PSA ESTIMATES | Page 8

Qatar's trade surplus soars 65% year-on-year in 2022; Asia principal destination

Tuesday, September 12, 2023
Safar 27, 1445 AH
GULF TIMES
BUSINESS

ENHANCING CO-OPERATION : Page 2

Qatar Chamber chairman underscores importance of Arab economic integration

China seeking Qatari investments for big-ticket projects in Guandong province

By Peter Alagos
Business Reporter

QBA Chairman HE Sheikh Faisal bin Qassim al-Thani, and Lin Keqing, chairman of the Chinese People's Political Consultative Conference (CPPCC) Guangdong Committee. **PICTURES:** Thajudheen

China is seeking to infuse Qatari investments in major projects slated in Guangdong Province, which is building a new development pattern and prioritising high-quality projects, an official announced at the 'China (Guangdong)-Qatar (Doha) Economic & Trade Co-operation Forum' held in Doha yesterday.

Speaking at the event, which was organised by the Qatari Businessmen Association (QBA), Lin Keqing, chairman of the Chinese People's Political Consultative Conference (CPPCC) Guangdong Committee, said the Qatari business community are welcome to "actively participate" in four development initiatives.

The forum gathered more than 60 Chinese companies from the Guangdong Industrial Province, representing various sectors and more than 70 local companies, in addition to several QBA members.

According to Lin, the first project is the construction of the Guangdong-Hong Kong-Macau Greater Bay Area, which is a major national strategy "personally planned, deployed, and promoted by President Xi Jinping."

After five years of development, the economic aggregate of the Greater Bay Area has reached nearly $2tn, surpassing Tokyo Bay Area and the New York Bay Area," Lin emphasised.

"It has created nearly 11% of China's economic aggregate with less than 1% of the national land area, making it one of the most economically vibrant, open and internationally advanced regions in China. We sincerely welcome industry associations and businesses from Qatar to come to Guangdong and share the dividends of Guangdong's reform and development," Lin stressed.

The second initiative focuses on co-operation in energy and chemical industries, Lin pointed out, adding that Guangdong has developed a complete green petrochemical industry system with a number of energy giants, which are accelerating their presence in Guangdong. At the same time, Guangdong is accelerating the construction of high-quality projects in refining and petrochemicals, he noted.

Lin said the third initiative is the strengthening of mutual co-operation in emerging industries.

"We understand that Qatar, in addition to focusing on traditional industries, such as oil and gas resources and finance, is increasingly paying attention to emerging industries, such as digital economy, electronic information, intelligence manufacturing and new energy. We look forward to exploring cooperation opportunities in high-end manufacturing, digital economy and other emerging industries," he said.

He added: "The fourth is deepening co-operation in the financial sector. Guangdong has developed a financial market and both large say-owned holding-found companies. Guangdong has more than 700 Asia-limited companies.

"We welcome Qatar to carry out financial investment co-operation in Guangdong, including investment in our security market, private equity, venture capital, and corporate equity and debt."

Speaking at the event, QBA Chairman HE Sheikh Faisal bin Qassim al-Thani said the forum represents an opportunity to discuss joint investment and trade in both countries, noting that China is considered "one of the most important trading partners" of Qatar "due to the will and desire of the leadership of the two countries."

Sheikh Faisal said Qatar-China trade volume stood at about QR97bn Qatari riyals in 2022. Qatar's exports to China amounted to QR75bn, while imports were valued at QR22bn or 16% of Qatar's trade volume abroad. This confirms the growth of bilateral relations and the doubling of the trade volume during the last decade, he said.

He said Qatar and Guangdong Province share many goals to attract investments and develop trade. Sheikh Faisal called on Chinese companies to maximise "the great opportunities" that Qatar offers to foreign investors by providing ready-made economic zones and tax concessions "that are among the best in the world," in addition to storage areas for re-export near Hamad Port, especially with the large market currently available in the region. Page 4

Al-Kuwari meets Italian minister of economy and finance

HE the Minister of Finance Ali bin Ahmed al-Kuwari met with Minister of Economy and Finance of the Italian Republic Giancarlo Giorgetti, who is currently visiting the country as part of the delegation accompanying the Italian Prime Minister. During the meeting, the two sides discussed bilateral relations in joint investments and financial fields and prospects for enhancing and developing them, in addition to several topics of mutual interest, reports QNA.

Al Attiyah International Energy Awards ceremony in Doha in October

- **Six "exceptional" individuals to be recognised for their contributions to energy industry**

Six "exceptional" individuals will be recognised for their contributions to the energy industry at the 2023 Abdullah bin Hamad Al Attiyah International Energy Awards for Lifetime Achievement in October.

The awards celebrate the legacy of HE Abdullah bin Hamad al-Attiyah, Qatar's former Deputy Prime Minister and Minister of Energy and Industry by honouring individuals for lifetime achievements in their fields of work.

ExxonMobil and North Oil Company are the sponsors of this year's ceremony and gala dinner, which will see more than 200 leaders from the energy industry convene at the Sheraton Grand Hotel Resort and Convention Centre.

Since its inception in 2015, the Al Attiyah Foundation has remained unwaveringly committed to providing expert analysis and insights on serious global, regional, and country-specific challenges and opportunities in the areas of energy and sustainable development.

Themes in these areas are explored through its publications including industry leading research papers, current affairs articles, daily news briefings and regular podcast interviews with important personalities.

Global experts are also invited to share their opinions with foundation members and partners during the quarterly CEO Roundtables and a new interactive webinar Series.

In addition, the foundation's Sustainable Development Directorate produces an annual book on a pertinent subject.

The foundation's continued growth is only possible due to its esteemed member organisations, who are some of the most important companies in the world.

The foundation members are: QatarEnergy, Qatar Electricity and Water Company, Woqod, QNB, Qatargas, Dolphin Energy, Shell Qatar, Qatar Airways, Qapco, ConocoPhillips, Marubeni, Qafco, Q-Chem, Gulf Helicopters, Qatar Cool, Excelerate Energy and JTA Holding.

Commercial Bank receives 3 prestigious awards from *Global Finance* for 2023

Commercial Bank has been recognised with three prestigious awards by *Global Finance* for 2023 in both consumer and corporate banking award categories.

The *Global Finance* awards are highly respected accolades given to companies who have demonstrated exceptional leadership and performance within their industries.

The following awards have been given in recognition to Commercial Bank's innovation in digital banking:

On Consumer Banking services level

- Best Consumer Mobile Banking App in Qatar.

On Corporate Banking services level

- Best Corporate Mobile Banking App in the Middle East.
- Best Digital Bank for Trade Finance Services in Qatar.

Commercial Bank Group chief executive officer Joseph Abraham noted, "Our strategic focus is to always lead with client focused innovation. These awards are recognition of the progress made and we will continue to provide clients with the best in digital solutions based on the latest technology."

Also commenting on the win, Shahnawaz Rashid, executive general manager and head (Retail Banking) of Commercial Bank said, "We are truly honoured to see our CBQ Mobile App recognised with this esteemed award. This award is a testament to our unwavering commitment in providing our customers with cutting-edge digital banking solutions. As we celebrate this achievement, we remain focused on continuously enhancing our offerings to ensure a seamless banking experience."

Raju Buddhiraju, Commercial Bank's executive general manager and head (Wholesale Banking) stated, "Commercial Bank aspires to create world-class solutions for all its customers including corporate customers. We are delighted that our Corporate Mobile Banking is rated the best in the Middle East. Also, our innovative trade solutions provide our customers a seamless online experience, which is very user friendly."

Commercial Bank's accomplishments have catalysed change in the digital banking landscape in Qatar bringing banking excellence to the hands of every customer. The bank dedicates this win to its loyal customers for placing their trust in Commercial Bank. The most innovative digital bank in Qatar will continue to be a pioneer in the financial markets with advanced banking solutions and remain true to its motto that 'everything is possible'.

The *Global Finance* awards are highly respected accolades given to companies who have demonstrated exceptional leadership and performance within their industries

QCB governor meets head of Citigroup EMEA Emerging Market Cluster

HE the Governor of the Qatar Central Bank (QCB) Sheikh Bandar bin Mohamed bin Saoud al-Thani met yesterday with head of Europe, Middle East, and Africa (EMEA) Emerging Markets Cluster at Citigroup Ebru Pakcan. They discussed the most prominent global financial and banking developments, reports QNA.

Ministry of Environment and Climate Change hosts 'Carbon markets workshop' from today

The Ministry of Environment and Climate Change is hosting a two-day Carbon markets workshop' in Doha from today.

The welcome address will be delivered by HE Abdullah bin Hamad al-Attiyah, the former deputy prime minister and minister of energy and industry and Founder and Chairman of the Al-Attiyah Foundation.

The opening address will be delivered by HE the Minister of Environment and Climate Change, Sheikh Dr Faleh bin Nasser bin Ahmed bin Ali al-Thani.

The moderators will be Stephen Cole, international broadcasting journalist, director, Brazil Communications, The Al-Attiyah Foundation and Nawied Jabarkhyl, broadcaster and director and head of International Media Relations at APCO Worldwide.

Qatar Chamber chairman underscores importance of Arab economic integration

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani led a delegation at the 62nd meeting of the Federation of Gulf Co-operation Council Chambers (FGCCC) and the 134th board of directors meeting of the Union of Arab Chambers (UAC), which concludes today in Manama.

