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Global concerns play spoilsport in QSE as index tanks 171 points

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BUSINESS

EMEA AWARDS: Page 2

QIB receives 'Most Innovative Bank in the Middle East' honour again

MPHC capex at QR1.8bn for 2023-27; PVC plant to be completed by 2025

By Santhosh V Perumal
Business Reporter


MPHC board members address shareholders at the AGM. **PICTURE:** Shaji Kayamkulam

Mesaieed Petrochemical Holding Company (MPHC) has earmarked a total capital expenditure (capex) of QR1.8bn for 2023-27 as part of efforts to enhance capacity.

"Going forward, the group will continue to consider capex investments to enhance capacity, reliability, efficiency and HSE performance, with a total budgeted outlay of QR1.8bn over a period of five years from 2023 till 2027," said its board report, presented at the general assembly, which approved net profit and dividend for 2022.

Addressing the shareholders, MPHC chairman Ahmad Saif al-Sulaiti said the capex includes MPHC's share in the new PVC (polyvinyl chloride) project funding. MPHC has already given the go-ahead to the Qatar Vinyl Company (QVC) to construct a PVC facility with a production capacity of 350,000 metric tonnes.

On segment-wise capex, the report said the petrochemicals are expected to spend QR1.1bn on various projects, including turnarounds and dock jetty enhancement.

Other projects will include, but are not limited to, operations (HSE, plant reliability, and integrity) and maintenance shutdowns. "These projects will improve facilities' operational integrity, reliability and output, and reduce emissions while ensuring regulatory compliance, and will lead to improved operating cash flows via added efficiencies," it said.

In 2022, the segmental capex incurred was QR249mn. Q-Chem's turnaround accounted for about 55% of the current year's capex, with two additional projects accounting for most of the remaining spending.

These projects include the Q-Chem sixth furnace project and the Q-Chem dock jetty enhancement.

The sixth furnace project is currently in the commissioning phase and ensures sustainable production volumes while ensuring a more consistent consumption of allocated ethane volumes.

"The project is progressing as planned, and the furnace will be operational during the first quarter of 2023. The total cost incurred till date on the project amounted to QR89.7mn," it said.

Highlighting that the dock jetty enhancement project is a combination of restoration and enhancement, the report said it is a critical element of infrastructure currently available and would support the segment for the foreseeable future.

The chlor-alkali segment is expected to spend QR709mn on various projects. As per the capex plan, QR543mn will be spent in relation to the new PVC plant, whose construction is expected to be completed by mid-2025.

"The project is value accretive to MPHC and the national industrial sector. MPHC will be funding the construction of the new PVC plant equivalent to its shareholding in QVC," al-Sulaiti said. Being the first PVC plant Qatar, this project aims to position the country as a new regional player in the PVC production, while reinforcing the downstream value chain.

The new plant will be integrated with the existing QVC facilities located at Mesaieed Industrial City and will source feedstock (vinyl chloride monomer) from the existing facilities.

The new plant will maximise synergies on efficient water and power usage and existing supply chain capabilities, while assuring sustainable operations.

The new plant aims to meet the growing demand, especially the construction industry.

The PVC produced is expected to meet the domestic market demand and provide opportunities to export internationally.

PVC as a product can be handled, stored, and shipped safely and seamlessly; and could be coupled with other similar products produced in Qatar to provide opportunities for optimised logistical cost structures.

Qatar's LNG expansion requirements may account for 100 plus of upcoming LNG ship orders: QNBFS

By Pratap John
Business Editor

Qatar's LNG expansion requirements could account for more than 100 of the upcoming LNG ship orders, QNB Financial Services has said in a report.

LNG vessels are expected to increase from the current global total of 660 LNG ships to some 946 LNG ships by 2028 as per order books, QNBFS said in its latest 'Qatar equity Strategy alert'.

Qatar's huge LNG expansion will drive large LNG shipping requirements over the coming years. The LNG expansion will see Qatar's overall LNG output increasing by 64% to reach 126mn tonnes per year (MTPY), from the current 77mn tpy.

The first phase of the expansion (North Field East) is estimated to cost $28.75bn and is set for completion by 2025, raising total output to 110mn tpy.

The second phase of the expansion (North Field South) will raise overall output to 126mn tpy by 2027/early 2028.

"We expect overall LNG tanker demand to be driven by this huge LNG expansion over the coming years," QNBFS said.

Qatar's LNG export markets have grown significantly over the years and in 2022 Qatar exported to over 21 countries.

Qatar exported an estimated 81.2mnn tonnes of LNG in 2022 with over 69.5% of exports going to the Asian region.

China is currently the leading export destination for Qatar's LNG and in 2022 accounted for 18.8% of overall LNG exports. Qatar will remain among the largest LNG exporters in the world after its planned expansion and is expected to be the second largest global LNG exporter by 2028 with 126mn tons.

"Qatar has an existing diverse and long-term customer base across many continents and with the recent deals will be able to fill the global supply-demand gap," QNBFS noted.

China's Sinopec secured one of the longest ever liquefied natural gas deals in November 2022, signing a 27-year sale and purchase agreement (SPA) with QatarEnergy for the supply of 4mn tpy of LNG to China.

This deal marks the longest gas supply agreement in the history of the LNG industry and is the second SPA between Sinopec and QatarEnergy, following the 10-year SPA signed in March 2021 for the supply of 2mn tpy to China. QatarEnergy has also concluded construction contracts and long-term time charter agreements for some 60 LNG carriers as part of its historic shipbuilding programme in support of the LNG expansion, with the carrier numbers expected to rise to over 100 in future.

Qatar is also looking to ship LNG from the US to Germany. QatarEnergy has a 70% stake in the Golden Pass LNG plant in Texas, which is slated to become operational by 2024 and as per the offtake agreement could export over 12mn tpy of LNG from the facility, QNBFS noted.

Qatar Chamber signs agreement with China Foreign Trade Centre to boost co-operation

Qatar Chamber and the China Foreign Trade Centre (CFTC) signed yesterday an agreement to bolster co-operation, promote events, and exchange visits.

The agreement was signed by Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari and CFTC president Chu Shijia during a meeting between both officials at the chamber's headquarters.

Speaking at the meeting, which discussed means to enhance co-operation and bolster trade, al-Kuwari emphasised that China is an important investment destination for Qatari investors, who are eager to learn about the opportunities in China, particularly in Guangzhou.

"There is a great opportunity for the private sector of both countries to enter into commercial partnerships and benefit from the tremendous potential offered in both counties. Qatar Chamber is keen to enhance co-operation between both sides and enable the Qatari private sector to participate in the economic events held in China," al-Kuwari said.

Shijia said the visit aims at reviewing trade relations between Chinese and Qatari businessmen and to invite the Qatari private sector to participate in the Canton Fair 2023 (The 133rd China Import and Export Fair), which will be held in Guangzhou City as one of the world's important trade fairs.

He also noted that the fair is expected to attract more than 26,000 exhibitors and more than 3mn visitors, in addition to a large number of accompanying activities and events, adding that the fair will contribute to enhancing trade between Qatari and Chinese businessmen, and offers "a brilliant opportunity" for exporters and importers to meet and discuss business deals, and to get acquainted with the Chinese products displayed at the exhibition.


Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari and CFTC president Chu Shijia during a meeting between both officials at the chamber's headquarters.

