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Sunday, March 19, 2023  
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# GULF TIMES BUSINESS

**ECONOMIC DECLINE: Page 3**

Egypt says it will support whatever is required to secure Saudi funding

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## Qatar-France trade jumps 165% to QR16.4bn in 2022: Sheikh Khalifa

Bilateral trade between Qatar and France witnessed a 165% growth to reach QR16.4bn last year from QR6.2bn in 2021, according to Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani. Sheikh Khalifa made the statement during the meeting of the board of directors of the French Arab Chamber of Commerce, which discussed the chamber’s activities last year, closing of accounts and budget for 2022, and the discussion of the Arab-French Economic Summit. During the meeting, Sheikh Khalifa stressed the close commercial relations between Qatar and France and emphasised the chamber’s keenness on enhancing co-operation between both countries’ private sectors and bolstering ties between Qatari and French businessmen to develop trade exchange. The meeting also reviewed enhancing commercial relations between France and the Arab World and encouraged businessmen from both sides to boost co-operation and establish investment projects that develop trade volume between both parties. Sheikh Khalifa praised the strong relations between Arab countries and France, noting that Qatar Chamber works closely with Arab member chambers in the Arab-French Chamber of Commerce to unify stances towards the various economic and commercial issues in a way that leads to promoting the intra-trade between both sides. He also noted that since the inception of the Arab-French Chamber of Commerce 50 years ago, it has been working to develop the economic, commercial, and industrial relations between France and Arab countries, as well as facilitate mutual investments. Meanwhile, Qatar Chamber participated in the Arab French Economic Summit 2023, which was held in Paris under the theme ‘A partnership that must be forged in a world in crisis’.

The chamber’s delegation was led by Sheikh Khalifa and included the chamber’s director of International Relations and Chambers Affairs, Sheikha Tamader al-Thani. The summit was jointly organised by the Arab French Chamber of Commerce, the Union of Arab Chambers, the Chamber of Commerce and Industry of Marseille, and the International Chamber of Commerce (ICC). The summit focused on several topics including, environment and water, industry, modern construction projects, food, and medicine. The fourth edition of the event aims to conduct an assessment of the economic and trade relations between the Arab countries and France and to explore ways and means of strengthening this relationship, especially between the private sectors in light of high inflation, strong pressure on the supply chains, high prices of raw materials and energy, and climate change.

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani joining other dignitaries during the event.

## Ramadan Kareem

We extend our heartiest greetings to

His Highness  
Sheikh Tamim Bin Hamad Al Thani  
Amir of the State of Qatar

His Highness  
Sheikh Hamad Bin Khalifa Al Thani  
Father Amir

His Highness  
Sheikh Abdullah Bin Hamad Al Thani  
Deputy Amir

and to all the honorable people of Qatar on the occasion of

## Ramadan

We hope for more returns of this memorable occasion  
and wish that Qatar always enjoys security,  
welfare and prosperity under the wise leadership of His Highness The Amir  
The Chairman, the Board of Directors and all the employees of the QNB Group

qnb.com



# IMF wants friendly nations to give funds to Pakistan before deal

**Bloomberg**  
Islamabad

Pakistan's government said the International Monetary Fund (IMF) wants 'friendly' countries to honour their commitments to fund the cash-strapped country before the multilateral lender signs off on a \$6.5bn bailout programme. This has led to a delay in concluding talks with the IMF for the programme, Pakistan Finance Minister Ishaq Dar told the upper house of parliament on Thursday. Certain countries had made pledges to support Pakistan

during the IMF's review and it "is asking they should actually complete and materialise those commitments," he added. Pakistani officials have been guiding for an IMF agreement in a few days and had planned to complete the programme in June. However the nation has failed to meet multiple deadlines in the past. The bailout funds from the IMF would throw an economic lifeline to Pakistan that's racing against time to avoid a default. The country needs to repay about \$3bn of debt by June, while \$4bn is expected to be rolled-over. Pakistan's dollar bonds due in 2031

rose 0.2 cents on the dollar on Friday, snapping seven days of losses. A pact with the IMF would also open up access to other financing avenues for Pakistan, which only has reserves for a few weeks of imports and whose currency is one of the weakest performers in Asia. Dar didn't name the countries who made commitments but Saudi Arabia, the United Arab Emirates, Qatar and China have helped in recent months and weeks by rolling over debts and giving dollar deposits and oil on credit. In early March, the Industrial & Commercial Bank of China Ltd released \$500mn to

Pakistan as the first instalment of a \$1.3bn loan. Pakistan's government has completed all IMF demands, Dar said. The government has taken tough measures including raising taxes, energy prices and interest rates to unlock funding from its IMF loan programme. The government's popularity has plummeted in an opinion survey with the majority of respondents blaming Prime Minister Shehbaz Sharif and his ministers for the economic crisis while showing support for his arch-rival Imran Khan. The former premier's growing popularity may

force Sharif's coalition to boost welfare spending to woo voters ahead of elections later this year, Bloomberg Economics analyst Ankur Shukla wrote last month. And that would break its commitments to the IMF on fiscal consolidation and potentially jeopardise aid from the institution, he added. The IMF has not indicated that political uncertainty is causing any delay in reviving the bailout, Sharif told reporters earlier this week. "We have accepted all the conditions, the very tough conditions set by the IMF," he said.

# Huawei has replaced thousands of US-banned parts in its products, says founder

**Reuters**  
San Francisco/New York

Huawei Technologies Co Ltd has replaced more than 13,000 parts in its products that were hit by US trade sanctions, the Chinese tech giant's founder said, according to a speech transcript posted on Friday by a Chinese university.

According to the transcript of the February speech posted by Shanghai Jiao Tong University, Ren Zhengfei said Huawei had over the past three years replaced the 13,000 components with domestic Chinese substitutes and had redesigned 4,000 circuit boards for its products.

He said production of circuit boards had "stabilised."

The remarks, which Reuters could not independently verify, provided a window into Huawei's efforts to bounce back from US trade restrictions.

Since 2019, Huawei, a major supplier of equipment used in 5G telecommunications networks, has been the target of successive rounds of US export controls.

Those controls cut off both Huawei's supply of chips from US companies and its access to US technology tools to design its own chips and have them manufactured by partners.

The Biden administration last year also banned the sale of new Huawei equipment in the US.

Ren made the remarks in a talk to Chinese technology experts on February 24, the university said.

The university posted the transcript on its website on Friday.

A US-based Huawei representative did not immediately respond to a request for comment on Friday.

Ren said Huawei invested \$23.8bn in research and development in 2022, and "as our profitability improves, we'll continue to increase R&D spending."

The founder said the company had built its own enterprise resource planning system, called MetaERP.

To launch in April, it will help run its core business functions, including finance, supply chain and manufacturing operations.

Ren said Huawei has no plans to launch a rival to the wildly popular large language model AI ChatGPT, but said Microsoft Corp, the backer of the application's developer OpenAI, would not be the only dominant player.

He said Huawei is focusing on being the "underlying computing power platform" of AI.

# China imports rise most in year amid signs of economic recovery

**Bloomberg**  
Hong Kong

China saw its biggest gain in imports in a year last month, while a slide in exports decelerated, adding to evidence that the world's second-largest economy is recovering from the impact of pandemic lockdowns.

Imports rose 4.2% from a year ago to \$197 billion in February, following a slump of 21.4% in January and snapping four months of decline, figures released yesterday by the General Administration of Customs showed. Exports slipped 1.3% year-on-year in February to \$214bn, slowing from a slide of 10.5% in the previous month.

With the rebound in imports, the trade surplus narrowed to \$16.8bn, the smallest since March 2021, according to the customs data.

The figures provided a further sign that the Chinese economy is picking up after a surge of infections following Beijing's abrupt abandonment of its Covid Zero strategy at the end of 2022. February figures also were helped by sequential improvement after the week-long Chinese New Year holiday at the end of January this year.

Rising imports underline China's recovering demand for global commodities as domestic consumption gains momentum. Beijing is looking for consumer spending to help counter the impact of falling exports, a still weak property market and shrinking government resources for large fiscal stimulus, as it aims to achieve growth of around 5% this year.

That marks a shift from the past two years, when exports were a key pillar of China's growth, countering a slump in domestic spending as Covid restrictions hit business and consumer confidence. Global demand



Containers stacked at Lianyungang port, in China's eastern Jiangsu province. Rising imports underline China's recovering demand for global commodities as domestic consumption gains momentum.

for Chinese goods started falling in late 2022, as soaring inflation and higher interest rates in the rest of the world dented consumer spending.

Among specific items, China's imports of coal surged 160% year-

-on-year in volume terms last month while those of crude oil rose 12%. The country bought 11.5% more of iron ore by volume from abroad, while imports of farm produce including meat, soy beans and ed-

ible oil soared 27.3% by value. At the same time, the value of imports of machines to make semiconductors and automatic data-processing units and accessories - products targeted by US trade restrictions -

plummeted 22.5% and 42.7% year on year, respectively.

Exports were boosted in February by a 68.7% jump in the value of car shipments, and a 38.5% increase in steel products.

# Bloomberg QuickTake Q&A

## Why India walks a tightrope between US and Russia

By Muneeza Naqvi

With the emergence of the Cold War in the 1950s, newly independent India became a founder of the Non-Aligned Movement - countries that sided neither with Washington nor with Moscow. Today, Prime Minister Narendra Modi has advanced an inverted version of the policy - picking and choosing relationships in either camp that he believes best suit India's own interest. Most notably, the South Asian nation is deepening security links with the US while snapping up military hardware and cheap crude oil from Russia. The question is how long it can stay close to both sides while they themselves pull further apart over the war in Ukraine. With India chairing the Group of 20 nations this year, the dance has become more delicate.

### 1. Is India a US ally?

India has been a "strategic partner" of the US for at least two decades, but they're not formal allies. That means that while they have much in common - two large, heterogeneous democracies - New Delhi doesn't feel bound to sync its world view with Washington. For a long time India was leery of the US largely because of its close security ties with Pakistan, India's neighbour and archrival. But the relationship has improved in large part due to shared concerns about an increasingly assertive China. Washington sees New Delhi as a bulwark in the region and has enlisted it as a member in the so-called Quad grouping of Indo-Pacific democracies, along with Australia and Japan. China has criticised the group as a "clique" that could stoke a new Cold War.

### 2. Why is India cozy with Russia?

Despite its avowed non-alignment, India drew closer to Moscow's sphere during the Cold War. For decades India's economic strategy was laid out in Soviet-style, five-year plans. Close cultural and people-to-people ties also grew. But at the heart of the relationship is New Delhi's long dependence on Moscow as its main supplier of weapons. While that dependence has shrunk - imports of Russian weapons dropped 19% during 2018-2022 compared to the previous five-year period, according to the Stockholm International Peace Research Institute - Moscow is still its main supplier. New Delhi is especially sensitive about that, given its border tensions with its two biggest neighbours, China and Pakistan. India - the world's third-largest crude importer - has also been lapping up cheap Russian oil since the invasion of Ukraine, a trade that benefits buyer and seller.