The delegation included board members Abdulrahman bin Abduljaleel al-Abdulghani, Mohamed bin Ahmed al-Obaidly, Ali bin Abdulatif al-Misnad, and Ibtihaj al-Ahmadani. The meeting discussed topics related to enhancing economic and commercial co-operation among Gulf states.

It also reviewed the final financial accounts and a comparative report on the revenues and expenses of the federation's general secretariat for 2022, updates on the construction of the new headquarters, and the outcomes of the consultative meeting with the GCC ministers of commerce.

At the UAC meeting, discussions focused on revitalising the Arab economy, activating the business environment, and promoting innovation, sustainability, and digitalisation. It also covered topics, such as Arab food security in the face of global changes, digitisation in Arab countries, and the Arab private sector's memo to the Arab Socio-Economic Development Summit in Mauritania 2023, which emphasises the strategy for enhancing joint Arab action in light of regional developments.

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani together with the chamber's delegation at the 62nd meeting of the Federation of Gulf Co-operation Council Chambers and the 134th board of directors meeting of the Union of Arab Chambers held in Manama.

In a statement, Sheikh Khalifa emphasised the pivotal role of the private sector in stimulating intra-Arab trade. He stressed the significance of achieving economic integration within the Arab world and enhancing the private sector's involvement in Arab economic activities.

Sheikh Khalifa also highlighted the importance of strengthening economic integration among GCC economies and promoting intra-GCC trade through mutual and joint investments. He reaffirmed Qatar's strong support for initiatives aimed at achieving economic integration at both the Arab and GCC levels.

GECF 7th Summit of Heads of State and Government in Algiers on March 2, 2024

The Gas Exporting Countries Forum (GECF) announced that the 7th Summit of Heads of State and Government will be held in Algiers, Algeria on March 2, next year.

GECF marked a significant step towards its flagship event, the 7th Summit of Heads of State and Government, by convening the 4th High-Level Ad-Hoc Working Group (HLAHWG) meeting at the GECF Secretariat in Doha yesterday.

This gathering sets the stage for the summit in Algiers with associated events commencing on February 29.

The HLAHWG, comprising representatives from GECF member countries, including Algeria, Bolivia, Egypt, Equatorial Guinea, Iran, Nigeria, Qatar, Russia, Trinidad and Tobago, UAE, and Venezuela, oversees the preparations for the upcoming edition of this biennial gathering.

During the session, the Algerian delegation presented comprehensive updates on the ongoing preparations, as well as insights into the summit's draft agenda and draft declaration.

The GECF Summit represents a pivotal moment for member countries and the global energy community. It serves as a platform for fostering international cooperation, addressing critical energy challenges, and shaping the future of the gas industry.

"As the countdown begins to the 7th Summit of Heads of State and Government, the GECF looks forward to welcoming leaders, delegates, and stakeholders from across the world to Algiers, where strategic dialogues and collaborative efforts will chart the course for a sustainable, secure, and prosperous energy future," said Mohamed Hamel, secretary general of the Gas Exporting Countries Forum.

GECF marked a significant step towards its flagship event, the 7th Summit of Heads of State and Government, by convening the 4th High-Level Ad-Hoc Working Group meeting at the GECF Secretariat in Doha yesterday.

Bloomberg QuickTake Q&A

What Huawei's comeback says about US-China tech war

By Bloomberg News

When the Trump administration blacklisted Huawei Technologies Co in 2019 over spying concerns, the move almost wiped out the Chinese company's global smartphone business. Yet the company bounced back with the support of China's government, and it's now at the centre of national efforts to achieve technological independence from the West. The remarkable comeback raises questions about whether US efforts to contain China's geopolitical ascent have been effective or adequate, and which of the two superpowers will come to dominate in areas such as semiconductor design and artificial intelligence.

1. Why does the US have an issue with Huawei?

The initial US measures targeting Huawei were driven by concerns that the tech giant could use its substantial presence in the world's telecommunications networks to spy for the Chinese government.

In 2020, the Federal Communications Commission designated Huawei and its Chinese peer ZTE Corp as national security threats and ordered US carriers to pull their equipment from their networks.

The sanctions have since morphed into a broader battle with China for technological supremacy. Huawei is one of Beijing's chief weapons in that fight, and a major recipient of state support to help develop a range of technologies.

2. What did the US do to sideline Huawei?

It made it harder for Huawei to sell equipment in the US and to buy parts from American suppliers by adding Huawei to a Commerce Department blacklist. The following year, accusing the company of seeking to "undermine" those export controls, the department imposed further restrictions on chipmakers using American technology to design or produce semiconductors used by Huawei, meaning suppliers such as Taiwan Semiconductor Manufacturing Co could no longer sell to the Chinese company. Under President Joe Biden, conditions on some export licences were tightened on such components as semiconductors, antennas and batteries, barring their use in Huawei devices that use fifth-generation wireless technology. The FCC established a list of proscribed equipment and moved to reimburse US carriers for implementing the "rip and replace" order. Under US pressure, allies including the UK, Japan and Australia also ditched Huawei 5G gear, and the cloud of suspicion continues to weigh on its sales worldwide.

3. What is Huawei doing now that's of concern to the US?

While the US measures hobbled Huawei's growth outside China, the company has become increasingly dominant in its vast domestic market. In August, Huawei reported a third consecutive quarter of revenue growth, driven partly by new businesses like cloud computing and resurgent smartphone sales. That month, an association of global chip companies said Huawei was establishing a network of factories to manufacture its chips after the US sanctions blocked its access to many advanced facilities. In September, an examination of its latest Mate 60 Pro smartphone revealed a Huawei-designed 7-nanometer chip that's just a few years behind the world's most cutting-edge technology. Chinese state media hailed the advance as a victory against sanctions, and the US Commerce Department said it was investigating the processor, which is made by China's Semiconductor Manufacturing International Corp, a company that — like Huawei — was also blacklisted by the US and restricted from accessing American technology.

4. What triggered the initial ban on Huawei?

Over three decades, the company grew from an electronics re-seller into one of the world's biggest private companies, with leading positions in telecom gear, smartphones, chips, cloud computing and cybersecurity, and substantial operations in Asia, Europe and Africa. It ploughed money into 5G networks, breaking into the top 10 recipients of US patents in 2019, and helped to build 5G networks across the world. But the US government — like the Chinese and others — was wary of employing foreign technology in vital communications for fear that manufacturers could install hidden "backdoors" for spies to access sensitive data, or that the companies themselves would hand it over to their home governments. 5G networks are of particular concern because they go beyond making smartphone downloads faster. They also will enable new technologies like self-driving cars and the Internet of Things. UK-based carrier Vodafone Group Plc was said to have found and fixed backdoors on Huawei equipment used in its Italian business in 2011 and 2012. It's hard to know if those vulnerabilities were nefarious or accidental.

5. Who else accused Huawei?

In 2003, Cisco Systems Inc sued Huawei for allegedly infringing on its patents and illegally copying source code used in routers and switches. Huawei removed the contested code, manuals and command-line interfaces and the case was dropped. Motorola sued Huawei in 2010 for allegedly conspiring with former employees to steal trade secrets. That lawsuit was later settled. In 2017 a jury found Huawei liable for stealing robotic technology from T-Mobile US Inc, and in January 2019 the US Justice Department indicted Huawei for theft of trade secrets related to that case. The same month, Poland, a staunch US ally, arrested a Huawei employee on suspicion of spying for the Chinese government. Huawei fired the employee and denied any involvement in his alleged actions.

