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# GULF TIMES BUSINESS



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## Drop in currency issued in July; but QR200, QR100, QR50 and QR10 post double-digit growth: QCB

**By Santhosh V Perumal**  
Business Reporter

Denominations such as QR200, QR100, QR50 and QR10 showed higher demand as their issuance saw a double-digit annual growth against a dip in QR500 and overall currency issued in the country in July 2023, according to the Qatar Central Bank (QCB) data.

Total currency issued amounted to QR21.87bn in July 2023, registering a 6.14% fall on an annualised basis. Notes issued recorded a 6.15% shrinkage to QR21.81bn but coins issued were higher by 5.39% to QR62.73mn, according to figures released by

the central bank.

The currency issued refers to those issued by the QCB, consisting of currency with the public and cash in vaults with the commercial banks.

Within the notes, the denomination of QR50 saw the fastest year-on-year growth, followed by QR100, QR200, QR10 and QR5 in the review period.

The QR50 denomination saw 36.94% surge year-on-year to QR1.52bn in July 2023. Its issuance constituted 6.97% of the total notes issued at the end of July 2023.

In the case of QR100 denomination, issuance witnessed a 25.28% increase

**Notes issued recorded a 6.15% shrinkage to QR21.81bn but coins issued were higher by 5.39% to QR62.73mn**

year-on-year to QR2.23bn in July 2023. The issuance constituted 10.22% of the total notes issuance at the end of July 2023.

QR10 witnessed a 17.24% year-on-year growth to QR0.68bn in July 2023. Its issuance accounted for 3.12% of the total notes issued in the review period.

In the case of QR200 denomination, its issuance amounted to QR2.46bn or 11.28% of the total issued in July

2023. The issuance of QR200, which was put into circulation in 2020, saw a 10.81% year-on-year jump in the review period.

The introduction of QR200 “aims to bridge the gap between the QR100 and QR500”, executive director of the Public Debt, Banking Affairs and Issuance at the QCB, Mohamed Jassim al-Kuwari, had said at the time of announcing the new series.

The denomination came as part of the QCB introducing the fifth series in the country’s currency regime.

The QR5 notes issuance witnessed a 3.03% jump year-on-year to QR0.34bn in July this year. The issuance of this

denomination constituted 1.56% of the total notes issued in the review period.

However, the QR500 has seen its issuance decline 15.37% to value at QR14.43bn, which is 66.16% of the total issuance of notes at the end of July 2023.

The QR1 has witnessed a 5.88% contraction year-on-year to QR0.16bn in July 2023. The denomination’s issuance constituted 0.73% of the total value of notes issued at the end of July 2023.

Within coins, the 50 dirhams witnessed a 5.39% increase to QR62.73mn and the 25 dirhams denomination saw its issuance expand 7.05% year-on-year to QR18.98mn in July 2023.



Total currency issued amounted to QR21.87bn in July 2023, registering a 6.14% fall on an annualised basis, according to QCB data. **PICTURE:** Bonnie James

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# Interest rates near peak but uncertainty persists

■ **Indications that global interest rates are nearing their peak is welcome, but given that they are unlikely to be cut soon, other fiscal policy responses may be needed**

By Fahad Badar

Signals from central banks around the world are starting to indicate that interest rates have reached their peak. A sustained period of increases, from near zero to a range of 5-6% since the beginning of 2022, are starting to have an effect. There has been a time lag, as there inevitably is, and policymakers now balance their concerns over inflation with acknowledgement that aggressive hikes could tip economies into recession. Employment data from the US in early September gave encouragement that the next decision on Federal interest rates would be a hold, rather than an increase. They showed a cooling labour market, but only slightly, and new jobs still being created. Monthly wage growth was 0.2%, lower than forecast.

Inflation is reduced; the consumer price index was just above 3% in July, slightly higher than June but much lower than the peak of 9.1%. The relatively benign data holds out the hope that policy-makers can curb inflation without causing a recession. At the annual meeting of the Federal Reserve in Jackson Hole, Wyoming in late August, chairman Jay Powell indicated a possibility that rates could still be increased further, but added that 'doing too much could also cause unnecessary damage to the economy.' For much of the past year, there has been a mixed and unusual combination of economic indicators. There is growth in some markets, not in others, and inflation rates have varied. So the more subdued recent data has come as a relief. If that was the good news, it was tempered by a gloomier outlook for the medium term. Most economists judge that relatively high rates will persist, and project that growth will be lower in 2024 than 2023. Long-term bond yields are lower than short-term yields, and an inverted yield curve is generally consistent with recessionary conditions. While Federal interest rates may not be increased further, they are unlikely to be



cut until inflation is at, or near, the 2% target. Some argue that this is too low, and that a target inflation rate of around 3% would enable a better balance between control of inflation and economic growth. But for the foreseeable future, the targeted rate is unlikely to change. For Qatar, the challenge is that the local trends are different from global indicators, while the currency - and therefore interest rate - is linked to the US dollar. Both growth and inflation are low. There has been a post-World Cup economic

slowdown, caused both by the inevitable end to the short-term tourism boom and the infrastructure programmes that preceded it. With the currency linked to the dollar, the Qatar Central Bank had no choice but to follow the most recent increase in the rate in July, which it did so. The deposit rate was increased 0.25% to 5.75% and the lending rate by the same proportion to 6.25%. Other Gulf economies also raised rates in July. A higher rate is not ideal for Gulf economies, where inflation is subdued, in the range 2.1-3.3%, lower than in many western economies. So, additional stimulus measures will be needed. The Qatar Central Bank has taken measures to protect citizens from the economic costs of higher interest rates. A cumulative 375 basis points increase in the 18 months between the beginning of 2022 and mid-2023, has had a considerable impact. The Qatar Central Bank has announced an exemption from the most recent interest rate increase for consumer financing. There are also exemptions on commercial loans for strategically important sectors of the economy. This has been announced through a regulatory order, and it is

expected that the banks will bear the cost. While there will be a cost for the banks, their profits have been healthy, moreover they stand to benefit from enhanced economic activity that the measures are aimed to produce. So there is economic self-interest as well as a statutory order to support the policy. This is a pragmatic move that should help to sustain consumer spending power and economic development. While the policy choices have been difficult for the Qatar Central Bank, monetary policy is not the only means of encouraging economic growth. Another has been a change to mortgage lending regulation, enabling longer term repayments. While shielding sectors of the economy from a 25 basis point increase in interest rates may not have a significant impact on its own, it is a reassuring indicator that policy-makers are alive to the risk to economic growth of a sustained period of higher interest rates, and the need for imaginative and pragmatic policy responses.

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

## Qatar Chamber Gold Committee reviews customs-related obstacles

Qatar Chamber's Gold Committee yesterday reviewed customs-related obstacles and presented several suggestions to the government to overcome such hindrances.

Nasser bin Sulaiman al-Haider, chairman of the Gold and Jewellery Committee, presided over the third meeting held at the chamber's venue in the presence of other members.

The meeting was attended by Sultan Abdul Latif al-Nuaimi, Director of the Exemptions and Suspended Fees Department at the General Authority of Customs (GAC).

The meeting touched on the most prominent obstacles facing the sector which are related to the customs procedures and fees.

The GAC's representative delivered several recommendations to facilitate corporate grounding procedures, which were highly acclaimed by the committee's members.

The meeting also reviewed procedures related to the export-import process, and mechanism to improve



The meeting of Qatar Chamber Gold Committee with the GAC on measures to overcome customs-related obstacles. The meeting touched on the most prominent obstacles facing the sector which are related to the customs procedures and fees.

companies' customs clearance procedures. Al-Nuaimi said that the authority prevents the entry of counterfeit products and there are strict measures in this regard, adding that tariffs are uniform duties

in the GCC or Gulf Co-operation Council countries.

He also highlighted the existence of customs exemptions between Qatar and the EFTA (European Free Trade Association) states.

The committee's members stressed that gold has a special nature, requiring different legislation and procedures to support the state's gold and jewellery industry and trade in the state.

