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Credit Suisse $54bn lifeline offers limited respite to global banks

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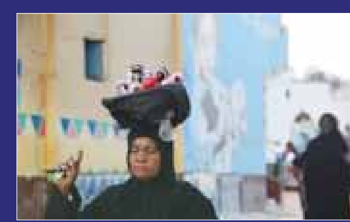


IMF PACKAGE : Page 3

Egypt asset sales face obstacles as state maintains grip

Baladna's revenue jumps 28% to QR986mn in 2022

Baladna announced its results for the year that ended on December 31, 2022 yesterday.

Baladna effectively grew its top line during the twelve-month period ending on December 31, 2022, achieving a revenue of QR986mn compared to QR773mn in the previous year, representing a growth of 28%.

Baladna achieved a net profit of QR81mn in 2022 compared to QR134mn in the previous year.

The net profit declined due to the increase in the cost of animal feed, raw materials, packaging materials, fuel, logistics and finance cost, which negatively impacted the company's profits, results and cash flow, leading to the company's inability to pay dividends to its shareholders for 2022 results as it used to do every year.

Baladna is "actively co-ordinating" with authorities to study multiple solutions for reducing the effects of high production costs on the company's profitability.

In order to mitigate the impact of the increase of input costs, and through the implementation of management plans for new initiatives to capitalise on improving market dynamics during the FIFA World Cup Qatar 2022, Baladna has nevertheless managed to increase sale volumes across both the retail and HORECA (Hotels, Restaurants and Cafe) channels.

Baladna effectively grew its top line during the twelve-month period ending on December 31, 2022, achieving a revenue of QR986mn compared to QR773mn in the previous year, with a growth of 28%

This resulted in an increase in sales volumes across all product categories.

Baladna also managed to enhance operational efficiencies through a reduction in sales wastage and management of overhead costs.

Baladna is "continuously assessing" opportunities to enhance its product mix by developing and introducing new, innovative products and optimising its product portfolio.

During the year 2022, Baladna managed to "introduce a number of new SKUs to optimise and enhance" its product portfolio.

As part of the company's plans to further increase growth in the local market, Baladna announced that the construction of the evaporated milk processing factory is "progressing well" and is currently in its final stages. The facility is expected to be completed by the end of the first quarter of 2023, with commercial production expected to start at the beginning of the second quarter of 2023.

Additionally, as part of Baladna's diversification strategy, the company is continuously seeking and evaluating business opportunities locally and abroad. The recent acquisition of E-Life, a Qatari detergent processing factory (75% stake), is expected to start generating revenue for the company in the year 2023.

International expansion opportunities and partnerships are key for long-term growth and remain a focus area for Baladna. Opportunities in the local market and beyond are being evaluated on a case basis, with feasibility studies currently underway.

As part of its ongoing efforts to enhance operational efficiencies and support food security and self-sufficiency, Baladna is considering potential value accretive options for backward integration that would ensure the supply and quality of feed, a critical component of the company's operations.

Baladna's "strategic focus" remains on creating value for shareholders through its ongoing strategic initiatives within the State of Qatar.

The company said it is "committed to delivering superior products, expanding its product portfolio, and focusing on efficiency across the entire value chain."

Abdulrahman Totonji, Lesha Bank CEO, and Suhaib al-Mabrouk, Lesha Bank head of Private Equity and Corporate Banking.

Lesha Bank purchases minority stake in Starlink Qatar in first deal of 2023

Lesha Bank has purchased a minority stake in Starlink, a leading provider of ICT, managed services and retailer of technology products, as part of its private equity strategy to expand its footprint in Qatar.

Lesha Bank purchased 27.5% stake in Starlink, marking its first deal in 2023 and an "exciting" addition to the Bank's Shariah-compliant private equity portfolio.

Launched in 2006, Starlink is a leading retailer of latest technology products, mobile, gadgets and accessories. The company has also successfully created its mark in the ICT services sector in Qatar as well as the GCC.

Starlink has an omnichannel presence spanning across 19 retail outlets in Qatar, an online platform as well as a variety of other supporting channels that provide outsource-managed services in multiple areas such as IT, installations, maintenance and contact centres.

The new deal further boosts Lesha Bank's presence in the local private equity market. It also comes after recent purchases made in the consumer goods, technology and household electronics sectors reaffirming the bank's investment strategy to diversify its exposure.

Lesha Bank CEO Abdulrahman Totonji commented, "This investment marks another landmark for Lesha Bank and a step towards increasing the bank's private equity offerings.

"Starlink, with its market presence as a leading retailer of technology products, mobiles and ICT services presents a unique opportunity for local investors. As we look to explore other industries, this acquisition is in line with our investment strategy to access diverse opportunities in the local market, in an innovative and potentially promising industry. We look forward to working with Starlink's stakeholders and we believe that the company has great potential for growth."

Lesha Bank head (Private Equity and Corporate Banking) Suhaib al-Mabrouk, added, "We are delighted to add Starlink to our growing private equity portfolio. Starlink has a strong focus on client experience and has built a valued business over the years. I am confident in Starlink's potential and prospects and pleased that we will be their partner on this journey."

Qatar industrial production jumps 3.5% in January, says PSA

By Santhosh V Perumal
Business Reporter

Faster extraction of petroleum and natural gas and higher production of refined petroleum products, basic metals and chemicals led Qatar's industrial production index (IPI) to jump 3.5% month-on-month in January 2023, according to the official statistics. However, the country's IPI witnessed a 3.3% decline on an annualised basis in the review period, according to figures released by the Planning and Statistics Authority (PSA).

The PSA introduced IPI, a short-term quantitative index that measures the changes in the volume of production of a selected basket of industrial products over a given period with respect to a base period 2013.

The mining and quarrying index, which has a relative weight of 82.46%, saw a 4.1% surge on a monthly basis owing to a 4.1% increase in the extraction of crude petroleum and natural gas and 1.7% in other mining and quarrying sectors.

