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UDST and Edaa sign strategic MoU to bolster co-operation

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GULF TIMES
BUSINESS

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Qatar Airways Cargo celebrates 20 years of freighter operations

Natural gas is vital for balanced and realistic energy transition: Al-Kaabi

HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi highlighted the importance of harmonising energy security, affordability, and sustainability in the quest for an equitable and realistic energy transition.

In remarks at the Ministerial Plenary Meeting as part of Tokyo's Green Transformation Week, al-Kaabi, also the President and CEO of QatarEnergy, expressed the firm belief that "a balanced energy transition demands the incorporation of natural gas in our present and future energy."

"Natural gas will be indispensable, especially given its reliability as a base-load source for many nations and for many years post-2050," al-Kaabi noted, saying "While the pivot towards renewables is commendable, they cannot be the sole solution, particularly considering their intermittent nature. That's where natural gas, as a cleaner, cost-effective, and ready-to-use component of energy transition, becomes vital. We in the State of Qatar, recognise the gravity of climate change and consistently take actions rather than making pledges."

In concluding his remarks, al-Kaabi stressed the importance of exploring cleaner solutions to combat climate change, stating: "Our duty is two-fold: advancing renewable capacity while sustaining a robust baseload capability. I urge this esteemed assembly to prioritise key factors vital for a sustainable transition: bolstering energy security, bridging the energy poverty gap that impacts billions of lives, ensuring equitable energy access, amplifying investments, and decisively moving away from coal."

The Tokyo Green Transformation Week is a series of events held in Japan focused on clean energy with an eye to achieving a balance between energy security and climate change countermeasures, while at the same time promoting economic growth.

HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi speaks at the Ministerial Plenary Meeting as part of Tokyo's Green Transformation Week. ***Right:*** HE al-Kaabi with dignitaries attending the Tokyo Green Transformation Week.

Dr Khalid bin Klefeekh al-Hajri, Qatar Chamber board member.

Qatar-Romania trade exchange up 32% in 2022

Bilateral trade volume between Qatar and Romania stood at QR490mn in 2022 or a 32% year-on-year increase from QR371mn, an official of Qatar Chamber said during the 'Qatari-Romanian Business Meeting' held online yesterday.

The business meeting was held to explore ways to enhance commercial and economic co-operation between the private sectors of both countries. The meeting was attended by a number of Qatari and Romanian businesspersons representing various sectors, including food, agriculture, IT, industry, and renewable energy, among others.

The meeting was attended by Qatar Chamber board member Dr Khalid bin Klefeekh al-Hajri; Timis Chamber of Commerce and Industry chairperson Florica Chirita, and Qatar's ambassador to Romania, Osama Yousef al-Qaradawi.

During the webinar, al-Hajri emphasised the strong and diverse relations between Qatar and Romania across various fields. He highlighted the shared commitment from both sides to strengthen their commercial and economic ties.

He said Qatari businessmen are keen to explore Romania's investment climate and opportunities given the incentives and facilities that make Romania "an attractive destination for foreign investors."

He invited Romanian companies to invest in Qatar and co-operate with their Qatari counterparts, affirming that Qatar provides world-class infrastructure, leading economic legislation, and an attractive investment climate, in addition to numerous incentives and opportunities as it positions itself as a leading business and investment hub.

For her part, Chirita said the meeting presents an "excellent opportunity" to strengthen co-operation between Qatari and Romanian businessmen. She highlighted that Timis offers abundant investment opportunities across various economic sectors, including banking, education, technology, and the automobile industry.

She emphasised the significance of facilitating visits by business delegations from both sides to explore investment opportunities and explore the potential for establishing partnerships across various sectors.

Al-Qaradawi also emphasised that the private sectors in both countries have the capability to elevate trade levels by exploring investment opportunities and establishing joint ventures.

Qatar-South Korea ties diversify beyond LNG: Envoy

By Peter Alagos
Business Reporter

The relationship between Qatar and South Korea has become more diversified in recent years as part of both countries' efforts to enhance co-operation and transform them into comprehensive strategic ties.

Speaking to *Gulf Times* at the Qatari embassy in Seoul, ambassador Khalid bin Ebrahim al-Hamar expressed confidence in the "further development" of both countries' diplomatic relations, which were established in 1974.

Asked about the current state of economic and trade relations between South Korea and Qatar, al-Hamar said ties between both nations "are built on mutual interests and have witnessed great development" since the 1970s and when Qatar opened its embassy in the Republic of Korea in 1992.

"With regard to economic and trade, the Joint Supreme Committee for Strategic Co-operation between Qatar and South Korea is the body responsible for enhancing co-operation and includes officials from various ministries from the two countries.

"This committee works to enhance joint co-operation in various fields of co-operation, which include economy, trade and investment, agriculture, science and technology, ICT, education, and health and medical services," the ambassador explained.

On June 15, al-Hamar said South Korea hosted the sixth session of the Joint Supreme Committee for Strategic Co-operation. He noted that trade volume between the two countries increased to about $14bn in 2022 compared to about $11bn in 2021.

In terms of exports according to the main destination countries, he said South Korea ranked second with about 11.9% of the total value of Qatari exports, and liquefied natural gas (LNG) is considered the most important of these products. Qatar is also considered one of the most important importers of ships and LNG tankers manufactured by South Korean companies.

"The economic and trade aspect constituted the backbone of Qatari-Korean relations in the beginning, but in recent years they have begun to move toward a relationship that includes all fields, including culture, media, sports, healthcare, education, and smart farms.

Khalid bin Ebrahim al-Hamar, Qatar's ambassador to South Korea.

"In the economic field itself, relations were almost limited to the field of energy, especially LNG, given that Qatar is one of the largest countries producing LNG and the biggest supplier of this substance to South Korea," al-Hamar stressed.

Qatar-South Korea ties span about five decades and during this period both countries have achieved "great progress," especially in the field of energy, al-Hamar pointed out, adding that Qatar exports more than 10mn tonnes of liquefied gas to South Korea, equivalent to 31% of the country's need for natural gas.

According to al-Hamar, both countries signed the first agreement to sell LNG in 1995, and four years later the first shipment was delivered to South Korea. Since then, QatarEnergy has increased its shipments to South Korea to more than 9mn tonnes of LNG per year.

"As for Korean companies, they contributed greatly to construction work during the first oil boom in Qatar. In the field of shipbuilding, QatarEnergy signed, on June 1, 2020, an agreement with South Korean companies to build gas tankers, to expand its fleet of tankers in line with the increase in production in the North Field, and the value of the deal is about $19bn.

"It is worth noting that Qatar requested the construction of 73 gas tankers from 2001 to 2012, and Korean companies won all orders, which indicates the extent of Qatari confidence in Korean companies," al-Hamar emphasised."

Qatar diversification offers 'great opportunities' for Korean firms

By Peter Alagos
Business Reporter

Qatar's economic diversification strategy offers "great opportunities" for South Korean companies to contribute to the development of a wide range of sectors in the country, according to a top Qatari diplomat.

"The economic relations between the two countries are strong and solid and their future prospects are promising. We have made great strides to diversify areas of co-operation, including technology, smart farms, solar energy, smart grids, and joint investments in third countries.

"These areas are considered promising and the two countries, based on their development experience and great potential, could build a successful partnership to benefit from the opportunities available in both countries," ambassador Khalid bin Ebrahim al-Hamar told *Gulf Times* during an interview at the Qatari embassy in Seoul.

Al-Hamar stressed that Qatar's "tireless efforts" to diversify its economy "constitute great opportunities" for South Korean companies to increase their contribution to the development of the Qatari economy in the infrastructure and construction sectors, as well as in healthcare, education, training, research, smart agriculture, fisheries, renewable energy, climate, and in small and medium-sized enterprises (SMEs), "which South Korea is considered a pioneer in these fields."

The ambassador noted that mutual visits between the two countries at the leadership level constitute an important opportunity to strengthen relations and raise them to a higher level. During these visits, a number of agreements and memorandums of understanding were signed in various fields and new partnerships were created, he said.

"Among the most important is the visit made by His Highness the Amir Sheikh Tamim bin Hamad al-Thani to South Korea in 2019, during which a number of agreements were signed in various fields, such as vocational training, skills development, smart networks, transport, and smart farms and fisheries," al-Hamar stressed.