Saudi Arabia launches new national airline

AFP
Riyadh

Saudi Arabia announced yesterday the creation of a new national airline, part of a plan to turn Riyadh into a global aviation hub.

Riyadh Air "aims to launch flights to more than 100 destinations around the world by 2030," the official Saudi Press Agency (SPA) reported.

The Gulf kingdom is pursuing ambitious aviation goals as part of Crown Prince Mohamed bin Salman's wide-ranging "Vision 2030" reform agenda, including more than tripling annual traffic to 330mn passengers by the end of the decade.

It also wants to move up to 5mn tonnes of cargo each year.

Last November officials announced plans for a new airport in the capital Riyadh — spanning 57 square kilometres (22 square miles) — that is set to accommodate 120mn travellers per year by 2030 and 185mn travellers by 2050.

The capacity of the existing Riyadh airport is around 35mn travellers.

The new airline is the latest in "a huge package of projects" that will "consolidate our country's position as an international hub for aviation and a global logistics centre", Saudi transport minister Saleh al-Jasser said on Twitter.

Tony Douglas, former head of Abu Dhabi-based Etihad Airways, has been appointed CEO, SPA said.

Yesterday's announcement said Riyadh Air would operate a "fleet of advanced aircraft", but did not specify how big the fleet would be or from where it would be sourced.

The Wall Street Journal reported on Saturday that the Public Investment Fund, the sovereign wealth fund that will own the airline, was "close to a deal" with Boeing for an aircraft order "valued at $35bn".

The kingdom's busiest international airport is currently in the Red Sea coastal city of Jeddah, where flag carrier Saudia is based.

Officials have in recent years tried to position Riyadh, in central Saudi Arabia, as a rival to business hub Dubai.

"They want to make it a cosmopolitan city competing with the likes of Dubai and the likes of Doha from an investment perspective, from a tourism perspective, from an infrastructure perspective," Khalil Lamrabet, former CEO of the Saudi Air Connectivity Program, told AFP last November.

Qatar, US hold work session on energy and climate change

A work session was held yesterday between the State of Qatar and the United States of America on energy and climate change within the 5th Qatar-US Strategic Dialogue framework. Director of the Department of Radiation Protection and Chemicals at the Ministry of Environment and Climate Change Eng Abdul Rahman al-Abdul Jabbar chaired the delegation of the State of Qatar during the session, while Principal Deputy Administrator of the National Nuclear Security Administration at the US Department of Energy Frank Rose chaired the US side. During the session, they discussed ways to enhance joint co-operation in the fields of energy and climate change, the State of Qatar's focal role in providing energy supplies, efforts to reduce carbon emissions, and a number of important topics.

Saudi Aramco posts blowout annual profit, raises dividend

Bloomberg
Riyadh

Saudi Aramco unexpectedly increased its dividend and said it would boost spending as it looks to deploy an avalanche of cash generated by last year's surge in oil and gas prices.

The world's biggest energy company made net income of $161bn, the most since it listed and up 46% from 2021. Its performance was bolstered by Russia's invasion of Ukraine roiling oil markets.

Aramco raised its dividend — a crucial source of funding for the Saudi Arabian government — to $19.5bn for the final quarter, up 4% from the previous three-month period.

US and European peers such as Chevron Corp and Shell Plc also reported blowout earnings and are returning billions of dollars to shareholders through larger dividends and buybacks. Aramco, until now, has instead focused on using its extra cash to increase output.

Crude prices have fallen since the middle of 2022 and have lost another 4% this year, with Brent now trading below $83 a barrel. That's been caused in large part by the US Federal Reserve staying hawkish on inflation and investors no longer anticipating interest rates will be on a clear downward path by the second half of 2023.

The company's adjusted profit weakened to around $31bn between October and December, according to data compiled by Bloomberg. That was down from $42bn in the third quarter.

Aramco will release a full financial statement today. Saudi Basic Industries Corp, a chemicals firm controlled by Aramco, saw income slump in late 2022 as a global economic slowdown weighed on consumption of everything from plastics to building materials.

Many traders still think oil will climb later this year, perhaps back to $100 a barrel, as demand strengthens in China with the reopening of its economy.

Aramco reiterated that there's too little investment globally in oil and gas production and that a tight market could cause prices to jump.

Aramco is spending billions of dollars to raise its daily oil capacity to 13mn barrels by 2027 from 12mn, and gas output by more than 50% this decade.

Crude production averaged 10.5mn barrels a day in 2022, the highest level ever for the kingdom. That came as Opec+ — an alliance led by Saudi Arabia and Russia — opted to pump more following deep supply cuts in 2020 as the coronavirus pandemic worsened.

"Given that we anticipate oil and gas will remain essential for the foreseeable future, the risks of underinvestment in our industry are real — including contributing to higher energy prices," chief executive officer Amin Nasser said in a statement.

Aramco spent $37.6bn on capital projects in 2022 and will increase the figure to between $45bn and $55bn this year, it said.

The full year dividend of $75.8bn — the world's largest for a public company — was easily covered by free cash flow, which soared to almost $149bn. Aramco will also issue one bonus share for every 10 shares owned.

QIB receives 'Most Innovative Bank in the Middle East' from EMEA banking awards

The awards were received by Constantinos Constantinides, QIB Chief Strategy & Digital officer.

Qatar Islamic Bank (QIB) received the 'Most Innovative Bank in the Middle East, 'Best Product Launch in the Middle East', and 'Best Islamic Bank in Qatar' awards for the sixth consecutive year from EMEA Middle East Banking Awards.

The honour was announced at EMEA's awards ceremony held in Dubai in the presence of QIB senior management. The awards were received by Constantinos Constantinides, QIB Chief Strategy & Digital officer.

The awards, spread across Islamic and digital categories, are a confirmation of QIB's position as Qatar's leading Islamic bank, in addition to its progress on its digital transformation strategy.

In the past year, QIB leveraged technology and responded to the changing market demands and customer needs by launching innovative and cutting-edge solutions for both retail and corporate customers.

QIB introduced the first-ever digital credit card in Qatar; Growing Deposit, a recurring, unique digital deposit account encouraging long-term saving habits; and the Flexi Certificate of Deposits, a digital certificate that provides customers with the flexibility to make partial redemptions with no charges.

The bank's recent investments in technology, especially on the digital banking front, have been a catalyst for retail asset growth, and have improved efficiency across the bank and driven significant progress in customer experience.

QIB continued accelerating its bank-wide digital transformation programme to develop and implement an innovative yet customer-centric business model, based on its vision to provide a fully digital banking experience.

By upscaling its offerings and ensuring that both retail and corporate customers are adopting the new solutions, the reliance on traditional banking services has been reduced in recent years, leading to an increase in sales and revenue and to a significant migration of branch transactions to digital channels.

Bassel Gamal, QIB Group CEO, said: "We are pleased to witness the recognition QIB is garnering in Qatar and the region which reaffirms our commitment to innovation and our leading role in incorporating Shariah-compliant banking. We have been able to drive innovation in the financial market leveraging technology and launching advanced products and services to meet our customers' banking needs.

"These awards are another testament to our strategic vision and customer-centric approach, our ongoing efforts to reshape the banking scene in Qatar and beyond as well as the dedication and commitment from our team and the support of our board of directors."

