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President Mohamud is looking for Qatari investment in Somalia

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BUSINESS

CORPORATE SCORE : Page 2

Walmart lifts annual sales, profit view on resilient consumer spending in the US

Qatar records 25-fold jump in FDI inflow to $30bn in 2022: IPAQ

By Santhosh V Perumal
Business Reporter

Doha attracted foreign direct investments (FDI) to the tune of $29.78bn during 2022, which was almost 25 times the value of FDI projects the year before, according to the Investment Promotion Agency Qatar (IPA Qatar).

Investments originating from the US accounted for almost 44% of the total FDI in 2022, with projects valued at $13bn; followed by those from the UK, Italy and France, with each accounting for 21.7% ($6.47bn), 21.2% ($6.32bn) and 11.8% ($3.51bn), respectively, the IPA Qatar said in its annual report for 2022.

In 2022, projects from these four countries constituted nearly 98% of total FDI projects recorded, the report said.

"Last year saw us forge ahead on multiple fronts and across sectors and geographies. It has demonstrated the resilience of the country's economy, established through a long-term strategy and decades of prudent investments," said HE Sheikh Mohamed bin Hamad bin Qassim al-Abdullah al-Thani, Minister of Commerce and Industry and Chairman of IPA Qatar.

A total of 135 FDI projects were announced in 2022, increasing from 82 projects in the previous year. Business services accounted for almost one-third of the total projects. Software and IT services and financial services followed with each attracting 27% and 12% of the total projects, respectively.

Coal and oil and gas were also among the top sectors that attracted FDI projects. This is mostly due to the global energy crisis aggravated by the war in Ukraine.

Highlighting that FDI projects are estimated to have created a total of 13,972 jobs in 2022; the report said this is more than twice the number of jobs created in the year before.

This year, close to two-thirds of the new jobs were created in the coal, as well as the oil and gas sectors. Software & IT, Business Services and automotive OEM industries also contributed to job creation, it added.

Sheikh Ali Alwaleed al-Thani, CEO, IPA Qatar, said "2022 was a solid steppingstone for IPA Qatar, marked by substantial growth and deepened engagement with the international investment community, which saw us partner with numerous organisations in line with Qatar's economic diversification efforts."

In the second quarter of 2022, Qatar's exceptional growth in FDI accounted for a whopping 71% of investments into the Middle East.

Furthermore, Qatar topped the FDI Standout Watchlist, a study conducted by fDi Intelligence that evaluated the macroeconomic and FDI trajectory of the world's top 50 FDI destinations using data from the International Monetary Fund and foreign investment monitor fDi Markets. "This truly demonstrates the country's robust business environment and abundance of opportunities for aspiring investors and entrepreneurs," IPA Qatar said.

Highlighting that the US, the UK and Turkiye topped the countries with regard to partnering with Qatar; the report said as many as 51 leads were generated from the US, 15 from the UK and 12 from Turkiye.

The IPA Qatar established and expanded key partnerships with organisations from the region and globally, including Iberdrola, Microsoft, Invest India and Business France, among others, as part of efforts to strengthen the FDI activities.

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Al-Kuwari meets Somalia's minister of finance

HE the Minister of Finance Ali bin Ahmed al-Kuwari met with Dr Elmi Mahmud Nur, Minister of Finance of the Federal Republic of Somalia, at the headquarters of the Ministry of Finance during his current visit to the country. The meeting focused on bilateral relations between the two countries in economy, trade and investments and means to enhance them, in addition to discussing aspects of joint co-operation.

Qatar banks' reliance on non-resident deposits progressively falls by one-third since 2021: IMF

By Pratap John
Business Editor

Qatari banks' reliance on non-resident deposits has progressively fallen by more than one-third (nearly $30bn) since their peak registered in late-2021, the International Monetary Fund said in its country report released yesterday.

The completion of World Cup-related projects and hydrocarbon windfalls have reduced credit demand from the public sector and provided additional liquidity to banks, reducing their funding needs.

The Qatar Central Bank has implemented several macro-prudential measures since (spring of) 2022 to discourage banks from relying on non-resident deposits, especially of short tenors. The report was issued after a visit to Qatar by a team led by IMF's Ran Bi in early May.

As domestic monetary policy has tightened, consistent with the currency peg to the US dollar, banks' asset quality, liquidity and profitability remained solid, and their reliance on nonresident deposits has fallen.

"QCB has maintained price and financial stability. Monetary policy has been tightened broadly following the US Federal Reserve, consistent with the currency peg to the dollar. Monetary policy transmission has strengthened through more effective liquidity management.

"Banks remain well-capitalised, liquid and profitable, although the non-performing loans (NPLs) ratio has edged up amid monetary policy tightening. Relatively high provisioning for NPLs, on the other hand, mitigates the risk," IMF said.

Qatar's AML/CFT mutual evaluation, completed in February, confirmed that the nation has made significant progress on technical compliance with the FATF Standards, while more work is needed to further improve the effectiveness.

The ambitious structural reform agenda underpins Qatar's economic diversification efforts to build a more inclusive, knowledge-based and greener economy.

"Structural reforms have advanced further to achieve Qatar National Vision 2030, including in green financing and digitalisation. The Ministry of Finance has developed a Sovereign Green Financing Framework with a clear set of principles," the report said.

The QCB has created a dedicated department to define the ESG policies, standard reporting framework and management of ESG risk and compliance. Related initiatives at the national level involving main regulatory bodies are being assessed.

Qatar has also successfully capitalised on the 2022 FIFA World Cup to upgrade its digital infrastructure.

The Investment Promotion Agency of Qatar embarked on partnerships to accelerate digital transformation and foster technological innovation domestically, including through FDI. The QCB recently launched the National Fintech Strategy, with detailed guidelines and standards under development, IMF noted.

QBA is keen to explore investments in Somalia: Sheikh Faisal

The Qatari Businessmen Association (QBA) has welcomed the invitation of Somalia's President, Hassan Sheikh Mohamud, to visit and explore the East African country's real estate, insurance, tourism, agriculture, and other investment sectors.