On a yearly basis, the index tanked 3.3% on account of a 3.4% contraction in the extraction of crude petroleum and natural gas, even as other mining and quarrying sectors saw a robust 6.8% expansion in the review period.

The manufacturing index, with a relative weight of 15.85%, zoomed 2.4% month-on-month in January 2023 owing to a 3.3% increase in the production of chemicals and chemical products, 3.1% in refined petroleum products, 2.5% in basic metals and 0.6% in printing and reproduction of recorded media.

Nevertheless, there was a 9.7% contraction in the production of beverages, 3.3% in cement and other non-metallic mineral products, 2.6% in rubber and plastics products and 0.1% in food products in the review period.

On a yearly basis, the manufacturing index grew 3.8% owing to an 18.1% surge in the production of refined petroleum products, 4.8% in chemicals and chemical products and 3.5% in beverages in January 2023.

However, there was a 13.4% decline in the production of cement and other non-metallic mineral products, 9.1% in printing and reproduction of recorded media, 4.6% in rubber and plastics products, 0.8% in food products and 0.3% in basic metals.

However, Electricity, which has a 1.16% weight in the IPI basket, saw its index plummet 15.6% month-on-month but grew 7.1% year-on-year in January 2023.

In the case of water, which has a 0.53% weight, the index saw a 17.6% plunge on monthly basis but was up 2.7% on an annualised basis in the review period.

Qamco outlines capex of QR1.1bn for 2023-27, plans entry into newer markets

By Santhosh V Perumal
Business Reporter

Qamco, which has outlined QR1.1bn capital expenditure for 2023-27, will focus on its strategic plans to strengthen the market position and diversify into newer markets, aiming at enhanced shareholder value.

Qamco's joint venture (Qatar Aluminium or Qatalum) is on track to reduce emissions by certain process optimisation measures, while improving output efficiency.

These were disclosed by the Qamco board in a report submitted before shareholders at the general assembly meeting, which yesterday approved all the items on the agenda.

"Going forward, Qamco's JV will remain focused on its strategic plans and look forward strengthening its market position and diversifying into newer markets, while relentlessly working towards enhanced shareholder value," its chairman Abdulrahman Ahmad al-Shaibi said.

QAMCO
شركة قطر لصناعة الألمنيوم
Qatar Aluminium Manufacturing Company

Qamco will focus on its strategic plans to strengthen the market position and diversify into newer markets, aiming at enhanced shareholder value

On the planned capex for 2023-27, the board report said it will continue to focus on the programmes with critical importance to improve asset integrity, operational efficiency, reliability, cost optimisation, capacity de-bottlenecking and HSE (health, safety and environment).

During 2022, Qamco JV accounted for QR229mn (its share) on capex outlays, which included routine operations, such as pot relining and other maintenance pertaining to power plant and anode plant.

The JV continues to reline third generation of pots and replace flue walls to ensure sustainable operations, while minimising the risk for disruption in production.

On the sustainability front, the JV continued its journey to limit its carbon footprints by deploying various strategies and programmes and continue to explore opportunities to enhance energy efficiency and conservation measures.

Qamco's JV has been successful in maintaining one of the lowest carbon footprints (in terms of carbon dioxide per metric tonnes of aluminium) by using natural gas as its source of energy compared to other types of fuel such as coal and oil. Nevertheless, JV's carbon footprints are marginally higher than smelters that use renewable energy as hydropower or solar energy.

In this regard, JV is working on developing Greenhouse Gases (GHG) reduction strategy, where work is in progress to set medium to long range targets for GHG reduction.

"The focus of the decarbonisation drive is to meet market expectations for the production of low carbon aluminium and to align with the 'green' transition of the international aluminium sector," the report said.

BUSINESS

Methane busting initiative in Doha signs up new members

A major cross sectoral initiative tasked with reducing methane emissions across the maritime industry announced seven new members at a Lloyd's Register LNG Forum event in Doha yesterday.

New members of the Methane Abatement in Maritime Innovation Initiative (MAMII) include CoolCo, United Overseas Management, Capital Gas, Celsius Tankers, Global Meridian Holdings, Mitsui O.S.K. Lines, and TMS Cardiff Gas.

Led by Safetytech Accelerator, MAMII's current members include Maran Gas Maritime, Mediterranean Shipping Company, Carnival Corporation & Plc, Seaspan Corporation, Shell, Lloyd's Register and Knutsen Group.

MAMII was formed in September 2022 to identify, accelerate and advocate technology solutions for the maritime industry to measure and manage methane emissions activity. In doing so, it aims to minimise the environmental impact of liquefied natural gas (LNG) in shipping, whilst aiding the transition to future fuel solutions.

The new members bring a wealth of expertise from across the LNG value chain to the initiative; in a signal that they hope the industry's action to tackle methane emissions in maritime is strengthening.

Compared with traditional marine fuels, LNG is widely understood to generate less carbon dioxide (CO2), and emit less nitrogen oxides, sulphur dioxide, and particulate matter, for the same propulsion power. This makes it a popular and widely used transition fuel.

However, analysis has indicated that the environmental benefits of using LNG could be partially negated due to any unburned methane passing through the combustion process.

Methane is a potent greenhouse gas, estimated to have a global warming potential of 27-30 over 100 years, while CO2 has a GWP of 1 regardless of time period used.

In its first six months, MAMII has already mapped the LNG fuel landscape from the well to the ship, identified key measurements required, and has identified a range of potential new technology for measurement onboard ships.

The progress of MAMII comes at a time when methane abatement initiatives are gaining traction globally, such as the Green Ray project which recently won funding from the European Union.

The initiative is chaired by Panos Mitrou, Lloyd's Register's Global Gas director, and directed by Safetytech Accelerator's head of Partnerships, Steve Price.