The ambassador emphasised that the embassy plays a major role in strengthening relations in various fields, especially the political, economic, and cultural aspects.

"Regarding the economic aspect, the embassy facilitates communication between the ministries concerned with economic affairs between the two countries, assists the work of the private sector, promotes investment, and explores investment and trade opportunities between the two countries."

MoCI, Qatar Foundation organise workshop on intellectual property rights

The Ministry of Commerce and Industry, in co-operation with Qatar Foundation, has organised a workshop for the students of Qatar Academy Doha, one of Qatar Foundation's schools, about the concepts of intellectual property rights protection. This activity comes in line with the MoCI's keenness to enhance intellectual property rights' protection, disseminate its concepts amongst the public and achieve the desired outcomes. The workshop addressed several topics, including the definition of intellectual property, the general concepts of trademarks, registering trademarks, how to differentiate between original and counterfeit products, an introduction about patents, registering patents electronically, in addition to introducing copyrights, related rights, artificial intelligence and the laws regulating intellectual property.

Saudi Arabia's SAL Saudi Logistics could raise $678mn from IPO

Reuters
Dubai

Saudi Arabian cargo business SAL Saudi Logistics Services Co could raise as much as 2.54bn riyals ($678mn) from its initial public offering (IPO) after the company disclosed an indicative price range yesterday.

SAL Saudi Logistics is 70% owned by Saudi Arabian Airlines Corp (Saudia) and 30% by Tarabot Air Cargo Services. Saudia and Tarabot are jointly offering a 30% stake in SAL Logistics, comprising 24mn ordinary shares.

The price range was set at 98 riyals ($26.13) to 106 riyals per share, SAL Saudi Logistics said.

The offering is expected to total between 2.35bn riyals and 2.54bn riyals, implying a market capitalisation of between 7.84bn riyals and 8.48bn riyals.

The book-building process began on Monday, the company said. A final price for the shares will be determined at the end of the book-building period, set for October 1.

HSBC Saudi Arabia is acting as sole financial adviser, bookrunner, global co-ordinator, lead manager and underwriter.

Aviation is part of a government's strategy to become a global transportation and logistics hub by 2030, with Riyadh airport as base for a new airline that would compete with regional heavyweights.

SAL is the leading market player in the kingdom, holding a market share of about 95% and providing services to 18 domestic airports. The company also handles transit and export shipments.

SAL recorded revenue of 1.22bn riyals for 2022, with net income of 362mn riyals.

It joins a growing number of companies looking to list on the Saudi Exchange, the largest market in the region.

Oil and gas driller ADES, backed by Saudi Arabia's sovereign wealth fund, last week priced its IPO at the top of the range, implying a valuation of 15.242bn riyals.

Saudi auto rental firm Lumi jumps 30% in Riyadh IPO

Shares in Saudi Arabia's Lumi jumped as much as 30% above their listing price yesterday after the auto rental company raised $290mn in an initial public offering, reports Reuters.
Lumi, which listed 30% of its shares in the IPO, is a unit of Saudi travel company Seera (1810.SE), which was formerly known as Al Tayyar Travel Group.
Lumi's shares rose as high as 85.8 riyals ($22.87) in early trade on the Riyadh bourse, after opening at 72.6 riyals. Its IPO price of 66 riyals was at the top of its indicative range. The auto rental company's IPO prospectus said it ranked as the third-biggest operator in the country, with a market share of about 7%, based on its fleet size in 2021. The Saudi car rental market is expected to grow at a compound annual growth rate of 8.6% up to 2027, to reach a market size of 9.8bn riyals, according to research from Glasgow Research & Consulting.

Qatar Airways Cargo celebrates 20 years of its freighter operations

Qatar Airways Cargo now operates to more than "160 belly-hold and 70+ freighter destinations" with some 200 passenger aircraft and 31 dedicated cargo freighters.

The freighter division of Qatar's national airline is now celebrating two decades of operations.

Qatar Airways Cargo has evolved and grown into the world's leading air cargo carrier, with an extensive fleet and a robust network.

In 2003, Qatar Airways Cargo took delivery of its very first freighter, an Airbus A300-600, which was a converted passenger aircraft. It began regular operations to Amsterdam and Chennai, and shortly thereafter, to New Delhi.

Elisabeth Oudkerk, senior vice-president (Cargo Sales and Network Planning) expressed her joy and gratitude, stating: "As Qatar Airways Cargo celebrates 20 years of freighter operations, we extend our heartfelt thanks to our customers for their continuous trust in our services. We take immense pride in our history and anticipate contributing to the promising future of air freight."

Over the past two decades, Qatar Airways Cargo has continuously expanded its fleet, network, and product portfolio, becoming the world's number one cargo carrier. With the launch of its Next Generation strategy, Qatar Airways Cargo has defined its role in the air cargo industry by bringing a fresh and innovative approach to business across its network and operations: through enhanced products and services, cutting edge technology, a commitment to sustainability and diversity, investing in existing talent and attracting new ones.

Under the complete corporate mindset shift that is The Next Generation, Qatar Airways Cargo has achieved significant accomplishments including being the first airline globally to complete the suite of 'IATA CEIV' certifications, the launch of the Kigali Africa hub in partnership with RwandAir, and the introduction of innovative products like Pharma, Fresh, Courier, and SecureLift.

Furthermore, Qatar Airways Cargo's commitment to customer experience and innovation has made it a preferred partner for businesses worldwide. Having embraced digital transformation early, it has successfully launched its new website and a state-of-the-art ebooking portal Digital Lounge and partnered with marketplace platforms, bringing added-value to its customers. Additionally, Qatar Airways Cargo has committed to sustainability through its WeQare programme, championing initiatives such as 'Rewild the planet' and launching a CO2 emission calculator.

As Qatar Airways Cargo enters its next decade, it remains dedicated to digitalisation and sustainability and looks forward to continuing being at the forefront of air cargo's innovation and customer-centric solutions.

Qatar Airways cargo now operates to more than "160 belly-hold and 70+ freighter destinations" with some 200 passenger aircraft and 31 dedicated cargo freighters

Egypt devaluation delay seen adding to post-election pain

Reuters
Cairo

Egypt looks unlikely to devalue its currency again before a December presidential election, but with the pound sagging against the dollar on the black market the delay means the move may simply be more painful when it comes, analysts say.

While President Abdel-Fattah al-Sisi is expected to win re-election, inflation has surged to record highs and deep-rooted economic problems have been exposed by a chronic shortage of foreign currency since early 2022.

All that points to the need for another devaluation, but authorities worry that this, or imposing austerity measures, during the campaign could trigger unrest at a time of high political tension, analysts said.

The election will take place on December 10-12, the election authority announced yesterday.

In a $3bn financial support package signed with the IMF last December, Egypt agreed to let its currency float freely and to speed up the sale of state assets to narrow its budget and current account deficits. Progress has been slow on both counts.

Since March, Cairo has kept the pound fixed against the dollar at a rate of 30.85/95 even as the local currency slid on the black market to around 40 pounds per dollar by mid-May.

In the year prior to March the pound lost nearly half its official value, with devaluations accompanied by bursts of high inflation.

"The government has emphasised its concern that previous currency falls and surging inflation have inflicted severe pain on the Egyptian population; officials are no doubt concerned about the threat of social unrest," James Swanston of Capital Economics said in a note.

Inflation in the year to August accelerated to a record 37.4%, while M2 money supply increased by 24%, suggesting the currency is set to weaken further.

"With inflation running hot, the longer Egypt delays a move to a more flexible exchange rate regime, the bigger the drop from current levels for the pound," said Farouk Soussa of Goldman Sachs.

The IMF was due to disburse funds twice a year over 46 months, but delayed the June payment amid reports it was unhappy with Egypt's progress.

"The clear risk is that all of this further delays reviews of Egypt's IMF deal, and downward pressure on the pound mounts," Swanston wrote.

A report by the Institute of International Finance (IIF) estimated this month that the pound was over-valued by 10%, a figure that would grow to around 20% by the end of 2024.

"High inflation, declining trading partner inflation, and a fixed exchange rate" could all contribute to pressure on the pound, the IIF said.