This was discussed during a meeting between Mohamud and QBA officials led by the association's chairman, HE Sheikh Faisal bin Qassim al-Thani, which was held recently in Doha in the presence of Somalia's Deputy Prime Minister Salah Ahmed Jama; Finance Minister Elmi Mohamed Nur; Director of the President's office Hussein Sheikh Mahmoud; and chargé d'affaires Ron Saeed Qarsheen.

Other participants in the meeting included QBA board member Saud al-Mana and QBA members Sheikh Faisal bin Fahad, Nabil Abu Issa, Abdullah al-Kubaisi, Maqbool Khalfan, and Yousef al-Mahmoud, as well as QBA deputy general manager Sarah Abdullah.

"Somalia's various economic sectors, such as agriculture, commercial, real estate, and industrial sectors are open for investments, whether in partnership with the government or the private sector," Mohamud said.

The president said Qatar and Somalia have distinguished and strong relations in several areas, adding that he "expects these relations to witness greater co-operation in the future."

"Qatar focused on developmental projects that would benefit the Somali people and contribute to the local economy. The most prominent examples are the implementation of the Mogadishu-Afgoi road project and the Mogadishu-Jawhar project, which are two roads linking the capital with a number of cities, in addition to the contribution of the State of Qatar to the rehabilitation and construction of the headquarters of the Ministry of Planning and Investment and the rehabilitation of the Mogadishu municipality building, as well as other projects," Mohamud said.

Mohamud said he is visiting Doha for the third time after attending the 2022 FIFA World Cup. In March the Somalian president was in Doha to attend the UN Conference on the Least Developed Countries.

"Somalia is focusing on the youth. Qatar has contributed significantly to projects to eradicate illiteracy, educating around 300,000 students, including another project to economically empower Somali youth and provide them with job opportunities in the fishing sector, benefiting from Somalia's extended coasts," Mohamud stressed.

Sheikh Faisal said Qatar and Somalia's strong historical relations are based on mutual respect, understanding, and collaboration. He noted that Qatar plays an important role in implementing many vital development, reconstruction, and rehabilitation projects in Somalia, such as building roads and other vital infrastructure projects, including economic empowerment programmes and job creation.

"Qatar also implemented many developmental and sustainable projects that include building schools, hospitals, and healthcare sector development for the youth in Somalia," Sheikh Faisal said.

Somalia is also seeking Qatari FDI to set up projects that can support development in the country and create job opportunities for the youth. Qatari FDI could be utilised in agricultural projects, livestock, and fisheries considering that Somalia's coastline is more than 3,700km, making it one of the longest coastlines in the world.

QBA chairman HE Sheikh Faisal bin Qassim al-Thani and Somalia's President, Hassan Sheikh Mohamud, are joined by other dignitaries during a meeting held recently in Doha.

Turkiye net FX reserves hit 21-year low of $2.3bn

Reuters
Ankara

The Turkish central bank's net international reserves dropped some $4.45bn to a 21-year low of $2.33bn in the week to May 12, as forex demand surged ahead of elections, official data showed yesterday.

The bank's total gross reserves plunged $9bn in the same week to $105.13bn, the lowest since July 2022. Bankers and analysts said this underlined authorities' efforts to stabilise the lira currency.

Forex demand had reached historical highs in the week ahead of presidential and parliamentary elections on May 14, reflecting concerns among companies and individuals that the lira would weaken afterwards, bankers said.

The net forex reserves were at their lowest level since February 2002, after declining in recent years due to costly market interventions and other efforts to cool forex demand.

The net FX reserves have fallen $25.22bn since the end of 2022. They were last in negative territory in early 2002.

The exchange rate used by Reuters yesterday was 19.5389.

The net forex reserves are in deeply negative territory once outstanding swaps, which stood at $36.86bn on Wednesday, are deducted.

The lira lost some 30% of its value against the dollar last year and 44% in 2021 due to a series of interest rate cuts that are part of unorthodox economic policies, which prioritise growth, exports and investments.

The data is a very strong indication that the lira is being supported by Turkiye's central bank (CBRT), said Piotr Matys, senior forex analyst at InTouch Capital Markets.

"This incentive is likely to prevail until Turks cast their votes in the second round of presidential elections on May 28," he said, referring to the runoff between President Recep Tayyip Erdogan and his rival Kemal Kilicdaroglu.

The drop in gross reserves, which include gold and forex, has reached $23.6bn this year as the central bank relaunched gold sales.

Gold reserves have declined some $9bn to $44.3bn since the end of March as the central bank sold its reserves to meet domestic demand after gold imports were restricted.

A logo of Turkiye's central bank (TCMB) is pictured at the entrance to its headquarters in Ankara (file). The bank's total gross reserves plunged $9bn in the same week to $105.13bn, the lowest since July 2022. Bankers and analysts said this underlined authorities' efforts to stabilise the lira currency.

Central bank seen to hold rates as election goes to runoff

Turkiye's central bank is expected to hold its interest rate at 8.5% next week, a Reuters poll showed yesterday, as the presidential race heads to a runoff with incumbent Recep Tayyip Erdogan leading the polls.

After Sunday's first round of voting, Erdogan's rival faces an uphill struggle to prevent the president from extending his rule in the runoff on May 28.

Meanwhile, Erdogan's ruling AK Party and its nationalists allies won a majority in the parliamentary election, which also took place on Sunday.

In response to the elections, Turkiye's sovereign dollar bonds and equities tumbled, the lira weakened and the cost of insuring exposure to Turkish debt spiked, but economists expect the central bank to keep rates on hold when it meets on May 25.

Last year the central bank cut its main rate by 500 basis points to counter an economic slowdown, then held it at 9% in December and January. It eased despite inflation having reached 85% last year and remaining at 43.68% in April.

The bank trimmed by another 50 basis points in February to boost industrial production and employment after earthquakes killed more than 50,000 people and left millions homeless. It said the "measured" cut was "adequate" to support the recovery.

According to the median estimate of the Reuters poll of 12 economists, the central bank will keep its one-week repo rate steady at 8.5% next Thursday.

Due to the unpredictability of the election outcome, the majority of the economists refrained from responding to a question regarding their forecast for the policy rate level at year-end.

