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STRONG COMPETITION | Page 8

QFMA wins representation of IOSCO's Africa/Middle East Regional Committee

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Wednesday, November 15, 2023
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GULF TIMES
BUSINESS

AVIATION BUOYANCY : Page 2

Ethiopian Airlines snaps up 31 Boeings in 'landmark' deal

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Officials of Qatar Chamber and the Canadian-Qatari Business Forum during a meeting at the chamber's Doha headquarters yesterday.

Qatar Chamber to bolster co-operation ties with Canadian-Qatari Business Forum

Officials of Qatar Chamber and the Canadian-Qatari Business Forum (CQBF) held a meeting yesterday in Doha to foster co-operation relations, the chamber announced in a statement.

Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari held discussions with CQBF vice-chairman Joe Armstrong in the presence of Qatar Chamber board member Ibtihaj al-Ahmadani and CQBF executive director Yasser Dhouib.

The meeting also focused on exploring ways to enhance mutual collaboration between both organisations across all economic, commercial, and investment aspects in both Qatar and Canada.

Al-Kuwari lauded the close relations between Qatar and Canada in all fields, emphasising the significance of boosting collaboration within the business sector, as well as its potential impact on the growth of Qatar-Canada trade volume.

He noted that trade between Qatar and Canada witnessed a 16% growth from QR620mn in 2021 to QR720mn last year, positioning Canada as "one of the most important trade partners for Qatar."

He emphasised the chamber's commitment to supporting co-operation and partnerships between the private sectors of both countries and encouraged Qatari businessmen to explore investment opportunities in Canada.

Al-Kuwari also extended an invitation to Canadian companies to invest in Qatar, highlighting the country's attractive investment environment, well-developed infrastructure, and the incentives offered by the government for foreign investors.

In turn, Armstrong announced that CQBF will be participating in the Qatar Web Summit slated in February 2024. Canadian firms specialising in artificial intelligence (AI) and the Internet of Things (IoT) will be joining the event to forge new partnerships with Qatari investors.

Armstrong highlighted that Canada, particularly Montreal, is one of the premier destinations attracting major Canadian and international companies in the fields of IT and AI, thanks to its attractive investment incentives.

Also speaking at the meeting, al-Ahmadani noted that Qatari businessmen are keen to foster the development of the small and medium-sized enterprise (SME) sector, recognising them as a key driver for economic development worldwide.

She emphasised that the SME sector creates new avenues for cooperation between Qatari and Canadian companies and in encouraging the establishment of partnerships and alliances within the SME domain.

According to Dhouib, the CWBF's visit to Qatar aligns with both sides' mutual desire to enhance economic relations and identify investment opportunities across various sectors, underscoring the Canadian side's interest in learning from Qatar's experience in providing attractive tools and incentives for capital and enterprises in the Middle East and the Gulf region.

MCIT joins 'Singapore Week of Innovation and Technology'

The Ministry of Communications and Information Technology (MCIT) participated in the eighth edition of the 'Singapore Week of Innovation and Technology' (SWITCH 2023) organised recently by Enterprise Singapore. This participation comes in alignment with the increasing significance of technology and the need to attract relevant investments to diversify the economy in line with Qatar National Vision 2030. The Qatari delegation was headed by Eman al-Kuwari, director of the Digital Innovation Department at the MCIT.

SWITCH 2023 is a premier global platform that unites innovators, entrepreneurs, and industry leaders. The event provided an opportunity for MCIT to showcase Qatar's innovation ecosystem, collaborate with international stakeholders, and support startups in making a mark on the global stage.

The MCIT team during the eighth edition of the 'Singapore Week of Innovation and Technology'.

The Digital Incubation Centre (DIC) under MCIT was a major highlight of the event, as 11 selected DIC startups showcased their innovative solutions and gained exclusive access to multiple networking activities with investors, fellow startups, and ecosystem stakeholders, enriching their growth journey with industry insights and expertise.

The startups were chosen based on their interest in and readiness to identify local, regional, and global expansion opportunities.

"The MCIT's participation in SWITCH 2023 was a showcase and proof of our commitment to supporting innovation, nurturing the entrepreneurial spirit, and driving the growth of our startups. This event not only strengthened our positioning but also allowed us to communicate and demonstrate our capabilities and initiatives at such global stages. We are proud of our successes and connections forged during this extraordinary event," al-Kuwari said.

During the event, Bonocle, an alumnus of DIC, was recognised as one of the top 10 startups at the SWITCH Slingshot competition after competing with thousands of applications worldwide. Bonocle is a startup with a global mission to empower the blind community. The startup's braille education platform is changing the landscape of braille learning, making it more accessible, enjoyable, and universal.

HIA receives ISO 14001 Environmental Management System certification extension by BSI

The Qatar Company for Airport Operation and Management (MATAR) has announced that Hamad International Airport (HIA) has received a certification extension from the British Standards Institution (BSI), reaffirming the airport's commitment to setting industry standards towards environmental sustainability and stewardship.

The ISO 14001:2015 Environmental Management System certificate was achieved after completing the audit. The certificate identifies the requirements for an environmental management system that an organisation can utilise to enhance its performance.