Still, Carla Slim of Standard Chartered said it was possible a delayed devaluation might soften the currency adjustment, provided the government moved forward on asset sales.

"I think a delayed devaluation could actually mean a less steep adjustment because the authorities would have allowed more time for USD inflows from asset sales to materialize, leading to a further narrowing of the net foreign liability position."

Faced with a foreign currency shortage, banks and importers have adopted new stratagems to get around restrictions on opening letters of credit (LCs) or arranging direct cash payments for imports, bankers, importers and analysts say. Shortages of factory and other inputs have been slowing growth, economists say.

Exporters, who can use foreign currency from sales abroad to pay for imports, have begun teaming up with importers to buy goods.

Importers also buy dollars with Egyptian pounds on the black market, then sell them back to certain banks at the official exchange rate.

The banks will then open LCs for the value of the pound transaction plus a premium of 10% to 20%.

But this can add 35% to the cost of goods purchased abroad, two importers told Reuters.

An employee counts Egyptian pounds at a foreign exchange office in central Cairo. Since March, Cairo has kept the pound fixed against the dollar at a rate of 30.85/95.

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China seen not overtaking US economy with 'broken model'

Bloomberg
London

China may stem its real estate crisis but the economy will only grow tepidly and probably won't ever overtake the US, according to Klaus Baader of Societe Generale SA.

The French bank's global chief economist, who formerly worked in the Asia-Pacific region, told Bloomberg Television that even if a "piecemeal attempt" by authorities to stabilise housing succeeds, the country has more significant problems.

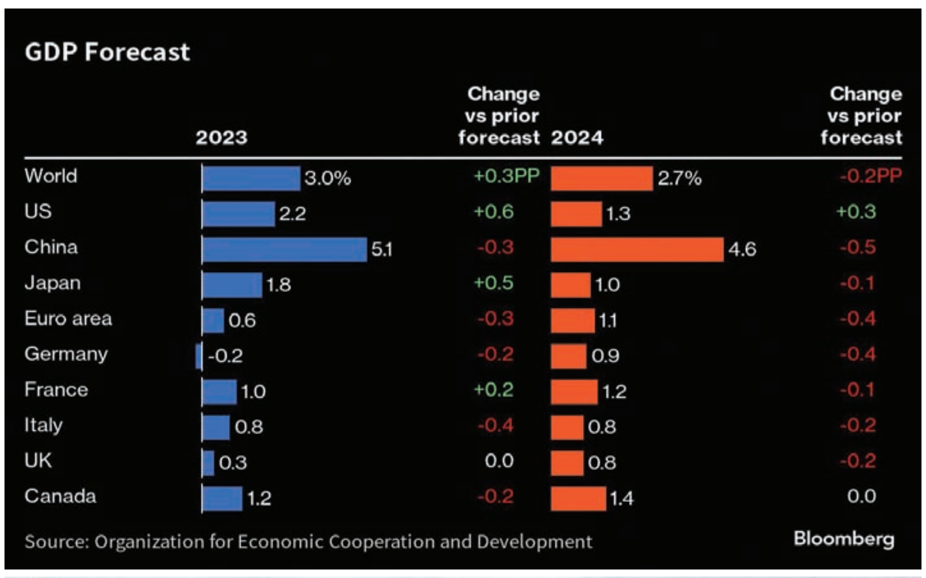
"What I'm much more concerned about is, will you be able in China to rebuild confidence in the private sector — and that I think is a much bigger challenge," he said. "The great Chinese growth story is over."

Worries about a possible liquidation of China Evergrande Group pushed property stocks there down by the most in nine months yesterday. Last week, the OECD cut its projection for the country's gross domestic product, saying output probably won't exceed 5% next year.

"People have been speculating, when is the Chinese economy going to be bigger than the US economy, and I don't think it's going to happen," he said. "Because a model of industrialisation — and housing-driven — you can't do that for ever, particularly not when your population is shrinking."

Baader, a veteran of Lehman Brothers, said the "key risk" of a Chinese financial implosion reminiscent of that US bank's failure in 2008 probably won't materialise because the banking system is controlled by the state. Even so, he reckons weak expansion will be the norm.

"The worst in terms of economic growth for China is behind us, but it's going to be a very moderate growth pattern — incomparable to what it was," Baader said. "I fear that the Chinese growth model has been broken and so far, no-one has come up with a new model."



An aerial view of buildings in Shenyang, in China's northeastern Liaoning province. Worries about a possible liquidation of China Evergrande Group pushed property stocks there down by the most in nine months yesterday.

QSE MARKET WATCH

COMPANY NAME	Lt Price	% Chg	Volume
Zad Holding Co	13.93	0.00	81
Widam Food Co	2.27	2.34	1,723,683
Vodafone Qatar	1.80	0.50	6,834,334
United Development Co	1.11	-0.81	3,938,203
Salam International Investment	0.67	-0.75	3,682,935
Qatar & Oman Investment Co	0.95	5.92	17,670,514
Qatar Navigation	10.64	-0.93	861,602
Qatar National Cement Co	3.61	-0.88	140,266
Qatar National Bank	15.30	1.06	4,296,293
Qlm Life & Medical Insurance	2.78	-0.29	81,021
Qatar Islamic Insurance Group	8.89	0.00	-
Qatar Industrial Manufacturing	3.05	1.67	50,910
Qatar International Islamic	9.75	-0.07	1,474,163
Qatari Investors Group	1.71	-0.29	807,536
Qatar Islamic Bank	18.50	-0.59	1,517,573
Qatar Gas Transport (Nakilat)	3.69	0.33	6,811,854
Qatar General Insurance & Reinsurance	1.18	0.00	196,751
Qatar German Co For Medical	1.73	-1.53	2,869,069
Qatar Fuel Qsc	15.89	0.00	340,775
Lesha Bank Llc	1.38	-0.87	1,062,813
Qatar Electricity & Water Co	17.57	1.09	479,250
Qatar Exchange Index Etf	9.92	-0.64	23,014
Qatar Cinema & Film Distribution	3.01	0.00	-
Al Rayan Qatar Etf	2.24	-0.53	13,684
Qatar Insurance Co	2.47	0.61	4,005,742
Qatar Aluminum Manufacturing	1.36	0.52	50,367,897
Ooredoo Qpsc	10.74	0.00	585,296
Alijarah Holding Company Qps	0.77	-0.39	3,059,944
Mazaya Real Estate Development	0.72	-1.63	4,725,134
Mesaieed Petrochemical Holding	1.81	0.44	6,128,736
Mekdam Holding Group	5.10	0.10	716,380
Al Meera Consumer Goods Co	13.80	-0.07	192,598
Medicare Group	5.78	-0.38	1,227,758
Mannai Corporation Qsc	4.80	0.00	140,924
Masraf Al Rayan	2.19	-0.41	16,958,223
Industries Qatar	14.09	-1.47	3,100,467
Inma Holding Company	4.77	-1.43	314,821
Estithmar Holding Qpsc	2.18	-0.50	1,976,088
Gulf Warehousing Company	3.18	1.24	1,666,404
Gulf International Services	2.80	0.39	10,513,050
Al Faleh Education Holding	0.94	3.31	1,987,165
Ezdan Holding Group	1.01	-0.39	6,777,095
Doha Insurance Co	2.18	0.00	121,158
Doha Bank Qpsc	1.60	-1.42	5,968,212
Dlala Holding	1.52	0.53	139,995
Commercial Bank Psqc	5.50	-0.18	2,103,444
Barwa Real Estate Co	2.60	-1.52	5,873,995
Baladna	1.26	-1.17	9,749,793
Damaan Islamic Insurance Co	3.55	-0.22	2,962
Al Khaleej Takaful Group	3.29	-0.63	2,417,032
Aamal Co	0.84	-0.59	39,624
Al Ahli Bank	3.71	0.00	5,000

Malaysia is boosting palm oil exports to China

AFP
Kuala Lumpur

Malaysia will increase palm oil exports to China by 500,000 tonnes a year as it faces pressure from new European Union restrictions targeting deforestation, a senior minister told AFP yesterday.

The trading bloc introduced new rules this year that ban goods from land that has been deforested, throwing its muscle into the fight against climate change and environmental destruction.