6. What did Huawei say?

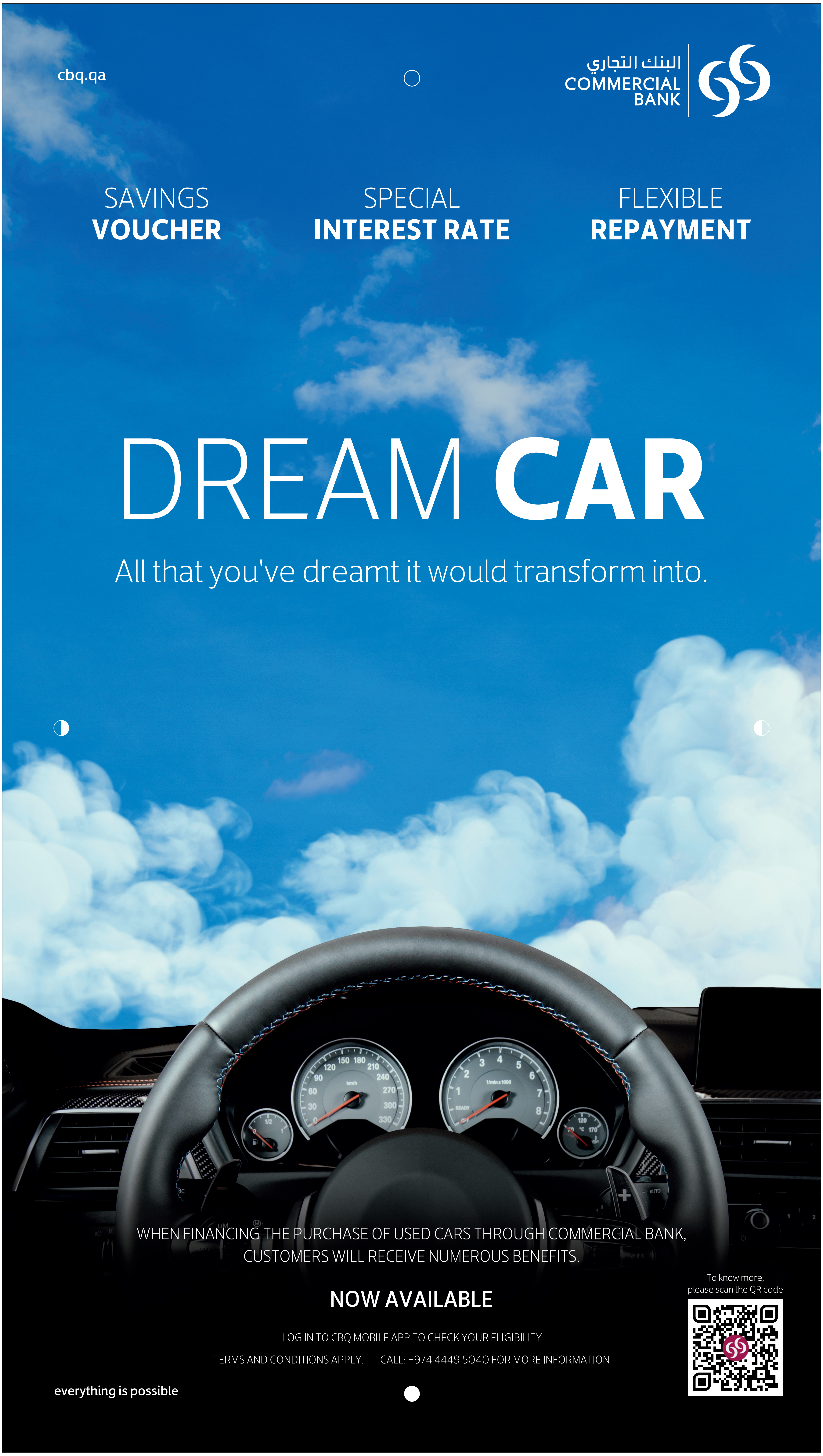
It said the US restrictions were not about cybersecurity but were really designed to safeguard American dominance in global technology. It's repeatedly denied that it helps the Beijing government to spy on other governments or companies.

The company, which says it's owned by founder Ren Zhengfei as well as its employees through a union, began releasing financial results, spent more on marketing and engaged with foreign media. Ren became more outspoken as he fought to defend his company. While he said he was proud of his military career and Communist Party membership, he rejected suggestions he was doing Beijing's bidding or that Huawei handed over customer information.

7. What other Chinese companies are feeling the heat?

In late 2020, the Pentagon added four more firms, including China National Offshore Oil Corp and SMIC, to a list of those it says are owned or controlled by China's military, exposing them to increased scrutiny and potential sanctions. Other Chinese tech giants have been blacklisted for allegedly being implicated in human rights violations in the country's Xinjiang region. They included Hangzhou Hikvision Digital Technology Co and Zhejiang Dahua Technology Co, which by some accounts control as much as a third of the global market for video surveillance; SenseTime Group Ltd, the world's most valuable artificial intelligence startup; and fellow AI giant Megvii Technology Ltd ZTE almost collapsed after the US Commerce Department banned it for three months in 2018 from buying American technology.

The US added Pengxinwei IC Manufacturing Co, better known as PXW, to its Entities List in 2022.



cbq.qa
البنك التجاري
COMMERCIAL
BANK
SAVINGS
VOUCHER
SPECIAL
INTEREST RATE
FLEXIBLE
REPAYMENT
DREAM CAR
All that you've dreamt it would transform into.
WHEN FINANCING THE PURCHASE OF USED CARS THROUGH COMMERCIAL BANK,
CUSTOMERS WILL RECEIVE NUMEROUS BENEFITS.
NOW AVAILABLE
LOG IN TO CBQ MOBILE APP TO CHECK YOUR ELIGIBILITY
TERMS AND CONDITIONS APPLY.
CALL: +974 4449 5040 FOR MORE INFORMATION
To know more,
please scan the QR code
everything is possible

China emerges as Qatar's 'largest trading partner': Chinese diplomat

Chen Yue, chargé d'affaires ad interim at the Chinese embassy in Doha. **PICTURE:** Thajudheen

By Peter Alagos
Business Reporter

The past decade witnessed the rapid development of bilateral relations between Qatar and China, said Chen Yue, chargé d'affaires ad interim at the Chinese embassy in Doha.

"Practical co-operation between the two countries has developed with the volume of trade exchange increasing to around $25bn; China has become Qatar's largest trading partner, the largest source of imports, and a destination for exports, Chen said in a speech during the 'China (Guangdong)-Qatar (Doha) Economic & Trade Co-operation Forum' held in Doha yesterday.

Chen said: "Over the past 10 years, bilateral relations witnessed a golden phase of significant development, thanks to the strategic leadership of Qatar and China."

He also underscored the deepening of mutual political trust between both countries, citing the four meetings between His Highness the Amir Sheikh Tamim bin Hamad al-Thani and Chinese President Xi Jinping, which "laid the foundations for Qatari-Chinese relations in the new era."

Chen noted that Arab-Chinese strategic partnership relations have achieved "continuous progress" as co-operation in the 'Belt and Road' initiative has risen to new levels, making China "the most important" among the trading partners of Arab countries.

During the event, which was organised by QBA, Ma Hua, Director of Commerce in Guangdong Province, spoke about the "constantly improving" business environment, citing more than 300,000 foreign-invested companies.

He said Guangdong Province's total foreign trade value reached "8.31tn yuan" ($1.2tn) in 2022, accounting for "19.8%" of China's total, placing the country on the top rank for 37 consecutive years. It also represents a major part of China's foreign trade and is considered an industrial centre that accounts for about "1/10th" of the country's GDP and is the largest among all Chinese provinces. The province's gross domestic product last year was "12.9tn yuan" ($1.9tn).

He said the number of industrial clusters in the province rose to 8tn yuan ($147bn) last year with 67,000 industrial enterprises and 69,000 high-tech enterprises, ranking first in China.

Chen Jiansha, Director at the Guangzhou Municipal Commerce Bureau, said the Guangzhou Industrial City forged a link between international trade and investment alike. With the establishment of more than 1,700 foreign investment institutions, the US, Taiwan, Singapore, Hong Kong, and South Korea are among the top five sources of foreign investment, which constitutes about 90% of the total foreign capital.

Chen invited the QBA and local companies to visit the Canton Fair in Guangzhou this November. The fair is considered one of the largest trade fairs in the world, she said. It has been held in Guangzhou for more than 60 years, presenting many Chinese products.

US equity investors set sights on inflation data

Reuters
New York

US stock investors are turning their focus to this week's inflation data, which could determine the near-term path of an equity rally that has wobbled in recent weeks.

Signs the US economy is on track for a so-called soft landing, where the Federal Reserve is able to bring down inflation without badly damaging growth, have helped power the S&P 500's 16% year-to-date gain.

Last week's employment data played into that narrative, showing the job market remained robust, though not strong enough to spark worries that the Fed would need to hike interest rates more to fight inflation, moves that rocked markets last year.

Consumer price data next week may need to strike a similar balance, investors said. Too high a number could fan fears of the Fed leaving interest rates higher for longer or hiking them more in coming months. That would give investors less reason to hold onto stocks after a tech-led drop in which the S&P 500 lost about 5% from summer highs.

"This inflation demon is far from being destroyed," said Michael Purves, head of Tallbacken Capital Advisors, who expects signs of higher inflation will weigh on the multiples of megacap growth names that have powered the rally. "If we're hitting a structural shift with higher nominal GDP growth, that will come with some volatility and unintended consequences." Investors trying to assess future Fed policy will watch other data in the coming week too, including a reading of the producer price index and retail sales.

The US central bank is widely expected to hold benchmark rates steady at its Sept. 20 meeting. Markets are also pricing in a nearly 44% chance of a rate hike at the Fed's Nov. meeting, up from 28% a month ago. "If we get a high inflation print we will see those expectations pick right up" for September and November, said Randy Frederick, managing director of trading and derivatives for the Schwab Center for Financial Research.

Strategists and investors currently have largely held faith in the market despite stocks' recent wobble. Some, though, are growing more cautious.

Reasons for optimism include the relative outperformance of the US economy compared to Europe and China, and signs the so-called profit recession among S&P 500 companies may be over.

Still, worries over an economic slowdown in China and concerns that US corporate margins will shrink have led some market participants to believe squeezing more gains out of stocks will grow more difficult.

The S&P 500 Information Technology sector lost more than 2% this week following news that Beijing had ordered central government employees to stop using iPhones for work.

Apple shares fell 6% for the week on fears the company and its suppliers could take a hit from rising competition from China's Huawei.

"We think we are still in a bull market that will hit new highs before the end of the year, but it will be a choppy road," said Ed Clissold, Chief US Strategist at Ned Davis Research.

The S&P 500 is down about 5% from its July highs, which has made stock valuations broadly more attractive given the low possibility of an imminent recession, said Jonathan Golub, senior equity strategist at Credit Suisse Securities.

Forward price to earnings multiples for 10 out of the 11 sector groups of the S&P 500 fell in August, he noted, though the P/E for the index as a whole remains near 20, compared with 17 at the end of 2022.

Still, much of the bull case for stocks hinges on softer inflation eventually pushing the Fed to lower interest rates.