## Abu Dhabi's Chimera, partners launch alternative investor Lunate with over \$50bn AUM

Reuters  
Dubai

Lunate, a newly set up Abu Dhabi-based alternative investment manager, said on Thursday it was launching with over \$50bn in assets under management (AUM) and a focus on private markets.

The firm is owned by its senior management and Chimera Investment, part of a vast business empire overseen by Sheikh Tahoun bin Zayed al-Nahyan, the United Arab Emirates' national security adviser and brother of UAE President Sheikh Mohamed bin Zayed.

Lunate is led by Khalifa al-Suwai-

di, Murtaza Hussain and Seif Fikry, its co-managing partners.

"The creation of Lunate follows a multi-party effort to establish an independent investment manager of scale and breadth, headquartered in Abu Dhabi and serving global markets," Lunate said in a statement. "Lunate will invest globally through a combination of Limited Partner (LP) commitments, co-investments and direct investments across private equity, venture capital, private credit, real assets, public equities, and public credit."

It has 150 employees and aims to expand globally and set up offices in North America, Europe and Asia.

Lunate will also invest in public markets alongside its focus on the

**Lunate has 150 employees and aims to expand globally and set up offices in North America, Europe and Asia**

private space and will target institutional investors and family offices, it said, adding it was one of the Middle East and North Africa's largest alternative investment managers.

Based in Abu Dhabi Global Market, the emirate's financial centre, it has signed long-term separate managed accounts (SMAs) with various clients. The firm will manage their existing assets and said they have committed to deploying new capital. It did not identify the clients.

Chimera is part of Sheikh Tah-

noun's private investment firm Royal Group, which is majority owner of the UAE's biggest listed firm, International Holding Company. Two of IHC's subsidiaries, Alpha Dhabi and Multiply Group, are the second- and third-largest listed firms on the Abu Dhabi Securities Exchange.

Sheikh Thanoun also chairs the Abu Dhabi Investment Authority, estimated by wealth fund tracker GlobalSWF to manage \$993bn in assets, and ADQ, Abu Dhabi's third-largest wealth fund.

ADQ and IHC said in March they would create a multi-asset class investment manager with global private equity firm General Atlantic as a strategic partner and investor.

## MoCI and Nama organise workshop on risk management for SMEs in Qatar

The Ministry of Commerce and Industry (MoCI), in co-operation with the Social Development Center (Nama), has organised a workshop on risk management, with the participation of entrepreneurs and owners of small and medium-sized enterprises (SMEs).

The workshop comes in line with MoCI's keenness to develop and educate entrepreneurs and SME owners, enhance their knowledge about risk management, and provide them with the needed expertise and skills in commercial affairs, in addition to identifying the challenges they face and overcoming them.

The workshop addressed the concepts and definition of risk management, and the role it plays in improving the decision-making process, its benefits, and its relationship to governance, security, and sustainability, in addition to showcasing the various internal and external threats companies usually face, and the concept of positive and negative risks.

Moreover, it defined the concepts and framework related to risk management and ways to specify, assess, and manage risks, in addition to stressing the importance of education and communication in managing risks.

The workshop also covered various aspects related to providing the participants with ways to evaluate risks in the enterprise, how to make improvements, how to effectively assess risks, and adopt the appropriate procedures and controls through the use of tools such as records, links, and risk matrix, in addition to exploring ways to deal with these risks following the best international practices, and the firm's capacity and risk tolerance.

### IMF welcomes new Lebanon central bank policies but calls for deep reforms

The International Monetary Fund (IMF) on Friday welcomed new policies enacted by Lebanon's central bank, but said deep reforms were still necessary as the crisis-stricken country's "outlook remains difficult and unstable," reports Reuters.

Lebanon's nearly four-year economic meltdown has cost the local currency roughly 98% of its value and impoverished thousands, but authorities have been slow to enact reforms.

That inaction "will weigh on the economy for years to come," said IMF mission chief Ernesto Rigo in a written statement at the end of a visit to Lebanon.

"The lack of political will to make difficult, yet critical, decisions to launch reforms leaves Lebanon with an impaired banking sector, inadequate public services, deteriorating infrastructure, worsening poverty and unemployment conditions, and a further widening of the income gap," he said.

Lebanon has not put in place a plan to restructure its banking sector and has not passed a capital controls law or a 2023 budget. The current draft budget "remains lacking in terms of timeliness and coverage," the IMF said on Friday.

The statement said Lebanon's central bank - now headed by acting governor Wassim Mansouri - had taken "steps in the right direction," including phasing out a controversial exchange platform and curbing monetary financing of the government. It said more steps, including the unification of varied exchange rates, were still needed.

## QSE edges down on across the board profit booking; M-cap melts QR3bn

By Santhosh V Perumal  
Business Reporter

The Qatar Stock Exchange yesterday opened the week on a weaker note with its key index losing as much as 66 points on the back of an across the board selling pressure, notably in the industrials and insurance sectors. The foreign funds were seen net profit takers as the 20-stock Qatar Index shed 0.64% to 10,253.49 points. The Arab retail investors' net buying was seen weakening in the main market, whose year-to-date losses widened further to 4%. About 56% of the traded constituents were in the red in the main bourse, whose capitalisation melted QR2.98bn or 0.49% to QR602.21bn with midcap segments losing the most. The foreign individuals' net buying slackened in the main market, which touched an intraday high of 10,365 points. However, the Gulf institutions were increasingly into net buying in the main bourse, which saw a total of 0.12mn exchange traded funds (sponsored by

Masraf Al Rayan and Doha Bank) valued at QR0.3mn changed hands across 13 deals. The local retail investors turned bullish in the main market, which saw no trading of sovereign bonds. The Islamic index was seen declining slower than the other indices in the main market, which saw no trading of treasury bills. The Total Return Index fell 0.64%, the All Share Index by 0.65% and the Al Rayan Islamic Index (Price) by 0.49% in the main bourse, whose trade turnover and volumes were on the decline. The industrials sector tanked 1.14%, insurance (0.75%), banks and financial services (0.61%), transport (0.46%), telecom (0.24%), consumer goods and services (0.09%) and real estate (0.04%). Major shakers in the main market included Qatari German Medical Devices, Mesaieed Petrochemical Holding, Al Khaleej Takaful, Gulf International Services, Meeza, QNB, Commercial Bank, Salam International Investment, Qatar National Cement, Estithmar Holding, Qamco, Mazaya Qatar and Vodafone Qatar. In the venture market, Mahhar Holding saw its shares depreciate in value.

Nevertheless, Dukhan Bank, Qatar General Insurance and Reinsurance, Doha Insurance, Medicare Group, Mannai Corporation and Aamal Company were among the gainers in the main bourse. The foreign institutions turned net sellers to the tune of QR29.11mn compared with net buyers of QR3.77mn on September 14. The Arab retail investors' net buying declined noticeably to QR6.9mn against QR10.87mn the previous trading day. The foreign individual investors' net buying shrank perceptibly to QR2.04mn compared to QR6.68mn last Thursday. However, the Gulf funds' net buying strengthened substantially to QR26.54mn against QR8.75mn on September 14. The local individuals were net buyers to the extent of QR4.93mn compared with net sellers of QR11.23mn the previous trading day. The domestic institutions' net profit booking weakened markedly to QR10.6mn against QR15.6mn last Thursday. The Gulf individual investors' net selling eased significantly to QR0.7mn compared to QR3.08mn on September 14.



The foreign funds were seen net profit takers as the 20-stock Qatar Index shed 0.64% to 10,253.49 points yesterday

The Arab institutions had no major net exposure against net sellers to the extent of QR0.16mn the previous trading day. Trade volumes in the main market dipped 31% to 210.79mn shares, value by 53% to

QR518.1mn and deals by 41% to 15,378. The venture market saw a 56% slump in trade volumes to 0.45mn equities, 57% in value to QR0.96mn and 35% in transactions to 73.



# A \$188bn exodus shows China’s heft fading in global markets

**Bloomberg**  
Hong Kong

A massive retreat of funds from Chinese stocks and bonds is diminishing the market's clout in global portfolios and accelerating its decoupling from the rest of the world.