EMEA Finance announced its Middle East Banking Awards 2022 winners in the 15th edition of this important awards package. These awards highlight the best commercial, investment, and Islamic banks across the Middle East region, as well as brokers and asset managers.

QSTP & partners host seminar to empower women entrepreneurs

Qatar Science & Technology Park (QSTP), a member of Qatar Foundation (QF), in partnership with Mena Women in Law (Mena WIL), Essa Al Sulaiti Law Firm, QIncorp, HEC Paris in Qatar, and Beckett McInroy Consultancy, hosted a seminar to inspire, guide, and empower Qatari women to begin their own entrepreneurial journeys.

Titled 'Establishing a business in Qatar – Awakening the Entrepreneur in You', the seminar aims to commemorate this year's International Women's Day and featured a range of expert speakers from the country's legal and business sectors who spoke about legalities, formalities, and essential steps involved in setting up a business in Qatar.

Hayfa al-Abdulla, Innovation Director at QSTP, said: "Innovative ideas are often either left unexplored or fail to gain enough traction when innovators lack self-affirmation and the right guidance. This is especially true in the case of women, who often have brilliant business ideas coupled with immense talent but are unfamiliar with the initial steps and the technicalities required to take the entrepreneurial route.

"QSTP is proud to actively play a role in fuelling the passion of women to chase their entrepreneurial dreams, discover their capabilities, and achieve their ambitions by gaining necessary education and training via our various initiatives and support programmes."

Aspiring women business owners in attendance gained insights into the local entrepreneurial landscape while using the platform to address their concerns, build confidence in their ideas, and realise ways in which they can transform their entrepreneurial goals into business opportunities.

Attendees were also guided on how to navigate cultural challenges dominant in the Mena region in order to become successful businesswomen and drive impact in society.

"A day after International Women's Day, it is a great privilege to celebrate women's entrepreneurship. With this workshop, we wish to encourage women entrepreneurs in Qatar to take the first step by seeking the right support that can help them build their entrepreneurial ideas into successful ventures.

"Creating an environment that is conducive to nurturing women's creativity, coupled with their natural strengths and talent, is the way to build a robust society where both men and women drive innovation together and can thrive. This is our ultimate goal," said Francoise Mouly, co-founder of MENA Women in Law.

In addition, the programme saw experts share valuable tips and advice on personal development with ambitious women entrepreneurs to enable them to efficiently operate and prosper within a woman-empowered workplace.

Some of the topics covered during the programme included a deep dive into legal and business development, how to build trust and collaboration across cultures in the Gulf, and ways to survive and thrive in a competitive business environment.

The other speakers at the session include Asma al-Khulaifi co-founder MENA WIL; Riva Mounif and Amy Saretsky, legal associates at Essa Al Sulaiti Law Firm; Sunitha Nazar, registrar, QSTP; Connor Hayes, Business Development manager, QIncorp; Professor Guido Gianasso, Professor of Leadership at HEC Paris in Qatar; and Dr Clare Beckett-McInroy, Talent Development expert at QF, Founder of Beckett McInroy Consultancy.

Participants of the seminar to empower women entrepreneurs.

China signals stability with surprise move to keep PBoC governor

Bloomberg
Beijing

China reappointed several top economic officials in a leadership reshuffle Sunday, giving investors greater continuity as Beijing overhauls financial regulation and grapples with escalating tensions with the US.

People's Bank of China Governor Yi Gang, 65, will remain in his post, as will the finance and commerce ministers. He Lifeng, a close ally of President Xi Jinping, was appointed a vice-premier, signalling he could replace Liu He as the nation's top economic official.

The retention of Yi and others — announced at the National People's Congress, the annual parliamentary gathering — surprised analysts who were expecting a larger reshuffle. Many predicted officials with international experience, like the PBoC governor, would be replaced by men with closer personal ties to Xi but less familiar to global investors.

Keeping some of the existing economic team in place provides continuity as Beijing creates a powerful new financial regulatory body and confronts a more hostile geopolitical environment.

"The fact that the main technocrats are staying should reassure the market and reduce chances of mistakes during policy implementation," said Qian Wang, Vanguard Group Inc's chief Asia-Pacific economist.

PBoC Governor Yi and Finance Minister Liu Kun were widely expected to step down after reaching the official retirement age for government officials of their rank, and after they exited the Communist Party's leadership ranks last year. However, Yi was appointed on Saturday to a position on a top government advisory body, allowing him to circumvent usual retirement limits — a similar arrangement to his predecessor Zhou Xiaochuan.


Yi Gang, People's Bank of China governor.

The decision to retain Yi "is primarily driven by financial stability concerns," such as a still uncertain economic recovery following the end of pandemic restrictions, a property market slump and high local government debt, said Houze Song, a fellow at US think tank MacroPolo.

"Yi, who is experienced in dealing with financial risks and well known internationally, can help Beijing to muddle through," he said. Liu, the finance minister, will likely focus on managing the financial strains on local governments, Song added. The governor's tenure at the central bank has been marked by a campaign to slow credit growth in order to stabilise debt ratios, increased flexibility of the yuan, and the use of monetary policy to channel funding to favoured sectors of the economy, such as renewable energy and small businesses.

Yi has strong academic credentials, previously teaching economics at Indiana University in the US, as well as extensive international work experience. He is a regular participant in global summits, and held lengthy discussions with US Treasury Secretary Janet Yellen at a Group of 20 summit in November.

Yi will be "a familiar technocratic face to keep things humming," while Beijing revamps financial regulation, said Christopher Beddor, deputy China research director at Gavekal Dragonomics. "The leadership was clearly debating among several candidates in the run-up to this decision, and opted to go for continuity."

Since Yi doesn't hold a senior position in the Communist Party, it's possible his reappointment could be an "interim arrangement," lasting several months or one year, said Hui Feng, co-author of The Rise of the People's Bank of China and a senior lecturer at Griffith University in Australia.

"Stability is priority, especially considering the dire challenges the bank faces in the short term, namely the ballooning of public debt and great uncertainties in global economic and geopolitical arena," he added.

In recent years, Yi has shared responsibility for the central bank with Guo Shuqing, who holds the position of Communist Party secretary at the PBoC. Guo is widely expected to retire and his replacement hasn't yet been announced.

On Saturday, China's Premier Li Keqiang was replaced by another close Xi ally Li Qiang. The premier plays an important role in economic policy, co-ordinating different ministries, although the importance of the post has diminished since Xi came to power in 2012. Prior to his appointment, Li Qiang had no central government experience.

China's economy is gradually recovering as consumer spending picks up, although there are several risks still clouding the outlook: exports continue to shrink, housing sales have yet to fully recover from their slump, and local governments are saddled with high debt.

"This is a pragmatic choice, as the new leaders need professional experts to handle the complicated economic and financial challenges," said Zhang Zhiwei, chief economist at Pinpoint Asset Management Ltd. "The leaders understand the top priority is to boost confidence. This decision is one step in that direction."

Zheng Shanjie, previously the top official in Anhui province, replaced He Lifeng as head of the nation's top planning agency, the National Development and Reform Commission. Zheng has been a vocal supporter of industrial policy in favour of hi-tech manufacturing.

Ding Xuexiang, Xi's chief of staff, was appointed as a vice-premier. Though Ding lacks experience in economic policy, Bloomberg reported earlier that he could lead a Communist Party committee that will oversee the financial sector.