Palm oil is blamed by environmentalists for fuelling the destruction of rainforests in Malaysia and Indonesia, which together produce 85% of global output. But the EU rules have been highly controversial in producer countries, with both Malaysia and Indonesia protesting the move.

Malaysia's Plantation and Commodities Minister Fadillah Yusof told AFP that his country was now upping exports to China, a major importer of the commodity.

"China's import of palm oil and palm-based products from Malaysia was 3.14mn tonnes in 2022," he said.

That will grow by the end of the year or early next year with "additional uptakes of 500,000 tonnes of palm oil" by Beijing, he said.

The increase is the result of a deal between Malaysian-headquarted palm oil product firm Sime Darby Oils International and state-owned Guangxi Beibu Gulf International Port Group.

It will "definitely" help Malaysia counter European curbs, he added.

"Chinese importers are buying high value-added downstream palm products produced from Malaysia," he said.

The edible oil is used in foods such as cakes, chocolate and margarine, as well as cosmetics, soap and shampoo.

Malaysian palm oil exports to China are now expected to hit 3.2mn metric tonnes for 2023, Yusof said.

But the country has "no intention" of turning away from the European Union, currently the second largest importer of Malaysian palm oil after India, and just ahead of China.

He slammed the regulations as a "trade barrier which curtails free and non-discriminatory market access", but added Kuala Lumpur still hopes the bloc's stand will "evolve over time".

Malaysian and Indonesian officials are actively lobbying Brussels over the rules, which do not come into full effect for 18 months, to give producers time to work out compliance.

Representatives from the two countries are due to meet EU officials in Kuala Lumpur for new discussions in December, Yusof confirmed.

Japan to compile economic package to ease inflation pain

Japan's Prime Minister Fumio Kishida unveiled yesterday the pillars of a new economic stimulus package to be compiled next month to help households ease the pain of price hikes and boost wages, reports Reuters.

Kishida will instruct his cabinet today to put together the package and swiftly set up an extra budget to fund it, he said.

It will include measures to protect people from cost-push inflation, back sustainable wage and income growth, promote domestic investment to spur growth, reform to overcome dwindling populations, and encourage infrastructure investment.

With the new economic measures, the premier pledged to shift Japan's economy, which has tended to focus on cost cutting, away from such practices.

Kishida also warned investors trying to sell off the yen, which will boost import bills for food and energy, saying he was closely watching currency moves with a high sense of urgency.

"It's important for currencies to move stably reflecting fundamentals," Kishida said in his rare remarks on the foreign exchange market. "Excessive volatility is undesirable." The size and substance of the extra budget remains unclear.

Kishida has warned investors trying to sell off the yen, which will boost import bills for food and energy, saying he was closely watching currency moves with a high sense of urgency

When asked about the chance of dissolving parliament's lower house to call a snap election, Kishida said he was not thinking about such an option as he must now focus on the new stimulus and other issues that cannot wait.

Bloomberg QuickTake Q&A

What JPMorgan adding India to its EM bond index means

By Ronojoy Mazumdar and Vrishti Beniwal

Money has been flowing into the $1tn Indian government debt market this year, defying a global rout in bonds as foreign investors placed bets that India could finally be added to global bond indexes. Those bets have been proved right: In a milestone for Asia's third-largest economy, JPMorgan Chase & Co has announced it will add Indian government debt to its benchmark emerging-market index starting in mid-2024. Overseas investors will get a new way to put money into a giant economy that has been offering some of the highest returns in the region. JPMorgan will be able to tout greater diversification following the exclusion of Russia last year, and as concerns over US-China geopolitical tensions persist. For India, the move represents greater connectivity between its domestic and global financial markets — and the potential for lower borrowing costs.

1. What's the back story?

India began liberalising its economy in 1991 but does all its borrowing locally in rupee bonds because it wants to avoid the kind of dollar dependence that provoked the Asian currency crisis and other meltdowns. But in late 2019, India started working to gain access to bond indexes in a bid to lower its borrowing costs by generating additional demand — and to tout its financial discipline. As Covid-19 was ravaging the economy and the government was borrowing at record levels to fund a multibillion-dollar stimulus package, it opened a swath of its sovereign bond market to overseas investors. At the time, however, global funds were selling emerging-market assets to hoard dollars. More recently, foreign investors held just 0.4% of Indian sovereign debt in March this year, against a ceiling of 6%. That's among the lowest for any big emerging market. New Delhi balked at tax changes for foreigners that would have facilitated trading of Indian debt on international platforms such as Euroclear. There were also domestic political objections about granting tax exemptions for foreign investors. Those concerns, however, may have been overridden by investors' needs for more options in emerging market sovereign debt. Almost three-quarters of benchmark investors surveyed were in favour of India's addition to the index, the JPMorgan team said.

2. What happens now?

Currently, 23 bonds worth a combined notional $330bn are eligible to be added to the JPMorgan Government Bond Index-Emerging Markets starting June 28, 2024. Inclusion will be staggered over 10 months at roughly 1% weight per month, up to a maximum weight of 10%. JPMorgan's decision puts pressure on other index compilers to diversify their fixed income gauges. India has been on the watch list to get into FTSE Russell's emerging market debt index since March 2021. Its next review is scheduled for September 28. Yet the prospects for India being added to that gauge or the Bloomberg Global Aggregate Index are dim because Indian bonds are not settled on Euroclear, and the nation doesn't have a high enough sovereign credit rating, according to analysts at Barclays. Bloomberg LP is the parent company of Bloomberg Index Services Ltd, which administers indexes that compete with those from other service providers.

3. Why expand the index now?

Russia's exclusion from JPMorgan's emerging markets gauges after the country invaded Ukraine last year may have added incentives for the index compiler to consider filling the gap with Indian debt. Persistent geopolitical tensions between China and the US, and a negative yield gap there, have put investors on the lookout for new opportunities in local currency emerging market debt. While foreigners play a small role in the Indian bond market, inflows have been picking up in recent years and the country's assets have proven resilient to financial turbulence that has roiled other developing-nations. The inclusion reflects the "confidence that financial markets have on the long-term prospects of the Indian economy and our financial and macro policies," Chief Economic Adviser V Anantha Nageswaran said.

4. What are the potential benefits?

Investors will be able to diversify their portfolios and allocate money to a high-yielding market in the world's fifth-largest economy. For India, it's an opportunity to tap a larger pool of liquidity to meet growing needs.

(The nation is set to borrow a record 15.43tn rupees ($186bn) this fiscal year.) Inclusion is expected to attract inflows of at least $25bn through March 2025. That's money India needs to finance its current account deficit, which risks expanding as higher crude oil prices lead to a worsening trade balance for the net energy importer. Greater scrutiny from foreign investors, even though many of them will be tied to index decisions, could also re-energise Prime Minister Narendra Modi's efforts to whittle down the fiscal deficit that exploded during the pandemic. With elections less than a year away, Modi's government hasn't shown much sign of turning on the spending taps, and this would be one more reason not to.

5. What about the concerns?

The government and central bank remain concerned that foreign inflows will increase the volatility of local markets. Officials have in the past worried about the consequences of "hot money" sloshing in and out from offshore. If events as far afield as Turkiye or Brazil put investors off emerging markets, India may bear more of the brunt than it currently does, with its relatively insulated markets. The Reserve Bank of India's monetary policy may also need to ascribe greater weight to how foreign bond investors will respond. Money managers, meanwhile, point to the Euroclear issue, transaction efficiency and clarity on taxes as hurdles that haven't gone away. For India to get the most out of index inclusion, making it easier for foreign investors to put their money to work in local bonds will be important.

6. What's the impact on markets?

At a time when global bond markets are gloomy, the index news is expected to keep Indian yields relatively steady. Benchmark 10-year yields have traded in a range of 7.09% to 7.25% in September. In contrast, similar-tenor US yields climbed over 30 basis points during the same period. Longer term, especially if other index providers add India, the nation may see structurally lower interest rates. The inclusion could also provide some relief for the rupee, which has been trading near a record low.

BUSINESS

Sweden's struggling SBB plans break up to ease funding crisis

Bloomberg
Stockholm

Struggling Swedish landlord SBB took a major step towards stabilising its finances with a cash injection and a plan to divide up its operations, sending a signal that money is available despite the country's real estate crisis.