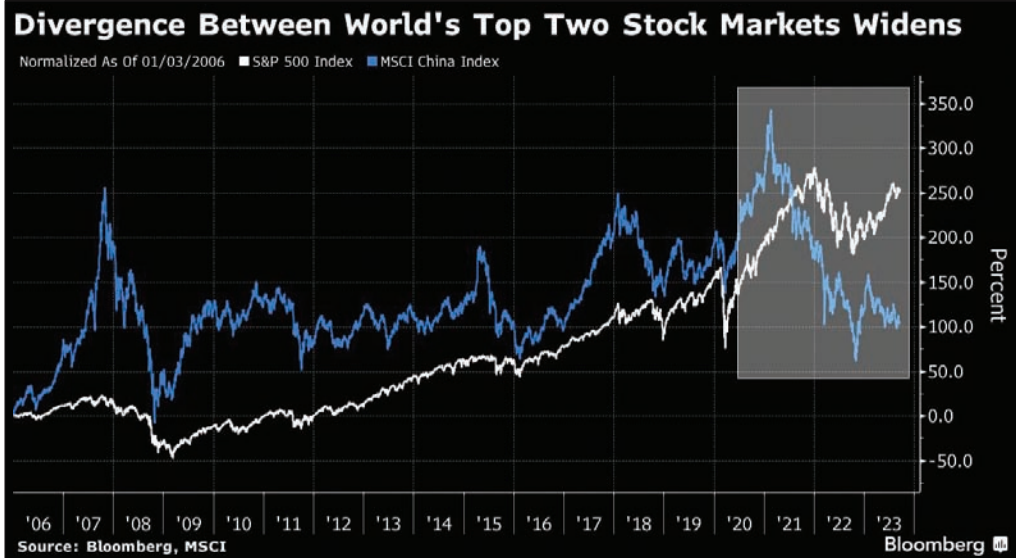
Foreign holdings of the nation's equities and debt have fallen by about 1.37tn yuan (\$188bn), or 17%, from a December-2021 peak through the end of June this year, according to Bloomberg calculations based on the latest data from the central bank. That's before onshore shares witnessed a record \$12bn outflow in August alone.

The exodus coincides with China's economic slump due to years of Covid restrictions, a property market crisis, and persistent tensions with the West — concerns that have helped make the “avoid China” theme one of the biggest convictions among investors in Bank of America's latest survey.

Foreign fund participation in the Hong Kong stock market has dropped by more than a third since the end of 2020.

“Foreigners are just throwing in the towel,” said Zhikai Chen, head of Asia and global EM equities at BNP Paribas Asset Management. There's anxiety about the property market and a slowdown in consumer spending, he said. “Disappointment on those fronts has led to a lot of foreign investors rethinking their exposure.” While China's weakness was once seen as dragging down the rest of the world, particularly the emerging-markets group, that has clearly not been the case this year. Down about 7% in 2023, the MSCI China Index is staring at a third straight year of losses that will mark the longest losing streak in over two decades. The broader MSCI Emerging Markets Index is up 3% as investors chase returns in other places like India and parts of Latin America.

The divergence comes as China's bid to achieve self-sufficiency across supply chains and sourcing ties with the US have made other markets less susceptible to its ebbs and flows. In addition to the economic decoupling, another reason has been the artificial intelligence boom, which has



boosted markets from the US to Taiwan while giving less of a lift to mainland shares. China's weighting in the EM gauge has dropped to around 27% from more than 30% at the end of 2021.

At the same time, a strategy of stripping China out of emerging-market portfolios is fast gaining traction, with launches of equity funds that exclude China already reaching a record annual high in 2023.

“China risks are several — LGFV, housing stock overhang, demographics, dependency ratio, regulatory volatility, geopolitical isolation,” said Gaurav Pantankar, chief investment officer at MercedCERA, which oversees approximately \$1.1bn of assets in the US. “Investment opportunities within EM exist in various pockets.”

In the debt market, global investors have pulled about \$26bn from Chinese government bonds in 2023, while ploughing a collective \$62bn into notes from the rest of emerging Asia, data compiled by Bloomberg show. Roughly half of the \$250bn-\$300bn inflow that accompanied China's inclusion into government bond indexes since 2019 has been erased, according to an analysis by JPMorgan Chase & Co.

Selling pressure on the yuan has pushed the currency to a 16-year low versus the dollar. The central bank's loose policy stance, in contrast to tightening in most major economies, is weakening the yuan

and giving foreigners another reason to shun local assets.

In terms of corporate debt performance, China appears to have fully decoupled from the rest of Asia as a crisis in its real estate sector heads into its fourth year. The market has become more locally-held with approximately 85-90% owned by domestic investors.

All of this comes against the backdrop of China's deteriorating economy, which has caused a rethink of the market's allure as an investment destination. Wall Street banks including Citigroup Inc and JPMorgan doubt whether Beijing's 5% growth target for this year can be met.

Yet the gargantuan size of China's economy and its key role in the manufacturing supply chain mean the market will remain a crucial part of portfolios for many investors, albeit to a lesser extent.

One channel through which China can still impact international financial markets is via globally traded commodities. Being the biggest importer of energy, metals and food, its influence extends beyond securities portfolios, creating ties to the global economy that are likely to prove more durable. The nation's world-leading position in clean energy, from solar panels to electric vehicles, is one example of the expanded potential for trade as the world tries to meet its climate obligations.

“An economy which slows

down doesn't do so everywhere,” said Karine Hirn, partner at East Capital Asset Management. “We find good value in sectors with structural growth outlook, such as new energy vehicles, consumer-related and parts of renewables supply chain.”

The CSI 300 Index, a benchmark of onshore shares, fell 0.7% on Friday as foreigners sold even after data on retail sales and industrial production for August exceeded estimates. As the weakness persists, global funds' positioning in China has already reached the lowest level since October, when the nation's reopening from stringent Covid curbs sparked a sharp rebound over the next three months. In contrast, allocation to US equities — which have outperformed global peers this year — is rising.

For money managers like Xin-Yao Ng, investing in China requires a subtle balance of being wary of the structural challenges while seeking opportunities from individual stocks.

“I am structurally cautious about China's long-term economic outlook, and conscious of fatter tail risks relating to geopolitics,” said Ng, an investment manager of Asian equities at abrdn Asia Ltd. “But China is still a very wide and deep universe with a lot of different opportunities. Broad valuation is very low now,” he said, adding that it's an “interesting stock picking market” for fundamental investors.

## Surging rice prices raise spectre of Asian food scare, says HSBC

**Bloomberg**  
New Delhi

Rising food prices are likely to prove an additional concern for central bankers trying to subdue inflation as the cost of rice — a staple food in Asia — surges the most since 2008, according to HSBC Holdings Plc.

“The memory of the 2008 Asian food price scare sits deep,” economists led by Frederic Neumann said in a research note on Friday. “Back then, rising rice prices in some economies quickly spilled over into other markets as consumers and governments across the region scrambled to secure supplies. It also lifted the prices of other staples, such as wheat, as buyers shifted to alternatives.”

Export prices for rice from Thailand, a global benchmark, jumped to more

than \$600 a ton, almost a 50% year-on-year increase. That's an issue for policymakers because unlike tomatoes and onions, which tend to normalise quickly after a spike because of short harvest cycles, rice prices can stay elevated for much longer, according to Neumann.

Global rice imports as a share of consumption have roughly doubled over the past 25 years, and are up around 4 percentage points since the 2008 food price scare, the note showed. “This means that disruption in one economy could have much bigger spillovers into others than in the past,” Neumann said. Erratic rains and drought in many parts of the world are hampering crops, reducing supply and driving up costs. Top rice exporter India has imposed curbs on overseas shipments to keep a lid on local prices, further constricting global supplies.

## Singapore’s first electric cargo vessel set to launch in fourth quarter

**Bloomberg**  
Singapore

Singapore's first electric cargo vessel is due to start sea trials and launch in the fourth quarter, according to Yinson Green Technologies, part of a consortium chosen by the city-state to help electrify marine craft.