The presidential election, in which no candidate could win more than 50% of the votes in the first round, could change the path of monetary policy as the opposition has pledged a return to economic orthodoxy to help tame inflation.

The central bank has kept its policy rate low in line with the economic programme championed by Erdogan, which prioritises investment, growth and exports to achieve a current account surplus.

The central bank will announce its interest rate decision on May 25.

Oman Air Cargo participates in Air Cargo Europe 2023 in Munich

Oman Air Cargo has wrapped up its participation in Air Cargo Europe 2023, held in Munich.

For Oman Air, it marked another important milestone in its efforts to drive the growth of Oman's logistics industry, an integral part of Oman's 2040 Vision for economic development. During the event, the airline showcased its enhanced cargo solutions and expertise in handling specialised goods - particularly fresh - valuables, pharmaceuticals, and live animals, alongside its newest products, Under 100 and Express.

"It was a busy but inspiring event, and we were delighted to conduct many pivotal meetings with esteemed industry partners and valuable customers in our target markets. We also showcased our exceptional range of products, while elevating the profile of Oman Air's network and broadening our visibility," said Jaffar al-Lawati, vice-president (Commercial Cargo).

"As the first in-person Air Cargo Europe in four years, it also highlighted the profound transformations that have taken place in the industry during that time. Above all, the event underscored the critical role of the logistics industry in propelling global advancement and ensuring the seamless exchange of goods.

During the event, Oman Air Cargo showcased its enhanced cargo solutions and expertise in handling specialised goods - particularly fresh - valuables, pharmaceuticals, and live animals, alongside its newest products

"This is something that is reflected in the expansion of our operations, our investments in new products and technologies, and our commitment meeting our customers' ever-evolving needs."

Oman Air Cargo has celebrated a string of notable milestones recently, having recorded a 36% increase in cargo volumes and 44% increase in revenue between 2021 and 2022, as well as adding several new destinations and introducing its innovative 'Cargo-in-cabin' service to Europe, the Far East and Indian subcontinent.

Earlier this year, the carrier announced further investments in its technology and capabilities. A new revenue management system is set to launch later this year, in addition to a new freighter – a B737-800BCF with a cargo capacity of 21,000kgs – that will serve its expanding network.

With its strategic location at the crossroads of Africa, Asia and the Middle East, state-of-the-art infrastructure at its hub, Muscat International Airport, as well as global certifications for handling and storage, Oman Air Cargo continues to cement itself as a leading air cargo carrier in the region and beyond.

India eyes refill of strategic oil stockpiles as US replenishes

Bloomberg
New Delhi

India is considering refilling its strategic hoard of crude oil, joining the US as the world's top guzzler begins to rebuild its depleted stockpiles after a period of drawdown.

The South Asian nation plans to import about 1.25mn tonnes (9.2mn barrels) of oil to fill empty reserves, said people with knowledge of the matter, who asked not to be identified as the information isn't public.

The grades and timing are still under discussion, one of the people said. It's unclear if India, which has emerged as a major buyer of Russian crude since the Ukraine invasion, will choose to buy cargoes from the Opec+ producer, or its traditional suppliers in the Middle East. The US and India are making plans to beef up reserves — the back-up for emergencies such as acute global outages or price spikes — as benchmark prices trade near the lowest in more than a year. Brent is around 45% lower from its 2022 high as demand concerns hang over the market.

An oil ministry spokesman didn't immediately reply to phone call and text message seeking comments. The South Asian nation plans to fill about one-quarter of its reserve spread across two sites in Visakhapatnam facility on east coast and Mangalore on west coast. India has strategic storage in three locations with capacity to hold about 5.33mn tonnes. The capacity is not much considering India imported 232.4mn tonnes crude in the year ended March 31.

India allocated 50bn rupees ($606mn) in its budget earlier this year toward filling strategic stockpiles.

CORPORATE RESULTS

Walmart lifts annual sales, profit view on resilient consumer spend

Walmart Inc raised its annual sales and profit targets yesterday as shoppers sought bargains on essentials such as groceries.

Shares of the top US retailer by sales rose about 1.5% in pre-market trading after it also reported better-than-expected results for the first quarter.

Walmart has been keeping grocery prices low to fend off competition from Target Corp and Kroger, as Americans continue to struggle with paying high prices for food. While prices for food eaten at home fell for the second-straight month in April, they remain elevated at 7.1% above a year ago, data from the Commerce department showed last week.

With Walmart accounting for $1 of every $4 spent on groceries in the US, it's in a sweet spot.

Sales at Walmart's US stores open at least a year rose 7.4%, excluding fuel, in the first quarter ended April 30, handily beating expectations of a 5.25% increase.

"We see a continuation of trade-down, certainly as consumers focus on maybe lower-price proteins or lower pack sizes, but we also see private brand penetration continue to do really well for us in the quarter," CFO John David Rainey told Reuters.

"As consumers have less purchasing power, less buying power, we're seeing more of their income, their wallets being devoted towards food, and less towards general merchandise."

People also shopped more online, helping Walmart's US Ecommerce sales grow 27% in the quarter. By contrast Target's digital comparable sales fell 3.4% in its most recent quarter.

On a post-earnings conference call with analysts, CEO Doug McMillon said he remained "uncertain" about the back half of the year as inflation remained "stubborn" in dry groceries and items made for immediate consumption.

Still, Walmart's strong results are in stark contrast to smaller rival Target and Home Depot's bleak forecasts, which they blamed on weak consumer demand. Walmart forecast second-quarter results above expectations.

"Walmart's solid quarter underlines the view that the big-box retailer... is better suited for the current economic climate than some of its industry peers, such as Home Depot and Target," said Jesse Cohen, senior analyst at Investing.com.

"Walmart has managed to weather the current operating climate better than most of its peers."

Walmart now expects full-year earnings per share in the range of $6.10 to $6.20 compared to the prior outlook of $5.90 to $6.05. Analysts on average were estimating a profit of $6.16 per share, according to Refinitiv data.

The company also forecast net sales to rise about 3.5%, higher than its prior outlook of 2.5% to 3%.