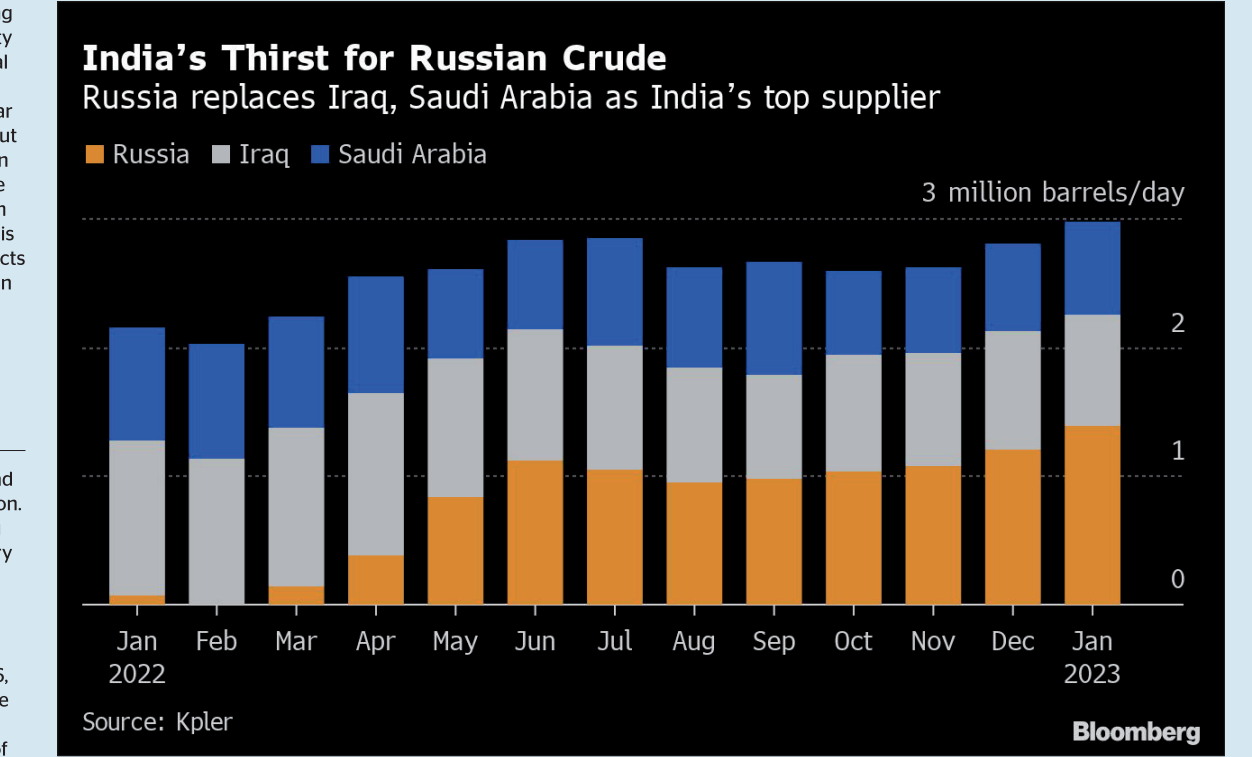
### 3. Has the war in Ukraine changed anything?

India has stood out among major democracies for its reluctance to criticise Russian President Vladimir Putin, and has held off from efforts by the US, Europe and their allies to isolate Russia globally. Many in India place greater blame on the North Atlantic Treaty Organisation and Washington for Russia's invasion of Ukraine than on Putin, according to a survey by Morning Consult, a US-based business intelligence company. Modi is conscious of walking a fine line, however. New Delhi has abstained from United Nations votes condemning the war, while saying at global forums that the conflict needs to end because it's hurting develop-

ing countries economically by disrupting supply chains and driving up commodity prices. Modi skipped his annual, bilateral summit with Putin last year after the Russian leader threatened to use nuclear weapons in Ukraine. But India may be put on the spot as host of the G20 summit in September if Putin were to show up. (He skipped the last two amid pressure from the US and its allies over the war). India is also concerned about more direct impacts of Putin's aggression: supplies of Russian military spare parts for customers like India are drying up, according to army chief Manoj Pandey.

### 4. How has the US responded?

India's links to Moscow seem to have had no significant political cost in Washington. That's at least partly due to the growing economic and political clout of a country that's forecast to surpass China as the world's most populous this year. For example: ■ President Barack Obama upgraded India to "major defence partner" in 2016, a unique status "commensurate with the closest allies and partners" of the US. Yet when India started taking delivery of Russia's S-400 missile-defence system in 2021 as part of a \$5bn weapons deal, there were no repercussions. A similar purchase by Turkey prompted the US to ban its fellow Nato ally from the US F-35 fighter jet program. ■ India has faced little public backlash over buying Russian oil either, because it's meeting the West's twin goals of crimping Moscow's revenue - by paying discounted prices - while preventing a supply shock by refining much of the crude into fuel for Europe and the US. ■ Bilateral trade has soared, including US



weapons sales. The US and India laid out a plan this year to share more advanced defence and computing technologies. ■ US Treasury Secretary Janet Yellen, during a November visit, emphasized India's potential as a manufacturing hub, in another push against China. Long before all that, the US in 2008 lifted a three-decade moratorium on civil nuclear trade with India, even though the country has nuclear weapons and isn't a signatory to the Nuclear Non-Proliferation Treaty.

### 5. What drives India's foreign policy and where is it headed?

If a newly independent India was seeking to keep its distance from big power blocs, the newly assertive country under Modi is seeking ties that advance its own interests. New Delhi sees itself both as a power broker in big geopolitical rivalries - having influence with Putin as well as the West - and a champion for the voice of the Global South. Modi's welcome at

the White House and in Europe despite his government's spotty human rights record, especially with regard to treatment of the country's minority Muslim population, and a crackdown on media freedom. In his book *The India Way*, Foreign Minister Subrahmanya Jaishankar argued that in an increasingly multipolar world, India needs to avoid alliances. Instead, he advocated "identifying and exploiting opportunities created by global contradictions," with the aim of extracting "gains from as many ties as possible."



# Lesha Bank wins ‘Best Asset Manager in Qatar’ honour from EMEA Finance



Lesha Bank has won “Best Asset Manager in Qatar” at the *EMEA Finance* Middle East Banking Awards 2022 “in recognition of managing strong and diverse portfolio of real estate and private equity assets.” The bank’s total asset under management (AUM) grew by 36%, recording QR5.2bn in 2022 and the total investment portfolio stood at QR2.4bn with a growth of 117% in 2022 compared to the previous year. Held in its 15th edition, the annual awards event was organised by *EMEA Finance* magazine to highlight commercial, investment and Islamic banks across the Middle East, as well as brokers and asset managers. The *EMEA Finance* magazine specialises in reporting financial and banking developments in Europe and the Middle East and is directed to an executive level audience. In response to market demand, Lesha Bank revamped its business model from

an asset-based to a fee-income based focusing on implementing a direct core/core-plus real-estate strategy in the US. Once acquired, certain assets were offered to stakeholders as investment opportunities, alongside Lesha Bank, on a deal-by-deal basis. Since the launch of the real estate investment, Lesha Bank has acquired 14 investments in the US, UK, and Qatar and successfully exited two multi-family residences: Kennedy Flats and Jefferson Square in the US. The bank’s private equity (PE) team possess a deep domain expertise and expansive network with world renowned fund managers to access certain unique investment opportunities around the world. Innovative business approach of the PE domain has contributed to the modernisation and growth of portfolio companies. The bank currently has a

diverse pool of PE assets in the sectors ranging from luxury, healthcare, technology, consumer goods, household electronics, etc. Lesha Bank’s CEO Abdulrahman Totonji commented: “Alhamdulillah, we are pleased to be recognised by EMEA in Asset Management which will help us cement our leadership and position within the local and regional markets and encourages us to continue offering innovative investment solutions. “This accolade proves our employees hard work and dedication that led us to achieve this performance during a critical shift toward a new strategic direction to drive the bank to achieve its goal of further growth and to be at the forefront of Shariah-compliant investment banking. I would like to congratulate all our team members for their dedication and thank our clients for their continuous loyalty and trust.”



Abdulrahman Totonji, Lesha Bank CEO.



A woman looks at shelves of consumer goods while shopping at a market in Maadi, a suburb of Cairo (file). The impact of Russia’s invasion of Ukraine has hit the Egyptian economy particularly hard, triggering major food and fuel-price increases and cutting off sources of vital tourism revenues. Last month, Egypt revived a plan to sell stakes in a number of state-run companies to raise cash.

# Egypt says it will support whatever is required to secure Saudi funding

Bloomberg  
Cairo

Egypt said it’s willing to do whatever it takes to make Saudi Arabia feel at ease with increasing investment in the crisis-hit country, a move to secure funding that may be vital to arrest an economic decline. Egyptian Finance Minister Mohamed Maaat said the North African nation is “keen to support everything that is required to increase Saudi in-

vestments,” amid Egypt’s “unprecedented support for the local and foreign private sector,” according to a statement on Friday. Saudi Arabia pledged a year ago to invest \$10bn in Egypt, which is facing its worst foreign-currency crunch in years. But so far, the Gulf region’s biggest economy has delivered only \$1.3bn, when a unit of its Public Investment Fund bought state-owned stakes in four Egyptian companies. The kingdom “has invested and is still investing in various development

projects in Egypt,” Saudi Finance Minister Mohamed al-Jadaan was quoted as saying in the same statement. Earlier in the week, he said Saudi Arabia’s track record of supporting Egypt speaks for itself. Talks between Saudi Arabia and Egypt over the purchase of Cairo-based United Bank have stalled over a disagreement about how to value the transaction, while Bloomberg reported last month that Gulf countries are waiting for more certainty on Egypt’s collapsing currency and proof it’s

making deep economic reforms before committing big money. Saudi Arabia deposited \$5bn in Egypt’s central bank last year, though al-Jadaan said in Davos that his country is changing the way it offers financial help to countries, expecting reforms in exchange for cash. The impact of Russia’s invasion of Ukraine has hit the Egyptian economy particularly hard, triggering major food and fuel-price increases and cutting off sources of vital tourism revenues. Last month, Egypt revived

a plan to sell stakes in a number of state-run companies to raise cash. Maaat’s comments came after his participation in a conference in Riyadh this week, where “a friendly and brotherly conversation took place” between him and al-Jadaan, according to the finance ministry statement. Al-Jadaan “accompanied his Egyptian counterpart to sit together in the seat next to him during the closing session, and the conversation between them was completed,” it said.