Retaining this global recognition is a testament to HIA's environmental sustainability goals towards waste management, minimising the consumption of natural resources, and mitigating climate change.

Retaining the global recognition is a testament to HIA's environmental sustainability goals towards waste management, minimising the consumption of natural resources, and mitigating climate change

HIA went through a surveillance auditing process, which included reviewing the airport's operations with a focus on areas with high potential environmental risk, interviewing employees, and evaluating operational controls and the airport's conformance to the ISO 14001:2015 requirements.

In addition to the ISO 14001:2015 Environmental Management Systems certification, HIA also holds the ISO 55001:2014 Asset Management System certification and the ISO 22301:2019 Business Continuity Management Systems certification from BSI. The airport has also obtained the ACI ACA Level-3 of the Airport Carbon Accreditation.

ESG integration in Qatar Free Zones explored at workshop with Al-Attiyah Foundation

The Al-Attiyah Foundation and Qatar Free Zones Authority (QFZ) hosted an educational workshop on environmental, social, and governance (ESG) yesterday.

The 'Workshop on Building Capacity for ESG in Qatar Free Zones' gathered a diverse cohort of delegates to explore the opportunities and challenges associated with integrating effective ESG strategies into businesses operating within the free zones in Qatar.

The ESG criteria, pivotal benchmarks for a company's behaviour, are employed by socially conscious investors to scrutinise potential investments. Environmental criteria consider how a company safeguards the environment, including corporate policies addressing climate change.

Social criteria examine how a company manages relationships with employees, suppliers, customers, and the communities where it operates. Governance delves into a company's leadership, executive compensation, audits, internal controls, and shareholder rights.

During the workshop, Naif al-Suwaidi, chief of Regulatory Affairs at QFZ, gave a welcome opening speech. Markus Reichardt, vice president of Next-Source Materials Inc; Ted Paulus, senior director of Position Green; and Ahmed Elidrisy, Environment and ESG adviser at QFZ, shared insights on topics, such as best reporting practices for ESG, developing ESG strategies, and ESG initiatives within the QFZ.

HE Abdullah bin Hamad al-Attiyah, Qatar's former minister of Energy and Industry and chairman of the Al-Attiyah Foundation, stated: "Many investors and financial institutions consider it essential to align their portfolios with ESG performance. Not only can implementing effective ESG strategies improve a business' impact on the environment, society, and governance bodies, but companies that perform well on ESG are better positioned for the long term and better prepared for risk and uncertainty.

"However, adopting ESG principles brings numerous challenges, such as identifying the best reporting framework to implement and the lack of standards to measure results or impact."

HE the Minister of State and Chairman of Qatar Free Zones Authority Ahmad al-Sayed stated: "We are honoured to co-host the Workshop of Building Capacity for ESG in Qatar Free Zones with the Al-Attiyah Foundation. ESG investing, in alignment with Qatar's Climate Change Strategy, represents a shared commitment to responsible business practices.

"Thanks to the steadfast coordination with the Al-Attiyah Foundation, we embark on a journey towards a future where responsible business conduct is ingrained in our operations. This workshop serves as a catalyst for enduring positive change in environmental, social, and governance principles, inspiring a strengthened commitment to sustainable practices beyond these discussions."

QFZ is at the forefront of sustainability. By implementing minimum ESG standards, offering cutting-edge technologies, and enforcing reporting requirements for businesses within the zones, QFZ is driving sustainability at its core. Simultaneously, it prioritises its own infrastructure's environmental and social sustainability, creating a green, dynamic work environment.

Aligned with Qatar's ambitious environmental goals, QFZ collaborates with industry leaders. Investing within an ESG framework currently represents the fastest-growing segment of the asset management industry. Assets in ESG funds grew by 53% year-on-year to $2.7tn in 2021, according to by Morningstar data.

The panel of experts sharing insights during the event.

Egypt buy cements Vodacom as Africa's most valuable mobile operator

Bloomberg
Johannesburg

Vodacom Group Ltd's acquisition in Egypt helped boost sales by more than a third in the first half, aiding the company's position as the most valuable mobile operator in Africa.

Sales at Johannesburg-based Vodacom climbed to 72.8bn rand ($3.9bn) in the six months through September, it said in a statement Monday. Cross-town rival MTN Group Ltd still claims bigger revenue and a wider presence on the continent, even as its struggles in Nigeria continue to weigh on its share price.

Still, Vodacom's recent move into Ethiopia adds some risk and further complexity to its operations. The Horn of African nation — the continent's second-biggest by population — has struggled with sporadic unrest and debt problems.

"New ventures in Egypt and Ethiopia add to the group's growth, but alter the risk profile," said Bloomberg Intelligence analyst John Davies. Vodacom may also continue to outperform MTN in their home market of South Africa, he said.

Vodacom has spent $1.6bn in Ethiopia, including the purchase of its operating license, Chief Executive Officer Shameel Joosub said in an interview. "It comes with its challenges, as anything does when you go into a new market."

Vodacom's earnings missed average analyst estimates.