A major cross sectoral initiative tasked with reducing methane emissions across the maritime industry announced seven new members at a Lloyd's Register LNG Forum event in Doha yesterday.

Fragile global investor sentiments drag QSE as index tanks 200 points

By Santhosh V Perumal
Business Reporter

Reflecting the fragile investor sentiments in the global markets, following the crises in Silicon Valley Bank and Credit Suisse, the Qatar Stock Exchange yesterday plunged more than 200 points as its key index fell below 10,000 points.

The foreign institutions were increasingly into net selling as the 20-stock Qatar Index tanked 2.01% to 9,910.9 points.

The market, which was skewed towards decliners, however recovered from an intraday low of 9,813 points.

The industrials and insurance counters witnessed higher than average selling pressure in the main market, whose year-to-date losses widened further to 7.22%.

More than 69% of the traded constituents were in the red in the main bourse, whose capitalisation saw QR12.48bn or 2.14% erosion to QR571.12bn, mainly on account of large cap segments.

The foreign, Arab and Gulf individuals turned bearish in the main market, which saw a total of 0.19mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.56mn changed hands across 15 deals.

However, the local retail investors were increasingly into net buying in the main bourse, which saw no trading of sovereign bonds.

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

The Total Return Index was down 0.18%, the All Share Index by 0.21% and the Al Rayan Islamic Index (Price) by 1.72% in the main bourse, whose trade turnover and volumes were on the increase.

The industrials sector index plummeted 2.35%, followed by insurance (2.21%) and realty (1.29%); even as transport gained 2.23%, consumer goods and services (0.6%) and banks and financial services (0.44%). The telecom index was unchanged.

Major shakers in the main market included Industries Qatar, Estithmar Holding, Aamal Company, Qatar General Insurance and Reinsurance, Gulf Warehousing, Commercial Bank, Masraf Al Rayan, Qatari German Medical Devices, Mannai Corporation, Mekdam Holding, Qatar Industrial Manufacturing, Gulf International Services, Mesaieed Petrochemical Holding, Qamco, Qatar Insurance and Ezdan.

In the venture market, Al Faleh Educational Holding saw its shares depreciate in value.

Nevertheless, Milaha, Woqod, Qatari Investors Group, Widam Food and QNB were among the gainers in the main market.

The foreign institutions' net profit booking increased substantially to QR45.05mn compared to QR27.46mn on March 15.

The foreign retail investors turned net sellers to the tune of QR0.74mn against net buyers of QR0.49mn the previous day.

The Arab individuals were net sellers to the extent of QR0.57mn compared with net buyers of QR3.38mn on Wednesday.

The Gulf individual investors turned net sellers to the tune of QR0.28mn against net buyers of QR0.14mn on March 15.

However, the Gulf institutions' net buying rose marginally to QR19.93mn compared to QR19.82mn the previous day.

The local retail investors' net buying expanded significantly to QR14.54mn against QR4.76mn on Wednesday.

The domestic funds turned net buyers to the extent of QR12.11mn compared with net sellers of QR1.12mn on March 15.

The Arab institutions were net buyers to the tune of QR0.05mn against no major net exposure the previous day.

In the main market, trade volumes more than tripled to 274.63mn shares and value more than doubled to QR897.67mn on a 29% increase in deals to 18,458.

Qatar Holding restructures QSE board

Qatar Holding has restructured the board of directors of the Qatar Stock Exchange (QSE) with HE Sheikh Mohamed bin Hamad bin Qassim al-Thani as the chairman and Mansoor Ebrahim al-Mahmoud as vice-chairman. The other board members are Hamad Khalaf al-Maadadi, Andre Went, Sheikh Salman bin Hasan al-Thani, Mohamed Khalid al-Ghanim, Waleed Jassim al-Musallam, Yousuf Mohamed al-Jaida and Abdulla Mubarak al-Khalifa.

According to the decision, the term of membership for the new board will be four years from March 13, 2023. The QSE is 100% owned by Qatar Holding.

The foreign institutions were increasingly into net selling as the 20-stock Qatar Index tanked 2.01% to 9,910.9 points yesterday

New Saudi airline eyes more planes after mega Boeing order

Bloomberg
Riyadh

Saudi Arabia's new national carrier will "move with real pace" to expand into a major airline as the oil-rich kingdom seeks to improve connectivity to the rest of the world, chief executive officer Tony Douglas said after the country placed a $37bn order for wide-body aircraft with Boeing Co.

Owned by Saudi Arabia's sovereign wealth fund, Riyadh Air will buy more planes after announcing the purchase of 39 Boeing 787-9 jets, with options for 33 more, Douglas said in an interview with Bloomberg Television. The deal announced on Tuesday was the result of a "rigorous campaign" involving Boeing and rival Airbus SE, Douglas said, adding that the company would declare the winner of the next deal soon, without providing details.

"Historically we've been nowhere near as well served as the hubs of the other airlines," Douglas, who previously led Abu Dhabi-based Etihad, said in an interview from Riyadh. "There will be more orders to follow and it will enable us to put connectivity into places that fulfil the ambition of the nation, but for the avoidance of doubt, this will be commercially sustainable."

The launch of Riyadh Air, which was formally announced on Sunday, is part of Saudi Arabia's strategy to help kick-start its tourism industry and make it a more popular destination for leisure and business. Largely closed off to foreign visitors until 2019, Crown Prince Mohamed bin Salman is investing in resorts and airports as part of a plan to wean the economy off a reliance on oil sales.

Riyadh Air will take delivery of its first 787s in early 2025, Douglas said. The fledgling carrier doesn't plan on leasing aircraft before then as "we don't want to start with a product that is not consistent" with the experience the carrier hopes to offer its customers, the CEO said.

"We don't have a legacy so we don't need to go about how we interact with our guests in a conventional way," Douglas said, calling his new airline a startup.

Alongside the Riyadh Air order, Boeing announced that existing flag carrier Saudia will purchase 39 787s with a top-up option for another 10.

