their conviction.

Places like the UK, New Zealand and Sweden – where house prices are slumping and mortgage payments are rocketing – are high on their watchlist. The logic is that policy makers, loath to kill off a key engine for growth in many advanced economies, will pause or eventually reverse some of the aggressive tightening delivered over the past year.

Central banks warn that higher debt burdens are squeezing homeowners already struggling with inflated food and energy bills. With commercial property also floundering, almost \$175bn of real estate credit is trading at distressed levels, according to data compiled by Bloomberg. Schroders Plc's James Ringer has gone overweight gilts and Swedish government bonds after extensive

analysis of which housing sectors are most at risk of a correction, and what that might mean for financial markets. Martin Harvey, a Wellington Management portfolio manager who runs the Hartford World Bond Fund, expects strong returns from Antipodean bond markets in 2023 for similar reasons.

"It does feel like this theme is starting to play out," said Ringer. "The housing market is the most interest-rate sensitive part of any economy, so it's a very good lead of where the rest of the economy could be in quarters to come." UK house prices fell for a fifth month in January, the longest string of declines since the financial crisis more than a decade ago, data from Nationwide Building Society showed Wednesday. Mortgage approvals fell to their lowest level in two and a half years in December, according to Bank of England figures published on Tuesday. In Sweden, some analysts expect a 1% economic contraction this year as home construction plummets. The number of companies filing for bankruptcy soared to the highest level in at least a decade in January, with builders



accounting for a fifth of that figure. Economists are warning of a scenario they call "mortgage dominance," when housing-market pain can be enough to derail further rate hikes. The Bank for International Settlements noted last year that, while a moderate rise in rates

could help tame overheating markets, a sharp reversal in house prices carries significant risk. Central bankers are also wary. The Bank of Canada last week cited a substantial decline in housing market activity as it signaled a pause in rate rises. Sweden's

central bank governor said on Tuesday that high household debt levels are a risk to the economy. The Bank of England warned in December that 4m UK households would feel a significant increase in mortgage payments this year.

"Housing markets globally could be the big hurdle to central banks raising rates enough to tackle sticky inflation," Eva Sun-Wai, fund manager at M&G Investment Management, wrote in a blog post in January. The level of household debt and the proportion of short-term or variable rate mortgages are good indicators of housing market vulnerability, according to investors. Chris Jeffery, head of rates and inflation at Legal and General Investment Management, said those factors signal where "you are most likely to see the rate-hiking cycle biting first" and boosts the case for buying bonds. Countries like Germany, which has the lowest home ownership in the European Union, according to eurostat data, or France, where regulation controls mortgage rate rises, are seen as less vulnerable to a real estate crack. In fact, the euro area's economy

has proved more resilient than feared and traders are pricing another 150 basis points of hikes by July. That led Schroders' Ringer to offset larger positions in UK and Sweden bonds with an underweight in Germany. The US also looks more resilient, as the prevalence of 30-year fixed-rate mortgages helped delay the impact of higher interest rates on homeowners. Analysts say it's still too soon to gauge the severity of the downturn, and Federal Reserve Chair Jerome Powell may push back against wagers on rate cuts as policy makers meet this week. To be sure, inflation remains a major threat despite a string of lower readings, imposing a challenge on policy makers willing to ease up soon. Take Australia, where the housing market posted its biggest annual slump since 2008 last year and employment and retail sales are starting to fall. Yet inflation unexpectedly accelerated last quarter, forcing traders to price in an interest-rate increase at the February 7 central bank meeting. Earlier this week, a surprise jump in Spanish inflation prompted traders to boost ECB rate-hike bets.