The Hydromover, developed by the Goal Zero consortium, is near completion, YGT Chief Executive Officer Eirik Barclay said in an interview in Kuala Lumpur this week. YGT will also be introducing an electric vessel for transferring crew — developed with Norwegian start-up Lift Ocean AS — by the end of the year, Barclay said. That craft is called the Hydroglyder.

“We want to be part of all associated services with clean electric vessels, starting with Singapore,” Barclay said. YGT is a subsidiary of Malaysia-listed Yinson Holdings Bhd.

Yinon shares have risen about 3% this year.

With the local port authority requiring all harbour craft to be fully electric or be able to run on B100 biofuels or net-zero fuels from 2030, oil giant Shell Plc launched Singapore's first fully electric passenger ferry in May to transport workers to its refinery at Pulau Bukom.

The Goal Zero consortium is led by Singapore-based SeaTech Solutions International, designer of the Hydromover, which has capacity to carry 25 tons of cargo and has a bat-

tery that can be swapped in minutes when depleted, according to YGT's website. YGT will operate the harbour vessel, using it for commercial operations under its recently launched MarinEV unit.

MarinEV will offer vessel leasing, servicing, maintenance and products to help the maritime industry's transition to net zero.

Singapore provided S\$9mn (\$6.6mn) in funding in 2021 to Goal Zero and two other consortiums led by Keppel FELS Ltd and Sembcorp Marine to develop electric vessels. Keppel aims to establish an electric vessel supply chain by 2025, while Sembcorp hasn't revealed a completion target.

“We are seeing a dramatic electrification of all modes of transport, so we started by focusing of the electrification of the marine area,” said Barclay, who headed Yinson Holdings Bhd's offshore production business before becoming YGT CEO in January.

YGT also this month started RydeEV, an electric bike leasing business in Malaysia with swappable battery technology, and in the fourth quarter it will launch DrivEV in Malaysia, a leasing business for electric vehicles. It has already signed fleet-leasing agreements with Pos Malaysia Bhd and UEM Edgenta Bhd.

“In Southeast Asia there are 250mn motorbikes,” Barclay said. “Over the next 10 years, all of those are going to become electric. So it's an absolutely incredibly large market space to be playing in.”

## Bloomberg QuickTake Q&A

# Why tweaks to Japan yield curve controls rock markets

By Garfield Reynolds and Yuko Takeo

There's increasing speculation that the Bank of Japan (BoJ)'s yield curve control policy's days are numbered, following the bank's surprise decision on July 28 to loosen its grip over yields. Given the policy's role as a pillar of the BoJ's effort to suppress interest rates and stimulate the economy, the move prompted investors to wonder if more drastic changes might be coming. While the BoJ denied any shift is planned, the July decision sent a shudder across markets, underscoring the challenge BoJ Governor Kazuo Ueda faces as he tries to phase out the policy without triggering market turmoil and an economic shock.

### 1. What's a yield curve?

Bond yields are an expression, in annual percentage terms, of the rate of return you expect to get on a particular fixed-income security. The gap between yields on different maturity instruments is known as a yield curve. Most of the time, investors demand higher returns for locking away their money for longer periods, with the greater uncertainty that brings. So yield curves usually slope upward.

### 2. What's the purpose of yield curve control?

The BoJ policy, introduced in 2016 under Ueda's predecessor Haruhiko Kuroda, was aimed at keeping yields very low across even longer-dated maturities to encourage consumers to spend and businesses to invest, and to head off the risk of deflation that could destabilize the economy and make it harder for the government and large companies to pay off their towering debts. The appearance of negative interest rates — where commercial banks pay

the BoJ a tiny fee on some of the excess reserves they keep there — had the effect of flattening the yield curve.

### 3. What's wrong with that?

It led investors to doubt the credibility of the BoJ's ultra-loose rate policy. A flatter curve generally signals caution about a country's growth prospects. It can also cancel out the stimulating effect of lower rates as it hammers the profitability of commercial banks and makes them more reluctant to lend. If the curve inverts — such as when 10-year yields fall below three-month ones — an economy may be heading into a recession.

### 4. So what did the BoJ do?

In December 2022, it allowed 10-year yields to rise to around 0.5%, up from a previous limit of 0.25%, while keeping both short- and long-term benchmark interest rates unchanged. Kuroda said the decision was aimed at improving the functioning of the market and the bank signalled it wanted to create the conditions for higher yields on long-term debt. Then in July — three months into Ueda's tenure — the BoJ said it would offer to buy 10-year government bonds daily at 1%, effectively raising the yield cap to that level. Officially, it kept the 0.5% ceiling in place, a move apparently designed to rein in speculation of further rises in interest rates. The bank denied the decision was a precursor to the kind of rate-tightening policies being pursued by other major central banks.

### 5. How significant is it?

Kuroda spearheaded the most ambitious monetary stimulus program of modern times, with measures that have turned the BoJ into the largest owner of stocks and government bonds in Japan and made it the last major anchor of ultra-low interest



Banknotes of Japanese yen are seen in an illustration picture. Speculation of a more significant shift, such as the abandonment of YCC, could bolster the yen and deal a blow to bond markets where Japanese investors have significant holdings.

rates in the world. The policy has failed to boost the world's third-largest economy in a sustainable way. It's also undermined the value of the yen, sending inflation toward a four-decade high. That's contributed to low levels of support for Prime Minister Fumio Kishida. Furthermore, there were signs that Japan's debt market, the world's second-largest, was no longer functioning as it should: With more than half of government bonds now the property of the central bank, trading in what should be an easily-available asset has thinned.

### 6. Could negative rates be scrapped?

One particular part of the yield control program that investors are speculating

over is whether the BoJ may ditch negative rates, a move that would remove the last major anchor for sub-zero rates in the world. Given that long-term yields in Japan are still targeted at zero, if negative rates are scrapped the curve won't work unless the 10-year target is also shifted in some way — either by being raised too, or scrapped altogether. Still, Ueda has emphasized any adjustments would be data dependent, and has been careful to emphasize that real policy normalization is still a way off, given the state of wage growth in the country.

### 7. What are the implications beyond Japan?

Japanese investors have spent more than

\$3tn offshore in search of higher yields. Economists warn that even a small shift to policy normalization may prompt Japanese cash to flood out of global markets and back home. In addition to being the biggest foreign holders of US government debt, Japanese funds have investments in everything from Brazilian sovereign debt to European power stations and high-risk loans. Speculation of a more significant shift, such as the abandonment of YCC, could bolster the yen and deal a blow to bond markets where Japanese investors have significant holdings. This may include bonds in Australia — where benchmark yields jumped as much as 20 basis points after Ueda's policy tweak — France and the US.



# Growth slowdown in US threatens inflation fight

**Bloomberg**  
Washington

Faced with only limited signs of a slowdown in US demand despite more than five percentage points of interest-rate hikes, logic would say the Federal Reserve needs to do more.

But policymakers and Fed watchers are now giving more attention to a new line of argument, that central banks need to take account of what their actions mean for the supply side of the economy. The implication: Too-high rates could actually undermine the inflation fight, by squelching the benefits of increasing supply — which are just now coming on stream.

It's a cornerstone of macroeconomic theory that monetary policy works mostly on demand. Raise rates, borrowing gets more expensive, and demand falls — damping inflation. Recessions are the ultimate tough medicine for too much demand and getting prices under control.

But a group of frontier economists is warning that monetary policy can have an important impact on supply, which influences the economy's longer-run trends. Fed Chair Jerome Powell and central bankers from around the world heard the argument in a key paper at the annual Jackson Hole symposium last month.

Evidence shows that interest-rate surges affect financing conditions and the appetite for risk, constraining the supply side of the economy by inhibiting innovation, Yueran Ma and her co-author Kaspar Zimmermann found in the paper.

Powell himself at the conference highlighted the role of supply as a vital complementing factor to demand.