QSE MARKET WATCH

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	14.20	-2.07	357
Widam Food Co	1.40	-1.76	192,980
Vodafone Qatar	1.64	-1.15	3,174,091
United Development Co	1.10	-2.06	1,225,162
Salam International Investment	0.55	-3.88	3,957,413
Qatar & Oman Investment Co	0.56	0.54	330,051
Qatar Navigation	8.79	1.09	2,047,938
Qatar National Cement Co	4.30	-0.92	61,981
Qatar National Bank	16.47	-0.36	952,674
Qlm Life & Medical Insurance	3.24	-2.73	300
Qatar Islamic Insurance Group	8.60	-0.02	250
Qatar Industrial Manufacturing	2.99	0.03	5,332
Qatar International Islamic	10.27	-3.20	947,730
Qatari Investors Group	1.88	-2.14	989,700
Qatar Islamic Bank	18.66	-3.76	957,561
Qatar Gas Transport (Nakilat)	3.47	-2.34	1,214,533
Qatar General Insurance & Reinsurance	0.90	-5.79	71,857
Qatar German Co For Medical	0.97	-4.07	3,403,513
Qatar Fuel Qsc	16.55	-1.14	116,649
Lesha Bank Llc	0.88	-3.09	1,375,111
Qatar Electricity & Water Co	17.55	-0.17	296,351
Qatar Exchange Index Etf	10.43	-2.21	5,972
Qatar Cinema & Film Distribution	3.40	0.00	-
Al Rayan Qatar Etf	2.36	-1.87	43,010
Qatar Insurance Co	1.60	-3.61	992,443
Qatar Aluminum Manufacturing	1.72	-2.10	3,981,441
Ooredoo Qpsc	9.02	-1.49	343,827
Alijarah Holding Company Qps	0.66	-3.80	10,177,501
Mazaya Real Estate Development	0.58	-2.67	5,821,353
Mesaieed Petrochemical Holding	2.17	-2.25	1,002,993
Mekdam Holding Group	7.34	-0.77	69,674
Al Meera Consumer Goods Co	15.90	-0.69	8,719
Medicare Group	6.10	-0.80	116,690
Mannai Corporation Qsc	6.18	-3.30	367,125
Masraf Al Rayan	2.74	-1.86	8,666,996
Industries Qatar	14.23	-0.70	2,313,711
Inma Holding Company	3.34	8.65	1,793,252
Estithmar Holding Qpsc	1.92	-2.30	12,612,011
Gulf Warehousing Company	3.75	1.35	4,496
Gulf International Services	1.83	-3.63	4,270,618
Al Faleh Education Holding	1.09	3.73	215,450
Ezdan Holding Group	0.91	-2.77	3,507,065
Doha Insurance Co	1.95	-1.52	4,383
Doha Bank Qpsc	1.65	-2.88	4,011,855
Dlala Holding	0.72	-9.89	6,495,695
Commercial Bank Psqc	6.23	-0.80	448,423
Barwa Real Estate Co	2.86	-1.48	612,022
Baladna	1.31	-0.46	1,061,893
Damaan Islamic Insurance Co	4.09	4.80	33
Al Khaleej Takaful Group	2.00	-0.30	900,678
Aamal Co	0.88	-4.27	346,746
Al Ahli Bank	3.91	-0.05	20,000

US freight movements fall amid excess inventories

By John Kemp
London

US manufacturers and distributors are still struggling to digest excess stocks of raw materials and finished products ordered before an abrupt slowdown in merchandise spending in the second half of 2022.

Total inventories of raw materials, work-in-progress and finished items held by manufacturers, wholesalers and retailers were equivalent to 1.37 months of sales at the end of 2022, up from 1.29 months at the end of 2021.

The unplanned increase in inventories and elevated ratio to sales has reached levels consistent with previous slowdowns in the manufacturing and freight cycle in 2018/19, 2015/16 and 2008/09.

Reducing inventories to more normal levels has become the top priority for firms, mostly through reduced new orders for items to be delivered in the first half of 2023.

US manufacturers reported a fall in new orders every month between September 2022 and February 2023, according to the monthly purchasing managers' survey conducted by the Institute for Supply Management.

The ISM manufacturing orders index tumbled to a low of just 42.5 (6th percentile for all months since 1980) in January before recovering slightly to 47.0 (11th percentile) in February.

The combined number of loaded containers handled by the nine largest ports slumped to 2.51mn twenty-foot equivalent units (TEUs) in January 2023, down from 2.79mn in January 2022, and the lowest for the time of year since 2018.

The number of loaded containers hauled by the major Class 1 railroads slipped to 1.05mn in January 2023, down from 1.10mn in January 2022, and the lowest for the time of year since 2012.

Total tonnage carried by trucking firms was still up by 1.5% in January 2023 compared with the same month in 2022, but growth had slowed from 6.5% in August 2022.

According to the US Bureau of Transportation Statistics, the overall volume of freight moved by road, rail, barge, air and pipeline was down by 0.7% in January 2023 compared with the same month a year earlier.

The freight slump is consistent with previous slowdowns in the manufacturing and freight cycle and implies the manufacturing sector is already in recession ("Freight transportation services index", BTS, March 8, 2023). Manufacturers' difficulties stand in contrast to the resilience displayed by the much larger services sector, where spending, prices, margins and employment are still increasingly rapidly.

But with existing instruments, focused on adjustments to inter-bank rates and government bond buying, monetary policy cannot target the manufacturing and services sectors of the economy separately.

As the US central bank continues to increase policy-controlled interest rates to counter inflation generated in the service sector, manufacturers will be collateral damage and are likely to remain under pressure for at least the next several months.

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

SVB's collapse stuns banking industry

Reuters
Washington/New York

The rapid unravelling of SVB Financial Group has blindsided the banking industry after years of stability.

The collapse on Friday, the largest bank failure since the 2009 financial crisis, had a unique set of circumstances but raised questions about hidden weaknesses that could have consequences for customers and employees and potentially highlight issues in other banks.

SVB's plight could lead to a loss of confidence, tougher regulation and investor scepticism about the financial health of smaller banks that were seen as adequately capitalised after regulators forced banks to hold more capital in the aftermath of the 2008 crisis, experts said.

Sheila Bair, who headed the Federal Deposit Insurance Corp (FDIC) during the global financial crisis, said in an interview that bank watchdogs are likely now turning their attention to other banks that may have high amounts of uninsured deposits and unrealised losses, two factors that contributed to SVB's quick collapse.

"These banks that have large amounts of institutional uninsured money...that's going to be hot money that runs if there's a sign of trouble," Bair said.

A sequence of events led to SVB's failure including it selling US Treasuries to lock in funding costs due to expectations of higher rates, resulting in a loss of $1.8bn.

SVB, which did business as Silicon Valley Bank, also had 89% of its $175bn in deposits uninsured as the end of 2022. The FDIC insures deposits up to $250,000.

Investors and customers now face a nervous wait to see if SVB bank finds a buyer quickly.

During the 2008 financial crisis, Washington Mutual found a buyer immediately. But for IndyMac, in 2009, it took about eight months.

The speed of the SVB crash blindsided observers and stunned markets, wiping out more than $100bn in market value for US banks in two days.

"Banks are opaque, so immediately, we all go 'wait a minute, how interconnected is this bank to another one,'" said Mayra Rodríguez Valladares, a financial risk consultant who trains bankers and regulators.