"If we saw a further material rise in interest rates, the equity market would not take that well," said David Lefkowitz, head of US equities at UBS Global Wealth Management.

People walk by the New York Stock Exchange. US stock investors are turning their focus to this week's inflation data, which could determine the near-term path of an equity rally that has wobbled in recent weeks.

Airlines, engine makers race to track down bogus spare parts

Bloomberg
London

Airlines and aircraft engine makers are racing to identify bogus spare parts that have infiltrated the global fleet via an obscure UK supplier, a potentially costly and complicated forensic endeavour affecting the world's most widely flown passenger jets.

Southwest Airlines Co said that it had removed two "suspect parts" traced to closely held AOG Technics Ltd from one of its Boeing Co 737 aircraft, becoming the first major carrier to publicly disclose doing so.

Hours earlier, CFM International Inc, the joint venture of General Electric Co and Safran SA that makes the engines for many older-generation Airbus SE A320 and Boeing 737 aircraft, said parts with fraudulent documentation had been put on 68 of its power plants.

The widening scandal has shaken an industry where safety is the guiding principle, with exacting standards for aircraft manufacturing and maintenance that demands each component be verified.

Regulators, airlines and other industry players have been scouring their records to hunt down the suspect components sold by AOG, the obscure supplier at the centre of the crisis.

CFM, the world's largest jet-engine manufacturer, filed a lawsuit in the UK against AOG Technics.

The suit seeks an injunction to force AOG to provide more information to aid the aviation industry's search for suspect components. It also seeks to recover any parts in AOG's possession purported to be from CFM or GE.

In response to questions from Bloomberg News, which first reported on the AOG case, Southwest said that two low-pressure turbine blades were the components it pulled from one of its engines. The carrier took "precautionary and immediate measures" to remove them based on the fact they were supplied by AOG.

The parts were found in an engine on a Boeing 737 NG, an older version of Boeing's most popular model. CFM supplies engines to both the Airbus and the Boeing planes. In the last decade, both models have undergone a technical upgrade with new engines — the Airbus A320neo and the Boeing 737 Max — that use different powerplants not affected by the AOG case.

Still, the CFM56 model is the most widely used jet engine in service today. It has been used on single-aisle planes for decades, with more than 33,000 engines delivered to more than 600 operators worldwide.

The single-aisle Airbus and Boeing jets are used by millions of passengers each day and by most airlines, mainly on short-haul flights.

To date, CFM and GE Aerospace have found 78 documents they say are falsified and which cover 52 CFM56 engine part numbers, along with two faked records for CF6 components. AOG has no direct affiliation with CFM or its partners.

The European Union Aviation Safety Agency earlier this week determined that the components backed by forged documentation included turbine blades, a critical component of an aircraft's propulsion system.

Airbus has said it's aware of reports surrounding AOG, while Boeing has deferred to regulators on the topic.

Representatives for AOG could not be reached for immediate comment. Based on the UK's Companies House records, AOG was established in 2015. The supplier of parts to third-party engine repair shops was created by Jose Zamora Yrala, who hasn't responded to emails or phone calls seeking comment.

US consumers may start cutting back, hurting economy and stocks

Bloomberg
New York

After staving off recession for longer than many thought possible, the US consumer is finally about to crack, according to Bloomberg's latest Markets Live Pulse survey.

More than half of 526 respondents said that personal consumption — the most important driver of economic growth — will shrink in early 2024, which would be the first quarterly decline since the onset of the pandemic.

Another 21% said the reversal will happen even sooner, in the last quarter of this year, as high borrowing costs eat into household budgets while Covid-era savings run down.

The finding is at odds with the optimism that's permeated US equity markets for most of the summer, as cooling inflation and low unemployment bolstered hopes for a so-called soft landing. Should the economy stop growing — a scenario that's quite likely if consumer spending contracts — it could mean more downside for stocks, which have already slipped from late-July highs.

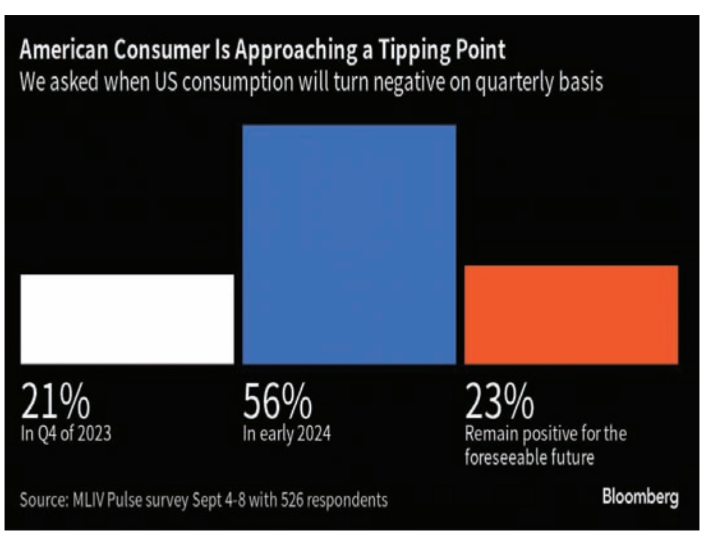
"The likelihood of a soft landing, falling inflation, an end to Fed tightening, a peak in interest rates, a stable dollar, stable oil prices — all those things helped drive the market up," says Alec Young, chief investment strategist at MAPsignals. "If the market loses confidence in that scenario, then stocks are vulnerable."

Right now, the US economy appears to be speeding up rather than stalling. Growth is forecast to accelerate in the third quarter on the back of a recent pickup in household spending, which jumped in July by the most in six months.

To some analysts, it looks a bit like a last hurrah.

"The big question is: Is this strength in consumption sustainable?" says Anna Wong, Bloomberg Economics' chief US economist, who expects a recession to start by year-end. "It is not sustainable, because it's driven by these one-off factors" – notably a summer splurge on blockbuster movies and concert tours.

The enduring strength of the US job market has propped up household spending in the face of the biggest price increases in decades. It's led some analysts to push out their expectations for a recession — or even scrap them altogether.



Economists at Goldman Sachs Group Inc expect the consumer to outperform yet again in 2024 — and keep the economy growing — amid steady job growth and pay hikes that beat inflation.

But there are plenty of headwinds looming. Researchers at the Federal Reserve Bank of San Francisco say the excess savings that have helped consumers get through the price spike will run out in the current quarter — a sentiment that three-quarters of the MLIV Pulse respondents agreed with.

"There's increasingly an issue where the lower end of the income and wealth spectrum is really struggling with the accumulated inflation of the last couple years," while wealthier Americans are still cushioned by savings and asset appreciation, said Thomas Simons, Jefferies' US economist.

In the aggregate, consumers have been able to bend under the weight of higher prices, he said. "But there will come a point where that's no longer feasible."

Delinquency rates on credit cards and auto loans are rising, as households feel the financial squeeze after the Fed raised interest rates by more than 5 percentage points.

And another kind of debt — student loans — is about to come due again for millions of Americans who benefited from the pandemic freeze on repayments.

A majority of investors in the MLIV Pulse survey pointed to the declining availability and soaring cost of credit — mortgage rates are near two-decade highs — as the biggest obstacle for consumers in the coming months.

Some three-quarters of respondents said auto or retail stocks are the most vulnerable to declining excess savings and tighter consumer credit – a concern that's not entirely priced in by the markets.

While General Motors Co and Ford Motor Co have essentially missed out on this year's wider stock rally, Tesla Inc more than doubled in value.

Since the economy's fate hinges on what US consumers will do next, investors are looking in all kinds of places for the answer.

Asked what they consider a good leading indicator, MLIV Pulse respondents pointed to everything from the most standard measures – like retail sales or credit-card delinquencies – to airline bookings, pet adoptions, and the use of "Buy Now Pay Later" instalment plans.

That's perhaps because conventional guides have often proved to be unreliable amid the turbulence of the past few years.

"The traditional playbook for the economy and markets is challenging in this post-pandemic environment," said Keith Lerner, co-chief investment officer at Truist Wealth. "Things are just taking longer to play out."

The MLIV Pulse survey of Bloomberg News readers on the terminal and online is conducted weekly by Bloomberg's Markets Live team, which also runs the MLIV blog. This week, the MLIV Pulse survey asks whether investors have fully regained the confidence in UK assets that they lost during the short-lived premiership of Liz Truss.

BUSINESS

China's easing of property market curbs gives home sales a boost

Reuters
Beijing/Hong Kong

New home sales in Beijing jumped last week, keeping property showrooms open late into the night to meet demand, in a sign government efforts to revive the sector are yielding some results in the Chinese capital if not elsewhere in the country.

A survey by real estate research firm China Index Academy showed yesterday new homes transactions in Beijing rose 16.9% by area sold in the week of Sept 4-10 from the previous week even as they fell 20% on average across the country.

Another report, by Haitong Securities, showed sales by area in China's four largest cities were still down 45% in the first week of September from the same period last year.

The figures suggest that China's latest steps to revive a crisis-hit property market, including lower mortgage rates and down payments, could unlock some pockets of housing demand in the most sought-after areas, but may struggle to halt the broader property market downturn. "These measures may generate a short-term rebound in property transactions, but are insufficient to stabilise the property market," Goldman Sachs analysts said in a note.


A pedestrian stands on an overpass near residential buildings and a surveillance camera in Shanghai. A survey by real estate research firm China Index Academy showed on Monday new homes transactions in Beijing rose 16.9% by area sold in the week of September 4-10 from the previous week even as they fell 20% on average across the country.