The key focus in Ethiopia is to grow customers to about 7mn people by the end of the year, while rolling out more sites, Joosub said. That's as the issuing of a third license appears to be on hold, he said.

"We are going to use this opportunity to grow as much as we can," he said.

Vodacom also has 73.5mn financial-services customers, including through Safaricom Plc, transacting $1 billion every day. Vodacom expects to generate $1.7bn in revenue from its financial services business, said Joosub.

"We have not taken a decision to monetise financial services yet, although we understand the opportunity," he said.

Adnoc Gas Q3 profit slips 4% on lower prices

Reuters
Dubai

State oil giant Abu Dhabi National Oil Company's gas unit, Adnoc Gas, said yesterday its third-quarter net profit fell 4% from the corresponding period a year earlier, as lower prices were partly offset by higher volumes.

Adnoc Gas reported $1.116bn in net profit in the quarter ending September 30. That beat three analysts' mean estimate of $1.099bn, according to LSEG data.

Revenue dropped 12% in the third quarter to $5.8bn from the previous year.

Revenue was hit by "a less favourable pricing environment" but feedstock cost declined 11% to $3.466bn, "benefiting from the Gas Supply and Payment Agreement (GSPA) with Adnoc Upstream," Adnoc Gas said.

Adnoc Gas "expects to gradually increase leverage to fund growth capex requirements," it said in a results presentation.

Capital expenditure rose 80% year-on-year in the third quarter to $347mn, driven by growth projects including one to supply higher volumes of natural gas to customers in the Northern Emirates of the UAE and another to maximise ethane recovery.

It said it expects its growth capital expenditure to be $14bn between this year and 2028, peaking in 2025-2026. It expects growth capex for its liquefied natural gas (LNG) joint venture (JV) at $2bn over that period.

Maintenance capex is expected at $300mn to $400mn a year, plus $50mn a year for the LNG JV.

Adnoc Gas will pay $1.625bn to shareholders in the fourth quarter and the same amount in the second quarter of next year. It aims to boost its dividend by 5% a year between next year and 2027.

Ethiopian Airlines snaps up 31 Boeings in 'landmark' deal

AFP
Dubai

Ethiopian Airlines ordered 31 Boeing jets with an option for 36 more in a "landmark" deal yesterday as it joined the list of companies betting big on the growth of aviation.

The order, announced at the Dubai Airshow, was the biggest ever made by an African airline for Boeing aircraft, the US manufacturer said.

The 11 787 Dreamliner and 20 737 MAX planes with a list price of more than $5.6bn are part of the airline's expansion plans, said group CEO Mesfin Tasew.

"The addition of the brand new, latest technology with both wide body and narrow body will enable us to expand our network and enhance our growth, our operations and profitability," he said.

With a fleet of 140 aircraft covering 100 destinations, Ethiopian Airlines is already Africa's biggest carrier, Tasew added.

Brad McMullen, Boeing's senior vice-president of commercial sales and marketing, called it a "landmark commitment" from the flag-carrier.

Ethiopian Airlines is not the only carrier eyeing expansion. Dubai's Emirates airline ordered 95 Boeing planes on Monday, while budget carrier flydubai bought 30 wide-bodied aircraft from the US firm as it seeks to open up new routes.

Turkish Airlines has confirmed talks with Airbus, Boeing's European rival, for up to 355 jets. In June, India's low-cost airline Indigo ordered 500 Airbus A320-family planes, the biggest ever order for civil aircraft.

While Boeing has enjoyed the lion's share of the deals in Dubai this week, Airbus announced an order for 10 A350-900 planes by EgyptAir yesterday.

A Boeing 777-X jetliner aircraft flies during the 2023 Dubai Airshow at Dubai World Central-Al-Maktoum International Airport in Dubai. Ethiopian Airlines has ordered 31 Boeing jets with an option for 36 more in a "landmark" deal yesterday as it joined the list of companies betting big on the growth of aviation.

Airbus commercial director Christian Scherer told a news conference the deal marked "an important milestone" in the "long and successful partnership" with the state-owned carrier.

Without discounts, which are routinely applied in the industry, the transaction is worth $3.2bn, according to the manufacturer's latest published list price.

However, Emirates chief executive Tim Clark said yesterday that he will not buy Airbus's A350 until he has concluded negotiations with engine manufacturer Rolls Royce, which he blames for a lack of durability and longevity.

"Forty precent of the 350-1000s have been sold into this region," Clark said, adding: "This is the region that is buying these airplanes and will buy the big numbers if the engine issue's resolved." Airbus has emphasised that technology used in the A350s means the aircraft consumes 25% less fuel than its competitor's previous models.

But the Emirates chief said reliability was paramount in the selection of aircraft.

"They (Boeing) might not be as advanced in their technology, in their build materials. But in the end, what we want is reliance," Clark said.

Also yesterday, Emirates announced contracts worth $1.2bn with the French aircraft equipment manufacturer Safran.

That includes an agreement for Safran to equip the Emirates fleet of Airbus A350s, Boeing 777X-9s and Boeing 777-300s with new seats costing $1bn at list price, Emirates said in a press release.