The airline has already received more than 70,000 applications for possible openings in the days after it was announced, Douglas said, and the kingdom has the ambition to turn Riyadh airport into a global hub to provide a seamless passenger experience.

Douglas predicted that ticket prices across the industry will remain high, partly because they were unrealistically cheap at many airlines before the pandemic. The squeeze is a simple result of supply and demand, coupled with the fact that many airlines don't have their full fleets back in service after the pandemic.

Import tariffs removal on 10 exported chemical products can earn GCC region $747mn: GPCA

By Pratap John
Business Editor

Import tariffs removal on top 10 exported GCC chemical products could earn the region $747mn based on 2021 trade figures, the Gulf Petrochemical and Chemicals Association has said in a report.

This underlines the importance of Free Trade Agreements (FTAs) as a hugely beneficial instrument to increase the competitiveness of the GCC chemical industry and drive higher socio-economic benefits for the region, it said.

The chemical industry is the third largest source of emissions in the industrial sector and contributes 14% of total industrial CO2 emissions, according to a white paper developed by GPCA and dss+ due to be released shortly.

The paper also highlights that the industry is central to the achievement of net-zero ambitions, as its products contribute to emissions reduction in other industries. True net-zero transformation cannot be achieved in isolation without the involvement of external stakeholders such as policy makers, suppliers, customers and financial institutes, the paper argues.

Senior industry leaders from the six GCC states convened at the third edition of the GPCA Leaders Forum to discuss the industry's priorities in 2023 and beyond. The event concluded in Muscat under the theme, 'Bracing for change: GCC chemicals in 2023 & beyond' with 78 leaders from nine countries in attendance.

"The petrochemical and chemical industries have an important role to play in supporting the circular economy. This means developing products that are recyclable, reducing waste and emissions, and exploring new ways to use waste streams as raw materials," noted Hilal Kharusi, chief executive, Commercial & Downstream, OQ at Oman.

Opening the forum, Kharusi highlighted the importance of carbon neutrality. "We must embrace the energy transition and look for ways to make our operations more sustainable. This means exploring new technologies, such as carbon capture and utilisation, investing in renewable energy sources, and innovation," he said.

Delegates enjoyed an array of insightful presentations from senior industry experts on pertinent topics, including the looming macro-economic outlook for 2023 and its expected impact on the chemical industry, delivered by Rachid Majiti, senior partner, McKinsey, as well as two leadership dialogues on international trade and the transition to net-zero.

Oil's rout shows China demand hope no match for macro collapse in Europe, US

Bloomberg
London

This year the oil market has seen a tussle between those believing China's demand will surge and others worried about an economic slump in Europe and the US. On Wednesday, the bears won.

Oil tumbled to a 15-month low amid a banking crisis that's expanded to Credit Suisse Group AG and rippled through markets after trading in a relatively narrow range, but the warning signs have been building for much longer.

For much of 2023, US crude stockpiles have been expanding and a flood of oil shipments overseas has kept other markets well supplied. Russia's exports have remained stubbornly resilient, despite a pledge to reduce output, while strikes blocking refineries in France are hobbling demand.

The question now is whether the worst is over for crude. The answer depends on how successfully authorities can protect the financial systems in Europe and the US, though the rout has caught the attention of at least one Opec member as investors watch for a potential response from the producer group.

"The latest market retracement feels overdone, unless a 2008-style contagion runs uncontained," RBC Capital Markets LLC analysts including Michael Tran and Helima Croft wrote in a note to clients. "True physical tightening, particularly in the North Sea, needs to occur before the paper market can rally."

Brent oil tumbled below $75 a barrel this week, while West Texas Intermediate closed under $68 on Wednesday. Both contracts steadied during Asian trading on Thursday after the three-day rout.

Part of the selloff has been one-sided oil market positioning. Money managers and other speculators had the most bullish bets relative to bearish ones in four years in the week to March 7.

The probable unwinding of those positions helped to push both Brent and WTI out of the ranges they have been trading since December, exacerbating the pace of selling in the market. Coupled with a string of bearish options flows, the market's bank-driven slump grew deeper.

"The technical damage to oil charts this week, coupled with negative momentum, have likely emboldened the bears," said Ryan Fitzmaurice, lead commodity index trader at Marex. "Oil will likely remain volatile and flow driven."

The debate over the health of the oil market may be tilting in favour of a weaker outlook in the US and Europe, but there are still signs of strength in Asia, most notably China's rebound from Covid restrictions.

Chinese refiners have been snapping up barrels from the Middle East and the US, and ramped up processing at the start of the year after the country's Covid Zero policy was ditched. Premiums for Dubai crude have surged over recent weeks, even as other parts of the world lag behind.

In contrast, though, oil in Europe has been showing signs of weakness lately, driven in part by the French strikes and strong US flows. The world's largest economy last week shipped 5.03mn barrels a day, the third highest level on record, another ominous sign for already-weak North Sea prices.

The International Energy Agency on Wednesday said the market was already in surplus due to stubborn Russian output, but attention is still firmly fixed on the banking troubles, as Credit Suisse received a central bank lifeline.

"To some degree, we are seeing the market itself marking to changes in short-term fundamentals," Francesco Martoccia, an analyst at Citigroup Inc wrote in a note to clients. "However, the market appears to be a far cry from 2008" and the drop "could be presenting buying opportunities," he added.

Egypt asset sales face obstacles as state maintains the grip

- Egypt promised to reform under latest IMF programme
- Govt earmarked more than 30 firms for stake sales
- Analysts say military's economic role has expanded
- New security clearance requirement is among recent moves

Reuters
Cairo

Egyptian Nubian women carry traditional wooden puppet souvenirs, as they wait for tourists, at the Gharb Soheil village, on the west bank of the Nile river, in the southern Egyptian city of Aswan. The progress on economic reform could determine whether Egypt can ride out the financial crisis exposed by the war in Ukraine and lay the ground for sustainable growth.