Beijing and other big cities said more than a week ago they will allow people who have fully repaid their previous mortgage or sold their previous homes to make down payments of as little as 35-40%, compared with 60-70% previously.

This prompted interested buyers such as 75-year-old Zhang Guoqiang to rush to property showrooms across the capital.

"I'm worried that if I don't buy soon, there won't be any good flats left," said Zhang, as he visited a development by state-owned CR Land in northern Beijing with his wife and daughter. "I'll put my small, old apartment for sale as soon as I get home."

Real estate agents were trying to sell the remaining 10% of the project's total of 1,000 apartments, keeping doors open for potential buyers until 10:30pm (1430 GMT) over the weekend, three hours longer than initially planned.

"Customer traffic has definitely increased significantly since the new policies came out," agent Zhao Jie said. "I worked until 2:00am on the first day after the announcement and sold 10 flats that night."

At another Beijing project by private developer Longfor Group, agents said visits by potential buyers more than doubled in the past week. They were mostly people who looked to sell their old homes either in Beijing or in other cities in China and replace them with new ones, the agents said.

But Yu Fei, a property sales agent at HomeLink, said the initial spike in interest he noticed in the first few days is already petering out.

"Many homebuyers remain in a wait-and-see approach, some hoping for more radical policies to stimulate the property market," Yu said.

Goldman analysts said if property sales kept sliding policymakers could release more liquidity into the market by cutting banks' reserve requirement ratios, lowering rates, easing home purchasing rules further.

At the CR Land project, a visitor surnamed Wan, who spoke on condition of partial anonymity for privacy reasons, said he was inclined to keep searching for cheaper apartments. At the same time, he was worried that prices might rise beyond reach should further easing measures be introduced.

"I'm still hesitant," Wan said.

QSE MARKET WATCH

Company Name	Lt Price	% Chg	Volume
ZAD HOLDING CO	13.61	0.00	-
WIDAM FOOD CO	2.34	2.63	6,542,838
VODAFONE QATAR	1.83	0.00	1,632,381
UNITED DEVELOPMENT CO	1.14	0.62	6,830,355
SALAM INTERNATIONAL INVESTME	0.71	0.56	3,571,779
QATAR & OMAN INVESTMENT CO	0.85	0.47	3,404,965
QATAR NAVIGATION	9.97	3.87	579,653
QATAR NATIONAL CEMENT CO	3.62	2.73	1,753,534
QATAR NATIONAL BANK	15.35	0.79	1,891,738
QLM LIFE & MEDICAL INSURANCE	2.75	0.70	3,000
QATAR ISLAMIC INSURANCE GROU	9.00	0.00	-
QATAR INDUSTRIAL MANUFACTUR	3.00	0.17	108,136
QATAR INTERNATIONAL ISLAMIC	9.82	-1.05	771,781
QATARI INVESTORS GROUP	1.74	-0.17	1,586,624
QATAR ISLAMIC BANK	19.19	-0.52	1,439,729
QATAR GAS TRANSPORT(NAKILAT)	3.76	0.21	4,484,131
QATAR GENERAL INSURANCE & RE	1.28	0.00	-
QATAR GERMAN CO FOR MEDICAL	2.25	-0.40	6,192,848
QATAR FUEL QSC	16.28	0.62	308,841
LESHA BANK LLC	1.44	-1.37	3,725,224
QATAR ELECTRICITY & WATER CO	17.89	0.68	155,008
QATAR EXCHANGE INDEX ETF	10.06	0.20	3,200
QATAR CINEMA & FILM DISTRIB	3.18	0.00	-
AL RAYAN QATAR ETF	2.27	0.31	4,880
QATAR INSURANCE CO	2.28	0.26	224,568
QATAR ALUMINUM MANUFACTURING	1.38	-1.50	37,754,897
OOREDOO QPSC	10.86	0.00	590,467
ALIJARAH HOLDING COMPANY QPS	0.81	1.00	9,625,364
MAZAYA REAL ESTATE DEVELOPME	0.77	2.12	53,670,875
MESAIEED PETROCHEMICAL HOLDI	1.86	-1.32	11,694,852
MEKDAM HOLDING GROUP	5.15	-0.04	52,892
AL MEERA CONSUMER GOODS CO	13.88	-0.07	44,282
MEDICARE GROUP	5.95	0.03	100,825
MANNAI CORPORATION QSC	4.99	-0.14	566,255
MASRAF AL RAYAN	2.28	4.05	39,735,020
INDUSTRIES QATAR	14.00	0.07	4,344,038
INMA HOLDING COMPANY	4.80	0.67	175,218
ESTITHMAR HOLDING QPSC	2.19	2.34	6,258,481
GULF WAREHOUSING COMPANY	3.22	-0.22	790,859
GULF INTERNATIONAL SERVICES	2.81	2.00	16,327,627
AL FALEH EDUCATION HOLDING	0.94	-0.43	18,429
EZDAN HOLDING GROUP	1.04	0.38	9,981,559
DOHA INSURANCE CO	2.09	-0.67	43,456
DOHA BANK QPSC	1.67	-0.60	1,710,018
DLALA HOLDING	1.62	-0.62	1,113,835
COMMERCIAL BANK PSQC	5.62	1.32	1,512,177
BARWA REAL ESTATE CO	2.64	0.53	2,390,209
BALADNA	1.33	1.52	27,540,299
DAMAAN ISLAMIC INSURANCE CO	3.52	0.00	85
AL KHALEEJ TAKAFUL GROUP	3.16	5.33	6,828,196
AAMAL CO	0.85	0.24	1,555,219
AL AHLI BANK	3.72	-0.83	1,664

India to offer Russia 'promising areas' to invest trapped rupees, says Lavrov

Bloomberg
New Delhi

India will offer Russia options to invest the billions in rupees it has accumulated for exports, Foreign Minister Sergei Lavrov said on Sunday in New Delhi. "Our Indian friends said they would propose promising areas they can be invested in," Lavrov told reporters, citing talks with Indian counterpart Subrahmanyam Jaishankar in Jakarta, Indonesia, on the sidelines of the East Asia summit prior to his arrival to India. "Right now our governments are talking how to use and invest them to mutual benefit."

He didn't provide further details. Lavrov also said Russian arms contracts with India remain in force, despite difficulties with payments caused by sanctions imposed by the US and its allies over Russia's invasion of Ukraine.

Russia has emerged as a top supplier of oil to India over the past year, settling a greater share of trade in national currencies and redirecting shipments east as traditional customers in Europe shunned purchases after President Vladimir Putin invaded Ukraine.

But with imports from India stagnating, Russia is ending up with an excess of rupees, which its companies have trouble repatriating because of local currency restrictions.


A fruit vendor counts Indian rupee notes in Mumbai. With imports from India stagnating, Russia is ending up with an excess of rupees, which its companies have trouble repatriating because of local currency restrictions.

UBS is cutting hundreds of wealth jobs in Asia as activity slows

Bloomberg
Singapore

UBS Group AG is cutting Asia wealth-management jobs in the low hundreds, just months after completing its takeover of rival Credit Suisse as the bank responds to muted client activity and China's slowing economy.

Switzerland's largest bank reduced some overlapping roles in the past months and further cuts are expected through November, according to people with knowledge of the matter, who asked not to be identified as the plans are private. At least 100 positions could go, one of the people said.

The lender is set to eliminate roles that include relationship managers in Hong Kong and Singapore, the majority within teams newly acquired from Credit Suisse, the people said. The number of cuts hasn't been finalised, they said. The lender plans to keep the majority of private bankers in Australia and India for now, one of the people said.

UBS is battling muted client sentiment and activity levels in Asia-Pacific, where the regional business hub of Hong Kong has long been a booking centre along with Singapore for China's ultra-wealthy. The wealth management unit's profit before tax in the region fell by 9% in the second quarter from a year earlier.

The world's second-largest economy expanded 3% last year, one of its slowest rates of growth in decades as pandemic controls and a property crisis battered the country. Its eventual reopening provided hope China would bounce back this year, but that recovery has lost ground and the benchmark stock index is on track for a third straight year of losses.

A UBS spokesperson declined to comment.

Since closing the takeover of Credit Suisse in June, UBS has outlined major targets for the integration of its former rival including 3,000 domestic job cuts and more than $10bn in cost savings. That's likely to be a fraction of the roles to disappear globally.

The reductions come as other banks such as Barclays Plc and Goldman Sachs Group Inc. also trim headcount. Barclays plans to dismiss about 5% of client-facing staff in the trading division as well as some dealmakers globally as part of the cuts, Bloomberg News has reported.

UBS, based in Zurich, completed its 3bn franc ($3.4bn) purchase of the smaller Swiss firm following an emergency government-brokered deal earlier this year. In the months that followed, global wealth boss Iqbal Khan hosted celebratory events in Hong Kong and Singapore to rally his enlarged crew to gather more fee-generating assets.

Asia had been earmarked as one of the regions to be spared deep cuts in a bet on the region's lucrative clients, Bloomberg previously reported. UBS had about 850 private bankers in the region at year-end, while Credit Suisse had 580, according to data from Asian Private Banker.

Still, a steady trickle of exits has included even senior bankers who recently joined. Gautam Anand, a managing director in Singapore hired from Credit Suisse last year, is no longer with UBS as of end-August, according to the Monetary Authority of Singapore's registry.