Air Arabia, based in Sharjah — an emirate neighbouring Dubai — ordered 240 LEAP-1A engines in a deal with a book value of about $3.36bn to power its existing order of 120 Airbus A320neo family aircraft, the company said.

Dubai to offer 25% of taxi operator in IPO, testing market appetite

Reuters
Dubai

Dubai plans to offer 25% of shares in its taxi business through an initial public offering (IPO), the company said in a statement on Monday, the latest public share sale as part of a broader privatisation programme of state assets.

Dubai Taxi Company (DTC), the largest taxi operator in the Gulf city state by market share, will offer 624.8mn shares, which are expected to list on the Dubai Financial Market in December.

The subscription period for the IPO will run from November 21 to November 28 for retail investors in the United Arab Emirates, and November 29 for other investors, the statement said.

Dubai raised nearly $8.5bn from five IPOs last year, fuelled by a government plan to list 10 state-linked companies to boost stock market activity, repay debt and deepen capital markets.

But unfavourable market conditions and global volatility this year have slowed momentum across the region.

Dubai's taxi IPO will also be a test for a strong pipeline of planned regional listings in the fourth quarter and into 2024 amid the Israel-Gaza conflict, which has unsettled markets.

"Despite a slow Q3 2023, we are still optimistic that the remainder of 2023 and 2024 will show a healthy number of IPOs on the Mena markets based on current pipelines," Gregory Hughes EY's MENA (Middle East and North Africa) IPO leader said in a report dated November 7.

"There is a risk that investor sentiment will be adversely impacted by the recent and ongoing geopolitical challenges in the region," Hughes added.

Last week, Investcorp Holding raised more than $450mn from an oversubscribed IPO of its investment unit, the first major public deal from the Middle East since the conflict escalated.

DTC has appointed Citigroup Global Markets Limited, Emirates NBD Capital, and Merrill Lynch International as joint global co-ordinators and bookrunners, and EFG Hermes UAE and First Abu Dhabi Bank as joint bookrunners on the deal.

Rothschild and Co Middle East is mandated as independent financial adviser.

IEA raises oil demand growth forecasts, flags possible 2024 surplus

- **Boosts 2023 growth forecast to 2.4mn bpd**
- **Lifts 2024 growth forecast to 930,000 bpd**
- **Oil supply could go into surplus in 2024**

Reuters
London

The International Energy Agency (IEA) on Tuesday raised its oil demand growth forecasts for this year and next despite slower economic growth in nearly all major economies, although its 2024 outlook remains much lower than that of producer group Opec.

The Paris-based IEA said the market could shift into surplus at the start of 2024 having been kept in a "significant deficit" through year-end by voluntary cuts from Saudi Arabia and Russia which last until the end of December.

"For now, with demand still exceeding available supplies heading into the Northern Hemisphere winter, market balances will remain vulnerable to heightened economic and geopolitical risks — and further volatility ahead," the IEA said in a monthly report.

Oil has weakened to around $82 a barrel for Brent crude from a 2023 high in September near $98. Concern about economic growth and demand has pressured prices, despite support from supply cuts by Opec and its allies, and conflict in the Middle East.

The IEA joins the Organisation of the Petroleum Exporting Countries in raising its oil demand growth forecast for 2023. Demand in 2023 has been supported by resilient US deliveries and record September demand from China, the IEA said.

In 2023, the IEA expects world demand to rise by 2.4mn barrels per day (bpd), up from 2.3mn bpd seen previously and bringing its view closer to that of Opec, which on Monday nudged up its forecast to 2.46mn bpd.

For 2024, the IEA raised its oil demand growth forecast to 930,000 bpd from 880,000 bpd. Expectations are underpinned by hopes of interest rate cuts and the recent fall in crude prices, the IEA, the energy adviser to industrialised nations, said.

This is still well below Opec's forecast of 2.25mn bpd. The difference — 1.32mn bpd — is equivalent to roughly 1% of daily world oil use and translates into more than the daily production of an Opec member such as Libya.

Opec and the IEA have clashed in recent years over issues such as the long-term oil demand outlook and the need for investment in new supplies.

The IEA said the 2024 demand slowdown will arise as "the last phase of the pandemic economic rebound dissipates and as advancing energy efficiency gains, expanding electric vehicle fleets and structural factors reassert themselves."

The 2024 outlook will be in focus at the next meeting of Opec and its allies, known as Opec+, on November 26. The group's existing deal limits supply into 2024, although the extra Saudi and Russian voluntary cuts last until the end of December.

An oil pump is seen during sunset outside Soudron, near Reims, France. Oil has weakened to around $82 a barrel for Brent crude from a 2023 high in September near $98. Concern about economic growth and demand has pressured prices, despite support from supply cuts by Opec and its allies, and conflict in the Middle East.