Egypt has promised the International Monetary Fund it will roll back the state's involvement in the economy and allow private companies a much greater role, yet several recent moves show it continuing to expand its holdings and tighten its control.

As part of a $3bn, 46-month financial support package announced with the IMF in October, Egypt pledged to level the playing field between the public and private sectors, strengthen the business climate and reduce the role of the state and military in non-strategic areas.

Egypt desperately needs the proceeds from privatisation after a series of economic shocks.

Its progress on economic reform could determine whether it can ride out the financial crisis exposed by the war in Ukraine and lay the ground for sustainable growth.

But previous reform promises and privatisation plans have often failed to materialise, and analysts say a state ownership policy that is meant to signal where the state will step back and is viewed as a key commitment by the IMF, leaves the government plenty of room for manoeuvre.

"A lot of it is actually a justification for a massive state intervention in sectors that are supposedly strategic," said Yezid Sayigh, a senior fellow at the Carnegie Middle East Center in Beirut.

On December 7, six weeks after the IMF deal was announced, a regulation was published in the official gazette stating that people seeking to set up any of 83 economic activities would need written permission from security directorates.

The activities included operating grocery stores, kiosks, wedding decor services, hair salons and shoe shine stands.

The number was reduced to 35, according to the government-owned Ahram Gate website, following criticism on social media.

Licence applications under the measure could take up to three months and would impose new fees on applicants.

In a January decree, President Abdel Fattah al-Sisi allocated the military 2km of land on either side of nearly 3,700km (2,299 miles) of planned highways, much of it with high development potential.

Egyptian authorities did not respond to a request for comment.

Egypt set a target in 2022 of raising $10bn annually over four years through private investment in state assets.

Last month, it said its would sell stakes in 32 companies over the coming year.

On Sunday, the government said it would begin procedures this week to list two army-owned companies — petrol stations operator Wataniya and bottled water firm Safi — on the stock exchange.

But many of the firms named by the government had already been earmarked for years.

Sales of stakes in almost all of the 23 companies slated for privatisation in 2018 were put off, with officials blaming market turbulence for the delays.

Though sovereign funds in hydrocarbon-rich Gulf states bought some assets as they came to Egypt's help last year, momentum has stalled.

Egypt has established its own sovereign fund to bring in private investors to develop state assets, but the move appears designed to attract capital without relinquishing control, said Sayigh.

"They want others to help the state with its financial burden, but it's still the state that determines priorities and investments," he said.

Future asset sales will be complicated by an expansion of the military's often opaque economic role, analysts say.

The military, as well as other security institutions, are exempt from value-added taxes for goods and services needed for armament, defence and national security under a 2016 law, from real estate taxes under a 2015 decree, from income taxes under a 2005 law and from import tariffs under a 1986 law.

The Ministry of Defence can decide which goods and services qualify.

Businessmen have long complained privately of other disadvantages, including in dealing with an oppressive bureaucracy.

Military generals are frequently present at meetings where economic policy is discussed, according to statements from the presidency.

In return for new finance, Gulf states have been attaching more conditions than in the past, including a demand for economic reforms in line with IMF recommendations.

But even if it materialises, investment from such political allies may not galvanise the private sector, in the absence of clear signals the state is withdrawing, analysts say.

So far, the government has leaned towards selling minority stakes and keeping control in its own hands, making them less attractive to prospective buyers.

In parliament, nationalist deputies have railed against a fund designed to leverage Suez Canal assets and against the prospect of an indebted state selling discounted resources to Gulf investors.

Rather than rolling back its holdings, the military-owned Tolip chain of nearly two dozen hotels last month bought a luxury hotel in the resort town of Sharm el-Sheikh from the publicly traded Remco Tourism Villages Construction Co for 700mn Egyptian pounds ($22.7mn), according to a stock exchange disclosure.

QSE MARKET WATCH

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	14.40	-0.35	6,837
Widam Food Co	1.30	0.93	6,751
Vodafone Qatar	1.66	0.00	3,827,610
United Development Co	1.02	-2.30	12,207,720
Salam International Investme	0.51	-2.31	7,141,191
Qatar & Oman Investment Co	0.51	-2.31	294,304
Qatar Navigation	9.09	5.81	1,176,528
Qatar National Cement Co	4.00	-0.10	210,615
Qatar National Bank	15.77	0.70	9,871,561
Qlm Life & Medical Insurance	3.20	-1.23	8,115
Qatar Islamic Insurance Grou	8.23	-3.44	1,470
Qatar Industrial Manufactur	2.72	-4.60	15,050
Qatar International Islamic	9.40	-1.72	2,739,552
Qatari Investors Group	1.79	1.36	1,366,265
Qatar Islamic Bank	17.61	0.00	4,225,814
Qatar Gas Transport(Nakilat)	3.21	0.22	10,691,522
Qatar General Insurance & Re	0.80	-6.47	60,000
Qatar German Co For Medical	0.83	-5.24	2,608,601
Qatar Fuel Qsc	16.48	1.67	1,121,554
Lesha Bank Llc	0.82	0.12	5,883,449
Qatar Electricity & Water Co	16.40	0.00	2,486,518
Qatar Exchange Index Etf	10.25	0.80	16,219
Qatar Cinema & Film Distrib	3.30	0.00	825
Al Rayan Qatar Etf	2.26	-1.57	175,000
Qatar Insurance Co	1.51	-3.01	60,059,510
Qatar Aluminum Manufacturing	1.60	-2.56	7,660,239
Ooredoo Qpsc	8.71	0.00	3,070,133
Alijarah Holding Company Qps	0.63	-0.16	1,952,496
Mazaya Real Estate Developme	0.54	-1.10	18,658,440
Mesaieed Petrochemical Holdi	1.94	-3.05	9,720,010
Mekdam Holding Group	7.23	-2.36	240,392
Al Meera Consumer Goods Co	14.49	-1.43	100,094
Medicare Group	5.98	-0.33	4,839
Mannai Corporation Qsc	5.50	-3.12	345,401
Masraf Al Rayan	2.50	-3.55	16,934,053
Industries Qatar	12.71	-9.99	9,610,576
Inma Holding Company	2.92	-3.28	110,560
Estithmar Holding Qpsc	1.59	-9.40	24,731,524
Gulf Warehousing Company	3.56	-5.82	130,773
Gulf International Services	1.58	-4.24	3,439,253
Al Faleh Education Holding	1.03	-2.92	18,680
Ezdan Holding Group	0.80	-5.00	13,330,930
Doha Insurance Co	1.98	0.00	-
Doha Bank Qpsc	1.56	-0.06	7,238,757
Dlala Holding	0.70	-0.85	715,015
Commercial Bank Psqc	5.97	-2.23	7,909,890
Barwa Real Estate Co	2.76	0.18	7,458,395
Baladna	1.30	-0.08	2,328,627
Damaan Islamic Insurance Co	3.80	0.00	507
Al Khaleej Takaful Group	1.84	-1.76	465,645
Aamal Co	0.82	-6.93	352,040
Al Ahli Bank	3.92	0.00	33,000