Apple renews Qualcomm deal in sign its own modem chip isn't ready

Bloomberg
New York

Apple Inc is extending an agreement to get modem semiconductors from Qualcomm Inc for three more years, a sign that its ambitious effort to design the chips in-house is taking longer than expected. Qualcomm shares surged on the news.

The new pact will cover "smartphone launches in 2024, 2025 and 2026," Qualcomm said in a statement yesterday. The companies' agreement had been set to end this year, and the latest iPhone — due today — was expected to be one of the last to rely on the Qualcomm modem chip.

Instead, Qualcomm will maintain its lucrative position within Apple's supply chain. The iPhone maker is Qualcomm's largest customer — accounting for nearly a quarter of revenue, according to data compiled by Bloomberg. And their relationship helps validate Qualcomm's claim to having the best smartphone modem, a critical component that allows devices to connect to the internet and make calls. Starting with the iPhone 12 generation, the chip has supported speedier 5G networks.

"This agreement reinforces Qualcomm's track record of sustained leadership across 5G technologies and products," the San Diego-based chipmaker said. Though the financial terms of the new deal weren't disclosed, Qualcomm said it was similar to the previous arrangement signed in 2019.

Qualcomm shares rose 4.3% in New York yesterday. Apple was up 1.2%.

The Apple App Store app on a smartphone in an arranged photograph in New York. Apple is extending an agreement to get modem semiconductors from Qualcomm for three more years, a sign that its ambitious effort to design the chips in-house is taking longer than expected.

For Apple, the move suggests that building a modem component has been more challenging than expected. The effort has been years in the works. The Cupertino, California-based company kicked off the project in 2018 and then bolstered it with the acquisition of Intel Corp's smartphone chip business in 2019.

By 2020, Apple heralded the development of its own modem as a "key strategy transition." Johny Srouji, its chip chief, said at the time that the work was full speed ahead.

Some analysts expected the component to be ready for the 2023 iPhone, but Qualcomm quashed that speculation last year. Apple was still looking to ship the modem at either the end of 2024 or in early 2025, Bloomberg News previously reported. Now the project has a longer runway before it needs to be ready.

It's been a difficult undertaking: Apple needs a chip that can connect to various cellular networks globally without fail, while offering as good or better performance as Qualcomm. It's run into trouble with battery life, and there are bureaucratic challenges, such as certifying the modem with authorities.

The company's in-house chip push — branded as Apple Silicon — has had more success elsewhere. Apple replaced the Intel processors in its Macs over the past three years without many hitches, and the battery life and performance gains of those machines have been a selling point.

The company also has been working to replace other semiconductors within the iPhone, including a key Broadcom Inc part. Like Qualcomm, Broadcom counts Apple as its biggest customer. As part of the push, Apple has staffed up in Southern California, where Qualcomm and Broadcom both have offices, aiming to recruit chip talent. The company has teams working on the new wireless chips in Cupertino, San Diego and Germany.

The new agreement comes just a day before Apple's biggest announcement of the year. The company is set to unveil the iPhone 15, as well as updated Apple Watches and AirPods, at a presentation today. It's counting on the products to help reverse a sales slide that has lasted for three quarters. The iPhone is Apple's largest single moneymaker, accounting for roughly half of its revenue.

Qualcomm, the world's largest maker of smartphone chips, has had a turbulent relationship with Apple over the years.

Apple waged legal challenges against a key tenet of Qualcomm's business model: Charging licensing fees for patents that govern the fundamentals of how wireless phone networks operate. Apple eventually lost that fight and agreed, like other major phone makers, to license Qualcomm's technology. That arrangement will run until 2025, with the option to extend it for another two years.

Because wireless carriers around the world use a wide range of equipment and standards, it's hard to design technology that works seamlessly. A modem chip has to be able to quickly connect to older 3G and 4G networks, as well as more modern 5G systems. Since the advent of data-centric phones, Qualcomm has led the field.

Though the new contract extends until 2026, Apple could still start using its own modem before then. The company has been planning to gradually roll out the component.

EU cuts its outlook for eurozone economy

Bloomberg
Frankfurt

The European Commission cut its outlook for the euro-area economy, predicting it will be dragged down this year by a contraction in Germany.

Output in the 20-nation currency bloc will rise by 0.8% in 2023, compared with an earlier forecast for 1.1% growth, according to updated projections published yesterday by the European Union (EU)'s executive arm. Next year's outlook was lowered by the same amount, to 1.3%.

The region's biggest economy is largely to blame. Germany, which had been expected to grow in 2023, is now facing a decline of 0.4%. The Netherlands saw an even heftier downward revision, to 0.5% from 1.8%. Spain and France, at the other end of the spectrum, are set to aid expansion.

Inflation will stay elevated and won't retreat to the European Central Bank's 2% goal. It's seen at 5.6% this year, a little lower than previously envisaged, but a touch higher in 2024, at 2.9%.

The fresh numbers may stoke fears that the euro zone is becoming mired in a prolonged period of subdued growth and above-target inflation.

They may also offer a likely flavour of the ECB's own quarterly outlook, which is due on Thursday and will help officials determine whether to extend or pause their historic bout of interest-rate hikes.

"Weakness in domestic demand, in particular consumption, shows that high, and still increasing consumer prices for most goods and services, are taking a heavy toll," the commission said. "The weaker growth momentum in the EU is expected to extend to 2024, and the impact of tight monetary policy is set to continue restraining economic activity."

Despite dodging a recession in the wake of Russia's attack on Ukraine, the euro region is struggling under the weight of higher energy prices, a surge in borrowing costs and waning demand in export markets like China.

Data released last week revealed output in the bloc barely grew in the three months through June, revised lower due to poor foreign sales. Surveys of purchasing managers point to a tough third quarter as Europe's services sector follows manufacturing into a contraction.

Nowhere are such problems on starker display than in Germany, which has been weighed down primarily by a manufacturing slump. After enduring a winter downturn, its economy failed to expand in the second quarter and could shrink by 0.3% in the third, according to a forecast last week from the Kiel Institute.

"Of course the German economy has an impact for other countries," EU Economy Commissioner Paolo Gentiloni told a news conference. "Overall, if the largest economy of the union is in negative — slightly negative — growth, this is affecting everyone."

Speaking later to Bloomberg Television, he played down this risks of stagflation setting in for Europe.

"It's too soon to say that we're in a stagflation framework," Gentiloni said. "Is this something of long duration? Our estimate is that we will have probably a rebound already next year."

The souring backdrop has nevertheless been on the minds of several ECB officials who say it's time to halt the forceful tightening campaign they embarked on just over a year ago. Others, though, have signalled they'd be comfortable with a mild recession if that's needed to get inflation back to 2%.

Investors are "maybe" underestimating the likelihood of a 10th straight rate hike, Governing Council member Klaas Knot told Bloomberg last week.

"Monetary tightening may weigh on economic activity more heavily than expected," the commission said.

EM stocks and currencies rebound as dollar falls

Reuters
Singapore

Emerging market currencies climbed yesterday as the dollar lost steam in the run-up to key US inflation data due later this week, while stocks in the region received a boost from China's fresh stimulus measures to revive investor confidence.

MSCI's index for emerging market currencies rose 0.3%, with the dollar weakening ahead of Wednesday's US consumer prices data that will shape expectations for the interest rate trajectory in the world's largest economy.

Recent evidence of resilience in the US economy had spurred concerns of higher-for-longer interest rates, helping the greenback log its eighth consecutive week in the green last week. Risk-sensitive emerging market (EM) currencies took a hit.

"Even though the inflation rate is likely to have turned out slightly higher again due to higher petrol prices, the increase in the core rate should again be in line with the achievement of the inflation target," Commerzbank's FX analyst Esther Reichelt said in a note.

EM stocks advanced 0.2%, bouncing off their lowest level in two weeks hit in the previous session.

Aiding sentiment, Chinese regulators held a meeting with domestic and overseas investors and also reduced the risk weighting attached to insurance companies' holdings of blue-chip shares and tech stocks. Broader Chinese stocks gained 0.7%, though Hong Kong's Hang Seng Index dropped 0.6% on a drag from technology and property shares.

The yuan rebounded from a 16-year low against the dollar as China's central bank set the midpoint rate around which the yuan is allowed to trade, with the strongest bias on record.

Turkiye's lira was flat at 26.87 to the dollar. Data showed the country's current account deficit stood at $5.466bn in July, more than a Reuters forecast, while industrial production fell 0.4% on a monthly basis.

Global ratings agency Fitch on Friday upgraded Turkiye's foreign currency outlook to "stable" following a shift in the country's economic policy.

The Polish zloty was flat against the euro, after a steep decline in the prior week, following a 75-basis-point rate cut from the country's central bank.

Polish central banker Ludwik Kotecki said he expects a pause in rate cuts in October.

Focus was also on the aftermath of Morocco's deadliest earthquake in more than six decades that hit the country late on Friday, with the death toll rising to more than 2,100.

Most Asian markets advance as US inflation data looms

AFP
Hong Kong

Asian equity markets mostly advanced yesterday as investors turn their attention to a key US inflation report later in the week, hoping for a reading that will ease concerns about the Federal Reserve's interest rate plans.

In Tokyo, the Nikkei 225 closed down 0.4% to 32,467.76 points; Hong Kong — Hang Seng Index ended down 0.6% to 18,096.45 points and Shanghai — Composite closed up 0.8% to 3,142.78 points yesterday.