BUSINESS

China mulls '$137bn of new funds' to aid housing market

Bloomberg
Hong Kong

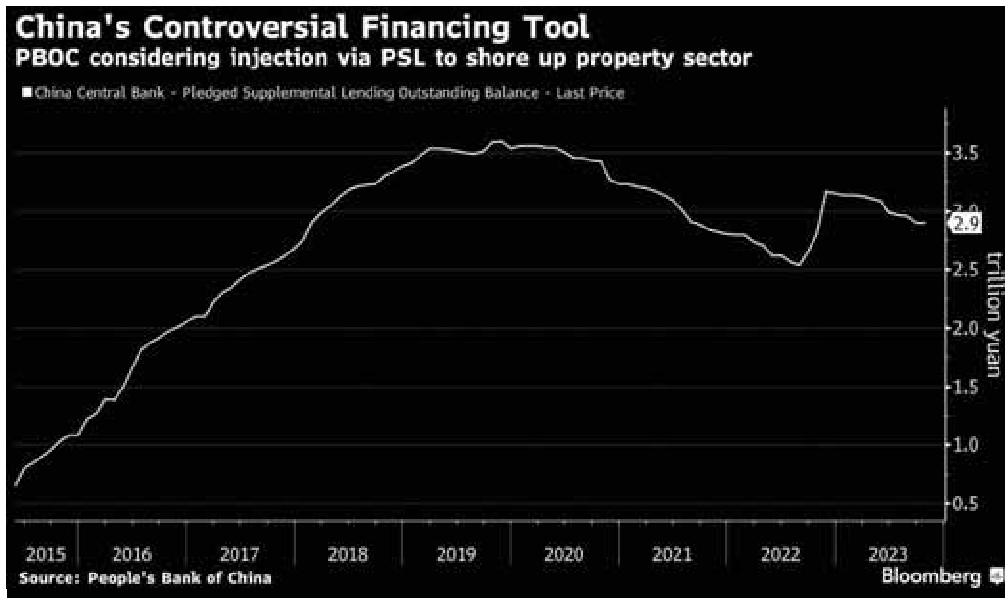
China plans to provide at least 1tn yuan ($137bn) of low-cost financing to the nation's urban village renovation and affordable housing programmes in its latest effort to shore up the struggling property market, according to people familiar with the matter.

The People's Bank of China would inject funds in phases through policy banks with the money ultimately trickling down to households for home purchases, the people said, asking not to be identified discussing a private matter. Officials are considering options including the so-called Pledged Supplemental Lending and special loans, the people said, adding that the government may take the first step as soon as this month.

The plan, part of a new initiative by Vice-Premier He Lifeng, would mark a major step-up in authorities' efforts to put a floor under the biggest property downturn in decades, which has weighed on economic growth and consumer confidence. Market concerns have mounted over the financial health of the nation's largest surviving developers after record defaults in the industry.

The outstanding amount of funds lent through the PSL programme stood at 2.9tn yuan as of October. A net injection of 1tn yuan would vault the total past the previous record in 2019. The final amount of new funding is subject to change, the people said. The PBoC didn't immediately respond to a request for comment.

The onshore yuan rebounded on the report, paring all of the day's declines to 7.288 per dollar. The yield on benchmark 10-year government bond rose 1.75 basis points to 2.6625%, heading for the biggest increase in three weeks. The FTSE A50 Index Futures rose as much as 0.5% after market close on Tuesday.



The PSL programme is a controversial tool. It was first deployed in 2014 to reverse a property market downturn, but was heavily criticised later for inflating the real estate bubble in lower tier cities. The central bank largely stopped providing new PSL funds in 2019 as the shantytown project wrapped up. It was relaunched briefly last year to help the policy banks — which are less profit-driven than state lenders — provide financing for infrastructure development

Dubbed by some as "helicopter money," PSL allows the central bank to provide low-cost funds through policy and commercial lenders to the developers of the shantytown renovation projects. Developers then use the money to buy land from local governments, which in turn give cash subsidies to households whose old homes were demolished so they can purchase newly-built or existing apartments, driving up demand.

"This is not to spur growth but rather deliver a more balanced development for the longer term," said Bruce Pang, chief economist for Greater China at Jones Lang LaSalle Inc. He expects the funding to drive private investment in the sectors and lead to over 10tn yuan in overall direct investment.

State-owned developers such as China Resources Land Ltd were among the biggest beneficiaries from the previous expansion of affordable housing projects.

The PSL programme is a controversial tool. It was first deployed in 2014 to reverse a property market downturn, but was heavily criticised later for inflating the real estate bubble in lower-tier cities. The central bank largely stopped providing new PSL funds in 2019 as the shantytown project wrapped up. It was relaunched briefly last year to help the policy banks — which are less profit-driven than state lenders — provide financing for infrastructure development.

The latest plan comes after Beijing announced an unconventional fiscal stimulus last month, including raising the budget deficit with the issuance of an additional 1tn yuan of sovereign bonds.