Dubai's MAF cuts 105 jobs as new CEO makes mark

Dubai's Majid Al Futtaim (MAF) has cut 105 jobs out of its total staff of 46,000, the Middle Eastern shopping mall developer and operator told Reuters, as its new CEO seeks to boost returns.

The company, whose roughly $16bn in assets include an indoor ski resort and the Mall of the Emirates, said in an emailed response to questions that the cuts were made this week as part of an "ongoing review".

Three sources familiar with the move said it was part of a restructuring following the abrupt removal of former chief executive Alain Bejjani in January.

"We continually assess our operations and adapt to accommodate evolving market conditions, streamline our activities and drive efficiencies," said MAF, which also holds the Middle East franchise rights of French retailer Carrefour.

"These measured actions and continuous business-as-usual reviews enable Majid Al Futtaim to deliver competitive returns to our shareholders while maximising opportunities for value accretive, profitable and sustainable growth," it added.

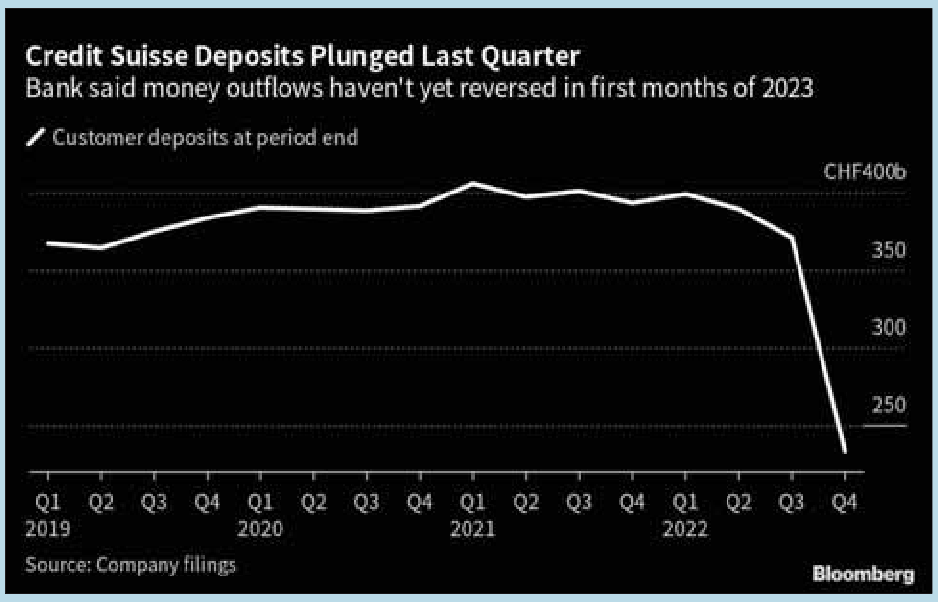
MAF appointed long-time insider Ahmed Galal Ismail as chief executive in January, replacing Bejjani after eight years in the role, in a shake up more than a year after the company's founder died. MAF gave no reason for the leadership change at the time. The cuts were made at the holding level of the company, in addition to divisions such as its leisure and entertainment operations, the sources said, speaking on condition of anonymity.

Bloomberg QuickTake Q&A

Credit Suisse is in crisis: What went wrong?

By Myriam Balezou

Switzerland's role as banker to the world's rich was built on a reputation for institutional discretion and dull reliability. That only makes the scandals, public legal battles and mounting losses at Credit Suisse Group AG more striking and hard to comprehend. By mid-March, unease about the bank's problems had turned into full-blown panic, its shares slumped and management was forced to call for help from the country's central bank.



1. What went wrong?

Credit Suisse's failings have included a criminal conviction for allowing drug dealers to launder money in Bulgaria, entanglement in a Mozambique corruption case, a spying scandal involving a former employee and an executive and a massive leak of client data to the media. Its willingness to engage with clients that some other banks avoided, such as disgraced financier Lex Greensill and failed New York-based investment firm Archegos Capital Management, lost it billions of dollars and compounded the sense of an institution that didn't have a firm grip on its affairs. Many fed up customers voted with their feet, leading to unprecedented client outflows in late 2022. The loss of business was especially dramatic in Asian wealth management, which for many years had been an important source of profit growth.

2. What triggered the latest share slump?

Chief executive officer Ulrich Koerner launched a massive outreach to woo back nervous clients and their cash. The effort appeared to be paying off by January, when it reported "net positive" deposits. However, on March 9, the US Securities and Exchange Commission queried the bank's annual report, forcing it to delay its publication. Panic spread after the failure of regional US lender Silicon Valley Bank underscored how higher interest rates were eroding the value of the banking industry's bond holdings. Investors began ditching anything that smelled of banking risk and deposit flight.