“While these two forces are now working together to bring



Shoppers in the SoHo neighbourhood of New York. Faced with only limited signs of a slowdown in US demand despite more than five percentage points of interest-rate hikes, logic would say the Federal Reserve needs to do more.

down inflation, the process still has a long way to go,” the Fed chief said August 25. He said that in addition to waiting for the pandemic demand surge and supply constriction to unwind, Fed policy was designed to “slow the growth of aggregate demand, allowing supply time to catch up.”

Powell will have the opportunity of discussing the two dynamics on Wednesday, in his press briefing following the Fed's latest rate decision and policymakers' updated projections for the benchmark rate.

Economists anticipate no change in rates this time, with the potential for officials to pencil in one more move later this year.

Wage gains have been cooling in recent months as strong economic growth boosted participation in the workforce, helping solve labour shortages and moderate wage increases. A similar development has arguably been

occurring with consumer prices.

“The majority of disinflation has been driven by expanding supply rather than decreasing demand,” Mike Konczal, director of macroeconomic analysis at the Roosevelt Institute, said in a paper published this month.

Persistent demand can be a good thing, helping producers fund investments to reorganise supply chains. And too-tight monetary policy can also be counterproductive for particular sectors of the economy, such as housing — historically high borrowing costs can crimp construction, keeping shelter costs elevated.

It's a policy paradox for the Fed to consider the role of allowing moderate growth — rather than sharply braking it — in order to get inflation sustainably back to its 2% target over the next few years. (The current core rate is 4.2%.) But that's the implication

of the new research. “The results show that a tightening shock of 100 basis points on average would be followed by lower GDP” on the order of 1%, the University of Chicago's Ma said in an email. She highlighted that, in the current Fed cycle, venture capital market-risk appetite “is much lower now than before tightening started.”

Expanding supply has been one reason for US economic growth clocking 2% or faster in each of the past four quarters, despite the Fed's rate hikes.

Factory construction has almost doubled in the past year, with its contribution to gross domestic product hitting the highest since 1981.

Traditionally, supply was thought to be more a story about the economy's bedrock structures — like population growth or energy endowments, which are less affected in the short term by the cost of money.

QSE MARKET WATCH			
Company Name	Lt Price	% Chg	Volume
ZAD HOLDING CO	13.97	1.23	5,077
WIDAM FOOD CO	2.26	-0.18	1,214,320
VODAFONE QATAR	1.78	-1.55	8,581,338
UNITED DEVELOPMENT CO	1.12	0.54	6,832,962
SALAM INTERNATIONAL INVESTME	0.68	-1.74	11,472,880
QATAR & OMAN INVESTMENT CO	0.86	0.00	1,908,589
QATAR NAVIGATION	10.00	-0.01	194,682
QATAR NATIONAL CEMENT CO	3.55	-1.36	151,276
QATAR NATIONAL BANK	15.16	-1.24	1,456,023
QLM LIFE & MEDICAL INSURANCE	2.78	0.58	121,535
QATAR ISLAMIC INSURANCE GROU	8.84	-0.06	22,700
QATAR INDUSTRIAL MANUFACTUR	2.91	0.00	10,000
QATAR INTERNATIONAL ISLAMIC	9.90	-0.99	314,767
QATARI INVESTORS GROUP	1.71	-0.64	2,118,504
QATAR ISLAMIC BANK	18.84	0.21	756,290
QATAR GAS TRANSPORT (NAKILAT)	3.84	-0.78	1,211,202
QATAR GENERAL INSURANCE & RE	1.20	3.99	2,600
QATAR GERMAN CO FOR MEDICAL	1.93	-9.98	18,371,756
QATAR FUEL QSC	16.15	-0.49	132,507
LESHA BANK LLC	1.42	0.00	1,247,485
QATAR ELECTRICITY & WATER CO	17.41	-0.85	156,071
QATAR EXCHANGE INDEX ETF	9.98	-0.21	4,305
QATAR CINEMA & FILM DISTRIB	3.18	0.00	-
AL RAYAN QATAR ETF	2.23	-0.45	116,411
QATAR INSURANCE CO	2.30	-1.67	1,212,989
QATAR ALUMINUM MANUFACTURING	1.32	-1.34	13,037,744
QOEDOO QPSC	10.52	0.19	646,189
ALIJARAH HOLDING COMPANY QPS	0.79	-0.13	3,726,591
MAZAYA REAL ESTATE DEVELOPME	0.74	-1.87	7,106,789
MESAIEED PETROCHEMICAL HOLDI	1.71	-6.73	27,186,076
MEKDOM HOLDING GROUP	5.10	-0.49	90,300
AL MEERA CONSUMER GOODS CO	13.86	0.29	95,206
MEDICARE GROUP	5.85	2.63	5,161,070
MANNAI CORPORATION QSC	4.97	2.14	707,454
MASRAF AL RAYAN	2.25	1.08	31,008,966
INDUSTRIES QATAR	13.75	0.29	2,813,832
INMA HOLDING COMPANY	4.65	1.18	165,344
ESTITHMAR HOLDING QPSC	2.15	-1.83	2,668,939
GULF WAREHOUSING COMPANY	3.21	-0.99	1,284,566
GULF INTERNATIONAL SERVICES	2.78	-5.38	19,034,154
AL FALEH EDUCATION HOLDING	0.94	0.00	-
EZDAN HOLDING GROUP	1.01	-0.78	7,368,557
DOHA INSURANCE CO	2.18	3.57	80,064
DOHA BANK QPSC	1.62	0.31	6,647,890
DLALA HOLDING	1.59	0.00	113,485
COMMERCIAL BANK PQSC	5.62	-1.23	862,444
BARWA REAL ESTATE CO	2.63	0.00	1,378,789
BALADNA	1.30	-0.46	7,023,806
DAMAAN ISLAMIC INSURANCE CO	3.53	-1.86	8,342
AL KHALEJ TAKAFUL GROUP	3.15	-5.63	477,066
AAMAL CO	0.86	1.30	153,435
AL AHLI BANK	3.70	0.00	26,718

## Corporate borrowers are giving in to high interest rates, says Wells Fargo

**Bloomberg**  
New York

Corporate borrowers are coming to terms with the likelihood that Federal Reserve officials will keep interest rates in the US elevated for a protracted period of time, according to Wells Fargo & Co.

Companies are finding ample appetite for new bond sales across both investment-grade and high-yield debt markets — and many executives are taking advantage of that to tap US debt markets, said Maureen O'Connor, global head of high-grade debt syndicate at the bank.

That's as some finance chiefs see signs that elevated borrowing costs are set to linger.

“You're starting to see, around the edges, a little bit of acquiescing,” she said on Friday on Bloomberg Television.

Some borrowers are “willing to lean in and recognise that this higher-for-longer narrative is probably with us for some time.”

Issuance has been robust this month across both high-grade and junk debt markets, with more than \$110 billion of bonds sold globally last week.

That's the busiest start to any September on record, according to data compiled by Bloomberg.

While the deluge of new debt may slow as Wall Street looks ahead to the Federal Reserve's rate decision next week, it seems that few firms are holding their breath for substantially lower borrowing costs, according to O'Connor.

A key question — both in investor and corporate circles — is when exactly borrowing costs will peak, she said.

“Is now the right time to be leveraging up your balance sheet, refinancing debt, funding acquisitions, digging into capex at these elevated rate levels?” she said. “Or is this the rate environment we're going to be in for some time?”

A resilient US economy is seen prompting the Fed to pencil in one more interest-rate hike this year and stay at the peak level next year for longer than previously expected, according to economists surveyed by Bloomberg.

“In terms of term-level interest rates, while we might see a little bit of relief, I don't think anyone is forecasting a materially lower rate environment over the course of the next 12 months,” she said.

## Euro-area finance chiefs warn shaky economic outlook may feed political radicalisation

**Bloomberg**  
Madrid

Euro-area finance ministers are increasingly concerned about political radicalisation as a shaky economic outlook and sticky inflation leave voters looking for different options.