Samhallsbyggnadsbolaget i Norden AB — as the company is officially known — will largely close its near-term funding gap in a deal that will raise 8bn Swedish kronor ($720mn). The shares surged as much as 40%, and the company's bonds maturing in January 2025 jumped 6 cents on the euro, according to data compiled by Bloomberg.

A deal with Canada's Brookfield Asset Management Ltd is the cornerstone of a break-up plan announced on Sunday by SBB Chief Executive Officer Leiv Synnes, who replaced embattled founder Ilija Batljan in June. While the agreement is complex, it shows that value can be extracted despite bonds markets being all but closed to the sector.

"We will need to raise more capital in the coming year to meet our commitments," Synnes told Bloomberg. "This is a good step forward and will open up more possibilities later."

SBB's shares surged to pare its loss in the last 12 months to 66% and the bonds traded at a narrower discount.

Despite echoes of a crash in the 1990s that sparked a full-blown financial meltdown, Swedish officials have been hoping to contain the problems without widespread intervention. That strategy appears on more stable ground after SBB's announcement. The struggling landlord became the epicentre of Sweden's property meltdown after accumulating an $8 billion debt pile to amass a portfolio of schools, elderly care homes and other public-sector buildings. Backed by investment-grade ratings, the company was seen as a potential harbinger because numerous other Swedish landlords followed similar strategies, but with less debt than SBB.

"This may be seen as positive for short-term bonds, but as the CEO acknowledges, further action is required. Though a review has ended, there may still be questions about revenue generation and SBB's ability to support existing debt in the medium term," says Tolu Alamutu, BI credit analyst.

After being cut to junk status and facing a near-term funding shortfall of 8.1bn kronor, the company initiated a strategic review that included potentially selling itself. That process has now been concluded and SBB will carve itself up into three separate entities.

A school unit will be controlled by Brookfield, which already owned 49% of SBB EduCo AB. The other two business units will comprise the community and residential portfolios, with each seeking to tap more sources of funding, according to a statement on Sunday evening.

SBB said it would continue to explore opportunities to bring in equity partners that would hold a majority stake in its residential business by the end of next year, confirming an earlier report by Bloomberg News.

The near-term cash injection comes as part of the Brookfield deal. As part of the sale of a 1.16% holding in the education unit, the Swedish landlord will get cash through a partial repayment of a 14bn kronor inter-company loan put in place in 2022 when Brookfield first bought a stake.

The deal with Brookfield came after SBB abruptly ended talks in July. The talks, which involved sell SBB's entire 51% stake in SBB EduCo, were widely seen by the market as key for the ailing landlord. Prior to Sunday's announcement, the company had struck deals with Morgan Stanley — through the sale of preferential shares — and some of its tenants to help plug its funding gap.

Proceeds for the loan repayment will come from a banking group that's providing financing to the Brookfield-controlled unit, according to Synnes — an industry veteran who ran the books at rival Swedish landlord Akelius Fastigheter.

"You could say it's a bridge from banks, and then it will be a capital markets solution," he said by phone.

The building housing the headquarters of Samhallsbyggnadsbolaget i Norden AB (SBB) in Stockholm. SBB took a major step towards stabilising its finances with a cash injection and a plan to divide up its operations, sending a signal that money is available despite the country's real estate crisis.

Emerging stocks and currencies end lower

Reuters
Singapore

Emerging market stocks fell yesterday as a slump in the shares of Evergrande recalled attention to China's property sector's debts and the prospect of higher-for-longer US interest rates limited risk appetite.

MSCI's gauge of emerging market (EM) equities fell 0.6%, starting the last week of the third quarter on a sombre note.

The index has shed 3% so far this quarter, as a rally from the beginning of the year lost momentum because of China's uneven economic recovery and concern over interest rates after the Federal Reserve last week signalled another possible hike this year.

Hong Kong's Hang Seng index led a fall in Asian stock markets yesterday, with shares of Evergrande plunging 21.8% after the developer said it could not issue new debt because of an ongoing investigation into one of its subsidiaries.

China's blue-chip CSI 300 index fell 0.7% while the yuan weakened by 0.2% against the dollar ahead of a week-long holiday that starts on Friday.

EM currencies edged 0.2% lower against a strong dollar.

"We continue to point at more upside risks to the dollar in the near term as the evidence of US activity slowdown may take longer to show," Francesco Pesole, FX strategist at ING, said in a note.

Investors await US inflation data later this week. For emerging markets, interest rate decisions from Hungary, Mexico and Colombia are on the watchlist.

The Hungarian forint was flat against the euro, while the Polish zloty gained 0.4%, extending last week's recovery after data showing the domestic registered unemployment rate stayed flat at 5.0% in August.

The Turkish lira weakened to 27.21 versus the dollar. Data showed the country's manufacturing confidence fell to 104.4 points in August.

The Indian rupee fell 0.2%, eroding the prior session's gains driven by JPMorgan's inclusion of Indian bonds in its index.

Elsehwhere, Egypt said it had agreed with the International Monetary Fund (IMF) to merge the fund's first and second reviews of its economic reform programme.

Moody's changed Mozambique's outlook to 'stable' from 'positive' and S&P late on Friday upgraded Albania's outlook to positive on improved economic fundamentals.

Asia markets mixed as traders prepare for higher rates

AFP
Hong Kong

Asian stock markets were mixed yesterday as investors contemplated the possibility the Federal Reserve will hike interest rates again and keep them at three-decade highs with officials struggling to contain inflation.

In Tokyo, the Nikkei 225 closed up 0.9% to 32,678.62 points; Hong Kong — Hang Seng Index ended down 1.8% to 17,729.29 points and Shanghai — Composite closed down 0.5% to 3,115.61 points yesterday.

Equities have come under pressure in recent weeks on bets that the US central bank will need to stick with its tightening bias well into next year as prices remain well above target, while the economy and labour market remain in rude health.

Comments from monetary policymakers will be pored over in the coming days, with traders hoping for some insight into their thinking as speculation grows that borrowing costs will be lifted again before the end of the year.

Last week, Boston Fed chief Susan Collins warned another increase "is certainly not off the table", while Governor Michelle Bowman suggested more would likely be needed.

The prospect of higher rates — and fewer cuts than hoped next year — dented sentiment on trading floors, and dragged all three main US indexes into the red on Friday.

A recent spike in oil prices to 10-month highs above $90 a barrel is adding to the headache for central bankers, with observers warning the commodity could push above $100 owing to an output cut by Saudi Arabia and Russia. And Asia struggled yesterday, with Hong Kong off 1.8% while Shanghai, Seoul and Bangkok were also lower.

Tokyo, Sydney, Singapore, Taipei, Mumbai and Manila ticked higher.

Wellington was flat.

London and Paris were barely moved, though Frankfurt inched higher.

"Sentiment still remains fragile with higher-for-longer messages reverberating through the markets," said Redmond Wong at Saxo Capital Markets. He added that buying could also be subdued by the possibility of a US government shutdown and the ongoing strike by the United Auto Workers.

There was little initial reaction to news that the US and China had set up two working groups on economic and financial policy as they look to stabilise relations.

The Economic Working Group will discuss macroeconomic issues, while the Financial Working Group will focus on regulatory and financial stability issues, a senior US Treasury Department official said.

In Hong Kong, worries about China's property sector returned as struggling developer China Evergrande tumbled about 25% after it called off a creditor meeting and said it had scrapped a planned restructuring.

Funds load up on oil but positions look stretched

By John Kemp
London

Investors continued to buy petroleum future and options, with the focus on crude, but the buying has slowed as almost all short positions have been covered and the market has begun to look stretched on the bullish side.

Hedge funds and other money managers purchased the equivalent of 25mn barrels in the six most important petroleum-related futures and options contracts over the seven days ending on September 19.

Fund managers had purchased a total of 155mn barrels in the three weeks since August 29, according to position records filed with ICE Futures Europe and the US Commodity Futures Trading Commission.

As in previous weeks, the buying was focused almost entirely on crude, with significant purchases of both Brent (+18mn barrels) and NYMEX and ICE WTI (+17mn barrels).