Ahlibank named 'Best Bank for Treasury Services Qatar 2023'

Ahlibank has been named the 'Best Bank for Treasury Services Qatar 2023' in the Global Banking & Finance Awards 2023 in recognition of its innovative products and solutions to serve its clients. The Global Banking & Finance Awards reflect the innovation, achievement, strategy, progressive, and inspirational changes taking place within the global financial community. The awards recognise companies of all sizes, which are prominent in particular areas of expertise and excellence within the financial world. The Global Banking & Finance Awards are known throughout the global banking and financial community as a symbol of excellence. The awards have grown to include various categories, such as banking, foreign exchange, insurance, corporate governance, brokerage & exchange, investment management, technology, asset & wealth management, corporate social responsibility, and other areas. Mohamed al-Namla, Deputy CEO Support, Services & Human Resources at Ahlibank, said: "We are highly delighted to receive this global accolade in recognition of our efforts to continuously provide treasury

services solutions that make investment and banking transactions more accessible for our customers. "Our goal is to create an outstanding customer experience that delivers the best result and value for our clients. Understanding our clients' needs is central to creating bespoke solutions that will mitigate their risks and help improve their financial performance." He added: "Ahlibank's services portfolio size plays to our advantage, providing us the opportunity to think more entrepreneurial and navigate through processes in order to address our clients' changing demands. Winning the 'Best Bank for Treasury Services Qatar 2023' validates our efforts to continually deliver an outstanding customer experience within a highly competitive banking industry. The new award is another evidence of our unwavering commitment, excellent performance, and client-centric services." Ahlibank strives to offer its customers innovative banking solutions that cater to their growing needs in the ever-challenging investment environment.



Ahlibank strives to offer its customers innovative banking solutions that cater to their growing needs in the ever-challenging investment environment



Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari in a discussion with Zahra Lyane Thiam Diop, general manager of the Senegalese Export Promotion Agency. The meeting was also attended by Senegal ambassador Dr Mohamed Habibou Diallo.

Qatar Chamber and IOFS seek to boost inter-trade between Islamic countries

Qatar Chamber has hosted a meeting with a delegation representing the Islamic Organisation for Food Security (IOFS) to enhance co-operation relations in the field of food security and promote inter-trade between Islamic countries.

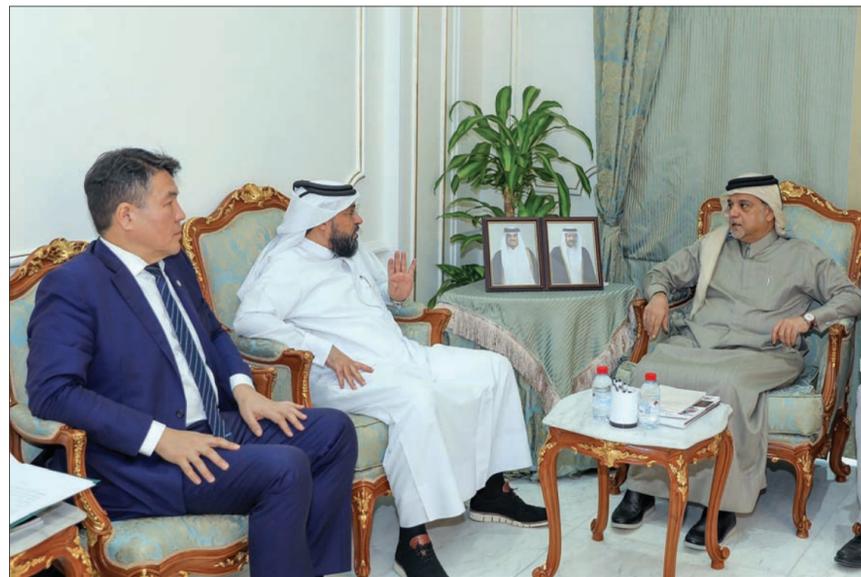
The meeting provided a background of the IOFS, its agenda, and activities. It also called on the Qatari private sector to take part in the organisation's various events and activities.

Qatar Chamber board member Mohamed bin Ahmed al-Obaidli, who is chairman of the chamber's Food Security and Environment Committee, received the delegation, which was led by Dr Masoud Jarallah al-Marri, chairman of the IOFS Executive Council, and Professor Yerlan A Baidaulat, director general.

Al-Obaidli underscored the private sector's interest to invest in food security projects and to contribute to raising the state's self-sufficiency in different goods, saying Qatar's advanced infrastructure enabled the private sector to play a greater role. He emphasised that Qatari investors are keen to invest in Islamic countries, especially those that offer guarantees, incentives, and legislation that attract and protect investments.

For his part, al-Marri, thanked the chamber for hosting the meetings, noting that the IOFS was established in 2016 and is comprised of 35 member countries.