"Investors and depositors do not want to be the last ones turning out the lights in the room, so they have to leave."

Several experts said any ripple effects in the rest of the banking sector may be limited. Larger institutions have more diverse portfolios and deposit clientele than SVB did.

US and EU seek deal on minerals used in electric vehicles

Bloomberg
New York

The US and European Union are seeking a preliminary agreement on the supply of so-called critical minerals used in electric vehicles, a step toward Washington's efforts to reduce the global reliance on China for materials necessary for green-energy technologies.

The agreement, if finalised, also has a shorter-term benefit of defusing a trade dispute between the US and Europe by allowing EU companies access to some of benefits included in President Joe Biden's massive climate-subsidy plan.

"We have agreed that we will start work now with a clear goal — the goal is to have an agreement on critical raw materials that have been sourced, or processed in the European Union," European Commission President Ursula von der Leyen told reporters in Washington on Friday where she met Biden for discussions.

The EU has been seeking concessions from the law, known as the IRA, which will offer as much as $369bn in handouts and tax credits over the next decade for clean-energy programmes in North America. Von der Leyen has said that aspects of the bill would unfairly help US firms and was seeking an exemption for European companies.

"We're driving new investments to create clean-energy industries and jobs, and make sure we have supply chains available to both our continents," Biden said on Friday. "The idea underpins our Inflation Reduction Act. And it lies at the heart of your Green Deal Industrial Plan."

The White House is prioritising access to minerals such a lithium, nickel and cobalt needed for electric-vehicle batteries as it pushes an ambitious climate plan. That includes both boosting the use of EVs as well as building those automobiles and their supply chains in the US. That requires a generational overhaul in American carmaking and manufacturing, as well as ramping up supplies and technology dominated by China, which the US sees as its top competitor and an unreliable trade partner.

"The global demand for these minerals in the years to come will be enormous. And we're highly dependent on China," Treasury Secretary Janet Yellen said earlier Friday during testimony in the House Ways and Means Committee. "One of the goals of the IRA is to broadly strengthen supply chains for these critical minerals and their processing."

The agreement with the EU, which she said is also being discussed with Japan, would "permit our close allies to also contribute minerals and their processing that would be eligible for use in electric vehicles that are assembled in North America."

The US and the EU also agreed to create a new mechanism to avoid disputes over the green subsidies, called the Clean Energy Incentives Dialogue, they said in a statement. "Both sides will take steps to avoid any disruptions in transatlantic trade and investment flows that could arise from their respective incentives," they said. The two also plan to reach an agreement on sustainable steel and aluminium supplies by October, another initiative aimed at isolating China, a massive supplier of both materials.

The statement also touched on other efforts the US and EU are taking to limit certain technology exports to China, which have recently been dominated by equipment and knowhow needed to make semiconductors.

"We are increasing our co-operation to prevent the leakage of sensitive emerging technologies, as well as other dual-use items, to destinations of concern that operate civil-military fusion strategies," they said. "Our respective existing controls related to exports, inbound investment, and research co-operation are essential tools and need to be upgraded to correspond to a changing geostrategic environment."

The Inflation Reduction Act's focus on spurring American industry angered trade partners from Asia and Europe who saw it cutting them out of the US market, particularly for automobiles. It includes a lucrative $7,500 consumer-tax credit for EVs that meet certain requirements.

The critical-mineral deal would grant the EU equivalent status as an American free-trade partner under the law, allowing European-made battery components or materials to be used in EVs eligible for US tax credits. The Treasury Department has also signalled that European vehicles used commercially or leased would qualify, which has also eased tensions between the allies.

The allies plan to immediately start talks on a deal "for the purpose of enabling relevant critical minerals extracted or processed in the EU to count toward requirements for clean vehicles in the section 30D clean-vehicle tax credit of the IRA," they said in the statement.

"This kind of agreement would further our shared goals of boosting our mineral production and processing and expanding access to sources of critical minerals that are sustainable, trusted, and free of labour abuses," they said. "Co-operation is also necessary to reduce unwanted strategic dependencies in these supply chains, and to ensure that they are diversified and developed with trusted partners."

The implementation of the law and appeasing Europe, meanwhile, has drawn the ire of Congress, which has questioned the White House's authority to use a deal on minerals as the equivalent of a trade agreement. As well, members including Senator Joe Manchin have blasted any effort to allow non-American companies to benefit from the law. That includes Chinese firms, which dominate the EV industry, form participating in joint-ventures based in the US, such as Ford motor Co's planned battery tie-up with Contemporary Amperex Technology Co in Michigan.

Even though opinions have moderated in the EU regarding the effect the IRA will have on European companies, some officials still warn that parts of the law are discriminatory in nature and could draw clean-tech investment away from the bloc.

Fed interest rate cuts in 2023 priced back in as bank worries escalate

Bloomberg
Washington

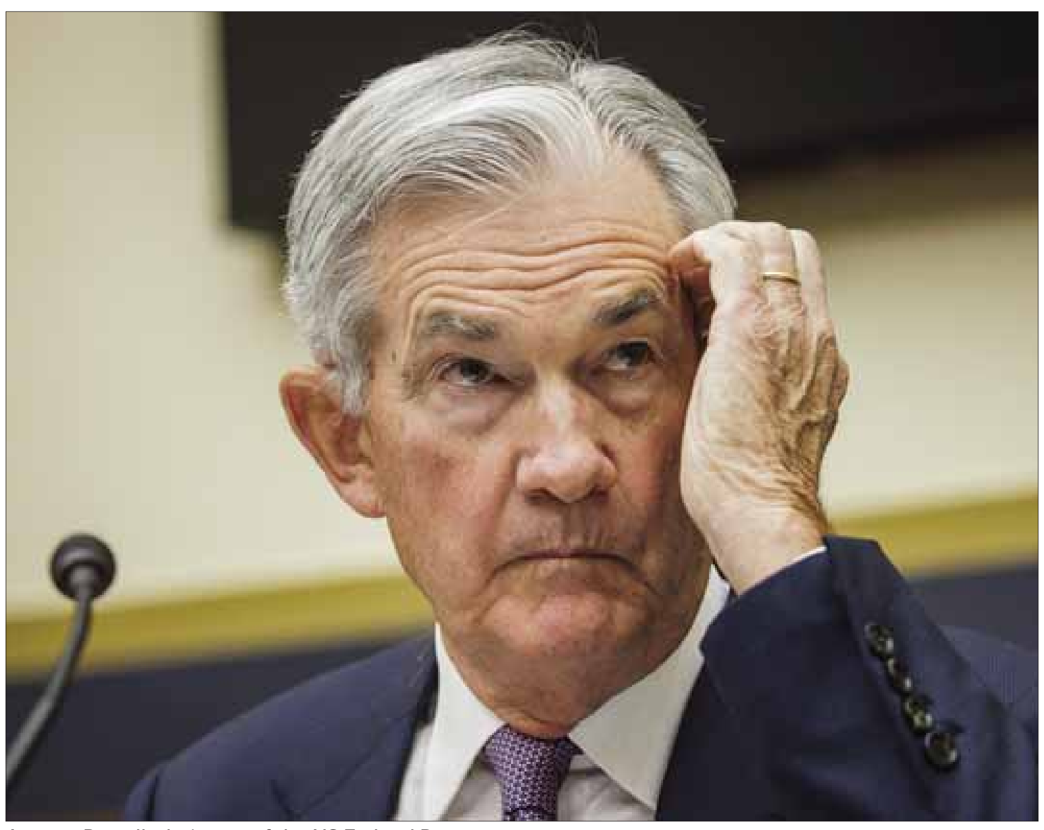
Derivative traders lost no time re-instating bets that the Federal Reserve will cut interest rates before the year is out.