# Opec+ views oil price drop as financially driven, say delegates

Reuters  
London/Dubai

Opec+ considers the week’s slide in oil prices to a more than one-year low to be driven by financial fears, not any imbalance between demand and supply, and expects the market to stabilise, four delegates from the oil producer group told Reuters. Oil sank to a 15-month low on Wednesday, with Brent crude below \$72 a barrel, on concerns about contagion from a banking crisis. Crude stabilised on Thursday after Credit Suisse was thrown a financial life-line by Swiss regulators. “It’s purely financially driven and has nothing to do with the demand and supply of oil,” one of the delegates said, asking not to be named. Opec+ is “most likely wait and see” in expectation that the situation will “normalise soon”. Three other delegates from the Opec+ producer group comprising the Organisation of the Petroleum Exporting Countries (Opec), Russia and other allies, made similar remarks. The comments will dampen any speculation that Opec+ is concerned about weakening prices and might consider further steps to support the market. The group’s next policy meeting is not until June, though an advisory panel of key ministers meets on April 3. One of the delegates said Opec’s latest monthly oil market report, released on Tuesday with an upgraded demand forecast for China, pointed to a sound balance between supply and demand. “We are focusing on market fundamentals,” another of the sources said. Last November, with prices weakening, Opec+ reduced its output target by 2mn bpd – the largest cut since the early days of the Covid-19 pandemic in 2020. The same reduction applies for the whole of 2023. Ministers from Algeria and Kuwait this week praised the decision and Saudi Arabia’s energy minister told Energy Intelligence that Opec+ will stick to the reduced target until the end of the year.

# Turkiye puts economic toll from earthquakes at about \$104bn

Bloomberg  
Istanbul

The earthquakes that shook Türkiye’s southeast last month caused about 2tn liras (\$103.6bn) of damage, President Recep Tayyip Erdogan’s government said in an official assessment published days before the European Union holds a conference to aid the reconstruction effort. The report on Friday is among the most comprehensive yet and covers the damage suffered by buildings, infrastructure, industry, insurance and the ensuing macroeconomic impact. It calculates the toll on the economy at the equivalent of about 9% of this year’s gross domestic product, the presidency’s strategy and budget office said. The 11 provinces that were impacted by the earthquakes accounted for 9.8% of the national economy and 8.6% of exports in 2022, according to the report. Their share in textile exports was much higher at 35%. In a preliminary assessment in



A destroyed building is seen at night, in the aftermath of a deadly earthquake, in Antakya, Hatay province, Türkiye, on February 21. The 11 provinces that were impacted by the earthquakes accounted for 9.8% of the national economy and 8.6% of exports in 2022, according to the official report.

February, the World Bank estimated the earthquakes caused \$34.2bn in physical damages. A more pessimistic estimate came from business group Turkonfed, which saw costs at over \$84bn. The 7.7 and 7.6-magnitude tremors on February 6 – and their aftershocks – killed more than 50,000 people in Türkiye and Syria, leaving hundreds of

thousands people homeless. Erdogan, who faces a crucial election on May 14, pledged to rebuild 319,000 homes in one year. The European Commission and the Swedish Presidency of the Council of the EU will host an International Donors’ Conference on March 20 in Brussels to support the people impacted by the earthquakes.

# Lebanon bank chief maintains innocence in European embezzlement probe

AFP  
Beirut

Lebanese central bank governor Riad Salameh maintained his innocence on Friday following a second and final day of questioning in Beirut before European investigators in a probe into his personal wealth. Salameh, 72, is part of the Lebanese political class widely blamed for a crushing economic crisis that began in late 2019 and which the World Bank has dubbed one of the worst in recent history. He faces allegations of crimes including embezzlement in separate probes in Lebanon and abroad, with investigators examining the fortune he has amassed during three decades in the job. Following a three-hour session Friday, Salameh released a statement saying he appeared as a witness and “not as a suspect or facing charges”. “Funds from the Lebanese central bank were not transferred to my account,” he said in a statement, adding: “The transfers I made abroad, whatever the amount, were from my personal account.”

The European investigators, including representatives of authorities in France, Germany and Luxembourg, are looking into allegations of financial misconduct, including possible money laundering and embezzlement. Salameh “answered all the questions” and “pledged to provide all the documents tracing the sources of his wealth” as well as the addresses of people mentioned in the questioning sessions, a judicial official told AFP. Members of the European delegation plan to return to Beirut in April to question Salameh’s brother Raja and former assistant Marianne Hoayek, the official said on condition of anonymity as he was not allowed to discuss matter with the press. Thursday’s questioning session at Beirut’s heavily guarded justice palace, which lasted more than five hours, was the first time Salameh had appeared as part of the European probe. The hearing had been scheduled to begin on Wednesday but Salameh failed to show up, claiming it was in “conflict with national sovereignty”, an argument the judiciary rejected.

For procedural reasons, the European investigators submitted their questions to a Lebanese judge, who was then responsible for putting them to Salameh in their presence, a judicial source previously told AFP. Salameh had answered 198 questions during the two sessions, the first judicial official said, mostly about the central bank’s ties to Forry Associates Ltd, a British Virgin Islands-registered company that listed Salameh’s brother as its beneficiary. Forry is suspected of having brokered Lebanese treasury bonds and Eurobonds at a commission, which was then allegedly transferred to bank accounts abroad. Salameh denied that any central bank funds had gone to the company. He denied “ill intentions” against him and blamed an “ongoing media campaign” for his legal woes. In January, the European investigators interviewed banking officials in Beirut about the transfer of funds to countries where Salameh has significant assets. During this week’s sessions, Salameh was also questioned about “the huge funds and real estate he owns in Lebanon and abroad,” the official said.



# Coinbase in talks with clients about starting new overseas crypto platform

**Bloomberg**  
New York

Institutional clients of Coinbase Global have been contacted by the firm about plans to potentially set up a new crypto-trading platform overseas, according to three people with direct knowledge of the matter.

The talks with market makers and investment firms touched on the possibility of establishing an alternative venue — away from the main Coinbase marketplace — for global clients, said the people, who asked not to be named as the discussions are confidential. The talks are occurring against the backdrop of an intensifying US crackdown on cryptocurrencies.

Coinbase has yet to decide where the platform might be based, but it has been speaking to market makers about connecting to it, one of the people said.

A spokesperson for Coinbase declined to comment specifically on the discussions, but said that in line with its mission to increase global crypto adoption, it assesses geographic options and meets “with government officials in high-bar regulatory jurisdictions.”

The US environment for digital-asset companies continues to sour following a string of regulatory actions and bank failures. While Coinbase’s services are available in more than 100 countries, orders from clients around the world are currently routed to the same US platform.

When asked on an earnings call last month if Coinbase would consider operating an offshore business, Emilie Choi, Coinbase’s chief operation officer, said that “international expansion is going to continue to be a very core part of how we operate.” Coinbase is “encouraged” by regulatory developments in the European Union and UK, and will continue to invest in Europe and the UK, Choi said.

Founded in San Francisco in 2012, Coinbase is one of the oldest and most well-known trading crypto trading venues globally, with a rare US public listing. While its status as one of the most regulated exchanges in digital assets has enabled it to emerge as a steady presence throughout crypto’s turbulent history — and attract a solid base of US-based consumer clients — that same status has also made it less flexible than peers operating in offshore jurisdictions.

The potential expansion by Coinbase follows an onslaught of regulatory action against crypto companies in the US, since the sudden collapse of digital asset exchange FTX late last year. Over the past few months, regulators have taken aim at everything from stablecoins to staking, imposing millions of dollars in fines and shutting down



Coinbase signage during the company’s IPO in New York (file). Institutional clients of Coinbase Global have been contacted by the firm about plans to potentially set up a new crypto-trading platform overseas.

products. The crackdown has been coupled with the shuttering of crypto-friendly banks — including Silvergate Bank and Signature Bank — that digital asset firms have traditionally relied on to run their operations.

The two lenders ran real-time payments networks for the crypto industry that facilitated the flow of money to and from the sector.

These conditions have prompted crypto firms to search for friendlier shores, with Dubai, Hong Kong and Europe seen as more welcoming hubs due to incoming regulations, dedicated licensing processes and favourable tax regimes.

Capital has started moving offshore, with stablecoin operator Archblock recently transferring \$1bn in reserves backing token TrueUSD to the Bahamas from the US.

Coinbase executives have expressed concerns about the mounting regulatory clampdown in the US. “Disappointingly, we are not seeing regulators necessarily welcoming transparency and public participation in their rule-making. United States’ agencies, in particular, are demonstrating a disjointed stance regarding crypto that is pushing the industry overseas,” the

company said in its fourth-quarter investor letter.

By launching an offshore trading platform, Coinbase would be able to hedge its bets against a hostile regulatory environment in the US and give international clients access newer products that may be frowned upon by authorities in its home market, such as lending and trading in decentralized financial markets.

“I wouldn’t be surprised if US exchanges spin off entirely offshore entities to unencumber those businesses from operating under what seems to be an increasingly more difficult US regulatory regime,” said Michael Bucella, a longtime investor and former general partner at New York-based BlockTower Capital.

Coinbase’s heavy focus on the US retail market has become a disadvantage during last year’s rout in prices, which prompted consumers to pull back from the nascent asset class. The exchange has been losing market share, which dropped from 6.4% in December to 4.2% in February, according to CryptoCompare.

The world’s biggest crypto exchange, Binance, has gained share, reaching nearly 60% in February, according to

the researcher. Coinbase said in its investor letter that it gained overall trading volume market share in the last three months of the year.

An international platform could make it easier for Coinbase to diversify its revenue stream away from trading fees, should existing diversification efforts face regulatory challenges in the US. The company’s three businesses — coin custody, stablecoins and staking — have all come under increased scrutiny in the US. Coinbase’s revenues fell sharply to \$629mn in the fourth quarter of 2022 from \$2.5bn a year earlier, while its stock has fallen by more than 80% since peak in November 2021.

Coinbase said in its fourth-quarter earnings report that it was seeking “to expand access to a growing breadth and depth of crypto assets and fiat payment rails to our customers and expand access to more product experiences — both proprietary and third party, largely decentralised applications.”

Coinbase chief executive officer Brian Armstrong recently told Bloomberg News that the company has been focusing on diversifying its revenues. He also said that the exchange is “embracing decentralisation” and he called for more regulatory clarity in the US.

## LME rocked by new nickel scandal after finding bags of stones

**Bloomberg**  
London

The London Metal Exchange has discovered bags of stones instead of the nickel that underpinned a handful of its contracts at a warehouse in Rotterdam, in a revelation that will deliver another blow to confidence in the embattled exchange.

The amount of metal represents just 0.14% of live nickel inventories on the LME, worth about \$1.3mn at current prices, so the immediate impact on metals markets is limited. But the shock announcement has much wider implications: in an industry riddled with scandals, the LME’s contracts are viewed as unquestionably safe. The news that even a few of them have been compromised will raise fresh questions about its systems and procedures while the 146-year old exchange is still wading through the fallout of its last nickel crisis.