It aims to enhance co-operation between member states in many areas, including agriculture and food security. He said IOFS is looking forward to playing a greater role in the private sector in these sectors. Al-Marri noted that the Dubai-based International Islamic Food Process-



Qatar Chamber board member Mohamed bin Ahmed al-Obaidli receiving Dr Masoud Jarallah al-Marri, chairman of the IOFS Executive Council, and Professor Yerlan A Baidaulat, director general.

ing Association (IFPA), which is affiliated with the IOFS, aims to diversify and strengthen food supply chains among Organisation of Islamic Co-operation (OIC) member states.

Baidaulat emphasised that Qatar's presidency of the IOFS Executive Council will enhance the growth of the food security sector, which gains great importance from the state.

During the meeting, Baidaulat gave an overview of the IFPA, which was established in 2021 under the auspices of the IOFS with the aim to

facilitate private-sector-led trade and investment across all agri-food ecosystem players for sustainable development of food security among OIC member states.

"IFPA aims to contribute to achieving food security for the OIC member countries through close co-operation with companies from the private sector and is also working to assist member states in building food processing capabilities and expanding trade opportunities," he noted.

He further said IFPA has 32 active members from chambers of com-

merce food unions and companies operating in the agri-food sector. He invited Qatari companies to join the association, which opens new access to larger markets in several Islamic countries that own enormous potential and capabilities in food security fields.

Members of the meeting agreed that Qatar Chamber will host a joint seminar with IOFS representatives and the Qatari private sector to learn more about its activities and how to maximise mutual benefit in all areas of IOFS's objectives.

Qatar Chamber, Senegal's Export Promotion Agency discuss investment opportunities

Officials of Qatar Chamber and Senegal's Export Promotion Agency recently held a meeting to discuss ways to tap investment opportunities.

Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari met with Zahra Lyane Thiam Diop, general manager of the Senegalese Export Promotion Agency, and her accompanying delegation. The meeting was attended by Senegal ambassador Dr Mohamed Habibou Diallo.

Al-Kuwari said Qatari businessmen are interested to learn about the available opportunities in Senegal, stressing that there is a great interest to enhance co-operation with the Senegalese private sector in several sectors like agriculture, industry, mining, and others.

He said Senegal is "a promising" investment destination," adding that the chamber is keen to co-operate with the Senegalese side to upgrade commercial relations between the private sector in both countries.

Al-Kuwari noted that plans are in the

pipeline for the signing of an agreement between the Qatar Chamber and the National Union of Chambers of Commerce, Industry and Agriculture of Senegal to boost co-operation and establish a joint business council that will pave the way for further co-operation and trade partnerships between them and to develop both countries' trade volume.

For her part, Diop praised the close relations between both countries, stressing that these relations witnessed considerable development, especially in light of the mutual interest in increasing trade co-operation and taking advantage of the potential both two countries own.

She said her visit to Qatar aims to explore economic sectors, particularly agriculture and other related industries. Diop said mutual visits would help in promoting trade co-operation and introducing investment opportunities available in both countries, noting that Qatar is witnessing significant growth at all levels and is a conducive destination for investments.

Qatar's ports register 59% y-o-y jump in transshipment volumes in January

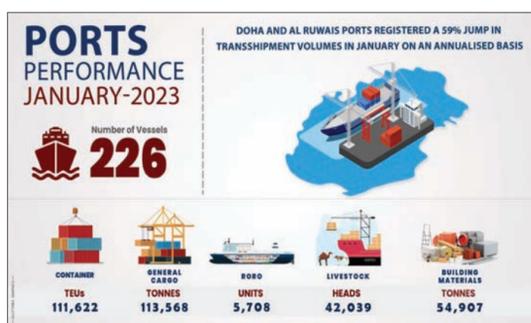
By Santhosh V Perumal
Business Reporter

Qatar's maritime sector opened the year 2023 on a stronger note as its Hamad, Doha and Al Ruwais ports registered a 59% jump in transshipment volumes in January on an annualised basis, according to Mwani Qatar's tweet.

Hamad Port, which is the largest eco-friendly project in the region and internationally recognised as one of the largest green ports in the world, saw 111,624 TEUs (twenty-foot equivalent units) of containers handled this January.