Funds had bought a total of 183mn barrels of crude-related futures and options in the four weeks since August 22. The net position had risen to 535mn barrels (59th percentile for all weeks since 2013) up from 352mn barrels (20th percentile) four weeks earlier.

But positioning had become increasingly lopsided with bullish longs outnumbering bearish shorts by a ratio of 7.76:1 (89th percentile) up from 3.39:1 (31st percentile).

Such one-sided positioning is usually a sign the market has become stretched and presages a reversal in the recent price trend.

In this case, most of the former bearish short positions have been closed out as prices have risen steadily since the end of June.

Funds held just 20mn barrels of shorts in the NYMEX WTI contract, essentially unchanged from 21mn the previous week, but down from a high of 136mn at the end of June.

The short selling cycle that started in the middle of April appeared to have been completed by the middle of September with short positions reverting to a historically low level.

Extra production cuts announced by Russia and Saudi Arabia have reduced crude inventories, especially around the NYMEX delivery point at Cushing in Oklahoma.

Cushing stocks were 18mn barrels (-43% or -1.16 standard deviations) below the ten-year seasonal average on September 15, with the deficit widening from just 1mn barrels (-2% or -0.06 standard deviations) on June 30.

In the process, short sellers have been squeezed, helping lift front-month WTI prices to over $91 per barrel from less than $70 in late June.

Portfolio investors remained ambivalent about the outlook for US gas prices as the steady erosion of excess inventories was offset by the prospect of a warmer-than-average winter.

Hedge funds and other money managers sold the equivalent of 90bn cubic feet of futures and options on gas prices at Henry Hub in Louisiana over the seven days ending on September 19.

As a result, the net position was trimmed to 107bn cubic feet (35th percentile for all weeks since 2010) down from a high of 743bn cubic feet (48th percentile) on July 11. Working inventories in underground storage were just 67bn cubic feet (+2% or +0.23 standard deviations) above the prior 10-year seasonal average on September 15.

The surplus has narrowed consistently from 299bn cubic feet (+12% or +0.81 standard deviations) on June 30.

In other circumstances, the tightening of inventories would probably have lifted futures prices, but investors remain wary of the strong El Niño developing in the central and eastern Pacific.

In the last 50 years, strong El Niño conditions have cut US winter heating demand by 7% on average, which if it happened again could leave the market with a large inventory surplus at the end of winter 2023/24.

■ *John Kemp is a Reuters market analyst. The views expressed are his own.*

US investors see mounting risks to stock market rally

Reuters
New York

A hawkish stance from the Federal Reserve, soaring Treasury yields and a looming government shutdown are adding to a cocktail of risks that has spooked investors and clouded the outlook for US equities.

US stocks have slid more than 6% from their late July highs, and the past week has been particularly nerve-wracking for investors. The Fed projected it would leave interest rates at elevated levels for longer than expected, sparking selloffs in US stocks and bonds.

The S&P 500 tumbled 2.9% this week, its biggest weekly decline since March. Investors sold global equities at the fastest rate this year, with a net $16.9bn leaving stocks in the week to Wednesday, data from BofA Global Research showed. The index is up 12.8% year-to-date.

"We've had resilient growth for the summer months but we're running into a period where there's significant risk to the economy," said Charlie Ripley, senior investment strategist for Allianz Investment Management. "Investors are seeing a reason to take risk off the table and that's going to diminish some appetite" for stocks, he said.

Yields on the benchmark US 10-year Treasury, which move inversely to prices, stand near 16-year highs. High Treasury yields dull the allure of stocks by offering investors an attractive payout on an investment seen as virtually risk free.

Market participants are also grappling with several potential threats to US economic growth, whose resilience this year has helped push stocks higher. Foremost is the challenge presented by higher rates, if the Fed follows through on its pledge to keep borrowing costs elevated as it seeks to decisively turn the tide on inflation.

"The Fed is overly confident in the soft-landing narrative," said Brian Jacobsen, chief economist at Annex Wealth Management. "A confident Fed is a dangerous Fed because it will ignore early signs of weakness." Other risks include high oil prices, a resumption of student loan payments in October and a government shutdown that is set to begin if lawmakers are unable to pass a budget by September 30.

Seasonal factors also look grim, at least for the near term.

The S&P 500 entered what has historically been its weakest 10-day stretch of the year on September 18, according to BofA Global Research. The index has historically fallen by 1.66% over the period when performance during the first 10 days of the month is below average, as it has been this year, the bank's data showed.

"Seasonality shows nasty down days into October," BofA's analysts wrote, noting however that declines could provide opportunities for dip buyers.

Meanwhile, a drawn out government shutdown could aggravate concerns over US government gridlock and send Treasury yields even higher.

Early this year, lawmakers waged a protracted battle to raise the debt ceiling. This drew a credit downgrade from ratings agency Fitch, analysts at Societe Generale wrote.

Higher yields could exacerbate the headwinds to stocks, which have struggled as yields surged over the past several weeks.

Of course, strategists' metrics have shown there is plenty of cash on the sidelines to be deployed by investors looking to buy on weakness. Buyers would likely step in if the S&P 500 fell to 4,200, which is about 3% from current levels, said Keith Lerner, co-chief investment officer at Truist.

Such a decline would put the index at a 17.5 price to earnings ratio, in line with its 10-year average, he said in a Friday report.

"We anticipate, at least initially, buyers would come in around this vicinity… to help contain short-term weakness," he said.

Adam Turnquist, chief technical strategist for LPL Financial, remained optimistic in a late Friday report even though most momentum indicators he tracks — including market breadth — have turned bearish.

He noted that the S&P 500 remains above its 200-day moving average and there have been few signs of investors fleeing to safety.

"Overall, the market is down but not out," he wrote. "Pullbacks are entirely ordinary within the context of a bull market."

Traders work on the floor of the New York Stock Exchange (file). A hawkish stance from the Federal Reserve, soaring Treasury yields and a looming government shutdown are adding to a cocktail of risks that has spooked investors and clouded the outlook for US equities.

Amazon steps up AI race with up to $4bn deal to invest in Anthropic

Reuters
San Francisco

Amazon.com yesterday said it will invest up to $4bn in cash in the high-profile startup Anthropic, in its effort to compete with growing cloud rivals on artificial intelligence (AI).

Amazon's employees and cloud customers will gain early access to technology from Anthropic as part of the deal, which they can infuse into their businesses.

The San Francisco-based startup also committed to rely primarily on Amazon's cloud services, including training its future AI models on large quantities of proprietary chips it would buy from the online retailing and computing giant.

In a joint interview, the CEOs of Amazon's cloud division and Anthropic said the immediate investment will be $1.25bn, with either party having the authority to trigger another $2.75bn in funding by Amazon.

They declined to state how much Amazon now would own of Anthropic or the startup's updated valuation, last estimated at more than $4bn. Amazon said it would not gain a board seat and that its stake amounted to a minority position.

The news represents perhaps Amazon's biggest answer yet to challenges from Microsoft and Alphabet's Google, smaller cloud rivals that have marketed or developed powerful AI this year. The deal also shows ongoing manoeuvring by the cloud companies to secure ties with AI startups reshaping their industry.

Since 2019, Microsoft has put billions of dollars into its partnership with ChatGPT's creator OpenAI, giving its customers special access to the startup's prose-writing, image-generating technology.

Google meanwhile helped pioneer this branch of AI and in May invested in Anthropic's $450mn fundraise, in a relationship the startup said is not going away.

For Amazon, yesterday's deal may spell an uptick in demand, including for chips powering AI. Anthropic agreed to work on developing technology for Amazon's in-house Trainium and Inferentia chips, for instance.

Adam Selipsky, Amazon Web Services's CEO, said the pact "will help make Anthropic's models better, will help make our chip technology and our AI infrastructure better." Dario Amodei, Anthropic's CEO, said his company "has obtained the money in a way that allows it to prioritise safety" and "allows us to continue to scale up our models."

Anthropic, founded by former OpenAI executives including Amodei, is one of a series of companies building so-called generative AI, systems that can draft content as if a human created it. Anthropic has aimed to distinguish its work by training AI to adhere to moral values.

Amodei declined to state if its latest financing was competitive.