QSE MARKET WATCH

COMPANY NAME	Lt Price	% Chg	Volume
Zad Holding Co	13.85	0.00	672
Widam Food Co	2.32	-1.48	4,269,424
Vodafone Qatar	1.80	1.24	3,496,502
United Development Co	0.99	0.51	10,311,471
Salam International Investme	0.69	-1.00	4,611,678
Qatar & Oman Investment Co	0.90	-0.22	648,219
Qatar Navigation	9.62	-0.94	806,579
Qatar National Cement Co	3.55	-0.11	877,660
Qatar National Bank	15.63	-1.76	2,589,458
Qlm Life & Medical Insurance	2.65	1.92	203,726
Qatar Islamic Insurance Grou	8.89	0.00	-
Qatar Industrial Manufactur	3.00	0.00	-
Qatar International Islamic	9.90	-0.11	442,383
Qatari Investors Group	1.65	6.94	12,703,173
Qatar Islamic Bank	18.10	-0.71	1,584,532
Qatar Gas Transport(Nakilat)	3.39	-1.19	7,683,097
Qatar General Insurance & Re	1.19	0.00	-
Qatar German Co For Medical	1.60	-0.19	4,028,621
Qatar Fuel Qsc	16.04	-1.29	617,646
Lesha Bank Llc	1.41	3.99	25,140,577
Qatar Electricity & Water Co	16.75	-0.89	1,056,322
Qatar Exchange Index Etf	9.74	0.52	15,472
Qatar Cinema & Film Distrib	3.01	0.00	-
Al Rayan Qatar Etf	2.19	0.05	5,754
Qatar Insurance Co	2.43	1.76	588,772
Qatar Aluminum Manufacturing	1.29	-0.46	15,858,505
Ooredoo Qpsc	9.82	-0.52	1,387,058
Alijarah Holding Company Qps	0.73	0.27	5,402,722
Mazaya Real Estate Developme	0.68	0.44	10,746,797
Mesaieed Petrochemical Holdi	1.59	0.06	5,783,085
Mekdam Holding Group	5.08	-0.08	92,475
Al Meera Consumer Goods Co	13.15	0.31	95,469
Medicare Group	5.30	0.86	976,375
Mannai Corporation Qsc	3.97	0.74	1,110,957
Masraf Al Rayan	2.53	3.22	70,946,246
Industries Qatar	12.85	0.23	1,718,618
Inma Holding Company	4.00	-0.08	655,345
Estithmar Holding Qpsc	2.02	0.60	4,258,213
Gulf Warehousing Company	3.09	1.25	151,666
Gulf International Services	2.74	-1.51	10,915,866
Al Faleh Education Holding	0.82	0.37	420,843
Ezdan Holding Group	0.87	0.81	15,853,906
Doha Insurance Co	2.23	-0.89	157,160
Doha Bank Qpsc	1.74	0.40	7,183,952
Dlala Holding	1.38	-0.58	545,606
Commercial Bank Psqc	5.28	1.38	2,372,937
Barwa Real Estate Co	2.75	2.20	8,897,240
Baladna	1.24	1.64	5,175,872
Damaan Islamic Insurance Co	3.69	1.10	1,000
Al Khaleej Takaful Group	2.92	1.28	731,969
Aamal Co	0.83	0.61	479,309
Al Ahli Bank	3.75	0.00	-

'Pakistan drawing Saudi interest in mine stakes'

Reuters
Islamabad

Saudi Arabia has shown interest in acquiring government stakes in Pakistan's Reko Diq gold and copper mine, a Pakistani official said yesterday, in what would be a major deal for the crisis-ridden $350bn South Asian economy.

Barrick Gold Corp, which owns a 50% stake in the mine, considers the mine one of the world's largest underdeveloped copper-gold areas.

Pakistan narrowly averted sovereign default earlier this year after a last-gasp $3bn bailout from the International Monetary Fund, but the deal rests on bringing in foreign direct investment to shore up critically low foreign exchange reserves.

Islamabad has appointed an international adviser to do an valuation of its stake in the mine and expects this to be completed before December 25, after which talks will begin with Riyadh, Jahanzeb Khan, the prime minister's adviser special investments, told journalists.

Alongside Barrick Gold the remaining 50% of the mine is held by the governments of Pakistan and the province of Balochistan.

Khan did not identify the adviser but media outlet Arab News reported that United Arab Emirates-based consulting firm RB&A Partners has been hired. The firm declined comment in an e-mailed response to a Reuters query.

Pakistan has previously said Barrick would invest $10bn in the project. Barrick in August said it was open to bringing in Saudi Arabia as one of its partners in the mine.

The Saudi Arabian government did not immediately respond to a request for comment.

Khan said Saudi Arabia and other traditional Middle Eastern allies could potentially line up around $70bn in investments in various sectors.

Khan said that Pakistan was keen on having Saudi Arabia on board, but stressed that Islamabad was "not in a rush" and did not want to have "distress sales" for any of its assets and would protect its national interests.

He said Pakistan set up its Special Investment Facilitation Council (SIFC) in June to help make investing faster and easier and with a focus on sectors including agriculture, mining and information technology.

Khan said even the IMF had inquired about the SIFC's powers but that the body would ensure transparency in all transactions.

Thailand takes $28bn Malacca Strait bypass plan to US

Bloomberg
San Francisco

Thailand is pitching a multibillion-dollar project that will significantly cut shipping times between the Indian and Pacific oceans by bypassing the Malacca Strait — one of the world's busiest sea lanes.