“LME warehouse warrants used to be the gold standard of warehouse warrants around the world, treated as a near-cash equivalent,” John MacNamara, chief executive officer of Carshalton Commodities and a veteran commodity trade finance banker, wrote on LinkedIn. “Something has gone horribly wrong at the LME.”

It also comes at a fraught time for the wider metals world, after trading giant Trafigura Group revealed in February that it had been the victim of a vast alleged fraud involving missing nickel cargoes.

The news that a powerful player like Trafigura is facing hundreds of millions of dollars in losses has spooked others in the industry and prompted some to check on their own metal cargoes.

However, the one place where metal has always been considered perfectly safe is once it has been registered “on warrant” in an LME-approved warehouse.

Contracts on the LME, which are the global benchmarks for industrial metals including aluminium, copper and nickel, are underpinned by physical metal in the network of warehouses around the world — any trader holding a contract to delivery receives a parcel of metal in an LME-registered warehouse.

The LME discovered the problem after it received reports that some nickel delivered out of a warehouse in Rotterdam contained bags of stones instead of nickel briquettes. The warehouse is operated by Access World, according to people familiar with the matter. The company was previously owned by Glencore Plc, and said in January it had been acquired by Global Capital Merchants Ltd.

Access World, which is one of the more prominent companies that operates facilities registered on

the LME network, investigated and subsequently found that the bags of “nickel” underlying nine contracts — representing 54 tons of metal — did not contain the nickel that they should have done. The nine warrants have been invalidated and the warrant owner has been notified, the LME said, without naming the owner.

The metal had been registered as live in the LME warehouse since early 2022, according to one of the people.

The LME warehousing system has over the years proved resilient to wider instances of fraud in the metals industry, which typically involve falsification of shipping and storage documents. The LME system is viewed as more secure because the exchange creates its own warehouse warrants and transfers ownership of them digitally. But it relies on warehousing companies to check the material as it enters their facilities to ensure the integrity of the market — including by weighing the bags that move in and out of the system.

It’s not clear whether the bags ever contained nickel, and whether the issue is a result of error, theft or fraud.

However the LME said that the bags clearly didn’t match the expected weight, suggesting that the warehouse at the very least failed to weigh those that were shipped on the way out.

The LME said there is no reason to believe that other warehouses are affected, but the exchange has asked that licensed operators recheck warranted nickel, it said in a statement. It noted that the issue related to nickel briquettes packed in bags, and so other metals, which do not allow bagged delivery, “are not susceptible to this type of irregularity.”

Trafigura said in a statement that the LME announcement had no connection with its own legal action against a group of companies connected to and apparently controlled by businessman Prateek Gupta. Trafigura does not own any of the nine warrants that have been invalidated by the LME, the company said.

For the metals industry, a long history of risk and fraud means that missing cargoes are far from unusual, and nickel is a particular favourite because of its high value. In 2017, French and Australian banks got hit by loan losses in 2017 that totalled over \$300 million after they discovered fake documents for nickel stored in Asian warehouses owned by Access World, while Bloomberg has reported that Russia’s Sberbank PJSC discovered in 2018 that containers of nickel in Rotterdam that it financed on behalf of Sanjeev Gupta’s Liberty Commodities had already been emptied.

## JPMorgan’s Dimon plays key role in bank rescue

**AFP**  
New York

Consulted by policymakers and able to nudge his peers into action, JPMorgan Chase CEO Jamie Dimon played a key role in a bank rescue effort this week — a situation sparking reminders of 2008.

Following the swift collapse of Silicon Valley Bank and Signature Bank, there have been fears that regional lender First Republic Bank could be the next domino to fall — despite moves by agencies like the Treasury Department and Federal Reserve to assure SVB and Signature’s depositors.

While First Republic is not yet out of the woods, it was given a lifeline on Thursday as 11 major US banks pledged to deposit \$30bn into the lender.

And Dimon, 67, played an important role in the plan. He spoke on the phone this week with Treasury Secretary Janet Yellen and Fed Chair Jerome Powell, as the leaders sought to find a way to boost confidence in the financial system, according to three sources close to the discussions.

As the crisis unravelled last Friday with SVB closed down by the authority, threatening contagion, Dimon also met in his office with Deputy Treasury Secretary Wally

Adeyemo, according to the *New York Times*.

On Sunday, authorities set out plans to ensure SVB customers would be able to access their deposits, while the Fed introduced a new lending tool for banks in an effort to prevent a repeat of SVB’s quick demise. President Joe Biden sought the day after to reassure Americans that the banking system is safe, but the situation remained fragile.

Yellen raised the idea of major banks stepping in together, said a source familiar with the matter. But it took the efforts of both Dimon and Yellen, from Tuesday to Thursday, to persuade CEOs to come on board and deposit billions of dollars into First Republic to shore up the bank. Bank of America, Citigroup and Wells Fargo first came on board, followed by the others.

During the process, White House chief of staff Jeff Zients and National Economic Council director Lael Brainard were kept informed, the source said.

Dimon is “revered by his peers,” said Yale School of Management professor Jeffrey Sonnenfeld. “He speaks with expertise, authority and rare clarity,” Sonnenfeld said, adding that Dimon has been in the industry for a long time.

Dimon, who has led JPMorgan since 2005, is the last remaining

boss of a major bank still in place after the 2008 financial crisis. “Nobody else has that authority, that credibility,” he said.

“Everybody takes Jamie Dimon’s phone calls, especially in the world of finance.”

Dimon, who helms the largest US bank by assets, also came to the rescue in the 2008 financial crisis by buying Bear Stearns and some assets of Washington Mutual. Under his leadership, JPMorgan Chase weathered the crisis better than many others.

While the acquisitions helped JPMorgan grow, they also earned a flurry of complaints from authorities and shareholders relating to toxic financial products recovered in the process, along with billions in legal costs.

Dimon himself has come to rue the Bear Stearns deal. While there was no question this time of taking over a troubled bank, Dimon met with Yellen on Thursday afternoon after her appearance at a Senate hearing.

The aim was to discuss the final details of a plan that would eventually see 11 major banks put together deposits of \$30bn into First Republic.

Despite the latest lifeline, shares of First Republic remained down by around 33 % on Friday, signalling lingering worries over the financial sector.

## Borrowers are delaying their debt deals at fastest pace in a year

**Bloomberg**  
New York

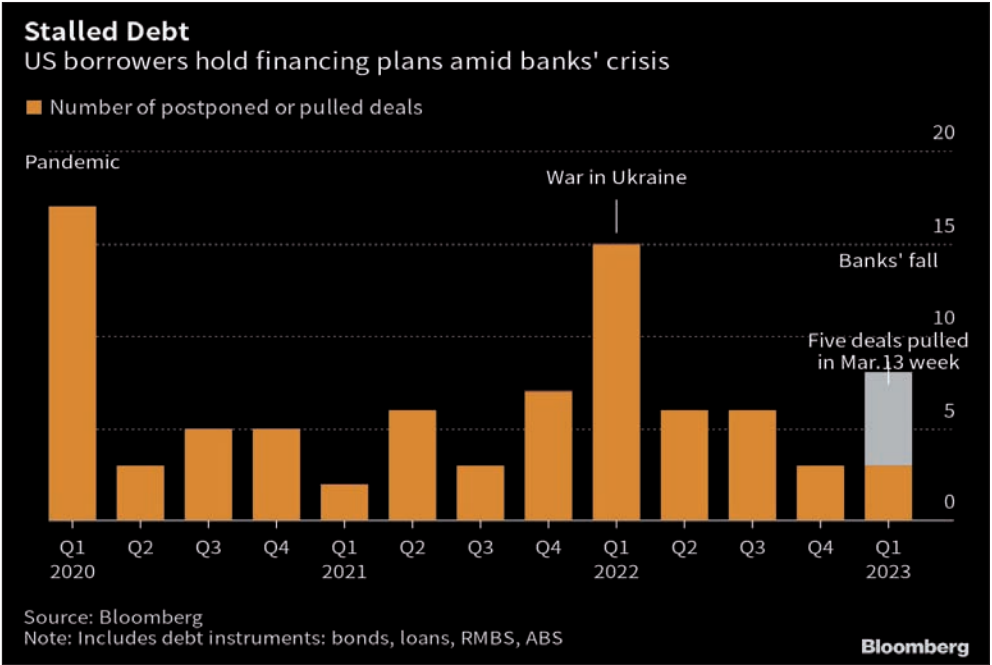
Companies are delaying their bond and loan sales at the fastest pace in a year after a week of financial system turbulence left investors reluctant to buy debt.

On a quarterly basis, the number of US deals in limbo — spanning bonds, loans and asset-backed securities — has climbed to eight, according to data compiled by Bloomberg.

Much of that activity happened in the latest week, with at least five companies either postponing or pulling plans to sell structured bonds and leveraged loans, as markets digest regional bank failures and turmoil engulfing Credit Suisse Group.

The number of debt deals pulled in the first quarter so far is the highest since the same period last year, when the war in Ukraine erupted.

Among the companies withdrawing deals this week were auto lender Santander Consumer USA, which halted the sale of \$942mn of bonds backed by subprime auto loans; car leasing firm Automotive Rentals Inc, which paused an almost \$900mn sale backed by auto fleet leases; and government-backed home loan company



Fannie Mae, which delayed selling over \$500mn of mortgage-linked bonds.

On the term loan side, medical equipment company Agiliti Health pulled a \$1.08bn deal while asset manager Russell Investments withdrew a proposed \$1.16bn amend-and-extend, bringing the total to the highest weekly figure seen in 2023. That makes this the week with

the most pulled deals so far this year, totalling about \$4.6bn of debt financings yanked out of the market as of Friday, Bloomberg data show.

The withdrawn deals came in the wake of multiple bank failures, most notably California’s Silicon Valley Bank, which collapsed last Friday, making it the biggest US lender to fail since Washington Mutual’s 2008 de-

mise during the financial crisis.

First Republic Bank, widely seen by investors as wobbly after the collapse of other similar regional lenders, said on Thursday it was receiving \$30bn of deposits from banks including JPMorgan Chase & Co and Bank of America Corp. The move amounts to a private sector rescue of the bank, brokered by the US government.



The Qatar Stock Exchange (QSE) index gave up 826.51 points or 7.7% during the week to close at 9,910.09. Market capitalisation declined 7.6% to QR571.1bn compared with QR618.3bn at the end of the previous trading week.

Of the 50 traded companies, three ended the week higher, 46 ended lower, with one unchanged. Estithmar Holding (IGRD) was the worst performing stock for the week, falling 18.9%. Meanwhile, Qatar Navigation (QNNS) was the best performing stock for the week, rising 4.6%.

Qatar Islamic Bank (QIBK), QNB Group (QNBK) and Industries Qatar (IQCD) were the primary contributors to the weekly index decline. QIBK and QNBK removed 140.30 and 74.80 points from the index, respectively. Further, IQCD deducted another 56.95 points.