After a slow start Asian traders turned more positive through the day and tracked last week's gains on Wall Street, with data showing a pick-up in Chinese inflation giving a lift to sentiment.

With few catalysts to drive activity, Wednesday's US consumer price index figures are a focal point, particularly as the Fed has insisted its future rate decisions would be driven by data.

Traders have been in retreat over the past week after a string of readings suggested the economy and labour market remained resilient despite more than a year of monetary tightening.

That has revived talk that the central bank could lift rates again before the end of the year or keep them elevated for an extended period.

The bank policy board is due to meet next week, while the European Central Bank will announce its decision on Thursday.

"The data remains indicative of the fact that even if the Fed were to pause in September, they would potentially not close the doors to further tightening," said Saxo Group's Redmond Wong.

Hong Kong dipped, but pared hefty morning losses, as it played catch-up with a regional retreat on Friday, when the city was shut down by a heavy storm.

Tokyo, Taipei, Bangkok and Wellington also fell.

But Shanghai, Sydney, Seoul, Singapore, Mumbai, Manila and Jakarta were all in positive territory, along with London, Paris and Frankfurt.

Traders took heart from news that China's consumer price index rebounded in August, having contracted the month before. While the 0.1% rise was less than expected, it gave traders some hope that the economy is slowly on the mend after a painful 2023 so far.

US Treasury Secretary Janet Yellen looked to calm worries that the long-running rate hikes would cause a recession in the world's top economy, saying she was optimistic it was on course for a soft landing.

"I am feeling very good about that prediction," she said on Sunday. "I think you'd have to say we're on a path that looks exactly like that." She added: "Every measure of inflation is on the road down."

On currency markets, the yen picked up after sinking last week to a 10-month low against the dollar, with support coming from comments seen as hawkish by Bank of Japan (BoJ) boss Kazuo Ueda.

He told the *Yomiuri* newspaper that policymakers would have a better idea later in the year about wage rises, a key data point for rate decisions.

The yen has tumbled around 10% owing to the BoJ's refusal to move away from its ultra-loose monetary policy, even as the Fed pushed borrowing costs to a two-decade high.

SoFi's full-service ambitions face key test with Instacart IPO

Bloomberg
New York

SoFi Technologies Inc's effort to transition from upstart fintech firm to the big leagues of financial institutions will face an important step possibly as soon as next week when the company helps take Instacart Inc public.

SoFi is one of 20 banks underwriting the initial public offering, which a filing yesterday showed could raise as much as $616mn. The move marks SoFi's first foray into a business that comes with the promise of big fees and reputational prowess.

The San Francisco-based company has long been known as an online lender to college students and those seeking personal loans, and it has helped launch five blank-check firms in recent years. But it has yet to crack into a traditional IPO market that's been all but dormant for the past 18 months.

The firm has been open about its plans to become a top 10 financial institution in the US, and Chief Executive Officer Anthony Noto highlighted its role in Instacart's listing as part of its goals at a Goldman Sachs Group Inc. conference last week.

The underwriting marks a key step for SoFi in its "broader ambition of being a full-service financial firm and not just an online student and personal loan lender," according to Morningstar analyst Michael Miller. Instacart will mark its "first real success," he said.

The listing by Instacart may value the grocery-delivery business at as much as $9.3bn.

The company plans to sell 14.1mn new shares at a range of $26 to $28 each, it said in the filing. The firm will now hit the road with its bankers to court investors, and is considering pricing the listing on September 19. SoFi's position may give Instacart more access to the type of retail investors that fuelled the meme-stock mania in 2021 and pushed shares of money-losing electric vehicle startups to nose-bleed valuations.

The logo for Social Finance (SoFi) on a smartphone. SoFi Technologies' effort to transition from upstart fintech firm to the big leagues of financial institutions will face an important step possibly as soon as next week when the company helps take Instacart Inc public.

"SoFi's role highlights the growing importance of millennials who are attractive customers for both companies," said Roth MKM analyst Rohit Kulkarni.

A SoFi representative didn't respond to requests for a comment.

SoFi expects to turn a profit for the first time by the end of the year as it expands beyond student loans and beefs up its offerings.

The company expanded into mortgages and other parts of the financial-services market before going public in 2021 by merging with a special purpose acquisition company.

Instacart is one of a trio of higher-profile listings expected to go public in the coming weeks, along with semiconductor designer Arm Holdings Ltd and marketing and data automation provider Klaviyo. For the banks working on Arm's more than $5bn IPO, fees could be upwards of $100mn, showcasing the hefty returns the underwriting business can offer.

The success of those debuts also stands to be a crucial test for Wall Street banks that have been deprived of IPO fees for the better part of two years as that market has been in the doldrums.

However, SoFi will face stiff competition as it attempts to build on its Instacart work and get in on more of the action as public-market fundraising picks up.

That's in part because the firm lacks the scale and experience of other potential underwriters, said Morningstar's Miller.

The online bank will play a secondary role to the lead underwriters on Instacart's listing — Goldman Sachs and JPMorgan Chase & Co — and is expected to cater to its retail clients.

"Working with SoFi will give them broader exposure with retail traders than if they had just used another traditional underwriter, but it's hard to say if that's what led to the decision," Miller said. "It could just be a question of what SoFi offered to take part of the deal."

Qatar Chamber, Portugal Trade & Investment Agency review ways to enhance ties

Officials of Qatar Chamber and the Trade & Investment Agency (AICEP Portugal Global) held a meeting yesterday to discuss ways to enhance co-operation and explore available opportunities for collaboration and partnerships between Qatari and Portuguese companies.

Qatar Chamber second vice-chairman Rashid bin Hamad al-Athba discussed various topics with AICEP economic counsellor Portugal Global Manuel Couto Miranda in the presence of Portuguese ambassador Paulo Neves Pocinho.

Al-Athba praised the relations between Qatar and Portugal across various fields and stressed the chamber's commitment to fostering co-operation between businesses and companies from both sides. Al-Athba also highlighted the mutual benefits to both economies.

He stressed that Qatar offers an attractive investment climate, welcoming all types of investments, particularly with its world-class infrastructure and free zones that provide numerous incentives to attract investors.

Miranda underscored Portugal's interest in strengthening co-operation with Qatar and attracting Qatari investments to Portugal, while also exploring opportunities for investments in both directions.

Qatar Chamber second vice-chairman Rashid bin Hamad al-Athba and AICEP economic counsellor Portugal Global Manuel Couto Miranda during a meeting in Doha.

He invited Qatar Chamber and Qatari businessmen to visit Portugal and explore the available investment opportunities.

He also expressed Portugal's readiness to sign a memorandum of understanding to facilitate co-operation, co-ordination, and exchange of visits and investments between the two sides.

Miranda invited Qatar Chamber representatives to visit Portugal and discover the country's abundant investment opportunities and favourable investment climate. He said Portugal offers various incentives in sectors, such as energy, construction materials, infrastructure, and food products.

He also highlighted the upcoming 'Web Summit 2023' scheduled in November in Lisbon and encouraged Qatari firms to participate in the event, which is the largest event in the technology sector. Additionally, he noted that Qatar would host the summit in February 2024, assuring that many Portuguese companies are expected to participate.

Qatari crude oil prices average $80.83 from January to August: QNBFS

By Pratap John
Business Editor

Qatari crude oil prices, both Dukhan and Marine, increased by 7.7% to average $86.62/barrel in August, indicated QNB Financial Services (QNBFS) calculations based on Bloomberg data.

This compares with $80.45/b in July, QNBFS said yesterday.

Qatari crude oil prices averaged $80.83/b for the year 2023 as at month-end August, QNBFS said citing Bloomberg data.

Qatar's budget for the current fiscal is heading towards a surplus, probably higher than envisaged, as Qatari crude averaged $80.83 per barrel from January to August in place of the budgeted $65 per barrel for fiscal 2023.

Earlier, the Ministry of Finance estimated the budget surplus at QR29bn for the entire 2023.

Qatari crude (including Dukhan and Marine) averaged $83.61 per barrel in January this year, $83.52/b (February), $75.80/b (March), $84.59/b (April), $76.13/b (May), $75.94/b (June), and $80.45/b (July).

In the first quarter (Q1) of this year, Qatar already generated budget surplus of QR19.7bn, the Ministry of Finance revealed in June.

In its briefing on the actual data of Qatar's budget in Q1 of 2023, the ministry said the total revenues for the quarter amounted to QR68.6bn, of which QR63.4bn were oil and gas revenues, while non-oil revenues amounted to QR5.2bn.

The total expenditures in the same quarter of 2023 amounted to QR48.9bn, of which QR15.6bn was spent on salaries and wages and QR17.3bn on current expenses, while secondary capital expenditures amounted to QR1bn and major capital expenditures amounted to QR15.1bn, the statement noted.

While releasing Qatar's budget for the fiscal year 2023, HE the Minister of Finance Ali bin Ahmed al-Kuwari had said the surplus would be directed towards paying off Qatar's public debt, supporting the reserves of Qatar Central Bank, and increasing the capital of the Qatar Investment Authority.

He pointed out that an average oil price of $65 per barrel, on the basis of which the general budget for the year 2023 was built, is a conservative price adopted by the Ministry of Finance as part of its strategy to ensure the ability to allocate financial resources for existing commitments expected during the year, besides financing programmes and projects included in the national development strategy.