Operating income rose 17.3% in the first quarter, in part due to higher contributions from its advertising, delivery and fulfilment services businesses.

Walmart's adjusted earnings per share came in at a better-than-expected $1.47 per share. Net revenue rose 7.6% to $152.30bn in the first quarter, beating estimates of $148.76bn.

Burberry

British luxury fashion house Burberry yesterday announced a jump in annual profits, with revenue boosted towards the end of its financial year thanks to China's reopening from pandemic lockdowns.

Net profit grew almost a quarter to £490mn ($609mn) in the 12 months to the end of March, Burberry said in a statement.

Revenue climbed 10% to £3.1bn, compared with 2021/22.

"We have delivered a strong financial performance, supported by good progress in our core leather goods and outerwear categories, with revenue accelerating in the fourth quarter as growth rebounded in mainland China," Burberry chief executive Jonathan Akeroyd said in the statement.

Despite the jump in profits, shares in Burberry tumbled nearly 7% in London trading as investors banked strong recent gains.

"By way of context, this follows a share price hike of 59% over the last year, as compared to a gain of 3.8% for the wider FTSE 100" index in London, noted Richard Hunter, head of markets at Interactive Investor.

Last year also saw British national Daniel Lee replace Italian designer Riccardo Tisci as the group's creative director.

Siemens

German industrial conglomerate Siemens raised its outlook for 2023 on Wednesday after second-quarter profits nearly tripled on higher orders.

Between January and March, the group booked a net profit of €3.5bn ($3.8bn), up from €1.2bn year-on-year.

Siemens said the boost came from the partial reversal of an impairment charge linked to its stake in Siemens Energy, as well as a 15% jump in new orders.

Group revenues also climbed by 15% to hit €19.4bn. Demand was especially strong at the group's smart infrastructure and mobility units, helped by easing global supply chain bottlenecks.

Siemens, which runs its financial year from October to September, said it had won a record €2.9bn contract in the second quarter to deliver 1,200 electric locomotives for Indian Railways.

CEO Roland Busch praised the group's "outstanding performance" over the quarter, which saw "all-time highs in profit for digital industries and smart infrastructure, as well as another record in order backlog".

The company lifted its full-year outlook for 2023, saying it now expected revenues to grow by nine to 11%, up from a previous target of seven to 10%.

Commerzbank

Germany's second-biggest lender Commerzbank on Wednesday said net profit almost doubled in the first quarter, thanks to "a tailwind" from higher interest rates.

The group said it made a bottom-line profit of Commerzbank 580mn ($630mn), compared with Commerzbank 298mn over the same period a year earlier.

"We had a very good start to 2023," CEO Manfred Knof said in a statement.

"The interest rate development continues to give us a tailwind, and the fee business has delivered a good result," he said.

Like other lenders in Europe, Commerzbank has benefited from a higher interest rate environment as the European Central Bank has raised borrowing costs at an unprecedented rate in recent months to combat inflation. Inflation in Germany, Europe's biggest economy, eased to 7.2% in April after peaking at 8.8% last October.

Commerzbank said quarterly revenues fell slightly to just under €2.7bn euros, from €2.8bn a year earlier. The lender said the dip was partly due to charges set aside to cover legal costs at its Polish unit mBank.

Commerzbank embarked on a major turnaround in recent years, focused on winning new customers, digitisation and reducing its workforce.

The bank has culled around 9,000 jobs since 2021, out of a planned 10,000.

The overhaul helped the group remain in the black for a second consecutive year in 2022, when it booked a net profit of €1.4bn.

Commerzbank returned to the prestigious DAX index of Germany's 40 top listed companies in February.

Looking ahead, Commerzbank said it was aiming for a full-year net profit "well above that of 2022".

easyJet

British airline easyJet said yesterday it had slashed first-half net losses on strengthening demand from holidaymakers as the aviation sector recovers from Covid.

The group faced a loss after taxation of £307mn ($382mn) in the six months to the end of March, a results statement said.

That compared with a loss of £431mn in the same period a year earlier, when the sector was hobbled by staff shortages as demand rebounded after the lifting of Covid restrictions.

The carrier, which is based in Luton north of London, added that revenues soared 80% to £2.7bn on higher ticket prices and increased capacity, and gave a bright summer outlook.

Costs, however, leapt 52% to £3.1bn on a "significantly" increased jet fuel bill and "industry-wide" inflationary pressures.

"EasyJet's optimised network combined with the strong demand seen for flights and holidays, enhanced revenue capabilities and operational resilience, means we enter the summer with confidence," said chief executive Johan Lundgren.

"Recent research has shown that travel is the number one priority for household discretionary spend with customers safeguarding their holidays and increasingly opting for low-cost airlines and brands which provide great value."

The results come after easyJet upgraded its annual profit forecast twice earlier this year, as holidaymakers shrug off Britain's cost-of-living crisis.

EasyJet said last month that pre-tax profit will beat expectations of £260mn for its current financial year that runs to September.

The carrier had already been expected to rebound into the black as the industry recovers from Covid fallout, having logged three annual losses in a row.

The aviation sector is flying high after a tumultuous period sparked by the coronavirus crisis, which erupted in early 2020 to ground flights, sparking massive job cuts and huge losses.

Alibaba

China's Alibaba Group Holding Ltd posted a 2% rise in quarterly revenue that missed expectations and said its board has approved a spinoff of its cloud-computing business.

The company logged revenue of 208.20bn yuan ($30.12bn) for the three months ended in March, compared with a Refinitiv consensus estimate of 210.3bn yuan drawn from 26 analysts.

Chinese consumer spending has gained some momentum since the country abandoned draconian zero-Covid policies late last year, but it still remains relatively muted amid a wobbly economic recovery.

Earlier this year, Alibaba announced plans to restructure into six units, a move that followed a two-year regulatory crackdown on China's tech sector. It expects all of its units except for its China-facing e-commerce division to seek outside funding and go public.

Alibaba yesterday approved a full spinoff of the Cloud Intelligence Group via a stock dividend distribution to shareholders. It aims to complete the spinoff in the next 12 months.