Traded value during the week rose 43.9% to QR2,409.7mn from QR1,674.3mn in the prior trading week. Industries Qatar (IQCD) was

the top value traded stock during the week with total traded value of QR376.2mn.

Traded volume increased 23.8% to 713.3mn shares compared to 576.0mn shares in the prior trading week. The number of transactions rose 34.1% to 73,354 vs 54,713 in the prior week. Estithmar Holding (IGRD) was the top volume traded stock during the week with total traded volume of 71.7mn shares.

Foreign institutions turned bearish, ending the week with net selling of QR87.8mn vs net buying of QR110.5mn in the prior week. Qatari institutions turned bullish with net buying of QR103.1mn vs net selling of QR107.8mn in the week before. Foreign retail investors ended the week with net selling of QR11.5mn vs net buying of QR9.5mn in the prior week. Qatari retail investors recorded net selling of QR3.7mn vs net selling of QR12.1mn the week before.

YTD (as of Thursday's closing), global foreign institutions were net buyers of \$61.6mn.



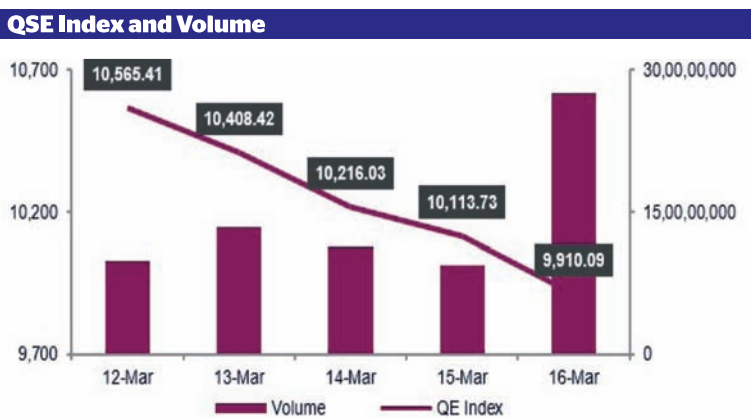
## Weekly Market Report

Market Indicators	Week ended. March 16, 2023	Week ended. March 09, 2023	Chg. %
Value Traded (QR mn)	2,409.7	1,674.3	43.9
Exch. Market Cap. (QR mn)	571,122.5	618,289.9	(7.6)
Volume (mn)	713.3	576.0	23.8
Number of Transactions	73,354	54,713	34.1
Companies Traded	50	50	0.0
Market Breadth	03:46	27:20	-

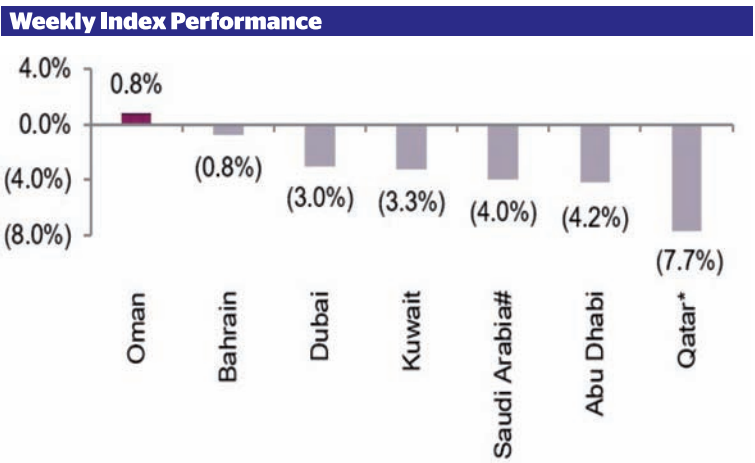
Source: Qatar Exchange (QE)

Market Indices	Close	WTD%	MTD%	YTD%
Total Return	21,214.46	(5.0)	(3.3)	(3.0)
ALL Share Index	3,304.50	(4.9)	(3.6)	(3.3)
Banks and Financial Services	4,189.35	(5.5)	(4.7)	(4.5)
Industrials	3,889.01	(5.2)	(2.6)	2.9
Transportation	3,984.74	(0.1)	(2.7)	(8.1)
Real Estate	1,376.11	(7.6)	(3.5)	(11.8)
Insurance	1,800.38	(6.6)	(8.7)	(17.7)
Telecoms	1,346.55	(3.6)	0.5	2.1
Consumer Goods & Services	7,449.85	(2.8)	(0.6)	(5.9)
Al Rayan Islamic Index	4,410.98	(4.9)	(2.2)	(3.9)

Source: Qatar Exchange (QE)



Source: Qatar Exchange (QE)



Source: Bloomberg

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#### Qatar Stock Exchange

##### Top Five Gainers

Source: Qatar Stock Exchange (QSE)

##### Top Five Decliners

Source: Qatar Stock Exchange (QSE)

##### Most Active Shares by Value (QR Million)

Source: Qatar Stock Exchange (QSE)

##### Most Active Shares by Volume (Million)

Source: Qatar Stock Exchange (QSE)

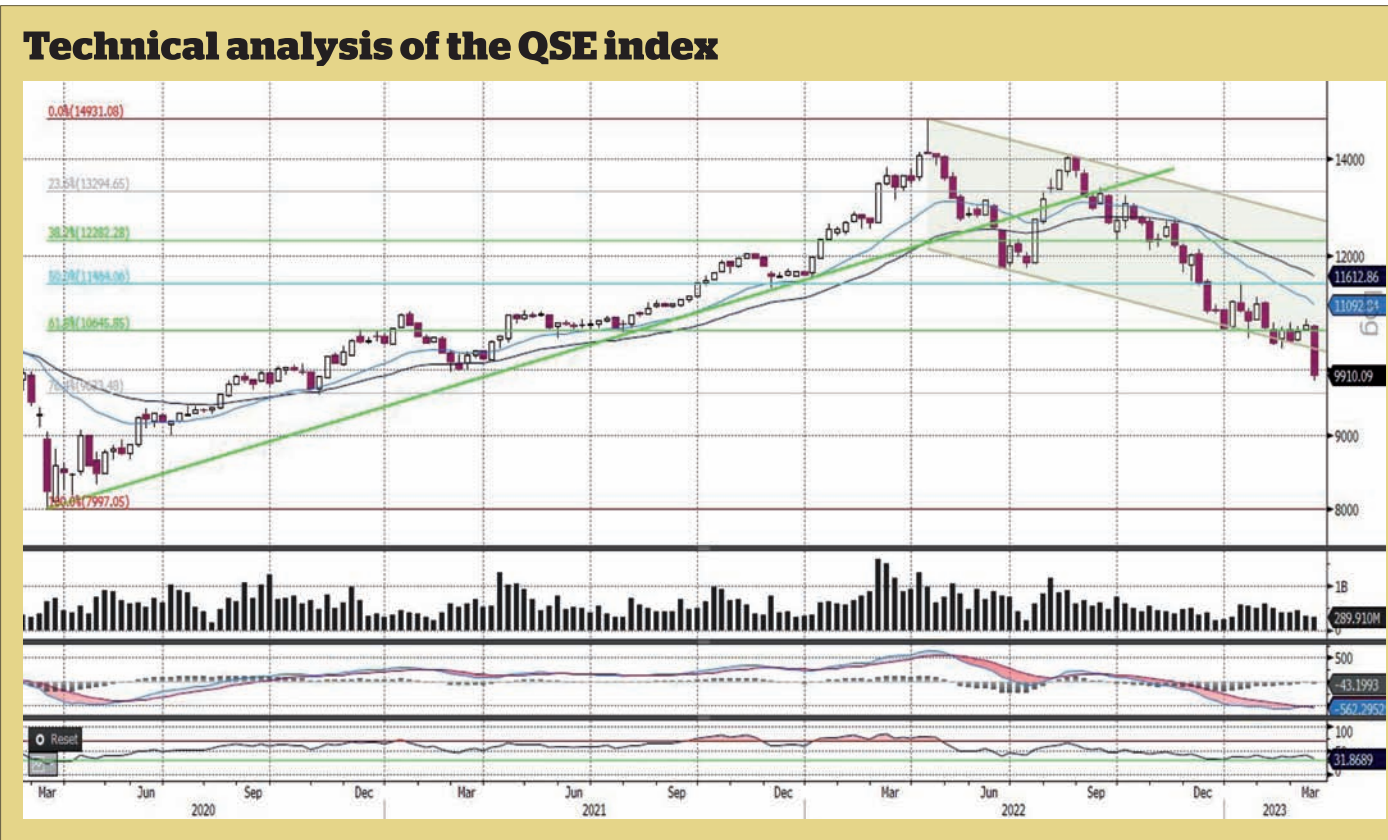
##### Investor Trading Percentage to Total Value Traded

Source: Qatar Stock Exchange (QSE)

##### Net Traded Value by Nationality (QR Million)

Source: Qatar Stock Exchange (QSE)