As recently as Wednesday, a half-point rate hike this month was viewed as likelier than another quarter-point move and a rate cut later this year was counted out. But with rising borrowing costs subsequently taking the blame for the year's first bank failure, pricing of swaps linked to Fed meetings shifted on Friday to levels suggesting the central bank's policy rate will peak at around 5.3% in June and end the year below 5%. It's in a range of 4.5% to 4.75% now.

The expected peak is now down sharply from the 5.7% that was priced in earlier this week after Fed Chair Jerome Powell in Congressional testimony seemed to open the door to a re-acceleration in the pace of rate hikes. That revision downward came as the Labor Department's employment report showed some cooling in the job market and the collapse of Silicon Valley Bank in California raised concerns about the financial health of lenders.

Fed officials "do have to pay attention to this because something is apparently starting to break, and they have raised rates a lot," said Tony Farren, managing director at Mischler Financial Group Inc. "The reaction to Powell was way too aggressive."

Meanwhile, the two-year Treasury yield on Friday was on


Jerome Powell, chairman of the US Federal Reserve.

track for its second-straight drop of more than 20 basis points. It fell as much as 29 basis points to 4.58%. Its 48-basis-point drop over two days is bigger than any since 2008.

The Friday move capped a volatile week for the bond market. In the fallout from Powell's comments, the two-year yield climbed to 5.08% on Wednesday, the highest level since 2007, setting the stage for a snap-back.

The spark for that occurred Thursday, when the Silicon Valley lender blamed higher interest rates as its failed to raise capital, turning it on Friday into the first federally insured institution to fail this year.

To varying degrees, shareholders punished the entire banking sector, driving financial companies in the S&P 500 are down over 8% as a group on the week, leading the benchmark to a 4.5% drop. "It appears that the fear of a hard landing is starting to be built back into rate expectations," said Mark Dowding, chief investment officer at RBC BlueBay Asset Management. "Bank stress may be seen as a sign that monetary policy is working to tighten conditions, albeit with a lag."

Longer-dated Treasury yields also declined Friday, aided by the mixed February employment data that was seen as lessening the need for the Fed to re-accelerate. The Labor Department report showed bigger-than-expected job growth, but wages increased less than forecast and the unemployment rate edged up.

Still, following the report Barclays economists predicted that the Fed will raise borrowing costs by 50 basis points at the March 22 policy meeting, up from the previous call for a quarter percentage point move. The job report confirmed "a stronger underlying growth picture than in early February," economists led by Marc Giannoni wrote. They acknowledging that it was a close call in the wake of the Silicon Valley Bank debacle.

Swap traders, for their part, have tempered their expectations for the Fed. They now see a 25-basis point hike as more likely than half-point move, which was given odds as high as about 75% earlier in the week.

In addition to the banking sector, traders will watch the consumer-price inflation report next Tuesday closely watched for clues on Fed's policy trajectory.

James Athey, investment director at Abrdn, said the Silicon Valley Bank saga showed that the most aggressive Fed tightening since the 1980s is starting to wreak havoc across leveraged firms, which may eventually force the Fed to change course.

"I have always thought that cuts would come quicker than the Fed or the market expects," said Athey. "I suspect this is the beginning, not the end of the stressed corporates story. With CPI still to come on Tuesday, the market is going remain on edge."

Summers warns consequences 'severe' if SVB deposits not released

Bloomberg
New York

Former Treasury Secretary Lawrence Summers warned that there will be "severe" consequences for the innovation sector of the US economy if regulators don't smoothly work out the collapse of Silicon Valley Bank.

"It certainly is going to have very substantial consequences for Silicon Valley — and for the economy of the whole venture sector, which has been dynamic — unless the government is able to assure that this situation is worked through," Summers said on Bloomberg Television's "Wall Street Week" with David Westin.

Regulators stepped in and seized the bank known as SVB after it mounted an unsuccessful attempt to raise capital and saw a cash exodus from the tech startups that had fuelled its rise. The lender had ploughed the tens of billions of dollars it took in from venture-capital-backed startups into longer-term bonds, a move that led to massive losses.

The Federal Deposit Insurance Corp., which has been appointed as SVB's receiver, only insures bank deposits of up to $250,000. But a large share of the money deposited at SVB was uninsured: more than 93% of domestic deposits as of December 31, according to a regulatory filing.

"There are dozens, if not hundreds, of startups that were planning to use that cash to meet their payroll next week," according to Summers, a Harvard University professor and paid contributor to Bloomberg Television. "If that's not able to happen, the consequences really will be quite severe for our innovation system." Summers said he hoped that regulators will be "aggressive about containing the problem and containing possible contagion."

"I don't think this is a time for moral-hazard lectures or for talk about teaching people lessons," he said. "We have enough strains and challenges in the economy without adding the collateral consequences of a breakdown in an important sector of the economy."

The sudden implosion of SVB delivered a deep blow to a sector already reeling from layoffs, falling stock prices and diminishing funding for startups. The bank is most known for its financing in the venture capital community but also serves as a financial supermarket for tech executives, providing mortgages on mansions, personal lines of credit and financing for vineyards.

Treasury Secretary Janet Yellen earlier in the day convened a meeting of top regulators, after which she issued a statement saying that the US banking system "remains resilient" and that regulators "have effective tools" to address developments around Silicon Valley Bank.

For his part, Summers said, "I don't think this is likely to be a broadly systemic problem." The hammering of SVB's stock triggered a broader selloff in US lenders, with the KBW Bank Index tumbling 16% for the week — the worst selloff since the March 2020 Covid shock to the financial system.

Summers said it doesn't now look like the biggest banks had the kind of mismatch between the kind of deposits SVB had and "the ways in which they had invested their money in longer-term bonds."

VW CEO's Berlin IPO summit leaves attendees guessing on strategy

Bloomberg
Frankfurt

Volkswagen AG's Oliver Blume summoned top managers to a hip Berlin hangout in late January to strategise on how Lamborghini, Bentley, Skoda and Seat would pitch an initial public offering to investors.

The exercises the chief executive officer ordered after Porsche AG's successful listing last year had advisers from McKinsey & Co and Wall Street banks including Goldman Sachs Group Inc. salivating over a potential role in VW's next blockbuster IPO.

But some attendees walked away from the 25 Hours Hotel Bikini with little new insight on Blume's concrete strategy for the brands, according to people present at the event. Participants struggled to craft meaningful IPO narratives for certain units because they lacked up-to-date details on financial figures, spending priorities and new models, said the people, who asked not to be named discussing private talks.

Blume, who took over in September, is under growing pressure to reveal more about his strategy for Europe's biggest carmaker when Volkswagen reports earnings next week as well as at its yet-to-be-scheduled capital markets day. The CEO is focused on fixing a chaotic software push and scrutinising costly projects started by his predecessor Herbert Diess, but hasn't said much on how he plans to ramp up Volkswagen's electric-vehicle output to catch up with Tesla Inc.