On a month-to-month basis, the transshipment volumes through the three ports fell 13.26% during the review period, the data suggested.

The container terminals have been designed to address the increasing trade volume, enhancing ease of doing business as well as supporting the achievement of economic diversification, which is one of the most important goals of



the Qatar National Vision 2030.

Mwani Qatar said building materials and livestock registered a growth of 10% and 35% respectively year-on-year in January 2023. The three ports had handled 42,309 livestock in January 2023.

The building materials traffic through the three ports stood at 54,907 tonnes in January 2023, which zoomed 9.15% and 19.4% year-on-year and month-on-month respectively in the review

period. The number of ships calling on Qatar's three ports stood at 226 in January 2023, which shrank 0.88% year-on-year and 15.36% month-on-month.

Hamad Port - whose strategic geographical location offers opportunities to create cargo movement towards the upper Gulf, supporting countries such as Kuwait and Iraq and south towards Oman - saw as many as 134 vessels call on the port in the review period.

The general cargo handled through the three ports was 113,568 tonnes in January 2023, which showed a 43.71% and 19.23% decline year-on-year and month-on-month respectively.

Hamad Port - whose multi-use terminal is designed to serve the supply chains for the RORO (vehicles), grains and livestock - handled 35,302 freight tonnes (F/T) of bulk and 65,536F/T of breakbulk in January this year.

The three ports handled 5,708 RORO in January 2023, which registered a 0.44% and 8.86% contraction on yearly and monthly basis respectively. Hamad Port alone handled 5,667 units in January 2023.

Mwani Qatar recently held a workshop to discuss Ruwais Port development plan and the third phase works to widen and deepen the port's access channels and basin in line with the Ministry of Transport and Communication's strategic plan aimed to raise port's capabilities to cope with the growth in ship traffic, export and import.

Qatar's producers' price index shrinks 5.27% m-o-m in December 2022: PSA

By Santhosh V Perumal
Business Reporter

Qatar's producers' price index (PPD), which captures the price pressure felt by the producers of goods and services, shrank 5.27% month-on-month in December 2022, according to the official estimates.

The country's PPI had declined on monthly basis on account of weaker extraction of hydrocarbons and certain manufactured products like refined petroleum products and chemicals, said the figures released by the Planning and Statistics Authority (PSA).

The PPI measures inflation from the perspective of costs to industry or producers of products as it measures price changes before they reach consumers.

The PSA had released a new PPI series in late 2015. With a base of 2013, it draws on an updated sampling frame and new weights. The previous sampling frame dates from 2006, when the Qatari economy was much smaller than today and the range of products made domestically much narrower.

However, Qatar's PPI was seen gaining 1.45% year-on-year in December 2022. The hardening of the global crude oil and industrial input prices, on account of higher inflation and interest rates, had its reflection in the PPI on an annualised basis. However, the yearly increase in PPI has begun its slow down.

The mining PPI, which carries the maximum

weight of 82.46%, reported a 5.68% shrinkage month-on-month in December 2022 as the average selling price of crude petroleum and natural gas was seen plummeting 5.69%.

However, the mining PPI soared 4.05% year-on-year in December 2022 as the average selling price of crude petroleum and natural gas remained elevated at 4.04% and that of stone, sand and clay at 7.51%.

The manufacturing sector PPI, which has a weight of 15.85% in the basket, shrank 3.63% on a monthly basis in December 2022 due to a 9.01% plunge in the average selling price of refined petroleum products, 3.51% in chemicals and chemical products and 0.3% in basic metals. Nevertheless, there was a 3.12% increase in the average selling price of food products.

The manufacturing PPI tanked 11.13% year-on-year in December 2022 on account of a 17.85% plunge in the average price of chemicals and chemical products, 5.37% in basic metals, 3.49% in printing and reproduction of recorded media and 0.86% in beverages.

However, rubber and plastics sector witnessed 22.29% surge in average selling price, food products (7.2%), cement and other non-metallic mineral products (5.37) and refined petroleum products (0.28%). The index of electricity, gas, steam and air conditioning supply reported 6.69% surge month-on-month but shrank 5.63% year-on-year in December 2022.