3. How bad did the situation get?

On March 15, Credit Suisse stock slumped as much as 31% when the chairman of its largest shareholder, Saudi National Bank, ruled out investing any more in the company. This prompted Credit Suisse to ask the Swiss central bank for a public statement of support. The cost of insuring the bank's bonds against default for one year surged to levels not seen for a major bank since the global financial crisis of 2008. In another sign of stress, its additional tier 1 bonds — which are subordinate to all other ranks of debt and may be written down if capital falls below a predetermined level — dipped below 80% of face value, a level typically signalling distress.

4. What were Swiss authorities doing about it?

Aware of the potential economic fallout if Credit Suisse collapsed, the central bank offered to lend it as much as 50bn Swiss francs ($54bn) and buy back as much as 3bn francs of debt. The investor panic subsided, giving the bank's management and the Swiss government some time to seek a way out of the mess. The government has floated the idea of acquiring a stake in Credit Suisse as part of a capital increase if necessary. Other options being discussed included a separation of the lender's Swiss unit and a long-shot orchestrated tie-up with larger Swiss rival UBS Group AG.

5. Could this be another Lehman Brothers moment?

The Wall Street giant, whose failure in 2008 triggered the global financial crisis, succumbed when funding dried up and other banks stopped dealing with it. Unlike Lehman and SVB, Credit Suisse has substantial liquid assets to call upon and access to central bank lending facilities and is less sensitive than many rivals to sharp moves in interest rates. It has rebuilt its cushion against more deposit withdrawals since the worst wave of outflows in October. It also has enough money-like liquid assets to pay back half of all its liabilities in deposits and loans from other banks, according to Bloomberg Opinion banking columnist Paul J Davies. Koerner said the firm's liquidity coverage ratio showed it can handle over a month of heavy outflows in a period of stress.

6. What was Koerner doing to turn things around?

His plan — if the bank escapes the latest turmoil unscathed — involves dismantling the investment banking behemoth assembled over five decades and returning Credit Suisse to its origins as banker to the world's ultra-wealthy. That means stepping back from investment banking by reviving the First Boston brand it acquired in 1990 and spinning out some of the division's strongest businesses with a view to a listing in 2025. A return to the Swiss bank's roots might assuage some critics, including former chief executive officer Oswald Gruebel, who say the foray into investment banking brought a culture of risk taking in search of big profits. Koerner's downsizing hasn't been made any easier by the volatility in financial markets after the collapse of SVB and two other US banks.

Australia LNG exports may have to be diverted to fend off winter gas shortage

Reuters
Sydney

Australia's east coast liquefied natural gas (LNG) exporters may need to divert excess gas supply for domestic customers to stave off any potential supply shortages this winter in the country's south, the energy market operator said on Thursday.

Despite increased production commitments from the industry since last year, the supply in southern Australia is declining rapidly, raising risks of near-term shortages and long-term supply gaps, the Australian Energy Market Operator (AEMO) said.

"To minimise shortfall risks, committed infrastructure and supply projects must be completed on time…additional gas storage and pipeline development and LNG import terminals could potentially play a role," chief executive Daniel Westerman said in a statement accompanying AEMO's closely watched outlook.

"The risk of gas shortfalls each year from winter 2023 to 2026 in all southern jurisdictions remains under extreme weather conditions…with those risks further exacerbated if gas storage levels are insufficient," Westerman said.

From 2026, Australia must require additional commitments to expand its gas supply or have enough renewable projects to offset the demand for gas, AEMO said.

Gas producers said they are reluctant to invest in new supply after government interventions in the market, including proposals to impose a "reasonable pricing" regime on gas and expand the government's ability to divert gas exports to the domestic market.

"We need a clear strategy from governments to promote new supply to avoid shortfalls…rather than ad hoc interventions that do the opposite and undermine investment confidence," said Australian Petroleum Production & Exploration Association head Samantha McCulloch on Thursday.

Credit Suisse $54bn lifeline offers limited respite to global banks

■ ECB raises interest rates by 50 basis points as flagged, stressing the resilience of the euro area banking sector while assuring it has plenty of tools to offer liquidity support if needed

Reuters
Zurich/New York/Frankfurt

Credit Suisse sought to shore up its liquidity and restore investor confidence on Thursday by borrowing up to $54bn from Switzerland's central bank, though the move proved to offer only limited respite to global banking stocks.

The Swiss lender is the first major global bank to be thrown an emergency lifeline since the 2008 financial crisis and its troubles have raised serious doubts over whether central banks will be able to sustain aggressive interest rate hikes.

However, the European Central Bank raised interest rates by 50 basis points on Thursday as flagged, stressing the resilience of the euro area banking sector while assuring it had plenty of tools to offer liquidity support if needed.

The ECB said it was "monitoring current market tensions closely and stands ready to respond as necessary to preserve price stability and financial stability in the euro area."

Credit Suisse shares were 19% higher at 1558 GMT, recovering some of their 25% fall on Wednesday. In the United States, the spotlight moved to First Republic Bank, with several banks including JPMorgan Chase & Co and Morgan Stanley in talks with the lender for a potential deal, the Wall Street Journal reported on Thursday, citing people familiar with the matter.

The deal could involve a capital infusion to bolster the troubled lender after the collapse of SVB last week triggered fears of a contagion, the report said, adding that a full takeover is also a possibility, though less certain.

The rescue is being orchestrated by the US government, Bloomberg News reported on Thursday, citing people with knowledge of the matter.

Shares of major US banks bounced from recent lows, with JP Morgan, Morgan Stanley and Bank of America all up more than 1% on Thursday afternoon, while the benchmark S&P 500 Banks Index recovered 0.9%. Among mid-sized and regional banks, PacWest Bancorp, Fifth Third Bancorp, Western Alliance Bancorp and KeyCorp all lost ground.