"There's a big question mark hanging over the company," said Daniel Röska, an analyst at Bernstein. "Blume has dismantled the whole Diess strategy but hasn't told investors what he'll do to replace it."

Blume has focused on cleaning house in his first months. He put the brakes on the Trinity electric-car project — which included plans for a new EV factory in Germany — over software and cost concerns. He pulled the plug on backing autonomous-driving startup Argo AI after determining an actual product was too far off, and walked back Diess's all-or-nothing focus on batteries with a pledge to also pursue e-fuels.


Oliver Blume, Volkswagen CEO.

Blume shelved a yearly investment update that outlines Volkswagen's five-year rolling spending in the region of €160bn ($171bn). Early during his tenure, the CEO identified ten priority issues to focus on, including software, the carmaker's biggest market China, and North America.

Volkswagen is making "swift progress" implementing that 10-point plan and will release more details during the March 14 earnings and at an investor event in the second quarter, the manufacturer said in a statement.

"Volkswagen is forging ahead with its long-term strategy," the company said. "This includes a clearer focus on products and quality, a more customer-centric software road map, higher investments in future technologies and clear margin commitments from the brands."

Blume was eager to implement the IPO exercise to help standardize reporting and get each unit thinking about cost and profitability targets, the people said. But without a clear strategy and investment outlook, the Berlin event — also attended by advisers from Morgan Stanley, Bank of America Corp. and Citigroup Inc. — turned into a very hypothetical affair, the people said.

The presentations reaffirmed concerns that Audi, a key profit driver, lacks a robust pipeline of new models, and that the main VW brand is lagging behind others on profitability, one of the people said. Spokespeople for the advisers declined to comment.

Part of the hold-up is due to a change in management style. Diess captivated investors by taking after Elon Musk in using social media to promote his company's electrification efforts, a strategy that briefly made Volkswagen Germany's most valuable public company. But he eventually stumbled over issues including his confrontational communications style and a hands-off management approach that led to project oversights and missteps, people familiar with the matter said.

Blume, an engineer who joined Volkswagen's Audi as a trainee in 1994, is somewhat of an anti-Diess. Absent from Twitter and LinkedIn, he wants to focus on teamwork, quality and credibility rather than lofty pledges that need to be walked back later, the people said.

As the CEO attempts to shift the company his way, the competition is speeding ahead. Tesla this month updated investors on its future plans, including building a new EV factory in Mexico and reiterating a pledge to cut production costs.

Volkswagen is preparing to introduce several new battery-powered models in the coming months and shipped 572,100 EVs last year.

The era of cheap cars may be over

By Fahad Badar

Supply chain disruptions, chip shortages, inflation and Covid-19 pandemic have wrought significant changes to global markets in private cars. The changes may endure

In many economies in recent decades, including in the Middle East, items that had for previous generations been considered luxuries – such as home ownership, private cars and overseas holidays – became commonplace for middle-class households.

In recent years, that trend has been partially reversed. This is dramatically the case in personal car ownership. One statistic from the US stands out: The monthly repayments on a financing deal for a new mid-range car rose from around $400 to over $750 between 2019 and early 2023. Even a second-car in good condition would cost over $500 per month. Moreover, this comes at a time of rising interest rates and high inflation in other goods and services.

It is a global trend, not limited to the US, and follows a combination since 2020 of supply chain disruptions, chip shortages, and wider inflation.

At the start of the Covid-19 outbreak in 2020 demand slumped owing to the lockdowns, car manufacturers had significant inventory, and offered discounts. They also curbed production, but then demand recovered more swiftly than expected and expanding production hit problems in the supply chain.

The shortage of microchips was particularly significant. The modern car is increasingly automated, It features around 100 microcontrollers. Taiwan and China constitute the principal manufacturing centres of microchips, and factories were closed for periods owing to the pandemic.

Other elements in the supply chain – shipping, logistics, labour, electricity – also increased in price. It was this combination of factors that sent the prices of new cars rising sharply between 2020 and 2022. In turn, the price of second-hand cars also rose, for example by 20% in the United Arab Emirates in the first six months of 2022. It is possible, in early 2023 in Qatar, to sell some car brands that are in excellent condition for the same price for which it was purchased as new during the early days of the pandemic. This is perhaps unprecedented in a sector known for price depreciation.

By the beginning of this year, with lockdowns ending, inflation having possibly peaked and an easing of chip shortages, there are some indications that car prices are dipping or have at least reached a plateau. But what has also happened during this phase has been that major automotive manufacturers have seen the profits rise, and there are signs that they are keen to stick with the adjusted business model of keeping inventory lean and margins high.

Inventories have come down from around 60-100 days before the pandemic to around half that figure by early 2023. An additional benefit for manufacturers is that the cost of storage is reduced. So while sales are down – from around 17mn to 14mn light vehicle sales per year in the US in the period 2019-2023 – these are at a higher margin. The indications are that the industry is just fine with this situation. Such a state of affairs offers temptations to a low-cost competitor to try to gain market share, and some cars manufactured in China represent a lower-cost disruptor. They are not cheap by historic standards, but they have, nonetheless, become increasingly popular in Qatar and other Gulf states, offering good quality, high specifications at around half the price of the more famous German or Japanese brands.

There is also an issue around regulation of the market.

There is a 'grey' market in that some second-hand car dealers are able to buy new vehicles in bulk from the manufacturer and sell to the consumer at a significant markup. Some markets appear to have a concentration of suppliers, and it may be that more consumer regulation could improve competition.

For decades, the car market was relatively stable, showing incremental increases in sales and prices globally in line with the rise of middle-class households in many nations. The combination of Covid-19, related supply chain issues, and the push for lower emissions has resulted in probably more change in the past four years than in the previous 20. There are established trends towards more automation and cleaner energy, but prices and market dynamics are likely to be turbulent and unpredictable.

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

QSE amends list of securities eligible for margin trading, market making and liquidity provision

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) has amended the list of securities eligible for the margin trading, market making and liquidity provision.

This has been done according to the QSE indices semiannual review and will be effective from April 2, 2023.

The eligible securities are those included in main barometer QE Index and in Al Rayan Islamic Index.

Stocks with all four quarterly turnovers exceeding 10% and all four quarterly frequency of trading exceeding 80% from the trading days in each quarter as well as units of QE Index ETF and Al Rayan Qatar ETF, the exchange traded funds sponsored by Doha Bank and Masraf Al Rayan respectively, are also eligible.

The list of securities eligible for market making and margin trading are QNB, Masraf Al Rayan, Qatar Islamic Bank, Industries Qatar, Commercial Bank, Mesaieed Petrochemical Holding, Nakilat, Woqod, Qamco, Milaha, QIIB, Gulf International Services, Ooredoo, Estithmar Holding, Qatar Electricity and Water, Barwa, Baladna, Doha Bank, Ezdan, and Al Rayan Qatar ETF.

The list also includes Salam International Investment, Vodafone Qatar, United Development Company, Qatari Investors Group, Qatar National Cement, Al Meera, Mazaya Qatar, Qatar German Company for Medical Devices, Lesha Bank, Medicare Group, Inma Holding, Mannai Corporation, QE Index ETF, Alijarah Holding, Dlala, Qatar Oman Investment, Widam Food, Al Khaleej Takaful and Mekdam Holding.