Anthropic is continuing an agreement it announced with Google in February, he said. Anthropic is using Google's custom chips and has planned to make its technology available via Google Cloud and elsewhere.

Yet with Monday's deal, Anthropic is giving a boost to Amazon Bedrock, a service that has attracted thousands of users to start building AI applications.

Amazon's customers will gain features from Anthropic early, such as the ability to customise their AI. Selipsky said, "both companies are committing that, for many years to come, future versions of Claude will be available on Amazon Bedrock, and that's important." Anthropic's Claude 2 is an AI model that is able to respond to particularly large prompts, setting it up to analyse long business or legal documents.

US market regulator collects private messages in WhatsApp probe

Reuters
New York

The US securities regulator has collected thousands of staff messages from more than a dozen major investment companies, escalating its probe into Wall Street's use of private messaging apps, said four people with direct knowledge of the matter.

Previously, the Securities and Exchange Commission (SEC) had asked the companies to internally review the messages in its investigation of Wall Street's use of WhatsApp, Signal and other unapproved messaging apps to discuss work. The two-year crackdown into potential breaches of record-keeping rules initially targeted broker dealers, netting regulators over $2bn in fines.

While Reuters and other media have reported that the SEC's "off-channel" communication probe has expanded to investment advisers , its move to review thousands of their staff messages has not previously been reported. It marks an escalation of the investigation and raises the stakes for the companies and the executives concerned by exposing their conduct to SEC scrutiny.

"It increases risk," one source said. "The more information you give the SEC, the more you fuel the beast." In the latest phase of the probe of more than a dozen investment advisers, the SEC has in recent months asked for messages on personal devices or applications during the first half of 2021 that discuss business, the sources said. It has targeted a selection of employees, in some cases as many as a dozen, including senior executives.

The firms include Carlyle Group, Apollo Global Management, KKR & Co, TPG, and Blackstone, according to three people with direct knowledge of the matter, as well as some hedge funds, including Citadel, said a different person with direct knowledge.

The executives gave their personal phones and other devices to their employers or lawyers to be copied, and messages discussing business have been handed to the SEC, three people said. That is in contrast to the broker-dealer probes. In those cases, the SEC asked companies to review staff messages and report to the agency how many discussed work. SEC staff reviewed only a sample of messages themselves, according to three sources with knowledge of the previous investigations. The sources spoke on the condition of anonymity because SEC investigations are confidential.

At least 16 firms including Carlyle, Apollo, KKR, TPG, and Blackstone, have disclosed that the SEC is probing their communications. The firms did not provide further details and did not comment for this story. A spokesperson for Citadel declined to comment. Government investigations are not evidence of wrongdoing and do not necessarily lead to charges.

An SEC spokesperson declined to comment. Chair Gary Gensler has defended the communications scrutiny, saying record-keeping rules are critical in helping the SEC guard against wrongdoing. "Now that they have all that data — it is very possible that the SEC will find compliance failures in there somewhere that have nothing to do with the off-channel communications record-keeping issues," said Jaclyn Grodin, a lawyer at Goulston & Storrs who is not involved in the investigation. Private fund fees and expenses, conflicts of interest and preferential treatment of investors are issues the SEC is increasingly focusing on, she noted.

The problem of keeping tabs on staff communications has dogged Wall Street compliance departments for years. Because companies do not surveil personal messaging channels, using them to discuss business puts SEC-regulated employers in breach of requirements to record all business communications. The SEC began to home in on Wall Street's record-keeping problem when JPMorgan Chase failed to provide documents from at least 2018 pertaining to an unrelated probe, according to a 2021 settlement in which the bank agreed to pay the SEC $125mn to resolve charges over record-keeping lapses. Suspecting that off-channel chat about deals, trades and other business was rife on Wall Street, the SEC in 2021 opened an inquiry into other broker-dealers' communications, said two sources. The misconduct proved so pervasive that the agency has been "shooting fish in a barrel," one said.

The probe is shaping up to be Gensler's signature Wall Street enforcement initiative, netting multiple big names including Wells Fargo, Bank of America, Goldman Sachs and Morgan Stanley.

It has generated millions in fees for attorneys, with firms hiring dozens of lawyers to represent both the company and executives worried about their exposure, according to several sources.

The SEC began approaching investment advisers in October 2022, Reuters previously reported. As with broker-dealers, the SEC initially sought details on investment advisers' record-keeping policies. It then identified a group of executives and asked the firms to search their devices and report back on what they found. But the firms resisted, arguing their record-keeping requirements are narrower than broker-dealers'.

In a January letter led by the Managed Funds Association, the industry said the SEC's request was "invasive" and raised privacy issues. Bloomberg previously reported the letter.

The Securities and Exchange Commission headquarters in Washington, DC. The US securities regulator has collected thousands of staff messages from more than a dozen major investment companies, escalating its probe into Wall Street's use of private messaging apps.

Fourth Qatar-Poland New Tech forum to tackle big data challenges

The fourth Qatar-Poland New Tech forum will take place here today, bringing together experts and decision-makers from the Gulf Co-operation Council (GCC) and Central Eastern Europe (CEE) regions with a focus on big data.

The agenda covers crucial topics as trusted data analytics, cybersecurity, renewable energy, and climate change mitigation strategies such as CCUS (Carbon Capture, Usage and Storage).

The forum, jointly organised by the Qatar-Poland Business Council and embassy of Poland, offers a unique platform for dialogue, featuring a diverse panel of industry leaders, government officials, and academics. Attendees will benefit from networking opportunities, potential collaborations, and insights into the tech landscapes of Qatar and Poland.

The forum's strategic partners are the Qatar Financial Centre, ORLEN (the Polish multi-energy conglomerate), The Open Group OSDU Forum, SLB, Investment Promotion Agency of Qatar, Qatar Science and Technology Park, UN Office of Counter-Terrorism and QTerminals. Highlighting that organisations are grappling with challenges in managing diverse and unstructured data, which often takes up a large chunk of project time; the organisers said focused discussions will tackle these data complexities, exploring practical applications of Big Data and IoT in sectors like energy and cybersecurity.

The aim is to improve data management and facilitate informed decision-making while addressing cybersecurity threats, they added.

Aligned with global sustainability goals, the event will delve into technological innovations for integrating renewable energy sources and utilising CCUS for climate change mitigation.

In collaboration with The Open Group OSDU Forum, the event will highlight the need for a unified, open-source, standards-based data platform for the energy industry. This is especially relevant as the sector transitions toward renewable resources and faces evolving regulatory frameworks.

88% of SMEs in Qatar project similar or increased revenue in 2023: Mastercard

Small and medium enterprises (SMEs) in Qatar are optimistic about the rest of 2023, according to the findings of Mastercard SME Confidence Index.

The inaugural SME Confidence Index delved into the impact of the pandemic on SMEs across sectors, products and services, and how they are embracing a digital future.

As a continuation, the second edition of the survey reveals that SMEs in Qatar are confident about business growth, with omnichannel payments presenting the biggest opportunity.

As companies recover from the pandemic and return to the growth phase, the research shows that 88% of SMEs in Qatar – the highest percentage in the Mena region – project similar or increased revenue this year.

"More than 95% of the 25,000 businesses in the private sector currently registered in Qatar are classified as SMEs. Digitisation plays an integral role in promoting sustainable SME growth, and Mastercard is committed to advancing Qatar's digital transformation as part of our commitment to connect 50mn SMEs globally to the digital economy by 2025.

"Our innovative omnichannel payment solutions open a world of new opportunities to small enterprises in the country, allowing them to tap into the limitless benefits of the digital economy," said J K Khalil, cluster general manager, Mena East, Mastercard.

In Qatar, 82% of SMEs are confident about business growth this year as compared to 2022.

The survey highlights top three areas for support required by SMEs in Middle East and North Africa (Mena) – training and upskilling staff (93%), access to a wider range of financial services (92%) and better telco infrastructure (91%).

Other areas of support that SMEs indicated include better data and insights (88%), mentoring by industry experts (88%) and access to a wider range of financial services (92%).

To support SMEs in navigating this journey, Mastercard Academy's 'The Entrepreneur's Odyssey' – a first-of-its kind digital education platform – was launched to bring together a range of world-class academic and business resources to help small businesses learn and thrive.