The index of water supply was seen declining 0.14% and 10.8% month-on-month and year-on-year respectively in December 2022.

End of an era: The final Boeing 747 delivery



By Alex Macheras

It's the end of an era for the Queen of the Skies in commercial aviation, as the last-ever Boeing 747 was delivered this week, marking the start of the final chapter for perhaps the most iconic commercial airline jet, ever. Production of the Boeing 747, the world's first

twin-aisle airplane, began in 1967 and spanned 54 years, during which a total of 1,574 airplanes were built. In a ceremony that was broadcast live online, the aircraft was handed over to its new owner, US air cargo operator Atlas Air, at Boeing's plant in Everett, Washington. A string of speakers representing companies that have relied on the 747 came to celebrate the aircraft. "The 747 is a symbol for many, many things, and above all, I think it's a symbol for the world, which the 747 has made substantially smaller," said Lufthansa CEO Carsten Spohr. Actor and pilot John Travolta, who narrated a series of videos chronicling the aircraft's colourful history, appeared to thank the employees of Boeing for "the most well-thought-out and safest aircraft ever built." British billionaire entrepreneur Richard Branson, who was inspired to start an airline with a single Boeing 747 after getting stuck on a delayed flight, earlier on Tuesday called it a "wonderful beast" as he bid farewell.

While the final 747 won't be carrying paying passengers, its delivery is another milestone for the distinctive double-decker "Queen of the Skies," which revolutionised intercontinental travel while also appearing in James Bond films and even giving rides to the Space Shuttle. Seventy-five thousand engineering drawings were used to produce the first 747. The first 747 completed more than 15,000 hours of wind-tunnel testing, and the original 747 flight test programme, which led to the airplane's certification for commercial service in December 1969, used five airplanes, lasted 10 months and required more than 1,500 hours of flying. With the last passenger 747 having entered service more than five years ago, the end of the 747's enduring career now moves even closer, hastened by airlines switching their preferences to smaller and more economical aircraft. The 747's origins date to the 1960s, a period when aviation was on the

upswing and airports were becoming increasingly busy. At the urging of Pan American Airways, Boeing began to plan for a jet that could carry significantly more passengers. Engineers initially conceived of a plane with two fuselages, but dropped that idea due to concerns about evacuating passengers from a second level. Instead of making the plane taller, the 747 was made quite a bit wider, Michael Lombardi, Boeing's company historian said of a jet that became the first designed with two aisles. "This airplane will always be recognised as the queen of the sky," Lombardi said at a recent briefing. The 747 would go on to be powered by four engines and was conceived from the start as a plane that would also carry cargo. Modifications took place, such as there need to raise the cockpit above the nose, leading to the 747's iconic "hump." The aircraft remained the largest passenger plane until the arrival in the 2000s of the 'superjumbo' Airbus A380 - a popular aircraft here in the Middle

East. Lufthansa remains the largest operator of the passenger version of the B747-8, with 19 in its current fleet and potential commitments to keep the jumbo flying passengers for years, possibly decades, to come. The 747 has proven more popular among cargo operators. There are still 314 747 freighters in use, according to Cirium, many of which were initially used as passenger jets before being renovated into freighters. Features such as the distinctive nose-loading capability, and the cockpit's elevated position, leaving the whole length of the lower fuselage available to carry large-volume items, have made it a cargo favourite. The delivery also brings questions about what will happen to Boeing's vast Everett factory, in which the 747 has been produced since 1967. While Boeing hasn't disclosed much publicly about what it intends to do with the facilities that housed the Boeing 747 final assembly line, in the run up to the final jumbo delivery reports have emerged that they

may be used to work on stored B787 Dreamliners. What's more, according to these same sources, Boeing may also produce additional B737s in Everett. Production of this bestselling model currently takes place at another facility in Renton, further south in the greater Seattle area. There are still two more Boeing 747 deliveries pending - but it's an extraordinary order. They will be the two new US presidential planes, which are technically called VC-25, frequently referred to as "Air Force One" (a call sign that is only used when the US President is on board). These two planes have already been built, having originally been destined for Russian airline Transaero, which went bankrupt in 2015. The two future Air Force Ones are currently undergoing an extensive programme of modifications to prepare them for presidential service.