Qatar sees 666 building permits issued in August, says PSA

By Santhosh V Perumal
Business Reporter

Qatar saw as many as 666 building permits issued in August 2023, growing 5% month-on-month, mainly on faster pace in permits issued in Umm Slal, Al Khor, Doha and Al Daayen municipalities, according to the figures released by the Planning and Statistics Authority.

Al Rayyan, Doha and Al Wakra municipalities together constituted 67% of the total building permit issued in August 2023.

The building permits data is of particular importance as it is considered an indicator for the performance of the construction sector which in turn occupies a significant position in the national economy.

Of the total number of new building permits issued, Al Rayyan constituted 61 permits, i.e. 24% of the total; followed by Doha 152 permits (23%), Al Wakra 134 permits (20%), Al Daayen 109 permits (16%), Umm Slal 48 permits (7%), Al Khor 41 permits (6%), Al Shahaniya 14 permits (2%), and Al Shamal seven permits (1%) in the review period.

On a monthly basis, the total building permits issued in Umm Slal saw a 78% surge, Al Khor 17%, Doha 9% and Al Daayen 2%; whereas those in Al Shamal, Al Wakra and Al Rayyan witnessed 36%, 3% and 1% decrease respectively in August 2023. In the case of Al Shahaniya, the permits issued were flat.

Total building permits issued in Al Shamal plummeted 53.3% year-on-year this August, followed by Al Shahaniya (36.4%), Al Wakra (23.9%), Al Rayyan (21.5%), Doha (16.5%) and Al Daayen (9.9%); those in Al Khor and Umm Slal reported 57.7% and 29.7% growth respectively.

The new building permits (residential and non-residential) constituted 249 permits or 37% of the total building permits issued in August 2023, additions 386 (58%) and fencing 31 (5%).

Of the new residential buildings permits, villas topped the list, accounting for 90% (190 permits), apartments 5% (10) and dwellings on housing loans 4% (nine).

Among the non-residential sector, commercial structures accounted for 38% or 15 permits, the industrial buildings as workshops and factories 33% (13 permits) and mosques 15% (six permits).

Qatar saw a total of 384 building completion certificates issued in August 2023, of which 321 or 84% was for the new buildings (residential and non-residential) and 63 or 16% for additions.

The total building completion certificates issued in the country saw a 3% month-on-month decline in August 2023 with Al Khor registering 47% plunge, followed by Wakra (24%), and Al Daayen (21%). In the case of Al Shahaniya, there was a 200% surge, Umm Slal (61%), Al Shamal (50%), Al Rayyan (7%) and Doha (2%).

The total building completion certificates issued in the country saw a 4.2% dip on an annualised basis in August 2023 with Al Wakra registering 28.4% shrinkage, followed by Doha (14.8%), Al Daayen (9%) and Umm Slal (2.2%); while Al Shamal saw 71.4% surge, Al Khor (42.9%), Al Shahaniya (33.3%) and Al Rayyan (17.3%).

Al Rayyan constituted 115 certificates or 30% of the total number of certificates issued in the review period, Al Wakra 73 (19%), Al Daayen 71 (18%), Doha 46 (12%), Umm Slal 45 (12%), Al Shamal 12 (3%), Al Shahaniya 12 (3%), and Al Khor 10 (3%) in August 2023.

Of the 264 residential buildings completion certificates issued this July, as many as 227 were for villas, 18 dwelling on housing loans, 13 for apartments and six others.

Of the 227 villas completion certificates issued in August 2023, as many as 74 were in Al Rayyan, 54 in Al Daayen, 33 in Umm Slal, 28 in Al Wakra, 15 in Doha, 10 in Al Shahaniya, seven in Al Khor and , six in Al Shamal. In the case of 13 apartments, Al Daayen issued five completion certificates; four in Doha, two in Al Rayyan, and one each in Al Wakra and Umm Slal.

In 2022, the value of Qatar's total exports (including exports of domestic goods and re-exports) amounted to QR476.7bn, which increased by 50.2% on an annualised basis

Qatar's trade surplus soars 65% year-on-year in 2022; Asia principal destination: PSA

By Santhosh V Perumal
Business Reporter

Qatar's merchandise trade surplus soared 64.6% year-on-year to QR354.85bn in 2022 with Asia being the principal destination of exports and the first origin of Qatar's imports, according to the official estimates.

However, trade surplus witnessed a considerable slowdown from 129.5% increase in 2021, but far better than the 41% and 16.8% plunge in 2020 and 2019 respectively, according to the figures released by the Planning and Statistics Authority.

Asia was the principal destination of Qatar's exports and the first origin of Qatar's imports, representing 66.2% and 39.5% respectively, followed by the European Union, accounting for 22.7% and 27.1% respectively, and the GCC or Gulf Co-operation Council with 6.8% and 5.4% respectively.

In 2022, the value of Qatar's total exports (including exports of domestic goods and re-exports) amounted to QR476.7bn, which increased by 50.2% on an annualised basis. Exports had seen a 69.3% expansion in 2021; whereas in 2020 and 2019, they reported 29.4% and 13.5% contraction respectively.

The robust expansion in total exports during 2022 was mainly due to increased shipments of mineral fuels, lubricants, and related materials by QR148.2bn, registering a growth of 55.3%; chemicals and related products by QR7.5bn (25.7%); manufactured goods classified chiefly by material by QR2.4bn (28.9%); crude materials, inedible, except fuels by QR1.2bn (52.8%); miscellaneous manufactured articles by QR0.9bn (85.2%). On other hand, machinery and transport equipment exports fell by QR1bn (11.3%).

Qatar's imports in 2022 was QR121.9bn; increasing by 19.6% on a yearly basis. Imports witnessed an 8.9% increase in 2021 but reported 11.9% and 7.9% shrinkage in 2020 and 2019 respectively.

The increase in imports during 2022 has been on miscellaneous manufactured articles by QR9bn (50.2%); machinery and transport equipment by QR3.4bn (8.6%); food and live animals by QR3.3bn (31.1%); chemicals and related products by QR1.3bn (12.7%); manufactured goods classified chiefly by material by QR1.3bn (8.2%); mineral fuels, lubricants and related materials by QR1.1bn (102.4%); and crude materials, and inedible, except fuels, by QR0.5bn (11.8%).

The country's trade volume shot up 42.8% year-on-year to QR598.58bn in 2022 with Asia's share at QR363.71bn or 60.76% of the total volume; followed by European Union QR141.31bn (23.61%), the GCC QR39.11bn (6.53%), and the US QR24.37bn (4.07%) in the review period.

In 2022, trade volume with other European countries amounted to QR9.4bn, other American countries (QR5.08bn), Oceania (QR4.5bn), Africa, except Arab countries (QR4.34bn), other Arab countries (QR3.92bn), and other non-specified countries (QR2.85bn).

USQBC welcomes Qatar Free Zones Authority as new esteemed member

The US-Qatar Business Council (USQBC) has announced the addition of the Qatar Free Zones Authority (QFZ) to its distinguished roster of members.

This will enhance and promote the mutually beneficial commercial ties between the US and Qatar, a mission shared by both USQBC and QFZ.

The USQBC, a prominent advocate for fostering mutual economic growth, works diligently to develop and support business ties between the two nations. With a vision of creating a seamless and lasting partnership, based on shared interests and robust connections in bilateral relations including business and culture. The council is dedicated to nurturing and enhancing the relationship between the US and Qatar.

"The inclusion of Qatar Free Zones Authority in the US-Qatar Business Council family highlights our shared commitment to nurturing prosperous business ventures between our two countries. This partnership comes at a crucial time as we seek to expand opportunities for collaboration, trade, and investment between the US and Qatar," stated Sheikha Mayes bint Hamad al-Thani, managing director of the USQBC in Qatar. QFZ CEO Sheikh Mohamed H F al-Thani, said: "The US-Qatar Business Council exemplifies the shared commitment of both countries to foster collaboration, promote the exchange of ideas, and enhance networking possibilities. The partnership reflects QFZ's ability to enable expansion, connectivity, and growth opportunities for businesses in Qatar and the US.

"Joining the council serves to strengthen QFZ's role in delivering long-term solutions for businesses while supporting Qatar's continued growth and economic diversification. We look forward to propelling our respective nations to new heights, accelerating bilateral investment, and establishing new trade opportunities." QFZ provides state-of-the-art infrastructure, leveraging Qatar's seamless connectivity and talent.

Since 2020, QFZ has played a significant role in facilitating and enabling the trade operations of businesses both regionally and globally and remains a central driver in the nation's economic growth and development.

The USQBC develops, supports, and advances the bilateral business relationship between the US and Qatar.

With a vision of a seamless and permanent partnership based on mutual interests and strong relations, the council is dedicated to enhancing the economic, commercial, and cultural ties between the two nations.

QFZ was established in 2018 and launched soft operations in 2020 to oversee and regulate world-class free zones in Qatar and secure fixed investments within the zones. QFZ offers outstanding opportunities and benefits for businesses seeking to establish operations and expand regionally and globally, providing quality infrastructure, a skilled workforce, 100% foreign ownership, access to investment funds, tax exemptions and partnership opportunities with Qatari entities.

For more information about USQBC and its initiatives, visit https://usqbc.org and explore the business portal at https://portal.usqbc.org

To learn more about QFZ and the exceptional opportunities it provides for businesses, visit https://qfz.gov.qa/