Mastercard has also partnered with Women Choice, an international organisation dedicated to advancing women's personal and professional development, to support the creation of one million jobs for women across Mena, while supporting economic growth and development in the region.

SMEs in Qatar have identified accepting omnichannel digital payments (94%), digitising business operations (93%) and better data, analytics and insights (92%) as the main drivers of growth.

Adoption of digital payment solutions is on the rise in Mena, with 85% of consumers in the region having used at least one emerging payment method in the last year. Mastercard works as a trusted partner of governments to enable small businesses everywhere to go digital, driving economic equality and inclusive prosperity.

Following the global spotlight shone on the country last year, SMEs in Qatar feel confident that the government's focus on its 2030 Vision goals will further improve the ease of doing business. Qatar seeks to nurture the MSME sector as it accounts for a growing share of GDP and employment.

In line with this goal, Mastercard's pledge to connect 50mn SMEs worldwide to the digital economy by 2025 favours the small business segment greatly.

Sheikh Saif Abdulla al-Thani, chief executive officer of Edaa and Dr Salem Al-Naemi, president of UDST after signing the pact.

UDST, Edaa in pact to bolster co-operation

The University of Doha for Science and Technology (UDST) and Edaa, Qatar's Central Securities Depository, yesterday entered into a strategic memorandum of understanding (MoU) to bolster co-operation between the two institutions.

The MoU - signed by Dr Salem Al-Naemi, president of UDST and Sheikh Saif Abdulla al-Thani, chief executive officer of Edaa - serves to bridge the gap between education and workplace, offering unique opportunities to UDST students, whilst enriching the services offered by Edaa, said a UDST statement. "This partnership could not have come at a better time. The connection between educational institutions and businesses is increasingly crucial as the workforce environments young people must enter are becoming more competitive," Dr Al-Naemi said.

As the country's leading university specialised in applied academic, technical, and vocational education, UDST is positioned to play a pivotal role in training the next generation of financial experts.

The MoU serves as a co-operative framework, establishing a roadmap for mutual growth and shared learning in several areas, including the facilitation of student internships and work placements at Edaa, enabling UDST students' access to real-world exposure.

"Our collaboration with UDST demonstrates our commitment to nurturing local talent, as well as injecting the financial sector with a fresh perspective. Through this partnership, we envision a brighter future for both the academic and financial communities in Qatar," said Sheikh Saif.

Other activities under the agreement include shared research initiatives to fuse theoretical knowledge with practical applications, training and professional development for the wider UDST community, collaborative projects focused on innovation, and data and knowledge sharing strategies to promote a culture of collective growth.

Both UDST and Edaa are optimistic that the collaboration will serve as a cornerstone for future partnerships, setting a benchmark for the financial sector's collaboration with academia in Qatar and the region at large.

'Innovation ecosystem seen vital for Qatar'

Fostering an innovation ecosystem is imperative for Qatar to develop a knowledge-based sustainable economy, according to experts at the recently roundtable, organised by Ibtechar.

"In recent months, we have been approached by different governmental, corporate, private and local institutions with one big question: How can we incorporate innovation in our organisations? These institutions faced certain challenges in striking a balance between developing the skills of their employees and applying their set strategies and frameworks with the objective of enhancing innovation," said Nayef al-Ibrahim, chief executive officer and co-founder of Ibtechar.

This drove it to reflect on the subject and communicate with different stakeholders to identify the best solutions, he said at the event, titled 'Corporate Innovations for Sustainable Growth', convening industry leaders, experts, and innovators to foster insightful discussions, knowledge sharing, and collaboration to drive positive impact on businesses, the environment, and society.

David Luong, Digital Innovation Hub Leader at Hamad International Airport (HIA), defined corporate innovation and listed its sources as well as the enablers of transformative innovation.

Technology can be a wonderful medium for fostering inspiration and innovation, he said, adding ChatGPT, artificial intelligence, drones, robotics and supply chain networks are typical models of innovation.

"If a company wants to grow and thrive, it is significantly important for it to apply a supportive innovation culture and strategy. Additionally, it has to pay great attention to the engagement of its staff, stakeholders and customers to ensure that they are part of its transformative innovation journey," Luong said.

AlHasan AlSammarraie, founding managing partner at Applab, said technology has become a cornerstone for innovation and digital transformation.

"Innovation is all about adopting existing technologies, frameworks, methodologies to tackle problems that may affect the sustainability of a company such as reporting as well as measuring and reducing the direct costs of a company," he said.

The roundtable was part of a series of roundtables organised by Ibtechar, under its commitment to building a knowledge-based economy in Qatar by propelling practical innovation across all levels of society. To this end, the Ibtechar roundtables provide a platform for active dialogue, knowledge exchange and increased collaboration between various stakeholders and sectors.

Nayef al-Ibrahim, chief executive officer and co-founder of Ibtechar, with other speakers at the Ibtechar roundtable.

QSE loses 24 points on sell pressure at realty, industrials counters

By Santhosh V Perumal
Business Reporter

Reflecting the regional concerns that interest rates are expected to stay higher for a longer period, the Qatar Stock Exchange (QSE) yesterday lost 24 points on the back of selling pressure, especially in the real estate and industrials sectors.

The foreign retail investors were seen net profit takers as the 20-stock Qatar Index declined 0.23% to 10,267.78 points.

Oxford economics, in its latest research note, had said the Gulf Cooperation Council or GCC will experience an extended period of higher rates, which are now at their 20-year high.

The Gulf individuals also turned net sellers in the main market, whose year-to-date losses widened further to 3.87%.

More than 57% of the traded constituents were in the red in the main bourse, whose capitalisation melted QR0.66bn or 0.11% to QR602.95bn with microcap segments losing the most.

The foreign institutions' weakened net buying had its dampening influence in the main market, which however touched an intraday high of 10,311 points.

The Islamic equities were seen declining faster than the other indices in the main bourse, which saw a total of 0.04mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.26mn changed hands across 15 deals.

The Gulf funds' lower net buying interests also had its say in the main market, which saw no trading of sovereign bonds.

The local retail investors continued to be net sellers but with lesser intensity in the main market, which saw no trading of treasury bills.

The Total Return Index fell 0.23%, All Share Index by 0.07% and Al Rayan Islamic Index (Price) by 0.45% in the main bourse, whose trade turnover and volumes were on the increase.

The real estate sector tanked 1.13%, industrials (0.57%), transport (0.2%) and consumer goods and services (0.11%); while insurance gained 0.33%, banks and financial services (0.22%) and telecom (0.12%).

The foreign retail investors were seen net profit takers as the 20-stock Qatar Index declined 0.23% to 10,267.78 points yesterday

Major losers in the main market included Dukhan Bank, Mazaya Qatar, Qatari German Medical Devices, Barwa, Industries Qatar, Doha Bank, Inma Holding, Baladna and Meeza.

Nevertheless, Qatar Oman Investment, Widam Food, Qatar Industrial Manufacturing, Gulf Warehousing, Qatar Electricity and Water, and QNB were among the gainers in the main bourse. In the venture market, both Al Faleh Educational Holding and Mahhar Holding saw their shares appreciate in value.

The foreign individuals were net sellers to the extent of QR16.08mn compared with net buyers of QR2.25mn on September 24.

The Gulf retail investors turned net sellers to the tune of QR0.99mn against net buyers of QR0.07mn the previous day. The foreign institutions' net buying declined substantially to QR5.6mn compared to QR22.78mn on Sunday.

The Gulf institutions' net buying decreased marginally to QR3.78mn against QR3.91mn on September 24.

However, the domestic funds were net buyers to the extent of QR6.87mn compared with net sellers of QR1.59mn the previous day.

The Arab individual investors turned net buyers to the tune of QR5.2mn against net sellers of QR1.82mn on Sunday.

The local retail investors' net profit booking weakened drastically to QR4.38mn compared to QR25.6mn on September 24.

The Arab institutions had no major net exposure for the fourth consecutive session.

Trade volumes in the main market soared 25% to 200.15mn shares, value by 23% to QR530.15mn and deals by 47% to 18,360.

The venture market saw trade volumes more than double to 2.3mn equities and value surge 84% to QR2.47mn on 8% jump in transactions to 117.