Finance chief Toby Xu also said Alibaba's board has approved the process to start external financing for Alibaba International Digital Commerce Business Group and initial public offering (IPO) explorations for Cainiao Smart Logistics Group and the execution of the IPO for Freshippo.

Earlier this month, Reuters reported that the company's logistics arm aims to raise $2bn via a listing in Hong Kong that will likely take place early next year.

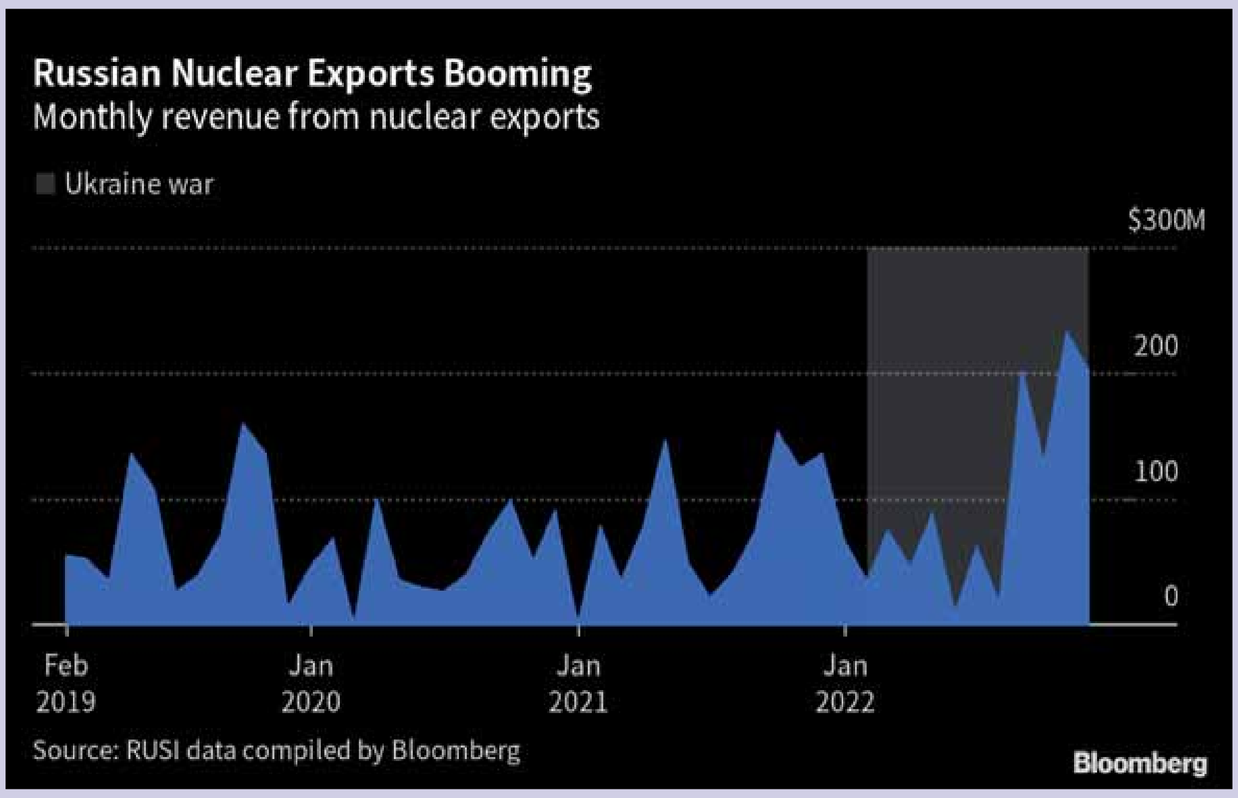
Net income attributable to ordinary shareholders was 23.52bn yuan, compared with a loss of 16.24bn yuan.

Alibaba has also been struggling to attract new users as China's e-commerce sector matures and it grapples with inroads made by new competitors such as PDD Holdings and Douyin, the Chinese version of TikTok that is also owned by ByteDance.

Revenue for the full year climbed 2% to 868.69bn yuan, marking its slowest rate of growth since the company went public in 2014.

The Russian nuclear company the west can't live without

Bloomberg
Berlin



Cutting the heart out of a nuclear power plant is a surgical procedure that only a few specialists are equipped to handle.

The process begins by launching plasma-torch-wielding robots into an empty pool surrounded by thick concrete walls. From there, the remote-controlled machines make circular cuts, as if slicing pineapple rings, through a 600-tonne steel vessel that contains radiation generated over decades of splitting atoms. These rings are then diced into metre-long pieces and transported via secure convoy to radioactive waste repositories, where they are left to cool down — indefinitely.

Behind the scenes, scores of nuclear engineers, radiation safety experts and state regulators monitor this operation, which can cost upwards of a billion dollars and take years to plan and execute. The expertise needed to pull this off without error is why "there are only a handful of players" in the high-radiation decommissioning business, said Uniper SE's Michael Baechler, who is supervising the dismantling of Sweden's Barsebaeck Nuclear Power Plant.

Among the oldest and most experienced is Germany's Nukem Technologies Engineering Services GmbH, which for decades has offered its unique services in Asia and Africa and across Europe. Nukem engineers helped contain radiation from the destroyed reactors in Chernobyl and Fukushima. They helped lead the clean-up of an atomic-fuel factory in Belgium. In France, the company devised ways to treat waste from the International Thermonuclear Experimental Reactor.

With researchers predicting that cleaning up after ageing nuclear power plants will evolve into a $125bn global business in the near future, Nukem should be ideally positioned to capitalise on the moment.

Except for one thing: the company is wholly owned by Rosatom Corp, the Kremlin-controlled nuclear giant, putting it in the centre of an uncomfortable standoff.

While Germany has been vocal in urging EU countries to stop importing Rosatom's nuclear fuel, a highly specialised commodity used for power plants, of which Rosatom is the world's biggest exporter, authorities do not want to prevent Nukem from doing business in Germany, according to three government officials who asked not to be identified in return for discussing private deliberations. As sanctions have not been implemented, doing so would violate EU competition laws, they said.