Prime Minister Srettha Thavisin told investors in San Francisco on Monday that the project can cut travel time by an average of four days and lower shipping costs by 15%. With traffic volumes projected to exceed the Malacca Strait's capacity by 2030, the new project will ensure seamless flow of goods, he said.

The so-called Landbridge project will cost about 1tn baht ($28bn), with seaports to be built on either side of the country's southern peninsula and linked by highway and rail networks, according to the government. The 100-kilometre (62-mile) connection would replace a decades-old Thai proposal to dredge a canal through the Kra Isthmus.

The Malacca Strait — a narrow sea lane between Malaysia and Singapore — is the shortest sea route linking the Asia-Pacific region to India and the Middle East. About a quarter of the world's traded goods pass through the strait and it will only become busier, pushing up shipping costs, Srettha said, noting that there are more than 60 maritime accidents a year on average in the passage.

"The Landbridge will be an additional important route to support transportation and an important option for resolving the problems of the Malacca Strait," Srettha said. "This will be a cheaper, faster and safer route."

The port on the west will have capacity to handle 19.4mn tonne equivalent units, while the eastern one is designed for 13.8mn TEUs, together accounting for about 23% of the Port of Malacca's total cargo, he said.

Srettha said the project, which he's also pitched to investors in China and Saudi Arabia in recent weeks, will help create 280,000 jobs and propel Thailand's annual economic growth rate to 5.5% when it is fully implemented. Southeast Asia's second-largest economy grew 2.6% last year and is forecast to expand 2.5%-3% in 2023.

Thailand aims to complete the project by 2030 and foreign investors will be allowed to own more than 50% in joint ventures with local companies in building the ports and related infrastructure. The deep sea ports in Ranong in the Andaman Sea and Chumphon in the Gulf of Thailand may cost 630bn baht, according to the Office of Transport and Traffic Policy and Planning.

The Landbridge "presents an unprecedented opportunity to invest in this commercially and strategically important project that connects the Pacific Ocean and the Indian Ocean, connecting people in the East with the West," he said.

Thai officials will hold a presentation for prospective US investors during the Asia-Pacific Economic Co-operation summit this week. US firms interested in the project include SSA Marine Inc, Port of Long Beach, Oracle Corp and Webtec, Srettha said.

Thailand had for decades discussed an idea for a canal that would traverse the nation's narrowest point and trim the travel distance by 1,200 kilometres, but that proposal was dismissed several times on environmental concerns.

Bloomberg QuickTake Q&A

All about PFAS, the so-called 'forever chemicals' targeted by US and EU

By Tiffany Kary

Used to make coatings and products that resist heat, oil, stains, grease and water, the lab-made chemicals called PFAS can be found in thousands of industrial and consumer goods. Suspected as the cause of cancers and other health problems, they've created billions of dollars worth of liabilities for companies. They're often called "forever chemicals" because their strong fluorine-carbon bonds mean they persist in people, animals and the environment, adding to the risks. Rising concerns have prompted European Union regulators to consider tougher PFAS restrictions and have nudged slow-to-act US officials to take a closer look at the compounds.

1. What are PFAS?

PFAS ("PEE-fas") stands for perfluoroalkyl and polyfluoroalkyl substances. Their special abilities were discovered by accident — in 1938 when a DuPont scientist experimenting with refrigerants essentially invented Teflon, and in 1952 when a 3M Co researcher splashed an experimental mixture on shoes, giving rise to the stain repellant Scotchgard. Some of the earliest forms – notably PFOA (Perfluorooctanoic acid) and PFOS (Perfluorooctanesulfonic acid) – have been largely banned or voluntarily phased out by manufacturers, but their effects continue, and newer versions of the compounds have proliferated. Today, PFAS come in an estimated 15,000 varieties.

2. What are PFAS found in?

They're in many types of outdoor clothing, camping gear, shoes, textiles, coated papers for fast-food takeout, firefighting foams and surfactants — compounds that reduce the surface tension between two things — for electronics manufacturing. Every year brings revelations about additional products they're used in — most recently, toilet paper, dental floss, semiconductors and solar panels.

3. What are the dangers?

There's some uncertainty. It can take decades to establish whether a chemical harms people. Animal studies may not translate to humans. Because directly testing suspected toxins on people raises ethical questions, researchers generally collect data on a group's exposure and try to connect it to certain outcomes. But such observational studies have a limited ability to determine causality. Based on evidence so far:

- The International Agency for Research on Cancer classifies PFOA as possibly causing cancer, particularly in the testes and kidneys.
- Animal studies have shown PFOS affects the ability of cells to communicate with each other — potentially hampering the immune system's ability to destroy viruses and the rogue cells that cause cancer.
- The European Environment Agency says there is high certainty that PFAS are linked to developmental delays in unborn children, thyroid disease, increased cholesterol, and liver damage.
- Around the year 2000, manufacturers began switching from PFOA, PFOS and other so-called long-chain PFAS to a new generation with fewer fluorine-carbon bonds. Because some of these have been shown to spend less time in the body, it's been theorised that they're safer. However, the US Environmental Protection Agency (EPA) found associations between two short-chain types, which are currently used in Scotchgard spray and Teflon manufacturing, and harmful effects on the kidneys, immune system, liver, reproductive system and organ development.