Company Name	Last Price	% Change Weekly	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	15.77	(4.60)	(12.39)	145,658	10.6	1.7	3.8
Qatar Islamic Bank	17.61	(9.18)	(5.12)	41,611	10.9	1.8	3.5
Commercial Bank of Qatar	5.97	(4.95)	19.38	24,158	9.2	1.2	4.2
Doha Bank	1.56	(8.18)	(20.12)	4,837	8.4	0.5	4.8
Al Ahli Bank	3.92	0.18	(2.37)	9,988	13.7	1.5	5.1
Qatar International Islamic Bank	9.40	(11.43)	(9.64)	14,224	14.8	2.0	4.3
Masraf Al Rayan	2.50	(10.46)	(21.16)	23,250	17.9	1.0	4.0
Qatar First Bank	0.82	(8.95)	(28.03)	923	10.5	0.8	N/A
National Leasing	0.63	(8.03)	(10.51)	312	16.1	0.5	4.8
Diala Holding	0.70	(12.39)	(38.70)	133	N/A	0.7	N/A
Qatar & Oman Investment	0.51	(8.15)	(7.82)	160	98.3	0.6	2.0
Islamic Holding Group	2.92	(5.01)	(28.95)	165	16.4	1.1	1.7
Dukhan Bank	2.84	(8.91)	N/A	14,875	N/A	N/A	N/A
<b>Banking and Financial Services</b>				<b>280,295</b>			
Zad Holding	14.40	(0.69)	(1.37)	3,942	20.8	2.7	4.3
Qatar German Co. for Medical Devices	0.83	(17.38)	(33.81)	96	77.4	2.8	N/A
Salam International Investment	0.51	(10.58)	(17.43)	580	9.7	0.4	N/A
Baladna	1.30	(1.07)	(15.15)	2,469	28.4	1.1	4.1
Medicare Group	5.98	(2.73)	(3.67)	1,683	21.3	1.6	30.1
Qatar Cinema & Film Distribution	3.30	(2.86)	5.94	207	82.8	1.6	1.8
Qatar Fuel	16.48	(1.55)	(8.19)	16,385	15.4	1.8	5.5
Qatar Meat and Livestock	1.30	(8.45)	(36.02)	234	N/A	1.2	N/A
Mannal Corp.	5.50	(14.00)	(27.52)	2,509	N/A	2.5	114.5
Al Meera Consumer Goods	14.49	(9.49)	(8.17)	2,898	14.7	1.9	6.2
<b>Consumer Goods and Services</b>				<b>31,003</b>			
Qatar Industrial Manufacturing	2.72	(8.91)	(15.33)	1,292	8.5	0.7	4.8
Qatar National Cement	4.00	(7.79)	(17.33)	2,615	11.5	0.8	7.5
Industries Qatar	12.71	(11.30)	(0.78)	76,896	8.7	1.8	8.7
Qatari Investors Group	1.79	(6.42)	6.41	2,230	11.3	0.7	5.6
Qatar Electricity and Water	16.40	(6.71)	(7.34)	18,040	10.6	1.2	5.8
Aamal	0.82	(10.39)	(16.00)	5,160	14.8	0.7	6.1
Gulf International Services	1.58	(16.84)	8.29	2,936	10.1	0.8	6.3
Mesaieed Petrochemical Holding	1.94	(12.61)	(8.79)	24,373	13.8	1.4	5.7
Investment Holding Group	1.59	(18.88)	(11.67)	5,412	14.7	1.2	N/A
Qatar Aluminum Manufacturing	1.60	(9.04)	5.26	8,928	9.7	1.3	5.0
Mekdam Holding Group	7.23	(2.36)	(5.22)	491	16.0	4.7	3.5
<b>Industrials</b>				<b>148,373</b>			
Qatar Insurance	1.51	(8.86)	(21.32)	4,942	N/A	0.8	6.6
QLM Life & Medical Insurance	3.20	(3.93)	(33.32)	1,120	13.6	2.0	6.9
Doha Insurance	1.98	0.00	0.05	990	11.1	0.9	7.6
Qatar General Insurance & Reinsurance	0.80	(16.32)	(45.84)	696	N/A	0.2	N/A
Al Khaleej Takaful Insurance	1.84	(8.03)	(19.86)	471	9.3	0.9	5.4
Qatar Islamic Insurance	8.23	(4.34)	(5.44)	1,234	12.3	2.7	4.9
Damaan Islamic Insurance Company	3.80	(2.54)	N/A	760	N/A	N/A	N/A
<b>Insurance</b>				<b>10,212</b>			
United Development	1.02	(8.77)	(21.54)	3,612	9.3	0.3	5.4
Barwa Real Estate	2.76	(4.83)	(3.93)	10,740	9.4	0.5	6.3
Ezdan Real Estate	0.80	(15.11)	(20.28)	21,167	243.4	0.6	N/A
Mazaya Qatar Real Estate Development	0.54	(10.00)	(22.41)	625	15.2	0.6	N/A
<b>Real Estate</b>				<b>36,144</b>			
Ooredoo	8.71	(4.89)	(5.33)	27,900	11.8	1.1	4.9
Vodafone Qatar	1.66	0.36	4.73	7,017	14.0	1.5	6.0
<b>Telecoms</b>				<b>34,917</b>			
Qatar Navigation (Milaha)	9.09	4.58	(10.46)	10,325	10.2	0.6	3.9
Gulf Warehousing	3.56	(3.78)	(12.06)	209	8.6	0.9	2.8
Qatar Gas Transport (Nakilat)	3.21	(9.66)	(12.42)	17,768	12.3	1.6	4.1
<b>Transportation</b>				<b>28,302</b>			
<b>Qatar Exchange</b>				<b>571,123</b>			



The QSE index closed down by 7.7% from the week before; it breached the 10,000 support level and closed at 9,910.1. This two-year low level reached is significant, but it can be used for accumulation. The reason for that is the lower volumes on the most recent down move and the RSI remains in positive divergence against the movement of the index.

### Definitions of key terms used in technical analysis

**RSI (Relative Strength Index)** indicates the strength in the momentum during the uptrend or downtrend, as the case may be. When the MACD crosses the signal line from below and trades above it, it gives a positive indication. The reverse is the situation for a bearish trend.

**Candlestick chart** - A candlestick chart is a price chart that displays the high, low, open, and close for a security. The 'body' of the chart is portion between the open and close price, while the high and low intraday movements form the 'shadow'. The candlestick may represent any time frame. We use a one-day candlestick chart (every candlestick represents one trading day) in our analysis.



# UBS mulls Credit Suisse takeover amid banking crisis fears

Reuters  
Zurich

UBS AG was examining yesterday a takeover of its embattled Swiss peer Credit Suisse, sources said, a move that could allay fears that an unfolding crisis might destabilise the global banking system. The 167-year-old Credit Suisse is the biggest name ensnared in the market turmoil unleashed by the collapse of US lenders Silicon Valley Bank and Signature Bank over the past week, during which the Swiss bank lost a quarter of its stock market value. To get the crisis under control, UBS was coming under pressure from the Swiss authorities to carry out a takeover of its local rival, two people with knowledge of the matter said. The plan could see the Swiss government offer a guarantee against

the risks involved, while Credit Suisse's Swiss business could be spun off. UBS, Credit Suisse and Switzerland's financial regulator FINMA declined to comment. The Financial Times cited people familiar with the matter as saying UBS, Credit Suisse and regulators were rushing to finalise a deal on a merger as soon as Saturday evening. Credit Suisse Chief Financial Officer Dixit Joshi and his teams were meeting over the weekend to assess their options for the bank, people with knowledge of the matter told Reuters, and the were multiple reports of interest from rivals. US financial giant BlackRock said it had no plans or interest in a rival bid for Credit Suisse, while Bloomberg reported that Deutsche Bank was looking at the possibility of buying some of the bank's assets. Credit Suisse's share price swung wildly

during the week, and it was forced to tap \$54bn in central bank funding. The mood in Switzerland, long considered an icon of banking stability, was pensive as executives wrestled with the future of the country's biggest lenders. "Banks in permanent stress" read the front page headline of the *Neue Zuercher Zeitung* newspaper yesterday. Credit Suisse ranks among the world's largest wealth managers and is considered one of 30 global systemically important banks whose failure would cause ripples throughout the entire financial system. In a sign of its vulnerability, at least four of Credit Suisse's major rivals, including Societe Generale SA and Deutsche Bank AG, have put restrictions on their trades involving the Swiss bank or its securities, five people with direct knowledge of the matter told Reuters. Goldman Sachs cut its recommendation

on exposure to European bank debt, saying a lack of clarity on Credit Suisse's future would put pressure on the broader sector in the region. The sector's fundamentals were stronger and the global systemic linkages weaker than at the time of the global financial crisis, Goldman analyst Lotfi Karoui wrote in note to clients. This trend greatly limited the risk of a potential vicious circle of counterparty credit losses, Karoui noted. "However, a more forceful policy response is likely needed to bring some stability," Karoui said. Already this week, big US banks provided a \$30bn lifeline for smaller lender First Republic, while US banks altogether have sought a record \$153bn in emergency liquidity from the Federal Reserve in recent days. This reflected "funding and liquidity strains on banks, driven by weakening depositor confidence," said ratings

agency Moody's, which this week downgraded its outlook on the US banking system to negative. In Washington, focus turned to greater oversight to ensure that banks and their executives are held accountable. US President Joe Biden called on Congress to give regulators greater power over the sector, including imposing higher fines, clawing back funds and barring officials from failed banks. Banking stocks globally have been battered since Silicon Valley Bank collapsed, raising questions about other weaknesses in the financial system. US regional bank shares fell sharply on Friday and the S&P Banks index posted its worst two-week calendar loss since the pandemic shook markets in March 2020, slumping 21.5%. First Republic Bank ended Friday down 32.8%, bringing its losses over the last 10 sessions to more than 80%. While support from some of the biggest

names in US banking prevented First Republic's collapse, investors were startled by disclosures on its cash position and how much emergency liquidity it needed. The failure of SVB, meanwhile, brought into focus how a relentless campaign of interest rate hikes by the US Federal Reserve and other central banks — including the European Central Bank this week — was putting pressure on the banking sector. Many analysts and regulators have said SVB's downfall was due to its specialised, tech-focused business model, while the wider banking system was much more robust thanks to reforms adopted in the years after the global financial crisis. But a senior official at China's central bank said yesterday that high interest rates in the major developed economies could continue to cause problems for the financial system.

# Plunging bond yields boost US stocks allure ahead of Fed meeting

Reuters  
New York

Whipsawed US stocks have gained an unexpected ally in recent days — a historic plunge in bond yields.

US government bond yields fell steeply this week, with some durations marking their biggest drops in decades, as investors bet the Federal Reserve would likely curb its aggressive rate hike trajectory to avoid exacerbating financial system stress following the failures of Silicon Valley Bank and Signature Bank.

The volatility in fixed income markets has unsettled investors, and falling yields can reflect expectations that the Fed will cut rates because of a hit to growth.

At the same time, the drop in yields has so far been a boon for equities, especially tech and other large growth stocks whose relatively strong performance helped support the benchmark S&P 500.

The index finished up 1.4% for the week, with strength in technology stocks outweighing sharp declines in bank shares.

While the banking crisis has stirred recession fears, "it's the interest rate move that's a...tailwind for stocks right now," said Charlie McElligott, managing director of cross-asset macro strategy at Nomura. The near-term trajectory of yields will likely hinge on next week's Federal Reserve meeting.

Signs that the central bank may prioritise financial stability and slow or pause its rate increases could pull yields even lower.

Conversely, yields could rebound if the Fed signals that bringing down inflation — which remains high despite a barrage of rate increases — will continue to be job one. "The market is not quite sure how the Fed is going to look at this," said Garrett Melson, portfolio strategist at Natixis Investment Managers Solutions.

For now, futures markets indicate that investors are assigning a 60% probability of a 25 basis point rate increase at the Fed's March 21-22 meeting, with rate cuts to follow later in the year — a sharp turnaround from the hawkish expectations that



Traders work on the floor of the New York Stock Exchange. US government bond yields fell steeply this week, with some durations marking their biggest drops in decades, as investors bet the Federal Reserve would likely curb its aggressive rate hike trajectory.

prevailed earlier this month."For the first time during this Fed tightening cycle, the Fed now has to balance its inflation-fighting credibility with financial market stability," said Michael Arone, chief investment strategist at State Street Global Advisors.

Treasury yields fell to historic lows after the Fed cut rates to support the economy at the beginning of the Covid-19 pandemic, fuelling a stock market rally that saw the S&P 500 double from its March 2020 trough at one point.

As the Fed began tightening monetary policy a year ago to fight inflation, Treasury yields began to rise, offering investors an increasingly attractive alternative to equities.