Located in the rolling hills and orchards just east of Frankfurt, Nukem is a niche player in Rosatom's global empire. At the same time, it exposes the fault line running through the EU's approach to nuclear power. Unlike Russia, which has cultivated expertise across all of the industrial processes needed to convert and enrich uranium atoms into forms usable for generating energy, Europe's hodgepodge development of nuclear technologies has left states dependent on outside providers to fill gaps in production and services. Experts estimate it would take at least four or five years before the EU could match Rosatom's fuel-manufacturing capacity, but even if that process were sped up, it would require more time still to replicate its global reach and array of services.

Pressure to cut Rosatom out of European supply chains has mounted since Russian forces seized Europe's biggest nuclear power station outside the Ukrainian city of Zaporizhzhia and sent in Rosatom engineers to run it. The fact that it or Nukem, a subsidiary, haven't been sanctioned, "should raise some serious questions," said Darya Dolzikova, a researcher at the Royal United Services Institute. But more than a year later, it's still up to individual companies to decide whether to continue doing business with the energy giant. So far, many are proceeding as usual: Rosatom saw exports surge more than 20% in the year after Russia invaded Ukraine.

Unlike Germany's seizure of Russian storage and refining assets after the war, Nukem doesn't have as much fixed infrastructure to go after. If sanctions were to be imposed, Rosatom might simply close shop or move Nukem's headquarters to a friendlier jurisdiction.

This has left Nukem stuck in a strange kind of limbo, as customers interested in tapping its expertise are now faced with the choice of whether to work with a Kremlin-controlled company. Its experience is particularly valuable as its 120 mostly German engineers can work across the nuclear supply chain, a huge advantage in light of the fact that more young nuclear engineers study to build new installations than tear down existing ones. The International Atomic Energy Agency in Vienna has warned of an acute shortage of decommissioning workers.

"In Europe," said Mark Hibbs, an analyst at the Carnegie Endowment for International Peace who has been tracking the company for more than three decades, "Nukem presides over a large pool of know-how."

But even without sanctions, traditional markets such as Lithuania and Finland have stopped working with Nukem and Rosatom, respectively. Others, including the Czech Republic, Slovakia and Bulgaria are diversifying away from Russian suppliers.

On a day-to-day level, it's gotten trickier to do business since the Russian invasion, said Nukem chief executive officer Thomas Seipolt. Money transfers take longer, as does securing the authorisations needed to ship technologies across borders, and some customers have been hesitant to sign contracts, he said. A consulting arrangement "was paused and then cancelled following the start of the Ukraine conflict," said Boris Schucht, chief executive officer of the fuel consortium Urenco. Due to the political situation, Nukem's Seipolt noted, "the further development of the company" has "become uncertain."

To avoid continued decline, "the owner is trying to sell Nukem to a strategic investor by around the middle of the year," Seipolt said. "We are already in talks with interested parties," he added, without elaborating on how a buyer might skirt EU financial sanctions to take a stake in the company.

If that doesn't happen, the future of the company's future may lie outside of Europe. While sanctions against Rosatom and Nukem could choke off the immediate supply of fuel and services within the EU bloc, they'd be harder to enforce in the company's biggest growth markets. Rosatom is already building new nuclear plants in Bangladesh, China, Egypt, in Turkiye, with another dozen supply contracts under negotiation. Those deals potentially lock in cash flows and political clout for decades ahead.

For now at least, Nukem is finding some of its new projects further afield. At the Xudabao Nuclear Power Plant northeast of Beijing, Nukem specialists are currently designing a waste treatment centre to accommodate the two new Rosatom reactors that will go online by 2028.

"We have already signed contracts," Nukem announced last month. Next year, Rosatom's German subsidiary will start shipping components to China.

QSE MARKET WATCH

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	14.00	0.00	8,033
Widam Food Co	1.82	1.06	572,093
Vodafone Qatar	1.81	-0.44	4,222,954
United Development Co	1.15	-0.77	4,538,124
Salam International Investment	0.67	1.21	23,844,308
Qatar & Oman Investment Co	0.68	-0.58	6,969,816
Qatar Navigation	10.03	-2.62	752,907
Qatar National Cement Co	3.96	0.23	275,089
Qatar National Bank	16.95	0.59	6,509,002
Qlm Life & Medical Insurance	3.17	-4.03	1,196
Qatar Islamic Insurance Group	8.89	-0.11	155
Qatar Industrial Manufacturing	2.86	0.00	-
Qatar International Islamic	10.00	-1.96	616,976
Qatari Investors Group	1.70	0.35	1,664,603
Qatar Islamic Bank	18.54	-0.86	2,278,063
Qatar Gas Transport (Nakilat)	3.95	-0.28	2,887,674
Qatar General Insurance & Reinsurance	1.37	0.37	60,115
Qatar German Co For Medical	2.02	10.00	24,197,592
Qatar Fuel Qsc	16.60	-1.13	682,862
Lesha Bank Llc	1.29	3.95	7,882,225
Qatar Electricity & Water Co	17.50	-0.57	159,014
Qatar Exchange Index Etf	10.39	0.66	3,590
Qatar Cinema & Film Distribution	3.12	0.00	-
Al Rayan Qatar Etf	2.44	-0.24	57,076
Qatar Insurance Co	2.00	2.51	3,480,924
Qatar Aluminum Manufacturing	1.56	1.50	35,282,557
Ooredoo Qpsc	11.09	0.00	1,563,396
Alijarah Holding Company Qps	0.86	-1.15	7,803,962
Mazaya Real Estate Development	0.71	0.28	28,246,266
Mesaieed Petrochemical Holding	2.06	0.39	3,590,129
Mekdam Holding Group	5.90	-0.77	210,771
Al Meera Consumer Goods Co	14.84	1.02	114,011
Medicare Group	7.38	2.00	511,999
Mannai Corporation Qsc	6.09	-0.64	1,976,192
Masraf Al Rayan	2.72	-0.88	12,426,376
Industries Qatar	13.09	0.00	2,575,418
Inma Holding Company	6.12	3.29	4,414,263
Estithmar Holding Qpsc	2.16	1.08	8,280,292
Gulf Warehousing Company	3.65	0.77	1,828,218
Gulf International Services	2.10	2.74	17,539,104
Al Faleh Education Holding	1.10	0.83	231,751
Ezdan Holding Group	1.16	0.00	18,503,630
Doha Insurance Co	2.20	2.80	80,795
Doha Bank Qpsc	1.67	0.36	4,882,628
Dlala Holding	1.31	3.56	3,470,044
Commercial Bank Psqc	5.95	-0.50	4,147,031
Barwa Real Estate Co	2.74	0.22	1,667,394
Baladna	1.49	-0.33	11,201,687
Damaan Islamic Insurance Co	3.71	0.27	30,146
Al Khaleej Takaful Group	2.77	2.70	3,374,173
Aamal Co	0.87	0.46	900,523
Al Ahli Bank	4.00	0.00	106,464

Aston Martin says China's Geely doubles stake

Aston Martin Lagonda revealed yesterday that Chinese automotive giant Geely has more than doubled its stake to become the British luxury carmaker's third largest investor.