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Profitable run to continue as bookings return, says Ryanair

Bloomberg
London

Ryanair Holdings Plc said it's confident it can sustain its profitable run into next year and beyond as surging travel demand drives fares and as the company operates more high-capacity, fuel-efficient aircraft. Profit after tax in the fiscal third quarter through December reached €211mn (\$229mn), compared with a loss of €96mn a year earlier, Europe's largest discount airline said in a statement. The company reiterated its full-year profit outlook range of €1.325bn to €1.425bn, which Ryanair had raised earlier last month. "We will deliver record profits in the current financial year and we would expect to continue to grow profitably into next year and beyond," chief financial officer Neil Sorahan said in an interview. "Based on current booking profiles, we think that fares will rise in summer." The airline industry is recovering from its worst-ever slump, and discount airlines like Ryanair and EasyJet Plc in particular are benefiting as budget-minded consumers hunt for deals. Ryanair said it's winning market share in places like Spain and Scandinavia, and the airline is putting more capacity into markets including the UK, using its fleet of high-capacity Boeing Co 737 Max that carry more people at reduced fuel burn. Ryanair cautioned that some deliveries of the new Boeing model

might slip as the US manufacturer continues to grapple with production, with the CFO predicting that Ryanair may fall "four or five aircraft short for peak summer at this point in time." Strong bookings have also driven up fares, Ryanair said, as people spend the savings they made during the pandemic. As the cost of living soars in Europe amid fears of recession, Ryanair is banking on passengers trading down from full-service rivals rather than avoiding travel altogether. Sorahan said in a separate interview on Bloomberg Television. Passenger numbers should reach 168mn this fiscal year and rise to 225mn by 2026. Ryanair reiterated that it will have a loss in its fiscal fourth quarter because the busy Easter travel time falls outside the period. Chief executive officer Michael O'Leary said this month that the company was seeing its best ever sales for summer travel as travel remains a priority for the public and Ryanair expands its route network. The carrier said fares remained buoyant after rising last year and would likely show a further high single-digit percentage gain. The CFO said the company is benefiting from an influx of foreign tourists as more US travellers take advantage of the strong dollar and flows from Asia improve. Ryanair will make use of its strong balance sheet to pay off €1.6bn in maturing debt using its cash on hand, the CFO said.



Ryanair and EasyJet aircraft on the tarmac at London Stansted Airport. Ryanair said it's confident it can sustain its profitable run into next year and beyond as surging travel demand drives fares and as the company operates more high-capacity, fuel-efficient aircraft.

UK reinstates airport slot rules as travel rebounds from slump

Bloomberg
London

The UK will reinstate utilisation rules that mandate airlines use their allocated airport take-off and landing slots or lose them in the next season as travel rebounds from the pandemic. Airlines will be required to use 80% of their airport slots this summer in order to retain them, the Department for Transport said. Carriers will still be able to hand back up to 5% of their slots before March 26, if they're unable to use them, the government said, adding that the measure will help airlines plan realistic schedules and avoid last-minute cancellations. The return of pre-pandemic slot rules highlights how an industry that



Passengers look at a departure information board inside London Heathrow airport's Terminal 2. The UK will reinstate utilisation rules that mandate airlines use their allocated airport take-off and landing slots or lose them in the next season as travel rebounds from the pandemic.

was among the worst affected by the pandemic has managed a come-back, operating at near Covid-19 levels in large parts of Europe and the US.

Airport slots help manage capacity in congested airports like London's Heathrow and Gatwick hubs, and given their scarcity, they can change hands for tens of millions of pounds.