France's Bruno Le Maire warned of the risk of extremist parties gaining ground in Europe, fuelled by the cost-of-living crisis. That was echoed by other participants at a two-day meeting of finance chiefs in western Spain, attended by European Central Bank President Christine Lagarde, said people familiar with the matter.

German Finance Minister Christian Lindner was among those voicing concern about far-right forces gaining momentum, one

of the people said. The outlook for Germany, the largest euro-area economy, has deteriorated against the backdrop of weak performance in China, a shortage of skilled workers, and domestic demand depressed by inflation.

At the same time, support for the right-wing Alternative for Deutschland party has been rising.

The ministers' discussion came on the heels of the ECB's 10th consecutive interest rate hike on Thursday. Lagarde on Friday reiterated her institution's pledge to keep rates at “sufficiently restrictive levels” as long as needed for inflation to return to the ECB's 2% goal.

The European Commission, the EU's executive arm, lowered its forecast for euro-area growth in 2023 and 2024 this week. The

government in Berlin is preparing to cut its economic outlook for this year to reflect a contraction instead of modest growth, according to people familiar with the revised forecast.

The chair of the European Parliament's Economic and Monetary Affairs Committee, Irene Tinagli, warned at the meeting in Santiago de Compostela that if the region's economy deteriorates more than predicted, “we could also face political consequences and a radicalisation of the political debate.”

She added that the EU elections next June make the polarisation of the political arena more likely.

The impact of the ECB's rate decisions on savers was also raised during the discussion, the people said. Dutch Finance Minister Sigrid Kaag said citizens are starting to raise questions

about huge profits being reeled in by banks from higher interest rates, which haven't been fully reflected in savings rates offered to consumers, the people added.

EU institutions and member states are concerned about how businesses and households have absorbed repeated body-blows from crises including the Covid pandemic and the energy crunch triggered by Russia's invasion of Ukraine. Governments are also worried about the loss of competitiveness of the European economy compared with US or Chinese firms.

Still, some point out the resilience of Europe's labour market in spite of low economic growth, with unemployment in the euro area around 6%, will be critical in keeping voters' support this year and next.

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## Qatar Duty Free scoops up 12 awards at Thailand event

Qatar Duty Free (QDF), owner and operator of all catering outlets at Doha's Hamad International Airport, enjoyed great success at the 2023 edition of the Food & Beverage (FAB) Awards in Bangkok, Thailand.

The awards ceremony, organised and hosted by acclaimed international publisher,

The Moodie Davitt Report, saw Qatar Duty Free senior vice president, Thabet Musleh and the QDF team collect a total of 12 awards.

This impressive haul serves as fitting recognition for the innovation, investment and pioneering standards demonstrated by the Qatar Airways Group subsidiary and the Hamad International Airport.

Hamad International Airport Chief Operating Officer Badr al-Meer, commented: "Qatar Airways Group maintains the ambition to set a new global standard in everything we do. Our airline, airport lounges, duty free shopping and general airport operations at Hamad International Airport have a strong track-record of excellence and continue to receive frequent major honours.

"With this impressive recognition at the 2023 FAB Awards, Qatar Duty Free, in partnership with Hamad International Airport, can justifiably claim to be the world's best food and beverage

operator in an airport. Restaurants, food courts and cafes are a key service for our passengers, and we have invested heavily in upgrading existing outlets and with a flurry of new openings in the new airport expansion prior to the FIFA World Cup in Qatar.

"We have over 1,700 passionate and talented catering staff, including more than 340 chefs, who work around the clock to serve over 6mn delicious meals a year. This is true Qatari hospitality for the world to savour and enjoy."

Musleh added: "Team QDF's work ethic, collaborative spirit, passion and shared vision have turned ambitious goals into tangible realities, setting a new standard for excellence.

Our success at the 2023 FAB Awards last night is a testament to our unparalleled ambition and quality of execution, while keeping our focus on sustainability.

"We extend our heartfelt gratitude to every member of the Qatar Duty Free community - which includes the thousands of customers that pass through our doors every day - for their unwavering support. It has been pivotal in achieving these unprecedented milestones, and we are incredibly proud that Qatar Duty Free has received these honours among such high-quality global competition."

## Qatar Airways bags IT Service Management System Excellence certification

Qatar Airways has been recognised by Alcumus ISOQAR, one of the "most recognised and respected" UKAS accredited certification body for successfully demonstrating the implementation and compliance towards ISO/IEC 20000-1:2018 Information technology – Service management System.

Additionally, achieving ISO 20000 certification underpins the high standard of IT Service Delivery and Management, which is one of the foundations of a 5-star airline.

Qatar Airways Group Chief Executive, HE Akbar al-Baker, said: "We are proud to have achieved ISO 20000 certification. This certification demonstrates our commitment to service excellence thereby enabling Qatar Airways IT to deliver the highest quality of digital and technological service experience."

ISO 20000 is an international standard for IT service management (ITSM), and its certification demonstrates that Qatar Airways has implemented a comprehensive ITSM framework



Qatar Airways has been recognised by Alcumus ISOQAR, UKAS accredited certification body for successfully demonstrating the implementation and compliance towards ISO/IEC 20000-1:2018 Information technology – Service management System.

that meets the highest standards of quality and reliability.

To achieve ISO 20000 certification, Qatar Airways underwent a rigorous audit by a third-party certification body.

The audit team reviewed Qatar Airways ITSM processes and documentation to ensure that they met the requirements of the standard.

The success of this certifica-

tion is a testament to the dedication and leadership of Qatar Airways Group, who lead the programme with exceptional commitment and efficiency, staying on schedule and within the set timeline.

Qatar Airways IT adds this ISO 20000 to its impressive certifications, including PCI-DSS and ISO 27001.

"End-to-end" airline man-

agement services including international IT standards enable Qatar Airways to demonstrate excellence and best practice in IT services and management.

Qatar Airways IT remains committed to maintaining the highest standards of service quality, information security and IT management, ensuring world-class services for customers and the entire organisation.

# Qatar remains top LNG exporter, globally and among GECF member countries

By Pratap John  
Business Editor

Qatar remained the top LNG exporting country among GECF members and among top three globally in August, according to the Doha-headquartered Gas Exporting Countries Forum (GECF).

In August, the top LNG exporting countries were the US, Australia and Qatar, GECF said in its latest monthly report.

Global LNG exports jumped by 4% (1.29mn tonnes) y-o-y to reach 33.23mn tonnes in August, driven by increased shipments from both GECF and non-GECF countries, offsetting weaker LNG reloads. Non-GECF countries' share of global LNG exports grew from 50.2% in August 2022 to 51.7% in August this year, while GECF member countries' share dropped from 48.1% to 47% during the same period, due to stronger growth in non-GECF exports.

Additionally, LNG reloads' contribution to global exports decreased from 1.7% to 1.3%. From January to August, cumulative global LNG exports grew by 3.9%, totalling 271.44mn tonnes, GECF noted.

Last month, LNG exports from GECF member countries and observers reached 15.62mn tonnes, represent-



A part of the Ras Laffan Industrial City (file). Qatar remained the top LNG exporting country among GECF members and among top three globally in August, according to the Doha-headquartered Gas Exporting Countries Forum.

ing a y-o-y growth of 1.7%, equivalent to 0.26mn tonnes.

This notable increase was primarily driven by Algeria, as well as Angola, Malaysia, and Mozambique.

In contrast, LNG exports declined in Egypt, Equatorial Guinea, Nigeria, Norway, Peru, Qatar, Russia, Trinidad and Tobago and the United Arab Emirates.

Between January and August this year, the cumulative LNG exports from GECF member countries increased by 1.4% y-o-y, reaching a total of 131.1mn tonnes.

Last month, LNG imports in the Mena region expanded by 28% (0.24mn tonnes) y-o-y to reach 1.12mn tonnes.

The higher LNG imports

were driven mainly by Kuwait and the United Arab Emirates. Between January and August, Mena's cumulative LNG imports were down slightly by 0.5% (0.03mn tonnes) y-o-y, reaching 5.06mn tonnes.