Two-year yields, which recently stood at 3.85%, hit an over 15-year high of

5.08% earlier this month. The recent drop in rates has helped stocks regain their appeal, according to some metrics.

The equity risk premium, or the extra return investors expect to receive for holding stocks over risk-free government bonds, has rebounded to where it stood in early January but still remains near its lowest level in over a decade, according to Refinitiv data.

Other metrics show stocks remain expensive by historical standards. The S&P 500 trades at 17.5 times forward earnings estimates compared to its historic average P/E of 15.6 times, according to Refinitiv Datastream.

The rally in interest-rate sensitive areas such as tech stocks appears to signal that the market expects rates to continue to fall as a widely feared recession nears, Nomu-

ra's McElligott said. The S&P 500 information technology sector and communication services sector rose over 5% and nearly 7%, respectively, for the week, buoyed by strong gains in megacap stocks Microsoft Corp and Google parent Alphabet.

Some investors, however, are sceptical of stock valuations.

Bob Kalman, senior portfolio manager at Miramar Capital, said the Nasdaq 100 should trade at no more than 25 times forward earnings given current interest rates, below its current 27.3. "People have this muscle memory to buy mega-cap tech whenever they get nervous," Kalman said. "But the Fed hasn't backed off its rhetoric that they know they must overshoot because inflation is a much larger concern in the economy than a couple of bank failures."

## World's central banks walk rate tightrope

AFP  
Paris

The world's central banks are juggling whether to raise interest rates further in order to reduce inflation, and with the banking sector in turmoil, the stakes are especially high.

### Why the focus on interest rates?

Central bank interest rates long ran close to zero, but they have now been climbing for months in a bid to rein in rising prices.

Silicon Valley Bank in the United States, which collapsed last week, did not adapt quickly enough.

It booked a \$1.8bn loss on bonds whose prices were brought down by the higher rates.

A second US lender, Signature Bank, imploded over the weekend while a third, First Republic Bank, was rescued by a coalition of its peers through \$30bn in deposits. Concern has spread to other banks considered fragile — Switzerland's central bank intervened to protect Credit Suisse with a \$54bn loan, though its shares tumbled more than 11% on Friday.

Central banks must now decide if they can risk worsening the crisis by taking a hard line on inflation.

### What has the ECB done?

Despite the turbulence over the past week, the European Central Bank (ECB) on Thursday stuck to a planned half percentage point interest rate increase.

The move reflected its "determination to curb persistent inflationary pressures", said Eiko Sievert of ratings agency Scope.

But he said the pace of rate increases should "slow significantly this year". President of the ECB Christine Lagarde performed a balancing act on Thursday.

In the face of calls to slow rate hikes amid the banking turmoil, she insisted there was "no tradeoff" between price and financial stability.

Lagarde said the central bank for the 20 countries using the euro was ready to intervene "as necessary" to protect the financial system. "No one else is bet-

ter positioned to judge the actual state of eurozone banks and financial markets than the ECB," said analyst Lorenzo Codogno.

It "would have sent the wrong signal" if the central bank had changed tack at the last minute, Codogno said.

The decision keeps two options open, according to Fred-erik Ducozet, an economist at Pictet Wealth Management.

"If the panic eases, the ECB is likely to resume tightening before long", he said.

But if the banking sector crisis persists, "the ECB would not hesitate to intervene, quickly and boldly, if financial stability were to be threatened," he said.

### What are the Fed's options?

In the United States, the Federal Reserve said on Thursday it had lent US banks close to \$12bn under a new one-year lending program as authorities moved to ease stress on the financial system.

It said it was making additional funding available "to help assure banks have the ability to meet the needs of all their depositors."

All eyes will be on the Fed at its monetary policy meeting next week, with investors debating whether the US central bank will continue with its rate increases. Markets are expecting a 0.25 percentage point hike, and some analysts even see the possibility of an end to the upward cycle.

"The Federal Reserve is focused on inflation and will look to hike 25bp if conditions allow", ING analysts said.

Twenty-five basis points is a quarter percentage point.

The United States has eased regulations for its smaller lenders in recent years, where "European banks learnt their lessons from the Euro sovereign debt crisis" and strengthened "banking supervision and resolution framework", Allianz Trade said.

Like the ECB, "the Fed can have its cake and eat it too", said Stephen Innes of SPI Asset Management.

"Operators should be confident" Fed Chair Jerome Powell and his team have "the tools necessary for delivering both without needing to trade one objective off against the other", Innes said.

# 'Fed to stay the course with 25 bps interest rate hike on March 22'

Reuters  
New York

The US Federal Reserve will raise interest rates by 25 basis points on March 22 despite recent banking sector turmoil, according to a strong majority of economists polled by Reuters who were divided on the risks to their terminal rate view.

Market pricing for the upcoming meeting has been on a roller-coaster ride, switching from expecting a 50 basis point move after Fed Chair Jerome Powell's testimony last week to a pause at one point following the failure of some regional banks.

US two-year Treasury yields, which typically reflect near-term interest rate expectations, fell more than 80 basis points this week after the failure of Silicon Valley Bank, the largest bank collapse since the 2008 financial crisis. But Reuters poll predictions for the March meeting ultimately held

steadily from last month, with 76 of 82 economists predicting a quarter-point hike in line with interest rate futures, bringing the federal funds rate to 4.75-5.00%. That would come after the European Central Bank's decision on Thursday to follow through with a 50 basis point rise it pre-announced in February, prioritising sticky inflation.

Only five respondents in the latest Fed poll expected a pause, including four primary dealers, with only one bank, Nomura, expecting a 25 basis point cut.

"The past week's financial turmoil will give the Fed some misgivings about pushing rates much higher," said Bill Adams, chief economist at Comerica Bank. "But the Fed's policymakers have repeated many times they are more worried about raising rates too little than raising them too much."

"A pause in March is possible, but they are more likely to hike and risk erring on the side of too much restraint." While some respondents were

hesitant to provide a rate outlook beyond March, 56 of 64 economists said there would be at least one more 25 basis point hike in the second quarter, taking the fed funds rate to a peak of 5.00-5.25%, in line with the previous poll.

Respondents to an additional question were almost split on the risks to their terminal rate forecast, with a slight majority, 12 of 23, saying the peak rate could be lower than they expect.

Significant majorities in previous polls said the risks were skewed towards a higher terminal rate.

"We see considerable uncertainty about the Fed's path in March and beyond," said David Mericle, chief US economist at Goldman Sachs, one of the few who expects a pause in March. "It is hard to be too confident at this point."

Mericle expects more hikes however, with a peak rate of 5.25-5.50% in Q3, higher than the poll median.

The poll found a median 65% prob-

ability of a US recession in the coming two years, and forecast growth of only 1.0% this year and next.

Most economists still say the Federal Open Market Committee will maintain its "higher for longer" mantra and keep rates on hold for the remainder of this year at least. Only eight of 63 respondents with an end-2023 view had a cut in their forecast, similar to market expectations.

Inflation, still running well over twice the Fed's 2% mandate, will remain above target at least until 2025, the poll showed. Meanwhile the labour market is showing few signs of weakness, with unemployment rate forecasts broadly lower compared with last month's poll.

"If the FOMC now aborts its mission to stamp out inflation from the system, it loses credibility as an inflation fighter and long-run inflation expectations are likely to become unanchored," said Philip Marey, senior US strategist at Rabobank.



The Federal Reserve building in Washington. The Fed will raise interest rates by 25 basis points on March 22 despite recent banking sector turmoil, according to a strong majority of economists polled by Reuters who were divided on the risks to their terminal rate view.



WEEKLY ENERGY MARKET REVIEW

# Oil posts big weekly losses on banking sector chaos

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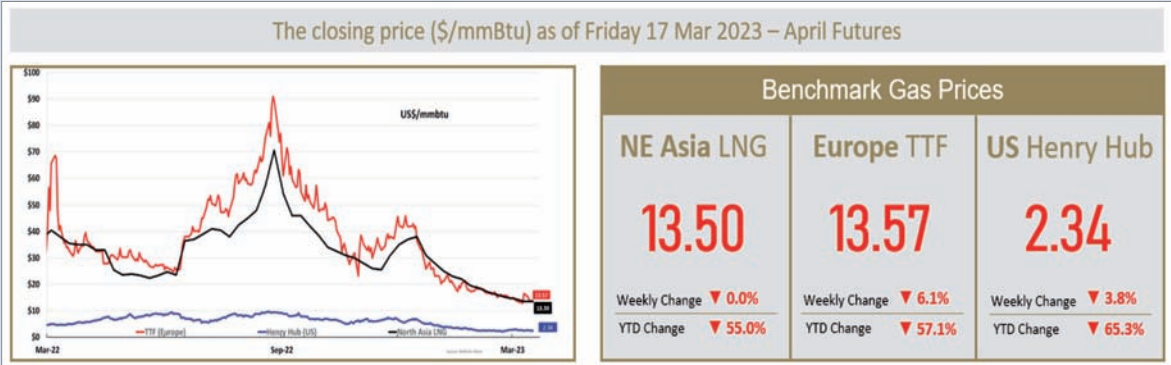
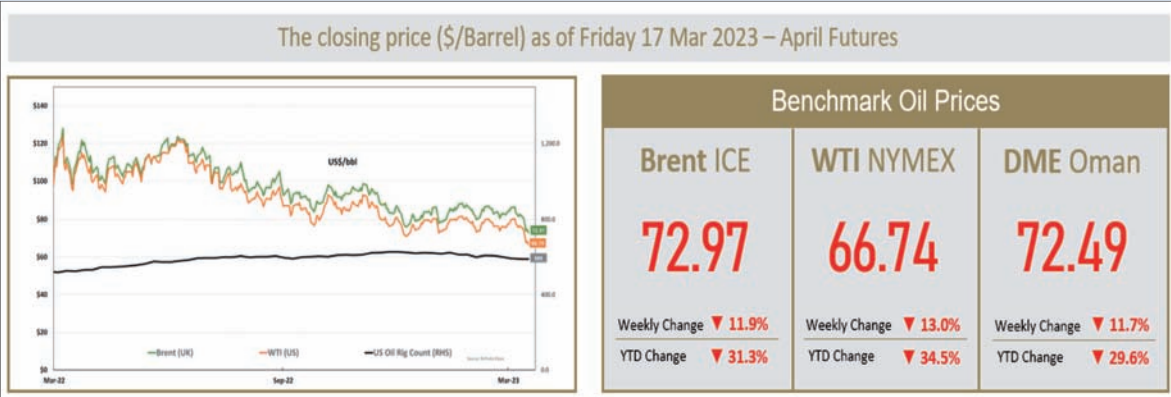
**Oil**  
Oil prices settled lower on Friday, reversing early gains of more than \$1 a barrel as banking sector fears caused both benchmarks to reach their biggest weekly declines in months. Brent crude futures fell by \$1.73 to \$72.97 a barrel. US West Texas Intermediate crude dropped \$1.61 at \$66.74. Brent fell nearly by 12% in the week, its biggest weekly fall since December. WTI futures fell 13% since Friday's close, its biggest since last April. Oil prices tracked equity markets lower, dogged by the banking sector crisis and worries about possible recession. All three indexes were sharply lower in afternoon trading, with financial stocks down the most among the major sectors of the S&P 500 following the collapse of Silicon Valley Bank (SVB) and Signature Bank and with trouble at Credit Suisse and First Republic Bank. Prices had recovered some ground after support measures from the European Central Bank and US lenders, but dropped again when SVB Financial Group said it had filed for reorganisation. Analysts still expect constrained global supply to support oil prices in the foreseeable future. Opec+ members attributed this week's price weakness to financial drivers rather than any supply and demand imbalance.