Higher jet fuel prices likely to feed airline ticket price run-up

By Pratap John

Fuel is a major cost component of operating an airline, often accounting for 20-30% of operating costs. China's lifting of Covid-19 travel restrictions and US refinery outages are expected to have an impact on jet fuel price this year, which have recently risen to levels not recorded before. Chinese flight activity has more than tripled since early December 2022 to more than an average of 10,700 flights per day now, Reuters said quoting flight tracking firm Airportia. This, obviously has triggered demand for jet fuel worldwide. Consequently, prices are climbing in Asia, Europe and the United States. Refining outages in the United States are feeding the price run-up. Jet fuel this year will be the largest source of oil demand growth, points out the International Energy Agency, which monitors energy consumption. Higher jet fuel prices are likely to impact airline ticket prices in the near term, industry analysts say. In 2023, the airline fuel bill is forecast to be nearly \$230bn, accounting for around 30% of total operating expenses at an oil price of around \$92.3 per barrel Brent, International Air Transport Association noted. The jet fuel price ended last week up 1.6% at 146.05/barrel, IATA analysis showed. Jet fuel price average for 2023 estimated by IATA is \$137.93/b. This month's demand should hit 6.6mn barrels per day, the highest reading since February 2020, said Viktor Katona, an analyst at data firm Kpler. Cold weather along the US Gulf Coast recently knocked out some processing plants and pushed up the premium for jet fuel, said Gary Simmons, chief commercial officer at Valero Energy. "Overall, we expect jet demand to increase significantly this year," he said recently, as air travel continues to rise. US East Coast supplies are likely to remain scarce until mid-February, he said. A February 5 European Union embargo on imports of seaborne Russian refined products will also



A member of the ground crew connects a fuel hose to the wing of an Airbus Group aircraft, operated by EasyJet, during the refuelling process between flights at the north terminal of London Gatwick airport. China's lifting of Covid-19 travel restrictions and US refinery outages are expected to have an impact on jet fuel price this year, which have recently risen to levels not recorded before.

Beyond the Tarmac

pressure European supplies and will increase the call on US refiners to fill the gap, a Reuters' dispatch said. US jet fuel inventories ended last year at 34mn barrels, the lowest since 1990, according to federal government data. Total jet fuel supplied, a proxy for demand, stood at 1.56mn barrels per day in 2022, the highest since 2019. Aviation fuel prices have remained high, and are likely to impact ticket prices in the near term. The 'crack spread' - or the difference between the price of Brent crude and jet fuel price - is at its widest since the

beginning of the year, said Willie Walsh, Director General, International Air Transport Association (IATA). If this gap doesn't reduce, we are looking at a hike in airfares, Walsh said. "Airlines don't have the capacity to absorb the cost," he added. Jet fuel prices have long driven airline profitability and the aviation industry as a whole, representing between 14% and as much as 31% of airline operating costs in the past decade, an IATA estimate shows. One report, however, suggests 40% of the raw material cost in any airline, is for jet fuel or aviation

turbine fuel (ATF). Consequently, airlines hedge a large portion of their annual fuel consumption at lower oil prices in order to protect themselves from the volatility in oil prices. But given the global economic uncertainties, it is easier said than done. "Because of oil price volatility, we cannot hedge anymore as banks are not ready to hedge. This is because they don't know where the price is going - north or south," Qatar Airways Group Chief Executive HE Akbar al-Baker said at an industry event in Doha a few months ago. "That said, oil price is not in the hands of anyone - it is based on demand and supply and the political climate around the world," he noted.

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Air New Zealand hustles to get passengers home after floods

Bloomberg
Wellington

Air New Zealand Ltd is attempting one of its biggest-ever passenger recoveries, trying to rebook some 9,000 travellers stranded around the world or stuck at home, unable to fly due to floods in Auckland. With spare capacity on airlines already limited, the task has turned into a complex logistical puzzle for the New Zealand carrier. Some passengers are being squeezed onto an Airbus SE superjumbo provided by Singapore Airlines Ltd, while others might end up on flights originally scheduled to carry



Air New Zealand aircraft on the tarmac at Auckland International Airport. Air New Zealand is attempting one of its biggest-ever passenger recoveries, trying to rebook some 9,000 travellers stranded around the world or stuck at home, unable to fly due to floods in Auckland.

customers whose rebooked flight is further out than they would have hoped."

Chief Customer and Sales Officer Leanne Geraghty said in a statement. "There will be some

While passengers have been rebooked at a rate of two per minute since late Saturday, about 300 still don't have alternative travel plans locked in, Air New Zealand said on Wednesday. The disruptions to inbound and outbound travel follow the closure of Auckland Airport at the weekend after heavy rain lashed the city and caused widespread flooding. Some people stranded in Singapore were told it would be difficult to find seats on other flights before the end of February, according to the *New Zealand Herald*.