The hotter-than-usual weather in August increased Kuwait's electricity demand, requiring additional LNG imports. The total number of LNG export cargoes fell by 3% m-o-m in August, reaching 493. After the first eight months of the year, the total number of shipments was 4,139.

This represented a 1% increase, or 38 cargoes, compared with the same period in 2022. Over the eight months of 2023, there have been no-

table increases in cargo shipments from the US (55), Algeria (31) and Norway (28), when compared with the same period in 2022.

On a relative basis, Norway has recorded a 140% increase in cargo deliveries during the eight months of 2023, in contrast to the same period one year ago. The next highest percentage increases were observed in Algeria (22%) and Angola (19%).

In August 2023, the spot charter rate for steam turbine LNG carriers gained 39% m-o-m, to reach an average of \$59,900 per day.

This price was 70% greater than the August 2022 levels and is \$20,800 per day higher than the five-year historical

average for this vessel class.

Regarding the other segments of the LNG carrier fleet, both TDFE and two-stroke vessels observed increases in the spot charter rate as well.

For TDFE carriers, the spot charter rate rose by 42% m-o-m to reach \$94,600 per day. Similarly, for two-stroke carriers, the spot charter rate rose by 33%, reaching \$121,500 per day.

The daily spot charter rate for steam turbine LNG carriers remained relatively unchanged in July indicating that the market is now tightening. As expected during this time of year, the number of vessels which are being taken out of rotation to be used as floating storage around Europe is increasing.

In addition to this, the tensions surrounding potentially prolonged strikes at LNG facilities in Australia have been reflected in spikes in Asian LNG prices.

This development, along with the high gas storage levels in Europe, has fuelled the arbitrage, leading to increased cross-basin flows from the Atlantic to the Pacific basin.

The average price of the leading shipping fuels increased by 9% m-o-m in August 2023, to reach \$610 per tonne. This price was 20% lower than one year ago, GECF noted.

## Bank of England readies what may be its final rate hike

Reuters  
London

The Bank of England (BoE) is likely to hike interest rates once again this week, possibly the last hurrah for one of the great tightening cycles of the last 100 years as a cooling economy begins to worry policymakers. All but one of 65 economists polled by Reuters in recent days predicted the BoE will raise Bank Rate to 5.5% on Thursday from 5.25%, which would mark its highest level since 2007. Financial markets are less certain than economists — with rate futures on Friday showing a 25% chance of a pause — but both are coming to the view that the streak of rises in borrowing costs since December 2021 is in its last days.

If Bank Rate does peak at 5.5% — from a starting point of 0.1% — it would rank fourth on the list of Britain's biggest tightening cycles of the last century, behind surges that took place in the late 1980s and in the early- and late-1970s. Recession accompanied all of those prior sharp increases in rates — and a downturn is increasingly on the minds of the Monetary Policy Committee (MPC), with the 14 rate hikes it has already made yet to fully feed through into the real economy. Much of the data over

the last week underlined Governor Andrew Bailey's comment this month that the BoE was "much nearer" to ending its tightening cycle. Economic output in July dropped more steeply than expected, even if one-off factors like strikes were behind some of the fall, and the unemployment rate has already overshot the BoE's forecast for the third quarter as a whole. The European Central Bank also cited a weak economic outlook when it hiked rates last week and signalled that would be its last such move in the current cycle. But with inflation in Britain still running higher than in any other major advanced economy, the calculation for BoE officials is arguably more complex — with hot wage growth data in Britain still pointing to inflationary risks. "While we expect the critical mass of the committee to be grouped around a 25 basis-point hike, the uncertain, finely balanced nature of the turning point in the cycle means we believe there will be dissenters on both sides," said Jack Meaning, chief UK economist of Barclays. Data between now and Thursday's announcement could yet change the debate. Inflation figures for August due on Wednesday are likely to buck the falling trend thanks to rising petrol prices.

# Airline stocks tumble into bear market on soaring oil prices

Bloomberg  
New York

It promised to be a good year for airlines with travel demand returning and the Covid pandemic fading into the horizon. What no one saw coming was the industry's original nemesis making a big comeback.

As the price of oil surged in the past three months, most rapidly after Saudi Arabia and Russia earlier this month extended their supply cuts, shares of airline companies have taken a beating. Earlier this month, a gauge for airline stocks — the S&P Supercomposite Airlines Industry Index — tumbled into a bear market, extending a steady and fast decline from the most recent highs touched in mid-July.

Several major US carriers this week slashed their profit outlooks for the third quarter, blaming the sudden jump in oil prices as well as rising labour costs and weak demand for domestic travel. At the same time, analysts' average 2023 profit estimate for US airlines has fallen 8% since the beginning of July, according to Bloomberg Intelligence data. Expectations for 2024 earnings have dropped 10% in that same period.

"Fuel is the biggest risk to airline profits right now," Bloomberg Intelligence analyst George Ferguson said in an interview. "Airlines had lower fuel prices dialled into ticket prices for the third quarter and then oil moved dramatically. I don't think airlines saw it coming." Jet-fuel makes up roughly 25% of major US airlines' annual operating expenses, but had risen to nearly 30% in the first quarter of 2023, before dipping closer to 20% in the second quarter, according to BI data. Ferguson expects that percentage to climb back up again in the last two quarters of the year.

The airline index is down 24% from its closing high of July 11 through Thursday's close, with the broader S&P 500 Index up 1.5% over the same period. The airline index has seen a worse performance over a similar span only one other time — the nine weeks ending in June 2022 — since the Covid-related shock, according to Bespoke Investment Group.

The group rebounded yesterday, slightly paring some of the decline, led by the larger carriers — United Airlines Holdings Inc, Southwest Airlines Co and Delta Air Lines Inc.

The latest rise in the price of oil comes at a time when airlines are also struggling with high labour costs and falling demand for domestic travel as US consumers get



squeezed by high inflation. This week's inflation data showed airfares ticked up again in August, sparking concern among analysts about flyers' ability to afford air tickets, which in turn limits carriers' ability to pass on the rising costs to passengers.

"If the consumer has some strength,

you would look for fares to be increased to cover fuel," BI's Ferguson said. "But my guess is that the consumer isn't strong enough to bear a large increase."

On the other hand, some are of the opinion that the rush of third-quarter warnings and the recent selloff have re-

moved uncertainties and positioned the stocks for some gains.

In fact, the airline index has now moved into a so-called oversold zone — a technical indicator that suggests the gauge has fallen too far, too fast — indicating it may be due for a reversal. The airline index is still trading 46% below its pre-pandemic levels through the last close, even as the S&P 500 has advanced 33% over the same time.

Even so, any sustained recovery in airline stocks may still take a while, market strategists say, especially as oil remains a wild card, the outlook for air-travel stays murky, and investors turn to other sectors with fewer uncertainties and stronger cash flows.

And the rally in oil prices that is eating into airline companies' profits is also helping to lure investors away from airline stocks. The US Global Jets ETF (JETS) of airline stocks has lost assets for 16 straight months, while both the Vanguard Energy ETF (VDE) and the iShares Global Energy ETF (IXC) have seen money flowing into them in July and August. "They are losing out in pure competition for capital," Todd Sohn, ETF strategist at Strategas, said in an interview, noting that investors are instead flocking to energy stocks. "Energy's gain is airlines' pain."



## UDC joins hands with Commercial Bank to showcase in Mumbai 'premium' Qatar investment opportunities

United Development Company has joined hands with Commercial Bank to showcase in Mumbai, India, premium investment opportunities at The Pearl and Gewan Islands in Qatar.

The recent visit is part of UDC's strategic plan to expand its international presence and introduce its premium investment opportunities to the vibrant Indian market. UDC partnered with Commercial Bank, which provides attractive mortgage loan packages for foreign investors, offering loan tenures of up to 20 years.

The visit was co-ordinated by Knight Frank, a renowned real estate consultant operating in both India and Qatar at the Four Seasons hotel in Mumbai.