Silicon Valley Bank offices in Tempe, Arizona. Oil prices settled lower on Friday, reversing early gains of more than \$1 a barrel as banking sector fears caused both benchmarks to reach their biggest weekly declines in months. Picture supplied by the Abdullah Bin Hamad Al-Attiah International Foundation for Energy and Sustainable Development.

**Gas**  
Asian spot prices of liquefied natural gas stayed flat last week, breaking a losing streak of declines since mid-December, as buying interest kept prices from sliding further. The average LNG price was \$13.50 per mmBtu, same as the previous week. Prices are now down 81% from its record-high August 2022 levels and have shed over 50% so far this year, incentivising demand from

China and price sensitive markets like Bangladesh and India. While Asian demand isn't quite there to sustain bullish momentum, prices may have found a floor on the shoulder months - low-teens is expected now through to the third quarter, analysts said. In Europe, gas prices declined on Friday as healthy supply and lower demand helped to offset concerns over strikes in France against the government's planned pension reform, which had



entered a second week. The three LNG terminals operated by Engie subsidiary Elengy are expected to remain blocked until March 21, while at least seven LNG ships heading to France have changed

course since the strike started. Also in Europe, gas consumption for power generation has begun to pick up, with TTF trading at the low end of the coal-to-gas switching range.

■ This article was supplied by the Abdullah Bin Hamad Al-Attiah International Foundation for Energy and Sustainable Development.

## Ooredoo's al-Malki delivers keynote speech at 'Capacity Middle East 2023'

Ooredoo's chief business officer, Thani al-Malki, was the keynote speaker at the recent 'Capacity Middle East 2023' event held in Dubai.

Capacity Middle East 2023 connected 2,500 key ICT players from the Middle East region and beyond, representing a range of fields within the ICT industry, including carrier, cloud, hyperscale, content, finance, edge software, data centre, and technology.

Al-Malki was the keynote speaker at the session 'The First Middle Eastern World Cup; Connecting the World' and shared insights into Ooredoo's achievements at FIFA World Cup Qatar 2022.

He offered an extensive presentation to attendees, showcasing Ooredoo's telecommunications achievements and the vastly enhanced fan experience the telco leader provided at the world's biggest sporting event.

Al-Malki said: "We were delighted to join our peers and other ICT stakeholders at what is widely known as a key event for our industry in the region. All eyes were on Qatar and Ooredoo during the World Cup, giving us an unrivalled opportunity to show the world just what we could do.

"Capacity Middle East gave us the opportunity to share our experience with our industry, and offer insights into how we delivered on our bold promises from which we can all learn."

During his speech, al-Malki



Ooredoo's chief business officer, Thani al-Malki, delivering the keynote speech at the 'Capacity Middle East 2023' event recently held in Dubai.

detailed the efforts that went into Ooredoo's performance, from longstanding investment into technology, innovation, and infrastructure to the teams of experts supporting on the ground.

He also shared statistics evidencing the overwhelming telecommunications success of the event, including the many data and voice call records set and broken, as well as details of its extensive support for FIFA and for the

hundreds of international broadcasters present in the country to share the event with the world.

Al-Malki said: "We are immensely proud of our performance at the World Cup and this performance will now be considered a benchmark for future 5G-enabled events. We thank the organisers of Capacity Middle East for the opportunity to join this event and trust our input was of value to our industry."

## Jaidah Energy hosts 'Technology Day' to showcase latest innovations

Jaidah Energy hosted a 'Technology Day' event that brought together some of the top minds in the industry to share their insights and expertise on the latest developments in technology.

The event, which was attended by over 100 people from various companies, "proved to be a great success", with attendees sharing knowledge, experiences, and networking to shape the future of the industry.

One of the highlights of the event was the presentations from Jaidah Energy's technology partners, who showcased their latest innovations and solutions in the industry.

The event also featured a technology showcase of Jaidah Energy's portfolio of products and services, which include oilfield products and services, mechanical and instrumentation, fire and safety and chemicals for upstream and downstream. Jaidah Energy general manager Sadek Felay emphasised the company's commitment to investing in and localising more technologies, such as their new 'Mud Logging' service, to add value to its clients and contribute to the growth of the local energy ecosystem. Jaidah Energy provided a unique opportunity for attendees to learn from each other and exchange ideas on how



The event, which was attended by over 100 people from various companies, "proved to be a great success", with attendees sharing knowledge, experiences, and networking to shape the future of the industry.

technology can shape the future of the industry.

The event covered a range of topics tailored to the Qatar market, including the latest developments in the oil and gas industry, digital transformation, and zero emission. Attendees had the opportunity to learn from experts and engage in discussions on how technology can shape the future of

the industry and the country's economic growth and development. The event's success has highlighted the importance of collaboration and knowledge-sharing among industry leaders, and Jaidah Energy played a part in facilitating this. They plan to host similar events in the future, continuing to support the growth and development of the industry.

## Ministry of Commerce and Industry participates in 'Partnership Summit 2023' in New Delhi

The Ministry of Commerce and Industry participated in the 28th Edition of "Partnership Summit 2023", which was held in New Delhi, India, recently under the title of "Partnerships for Responsible, Accelerated, Innovative, Sustainable, and Equitable Businesses".

The event was inaugurated by Piyush Goyal, India's Minister of Commerce, Industry, Consumer Affairs, Food, and Public Distribution and Textiles.

Qatar's participation comes in line with the efforts exerted to enhance bilateral commercial and investment co-operation between Qatar and India, in addition to showcasing the investment climate in the country, the promising investment opportunities available, attracting foreign direct investment, and widening the scope of commercial partnerships in various sectors of common interest.

The three-day summit included several panel discus-

sions attended by experts and policymakers, who touched on several themes like building a resilient and sustainable workforce, enhancing global collaboration to limit carbon emissions, the role of international companies in achieving comprehensive development in Africa, the role of G20, sustainable financing, global sustainability reports, environmental, social and corporate governance, in addition to ways to achieve sustainable development.

The Partnership Summit, held for the 28th time, was attended by many leaders, ministers, policymakers from countries around the world, entrepreneurs, investors, and international organisations.

It is considered to be an eminent platform for global dialogue, concentrating on international economic relations and the best approaches to developing the global economy, Ministry of Commerce and Industry said yesterday.

## EM economies outperform most other countries, says QNB

Most emerging market countries currently have better fundamentals than advanced economies and the Chinese economic recovery is set to support higher EM growth rates, QNB has said in an economic commentary.

Over the last decade, emerging markets (EM) were a synonym for economic dynamism, opportunity and growth. In fact, EM economies have been outperforming most other countries when it comes to GDP expansion and other activity metrics until the beginning of 2020.

However, this multi-decade picture has changed markedly with the turnaround brought by the Covid-19 pandemic. Following the shock caused by the global spread of Covid-19, EM countries suffered from below average growth and subdued performance on a relative basis vis-à-vis advanced economies.

Main reasons for this were initially low vaccination rates, supply chain constraints, and less accommodative monetary as well as fiscal policies. The major slowdown of China also added to the EM

macro headwinds. The growth differentials between EM and advanced economies is estimated to have narrowed in 2021 and 2022, significantly below historical norms.

This means that, on average in the last two years, EM countries grew only around 1.3% and 1.42% faster than advanced economies. This stands in stark contrast to the usual 2.88% of outperformance. Narrower growth differentials point to a slower catch up or growth convergence towards the higher levels of economic output, productivity and standards of living found in advanced economies.

In QNB's view, however, the bout of EM underperformance is about to end, with growth accelerating to 4.2% this year from 3.7% in 2022, while advanced economies are set to slow to 0.9% from 2.6% in the same period.

This would support a 330 bps growth differential in favour of EM versus advanced economies, 42 bps above the long-term average.

Two main factors explain the likely return of EM outperformance in 2023, QNB noted.

First, macroeconomic fundamentals are back again stronger in most EM than advanced economies. Several advanced economies have been accumulating acute imbalances from excessive policy stimulus following the pandemic and the Russo-Ukrainian War.

This was due to the bottom-up pressures to protect the income of households and corporates from large negative shocks.

In contrast, most EM countries had less policy space and were more disciplined in adjusting to economic conditions, responding more immediately to runaway inflation and getting it under control before their economies overheated too much.

As a result, QNB noted EM countries are now under less pressure to tighten policy and their economies already largely adjusted to less benign global conditions.

Second, the slowdown in China was a particularly strong headwind to EM countries in 2022. This is due to both the relative size of the Chinese economy within the EM universe and its direct and

indirect trade and financial links with other EM. China's economy represents about 1/3 of total EM GDP.

Moreover, Chinese growth has a high multiplying effect, often spilling over to Emerging Asia and EM commodity exporters. Thus, the slowdown of growth in China last year, precipitated by zero-Covid policies and the lagged effects of a significant tightening in monetary, fiscal and regulatory policies in 2021, indirectly affected the economic performance of EM. Chinese GDP growth slid from over 8% in 2021 to 3.2% last year.

In 2023, however, China is expected to be a tailwind to EM, as its economy is set to fully reopen from Covid policies and authorities will press ahead with fiscal as well as monetary stimulus measures. This will support a significant acceleration of Chinese growth to a more normal 5.5% rate.

Third, despite the generally positive EM macro backdrop, global conditions are particularly benign for net commodity exporters that run current account surpluses, such as the countries of the Gulf

Co-operation Council (GCC). This is because they are benefiting from still elevated commodity prices, which supports both external and government revenues. This is even more beneficial in a period when international liquidity is tighter and borrowing costs are high, as it allows for continuing expenditure, investments and growth.

In contrast, conditions are less benign for net commodity importers, particularly if they run current account deficits and need to rely on constant external funding to maintain a certain level of consumption and investment, QNB said.

"All in all, the causes for the relative underperformance of EM in recent years are starting to erode. Most EM countries currently have better fundamentals than advanced economies and the Chinese economic recovery is set to support higher EM growth rates.

Net commodity exporters that run current account surpluses are particularly well positioned to capitalise on the more positive environment," QNB noted.