Aston said in a statement that Geely will invest £234mn ($291mn) under a new partnership deal lifting its holding to 17%, up from a 7.6% stake it bought in September.

The deal, aimed at tapping into the giant Chinese market, makes Geely the third largest investor after number one Canadian businessman Lawrence Stroll and number two Saudi Arabia.

Saudi became the second-biggest investor last year following a capital injection from its sovereign wealth fund.

The "substantial investment from Geely" was "part of a new relationship agreement that seeks to support Aston Martin's growth and vision to be the world's most desirable ultra-luxury British performance brand," Aston added.

Yesterday's news sent its share price racing 14.5% higher to 264.80 pence on London's rising stock market.

The carmaker, beloved by fictional British spy James Bond, has seen its shares rocket 72% since the start of this year in a remarkable turnaround.

Aston Martin had suffered vast losses in 2019 as it crashed spectacularly on weak global demand linked to China's economic slowdown and Brexit.

Losses then deepened further on fallout from the coronavirus pandemic.

The delegation led by Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani during a meeting with Somalia's President, Hassan Sheikh Mohamud, held recently in Doha.

President Mohamud seeking Qatari investments in Somalia

Somalia's President, Hassan Sheikh Mohamud, has invited Qatari businessmen to invest in the East African country's various sectors during a recent meeting with Qatar Chamber officials.

Speaking to a delegation led by Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani, Mohamud said Somalia is seeking foreign direct investments in the following sectors: infrastructure, services, mining, livestock, fisheries, and oil and gas, among others.

Mohamud said, "Somalia welcomes Qatari investors in a number of important sectors in the country. We are offering a stimulating investment climate and many incentives to foreign investors. Somalia is characterised by a strategic geographical location in Africa.

"It has the longest coastline in the continent and the country also has the largest number of livestock in Africa. Somalia is exporting livestock to a number of countries through four ports from which the State of Qatar can import its livestock needs."

Also present during the meeting were Qatar Chamber board members engineer Ali bin Abdullatif al-Misnad, Dr Khaled bin Klefeekh al-Hajri, Naser Sulaiman al-Haider, and Dr Mohamed bin Jawahar al-Mohamed, as well as Qatar's ambassador to Somalia Dr Abdullah bin Salem al-Nuaimi.

During the meeting, both parties reviewed the commercial and investment relations between both countries and the means to enhance them, as well as the role of the private sector in developing these relations and promoting bilateral trade exchange.

Mohamud lauded the close relations between Qatar and Somalia, stressing the role of the private sector in enhancing commercial relations. He also discussed Somalia's investment climate and the incentives to attract FDI.

On the other hand, Sheikh Khalifa said the chamber will encourage Qatari businessmen to explore investment opportunities in Somalia, adding that Qatar's private sector is keen to enhance co-operation with Somalia, noting that there are many Qatari companies that are interested to invest there.

Wall St fears $1tn aftershock from debt deal

Bloomberg
New York/Washington

Looming behind market fears over the prospect of a historic US default is the less-discussed risk of what would follow a deal to resolve the debt-ceiling impasse.

Many on Wall Street predict lawmakers will ultimately reach an agreement, likely averting a devastating debt default, even if it goes down to the wire. But that doesn't mean the economy will escape unscathed, not just from the bruising standoff but also as a result of the Treasury's efforts to return to business as usual once it can ramp up borrowing.

Ari Bergmann, whose firm specialises in risks that are hard to manage, says investors should hedge for the aftermath of a Washington resolution.

What the market veteran is getting at is that Treasury will need to scramble to replenish its dwindling cash buffer to maintain its ability to pay its obligations, through a deluge of Treasury-bill sales. Estimated at well over $1tn by the end of the third quarter, the supply burst would quickly drain liquidity from the banking sector, raise short-term funding rates and tighten the screws on the US economy just as it's on the cusp of recession. By Bank of America Corp.'s estimate it would have the same economic impact as a quarter-point interest-rate hike.

Higher borrowing costs in the wake of the Federal Reserve's most aggressive tightening cycle in decades have already taken a toll on some firms and are slowly crimping economic growth. Against this backdrop, Bergmann is especially wary of an eventual move by Treasury to rebuild cash, seeing potential for a massive reduction in bank reserves.

"My bigger concern is that when the debt-limit gets resolved — and I think it will — you are going to have a very, very deep and sudden drain of liquidity," said Bergmann, founder of New York-based Penso Advisors. "This is not something that's very obvious, but it's something that's very real. And we've seen before that such a drop in liquidity really does negatively affect risk markets, such as equities and credit."

The upshot is that even after Washington gets past the latest standoff, the dynamics of the Treasury's cash balance, the Fed's portfolio-runoff program known as quantitative tightening and the pain of higher policy rates all stand to weigh on risk assets as well as the economy.

After a debt-cap resolution, the US cash stockpile — the Treasury General Account — should soar to $550bn as of the end of June from the current level of about $95bn — and hit $600bn three months later, according to the department's most recent estimates.

The US Capitol is seen in Washington, DC. Many on Wall Street predict lawmakers will ultimately reach an agreement, likely averting a devastating debt default, even if it goes down to the wire. But that doesn't mean the economy will escape unscathed, not just from the bruising standoff but also as a result of the Treasury's efforts to return to business as usual once it can ramp up borrowing.