The Qatar-India synergy is one rooted in historical ties and shared values, fostering a conducive environment for investment. This visit underscores UDC's commitment to global outreach, with a focus on the Indian market's potential to deliver high-value returns in Qatar's thriving property sector, specifically at The Pearl and Gewan Islands.

During the visit to Mumbai, senior officials from UDC actively engaged with promising Indian investors, wealth managers and promoters offering valuable insights into Qatar's investment climate, benefits, and



The recent visit is part of UDC's strategic plan to expand its international presence and introduce its premium investment opportunities to the vibrant Indian market.

returns, particularly in The Pearl and Gewan Islands. The event provided an excellent platform for networking and generated significant interest among Indian investors.

Key highlights of the visit emphasised Qatar's strategic location in the Middle East, its diversified and robust economy,

and its commitment to diversifying beyond oil and gas. Additionally, the event highlighted Qatar's pro-business policies, its reputation as a safe and family-friendly destination with no income tax, and the historical ties between India and Qatar, fostering trust in investment partnerships. Indian investors gained insights into



Senior officials from UDC actively engaged with promising Indian investors, wealth managers and promoters offering valuable insights into Qatar's investment climate, benefits, and returns, particularly in The Pearl and Gewan Islands.

Qatar's thriving real estate market, where Qatari residency is attainable with attractive benefits, and UDC's leading role as a prominent real estate developer in the country. Various investment options and accessible mortgage loan packages for foreign non-resident investors were also presented by Commercial Bank.

"UDC is excited about the potential of this partnership with Commercial Bank and aims to cultivate promising investment opportunities that align with its mission to provide premium real estate developments in Qatar, meeting the diverse needs and expectations of local and foreign investors alike," a company statement noted.



Saleh bin Majid al-Khulaifi addressing the 8th Belt and Road Summit in Hong Kong.

### Qatar underscores multilateral trade at 8th Belt and Road Summit

Qatar has underscored the importance of multilateral trade system and the necessity to strengthen the co-operation with different countries around the world, especially with Hong Kong.

This observation was made by Saleh bin Majid al-Khulaifi, Assistant Undersecretary for Industry and Business Development Affairs at the Ministry of Commerce and Industry, at the 8th Belt and Road Summit, themed "Prospering on a Decade of Collaboration".

Hong Kong is one of Qatar's foremost trading partners, with bilateral trade of \$1.1bn in 2021, representing an average annual growth of 35% compared to 2017.

Highlighting the close historical ties between Qatar and China, he said the Asian country came at the forefront of Qatar's trading partners, as the largest source of imports and destination for Qatari exports. "The value of bilateral trade between the two nations amounted to \$26bn in 2022," he added.

The session also showcased the advantages of the Qatari business environment and the various laws, legislations, initiatives, and programme enacted to stimulate foreign investment.

During the summit, several meetings were held with high-level figures from the government and private sectors participating in the event.

This year's edition of the Belt and Road Summit coincided with the 10th anniversary of the initiative's launch, which aims to establish a trade network and infrastructure connecting Asia, Europe, and Africa, to foster common development and prosperity.

The event drew 6,000 representatives from involved countries and regions, including senior officials from more than 10 countries and business leaders from around the world.

## QNB hosts pavilion at 'Sustainable Transportation and Legacy for Generations' exhibition

QNB Group, the largest financial institution in the Middle East and Africa, hosted a pavilion during the "Sustainable Transportation and Legacy for Generations" Conference & Exhibition, organised by the Ministry of Transport, bringing together highly knowledgeable professionals and experts to share and exchange expertise and insights in the industry.

Organised within the Group's role as Strategic Sponsor for the prestigious event, QNB pavilion offered a unique platform to introduce its achievements and banking services and products supporting best business practices and contributing to sustainable growth, in line with the Qatar National Vision 2030 and the UN Sustainable Development Goals (SDGs).

QNB Group CEO Abdulla Mubarak al-Khalifa stated: "The organisation of this pavilion reflects one of the basic pillars of our strategy to drive sustainable business growth achieved through organisational resilience, a goal which is not only reflected in our eco-friendly banking products and services, but also through our CSR programmes and initiatives in local communities.

"We are pleased to see this high turnout of interested visitors for QNB pavilion, which represented a unique opportunity to raise the level of awareness about the importance of sustainable banking to address climate change challenges."

QNB's key initiatives and programmes in the areas of sustainability were displayed on interactive screens where visitors had the chance to learn about the bank's sustainability ongoing initiatives and achievements entitling it to be awarded with a number of the most prestigious prizes.

QNB employees provided visi-

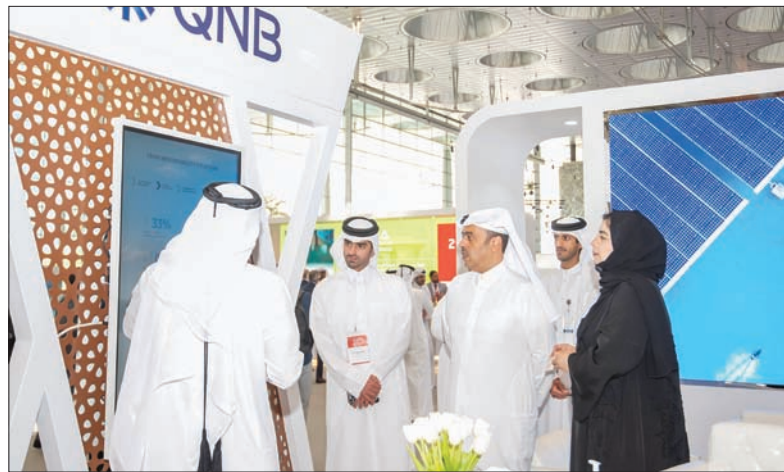


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tors with an overview on the latest green financing solutions, including QNB 'Sustainable Vehicle' loans at special interest rates and financing electric and hybrid new and pre-owned cars, in addition to the green mortgages with special and exclusive benefits.

Through its subsidiaries and associate companies, QNB Group extends to as many as 28 countries across three continents providing a comprehensive range of advanced products and services.

The total number of employees is more than 29,000 operating through 900 locations, with an ATM network of more than 4,900 machines.



### Don't bet on interest rate cuts in first half of 2024: ECB official

**Bloomberg**  
Frankfurt

Betting that the European Central Bank (ECB) cuts interest rates in the first half of next year would be a mistake, according to Governing Council member Martins Kazaks.

Wage growth in the eurozone hasn't yet peaked and it's unclear how quickly underlying inflation will retreat, the head of Latvia's central bank said.

Last week's decision to lift borrowing costs for a 10th straight time puts the ECB more solidly on track to reach its 2% target in 2025, but it's too soon to exclude another interest rate hike.

"The market shouldn't expect that we would jump too early to cut rates," Kazaks said in an interview. "We'll start cutting rates when we see that we consistently and significantly start to undershoot our target, and what I can say clearly is that expectations of a rate cut in spring or early summer in my view are not really consistent with the macro scenario that we have."

Traders are starting to price cuts from April of next year and some economists see them as early as June.

Projections presented last week show that

inflation in the 20-member euro area will take another two years to reach 2%, even as price pressures are set to slow sharply in the coming months.

The economy is seen returning to quarterly growth rates of 0.4% in 2024 after stagnating for most of 2023.

Kazaks — speaking in Santiago de Compostela, Spain, where he attended a meeting of European finance chiefs — described this outlook as "one of a soft landing" in which unemployment rises only marginally. "Our latest hike could strengthen this scenario."

Following Thursday's increase, the ECB's deposit rate now stands at a record 4%. President Christine Lagarde said a "solid majority" supported the move that traders didn't see coming until 48 hours before the decision — and even then only just. Most economists predicted a hold.

Since then, many of the ECB's 26 officials have shared their views on where policy should be heading next. Estonia's Madis Muller said in a separate interview there's a "good chance" policymakers have done enough. Austria's Robert Holzmann and Slovenia's Bostjan Vasle argued another hike can't be excluded, while Greece's Yannis Sournaras said he already would have preferred to keep rates unchanged last week.