However, the communique said Qatar Insurance, Qatar Industrial Manufacturing and Qatar Islamic Insurance are not eligible anymore for both activities.

All listed companies in the main market and in the venture market at the QSE and all ETFs units listed are eligible for liquidity provision.

Through margin trading, a financial services company funds a percentage of the securities' market value purchased for its client, pursuant to the agreement governing the relation between them.

Margin trading will allow investors to purchase securities that are partially financed by a loan or credit facility made available by a margin lender, a member licensed to provide such services.

It is understood that Qatar has adopted a 60:40 method wherein a financial services company funds 40% of the securities' market value purchased for its client pursuant to the agreement governing the relation between them.

Market makers play a key role in providing liquidity to facilitate market efficiency and in the absence of them, it usually takes longer for buyers and sellers to match, translating as lower liquidity and higher trading costs owing to difficulties in entry and exit.

Liquidity provision is an important development and one of the key components in the overall market development strategy of the QSE and liquidity providers would enable them to submit constant quotes for the sale or purchase of a particular security to increase its liquidity as per the controls and conditions set forth in the liquidity provision agreement.

Global concerns play spoilsport in QSE as index tanks 171 points

By Santhosh V Perumal
Business Reporter

The global concerns on the collapse of Silicon Valley Bank in the US and the Federal Reserve's hawkish stand on interest rates last week continued to have its dampening effect on the Qatar Stock Exchange, which yesterday plummeted 171 points and its key index closed below 10,600 points.

An across the board selling – particularly in the insurance, real estate and banking counters – led the 20-stock Qatar Index knock off 1.59% to 10,565.41 points.

About 88% of the traded constituents were in the red in the main market, which reported 1.08% year-to-date losses.

The Arab retail investors were seen net profit takers in the main bourse, whose capitalisation saw QR9.04bn or 1.46% decrease to QR609.25bn, mainly on account of midcap segments.

The Gulf individuals were also seen bearish in the main market, which saw a total of 0.05mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.16mn changed hands across six deals.

The local retail investors' weakened net buying had its influence in the main bourse, which saw no trading of sovereign bonds.

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

The Total Return Index shrank 1.59%, All Share Index by 1.44% and Al Rayan Islamic Index (Price) by 1.63% in the main bourse, whose trade turnover and volumes were on the decline.

An across the board selling – particularly in the insurance, real estate and banking counters – led the 20-stock Qatar Index knock off 1.59% to 10,565.41 points yesterday

The insurance sector index tanked 2.66%, realty (1.88%), banks and financial services (1.59%), telecom (1.4%), consumer goods and services (1.27%), industrials (1.14%) and transport (0.81%).

Major shakers in the main market included Dlala, Qatar General Insurance and Reinsurance, Dukhan Bank, Aamal Company, Qatari German Medical Devices, Qatar Islamic Bank, Doha Bank, Lesha Bank, QIIB, Mannai Corporation, Estithmar Holding, Qatar Insurance, QLM, Ezdan, Mazaya Qatar and Nakilat.

Nevertheless, Inma Holding, Beema, Gulf Warehousing, Milaha and Qatar Oman Investment were among the gainers in the main market. In the venture market, Al Faleh Educational Holding saw its shares appreciate in value.

The Arab retail investors turned net sellers to the tune of QR11.63mn compared with net buyers of QR7.17mn on March 9.

The Gulf individual investors were net sellers to the extent of QR0.72mn against net buyers of QR1.42mn last Thursday.

The foreign institutions' net buying shrank markedly to QR11.72mn compared to QR19.92mn the previous day.

The local retail investors' net buying weakened perceptibly to QR2.7mn against QR4.63mn on March 9. The Gulf institutions' net buying eased marginally to QR2.78mn compared to QR2.88mn last Thursday.

However, the foreign individual investors' net buying grew notably to QR4.4mn against QR2.51mn the previous day.

The domestic institutions' net profit booking shrank substantially to QR9.26mn compared to QR38.57mn on March 9.

The Arab institutions had no major net exposure against net buyers to the extent of QR0.03mn last Thursday.

The main market saw 17% contraction in trade volumes to 97.87mn shares, 34% in value to QR252.93mn and 32% in deals to 8,329.

Milaha's shipyard upgrade to be completed by this year-end

Milaha shipyard's marine and quayside infrastructure upgrade is expected to be completed by the end of this year, which will "significantly" increase its marine services capacity.

This was disclosed by the company's board of directors at the annual report, presented before shareholders at the annual general assembly meeting, which approved distribution of 35% cash dividend for 2022.

Milaha's shipyard achieved record revenues in 2022, on the back of a significant increase in repair and refit of yachts and naval vessels, and support for marine vessels calling Qatari ports during the World Cup.

Milaha also undertook its first major oil and gas fabrication project in partnership with Rosetti Marino.

The shipyard continued its upgrade programme, taking delivery of a second floating dock of 230m overall length and commencing the marine and quayside infrastructure upgrade.

Addressing the general assembly meeting, Sheikh Jassim bin Hamad bin Jassim bin Jaber al-Thani, chairman of Milaha, presented an overview of the company's activities and consolidated financial results, as it reported a net profit of QR1.01bn in 2022 compared to QR724mn in 2021.

"The financial results witnessed "significant breakthroughs" and steady increases in profit ratios. As for the operational side, there is a significant development in quality of services and core business provided by Milaha, which has been reflected positively on the group's financial and operational performance," he said.

The extraordinary general assembly ratified the increase of the percentage of non-Qatari ownership in the company's capital from 49% to 100%, after obtaining all the necessary approvals from the authorities concerned. The general assembly authorised the board chairman to complete all the necessary procedures.

QIIB launches 'Himyan' national prepaid card

QIIB has launched 'Himyan', the national prepaid payment card, enabling customers to make payments domestically.

The aim of the Himyan Card by QIIB is to enhance the electronic payment services infrastructure, financial inclusion and financial literacy.

Himyan card by QIIB can be used within Qatar for various transactions, including at ATMs and points of sale and for eCommerce.

QIIB customers can apply for Himyan card via QIIB Mobile and Internet Banking. The card can be funded via the bank's digital channels or its extensive network of branches.

On the occasion of the launch of Himyan card by QIIB, Omar Abdulaziz al-Meer, chief (Corporate Sector) at QIIB stated, "We are honoured to announce the launch of Himyan card by QIIB as part of Qatar Central Bank's initiative of a cashless society, with the launch of a national prepaid payment card.

"The initiative of Qatar Central Bank to launch Himyan Card deserves great praise and appreciation for providing a realistic and appropriate alternative to various payment solutions, as it is compatible with the various applicable banking systems and solutions within the State of Qatar. Himyan Card by QIIB is a unique addition to our product portfolio and another step forward in QIIB and QCB's strive for a cashless society."

Omar Abdulaziz al-Meer, chief of Corporate Sector at QIIB.

Al-Meer continued, "Customers can now use their Himyan card by QIIB with contactless technology, no minimum balance, all whilst being able to support an array of transaction types such as points of sale, ATMs and local online purchases. All QIIB customers, whether nationals or residents, are eligible to apply for the Himyan card by QIIB."

Al-Meer stated, "QIIB will continue to innovate in the field of banking with the aim of providing its customers with products, which are best in class and deliver financial literacy."