A rebound will affect liquidity across the financial system because the cash pile operates like the government's checking account at the Fed, sitting on the liability side of the central bank's balance sheet.

When the Treasury issues more bills than it technically needs during a certain period, its account swells — pulling cash out of the private sector and storing it in the department's account at the Fed.

Another important piece of the puzzle is the Fed's reverse repurchase agreement facility — dubbed the RRP — which is where money-market funds park cash with the central bank overnight at a rate of just over 5%.

That program — currently over $2tn — is also a liability at the Fed. So if the Treasury account increases, but RRPs drop, then the drain on reserves is lower.

But Matt King at Citigroup Inc says money funds' tendency to keep cash in RRPs will most likely persist, which could mean a sizeable drain in bank reserves when the Treasury's cash jumps.

And that would come as major central banks have already been siphoning off liquidity through aggressive tightening campaigns and efforts to unwind their balance sheets.

"We are shifting from a very significant tailwind of global central bank liquidity over the last six months to probably a significant headwind," said King, a global markets strategist. "What we really care about is reserves, which should be falling. So I'm strongly leaning to risk-off at this point."

For Priya Misra at TD Securities, the concern is that reserves will become scarce, upsetting funding markets that are at the heart of many trades on Wall Street.

Such scarcity "matters a lot because it moves up repo rates," said the firm's head of global rates strategy.

Qatar's industrial production surges 4.8% year-on-year in March, says PSA

By Santhosh V Perumal
Business Reporter

Fast expansion in hydrocarbons extraction and higher production in food, non-refined petroleum products and beverages led Qatar's industrial production to surge 4.8% on an annualised basis in March 2023, according to official data.

The country's industrial production index soared 4.9% month-on-month 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 6% expansion on a yearly basis owing to a 6% increase in the extraction of crude petroleum and natural gas and 8.3% in other mining and quarrying sectors.

Fast expansion in hydrocarbons extraction and higher production in food, non-refined petroleum products and beverages led Qatar's industrial production to surge 4.8% on an annualised basis in March 2023, according to official data. The country's industrial production index soared 4.9% month-on-month in the review period, according to figures released by the Planning and Statistics Authority

On a monthly basis, the index shot up 5% on account of a 5% jump in the extraction of crude petroleum and natural gas but other mining and quarrying sectors shrank 2.1% in the review period.

However, the manufacturing index, with a relative weight of 15.85%, was down 1% year-on-year this March as there was an 11.3% contraction in the production of cement and other non-metallic mineral products, 9.1% in printing and reproduction of recorded media, 2.6% in chemicals and chemical products, and 1.4% in rubber and plastics products.

Nevertheless, there was a 12.8% surge in the production of food products, 6.9% in refined petroleum products, 6.2% in beverages, and 2.4% in basic metals in the review period.

On a monthly basis, the manufacturing index zoomed 3.8% owing to an 8.9% increase in the production of food products, 6.5% in beverages, 6% in chemicals and chemical products, 3.7% in refined petroleum products, andv0.9% in cement and other non-metallic mineral products in March 2023.

However, there was a 2.5% decrease in the production of basic metals, 1.9% in printing and reproduction of recorded media and 1.1% in rubber and plastics products in the review period.

Electricity, which has a 1.16% weight in the IPI basket, saw its index zoom 8.5% and 13.2% on an annualised and monthly basis respectively in March 2023.

In the case of water, which has a 0.53% weight, the index was seen gaining 0.9% and 12.8% year-on-year and month-on-month respectively in the review period.

Selling pressure weighs on Qatar stocks

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday declined 38 points with local retail investors increasingly resorting to net profit booking.

A higher than average selling pressure in the transport sector was visible as the 20-stock Qatar Index settled 0.35% lower at 10,643.94 points.

The market, which was skewed towards movers, had touched an intraday high 10,700 points.

The foreign institutions were seen net sellers in the main market, whose year-to-date losses widened to 0.35%.

The foreign individuals turned bearish in the main bourse, whose capitalisation was up QR0.08bn or 0.01% to QR628.6bn, mainly on account of microcap segments.

More than 54% of the traded constituents were seen extending gains to investors in the main market, which saw a total of 0.06mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.18mn changed hands across 13 deals.

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

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

The Total Return Index shed 0.35%, the All Share Index by 0.12% and the Al Rayan Islamic Index (Price) by 0.51% in the main bourse, whose trade turnover and volumes were on the increase.

The transport sector index tanked 1.22%, consumer goods and services (0.31%), banks and financial services (0.19%), real estate (0.14%) and telecom (0.1%); whereas insurance gained 1.55% and industrials (0.22%).

Major losers in the main market included QLM, Milaha, QIIB, Alijarah Holding, Woqod, Nakilat and Mannai Corporation. In the venture market, Al Faleh Educational Holding saw its shares appreciate in value.

Nevertheless, Qatari German Medical Devices, Lesha Bank, Dlala, Inma Holding, Doha Insurance, Medicare Group, Gulf International Services, Estithmar Holding, Qamco, Qatar Insurance and Al Khaleej Takaful were among the gainers in the main market.

The Qatari individuals' net selling increased perceptibly to QR41.05mn compared to QR36.36mn on May 17.

The foreign funds turned net sellers to the tune of QR31.3mn against net buyers of QR28.72mn the previous day

The foreign individuals were net profit takers to the extent of QR6.4mn compared with net buyers of QR1.01mn on Wednesday.

However, the Gulf institutions' net buying increased substantially to QR61.49mn against QR45.76mn on May 17.

The domestic institutions turned net buyers to the tune of QR17.97mn compared with net sellers of QR35.7mn the previous day.

The Arab individuals' net selling weakened markedly to QR0.12mn against QR1.96mn on Wednesday.

The Gulf retail investors' net profit booking shrank perceptibly to QR0.58mn compared to QR1.46mn on May 17. The Arab institutions continued to have no major net exposure for the seventh consecutive session.

The main market saw a 12% increase in trade volumes to 280.65mn shares and 8% in value to QR719.9mn but on an 8% fall in deals to 23,155.