US Treasury Secretary Janet Yellen said the country's banking system remains sound thanks to "decisive and forceful" actions following the collapse of Silicon Valley Bank (SVB). In Europe, the region's banking index was up 0.9% by 1530 GMT, after days of heavy losses due to investor fears over potential bank stresses across the world. The unease spread beyond the financial sector, with German corporate treasurers urged by their industry association not to "underestimate the current situation."

Credit Suisse is the first major global bank to be thrown an emergency lifeline since the 2008 financial crisis and its troubles have raised serious doubts over whether central banks will be able to sustain aggressive interest rate hikes

Since March 8, before last week's collapse of Silicon Valley Bank (SVB), European banks have lost around $165bn in market value, Refinitiv data shows.

Policymakers have emphasized that the present situation is different than the global financial crisis as banks are better capitalised and funds more easily available.

Allianz one of Europe's biggest financial firms, said authorities were "well equipped" to deal with any liquidity crisis, "unlike what happened during" the global financial crisis of 2007 and 2008.

Credit Suisse said it would exercise an option to borrow up to 50bn Swiss francs ($54bn) from the Swiss National Bank, which confirmed it would provide liquidity to Credit Suisse against sufficient collateral.

The move followed assurances from Swiss authorities that Credit Suisse met "the capital and liquidity requirements imposed on systemically important banks."

Chief executive Ulrich Koerner told Credit Suisse staff in a memo they should focus on facts as he pledged to move forward rapidly with a plan to streamline operations.

Switzerland's second-largest bank would continue to focus on the transformation from a position of strength, Koerner said.

The bank's stock market value has fallen by 90% since its peak in February 2007 of around $91bn, to around $8.66bn following a prolonged slide in its shares.

Analysts said the measures will buy time for Credit Suisse to carry out its planned restructuring and possibly take further steps to pare back the Swiss lender.

"We would not exclude the possibility of further restructuring statements from management designed to further simplify the bank," Thomas Hallett at KBW said in a note.

Swiss media reported that Switzerland's cabinet would hold an extraordinary meeting to discuss the situation.

The government declined to comment.

Credit Suisse bankers contacted clients in Asia to reassure them after the latest inflow of funds.

"We've been telling them to read the statements and look at the fact that we are buying 3bn francs' worth of bonds because they are so cheap," said a Hong Kong-based senior banker, who declined to be named.

The 167-year-old bank's problems have shifted the focus for investors and regulators from the US to Europe, where Credit Suisse led a bank share sell-off after its largest investor said it could not provide more funds due to regulatory constraints.

'Samsung new Texas chip plant cost rises above $25bn'

A chip plant that South Korea's Samsung Electronics Co Ltd is building in Taylor, Texas, will cost the world's biggest memory chipmaker over $25bn, up more than $8bn from initial forecasts, according to three people familiar with the matter, reports Reuters.

The increase in cost is primarily due to inflation, the people said, declining to be named because the information was not public. "The higher construction cost is about 80% of the cost increase," one of the sources said. "The materials have gotten more expensive," the source added.

A second source said "the newly estimated cost could go up even more if the construction of the Taylor plant gets delayed," adding that the estimate could be fluid. "The later the plant is completed, the higher cost we would be looking at."

Samsung did not immediately respond to a request for comment.

Chipmakers are applying for billions in grants from the Biden administration thanks to the CHIPS Act, aimed at ramping up chip production in the United States. But increasing costs raise questions about how far those dollars will go. The bill was proposed in 2020, before a historic run-up in inflation that US officials are still working to tame.

US labour market remains tight

Reuters
Washington

The number of Americans filing new claims for unemployment benefits fell more than expected last week, pointing to continued labour market strength, though financial markets turmoil is casting a shadow over the economy.

Other data on Thursday also struck a fairly upbeat note on the economy, with homebuilding surging in February, potentially setting the stage for a spring housing market revival.

Imported inflation pressures were subdued last month, but regional manufacturing activity remained depressed.

The reports and rising fears of contagion in the banking sector pose a dilemma for the Federal Reserve when policymakers meet next Tuesday and Wednesday.

Economists have lowered their growth estimates for this year, citing tighter credit and financial conditions following the recent collapse of two regional banks, as well as trouble at Credit Suisse.

"The Fed has a tough balancing act ahead as it battles to restore price stability without rattling financial markets further and causing a recession," said Priscilla Thiagamoorthy, a senior economist at BMO Capital Markets in Toronto.

Initial claims for state unemployment benefits decreased 20,000 to a seasonally adjusted 192,000 for the week ended March 11, the Labor Department said.

The drop was the largest since July. Economists polled by Reuters had forecast 205,000 claims for the latest week.

Unadjusted claims declined 21,396 to 217,444 last week.

Claims in New York tumbled 15,305, reversing the prior week's jump, which had been attributed to a midwinter school break.

There were notable declines in filings in California, Georgia, Oregon and Minnesota, offsetting significant increases in Indiana and Ohio.

Despite job cuts by major technology companies, the labour market has remained resilient, with employers generally reluctant to lay off workers after struggling to find labour during the Covid-19 pandemic.

Persistent labour market tightness, with 1.9 job openings for every unemployed person in January, and stubbornly high inflation support the case for the Fed to continue raising interest rates next week.

But the failure of Silicon Valley Bank in California and Signature Bank in New York, has led some economists to urge caution.

Financial markets were on Thursday expecting a 25-basis-point rate hike at the Fed's March 21-22 policy meeting, according to CME Group's FedWatch tool.

They had wavered between a quarter-point rate hike and pause of the US central bank's most aggressive monetary policy tightening campaign since the 1980s.

The Fed has raised its benchmark overnight interest rate by 450 basis points since last March from the near-zero level to the current 4.50%-4.75% range.