4. How widespread is exposure to PFAS?

The compounds are found in high levels in the water of many communities around the world. Since 1999, monitoring of blood collected from thousands of US residents has found four PFAS, including PFOA and PFOS, in nearly everyone tested. The Environmental Working Group, a public-health advocacy organisation, has mapped more than 3,000 concentrated PFAS pollution sites across the US. An investigation by multiple media organisations in Europe identified 2,100 such sites on the continent. In mid-2023, 3M agreed to pay as much as $12.5bn to settle claims in the US that PFAS it manufactured polluted public drinking water, one of the largest mass tort deals ever. Earlier, DuPont and two spinoff companies provisionally agreed to pay $1.2bn to settle similar claims.

5. Who are the main PFAS producers?

According to a report by the group ChemSec, which advocates for stricter regulation of toxins, the majority of PFAS globally are made by 12 chemical companies: AGC, Arkema, Chemours, Daikin, 3M, Solvay, Dongyue, Archroma, Merck, Bayer, BASF and Honeywell. 3M has said it will stop making all types of PFAS and work to get them out of its products by the end of 2025. Chemours, a DuPont spinoff, has committed to reducing emissions of fluorinated chemicals, a wider class to which PFAS belong, at its manufacturing sites, saying it's cut them by 53% since 2018 and aims to reach 99% by 2030. Dupont has said it uses some short-chain PFAS only when there are no alternatives, in products for the aerospace, defence, transportation and energy industries.

6. What's happening on the regulatory front?

- All but a dozen countries have ratified the Stockholm Convention on Persistent Organic Pollutants, obliging them to ban PFOA and restrict PFOS to specific uses. Actual regulation of these and other PFAS is spotty among parties to the convention, however.
- The EU's European Chemical Agency is considering a ban on around 10,000 PFAS put forward by five EU members. Producers oppose the proposal, arguing that there are often no good alternatives and that the proven risks don't justify a ban. Advocates of the measure say it provides manufacturers time to develop alternatives for PFAS deemed essential. They cite the precautionary principle, an argument for taking mitigation efforts even when evidence of harm is uncertain.
- In the US, which didn't ratify the Stockholm Convention out of concern it would impinge on the country's sovereignty, the burden of regulating PFAS has fallen mostly on states and municipalities, many of which have set their own rules. California banned textiles and cosmetics with PFAS, for example. In March 2023, under a White House plan to address PFAS nationwide, the EPA proposed enforceable standards for drinking water levels for six PFAS, including PFOA and PFOS. The agency earlier recommended that PFOA and PFOS be designated as hazardous under a law that would require the most polluted sites to be cleaned up, putting companies on the hook for as much as $22bn in costs — and more lawsuits.

Easing inflation ushers in fragile economic recovery in Europe's east

Bloomberg
Brussels

The biggest economies in the European Union's east are entering a fragile rebound as easing inflation encourages consumers to start spending again.

Hungary exited a recession with a better-than-expected third-quarter advance of 0.9%, data released yesterday showed. Poland expanded 1.4%, the best performance among EU member states in the period. Expansion continued in Romania and Bulgaria, with each posting 0.4% growth compared to the previous quarter.

Easing price pressures have already spurred central banks in Budapest and Warsaw to start cutting interest rates.

The Czech Republic may be about to follow suit after an unexpected economic contraction. Still, the picture remains clouded with inflation fading slowly in coming months. Manufacturing is also reeling from falling demand in the euro-area, a major trading partner.

"We can talk about a slight recovery for the region, but not a strong rebound," said Juraj Kotian, an economist at Erste Group Bank AG in Vienna. "The external environment is not very friendly for growth."

Hungary's economy has been hit hardest. The highest inflation and interest rates in the EU prompted citizens and companies to cut back on spending. State support rolled out by Prime Minister Viktor Orban's government has failed to provide sufficient relief.

The country is also locked in a standoff with the EU over more than $30bn of funding suspended over rule-of-law and corruption concerns.

"Household consumption and investment activity remained a shadow of their former selves," UniCredit economists Zsolt Becsey and Tibor Nagy said. "The only factors that supported growth and not in a very marked way were imports, which slowed due to shrinking domestic consumption and improved exchange rates."

Romania managed to partly offset some of the external challenges by moving up long-delayed infrastructure projects such as highways and hospital upgrades in a last-minute effort to absorb as much of the EU 2014-2020 budget funds as possible.

The coalition government in Bucharest has also made implementing the reforms required under a post-pandemic recovery its top priority. The programme frees up additional EU funding for both public administration and the private sector. Investments have been the major driver of growth in the previous two quarters.

With the pro-European opposition set to take power by the end of the year, Poland may also see some progress in gaining access to more than €35bn ($37bn) in suspended EU funds.

The country's likely next prime minister, Donald Tusk, has said some payments may start before the end of the year.

Banks may escape EU's toughest ESG regulation so far

Bloomberg
London

Banks, asset managers and other financial firms have won a reprieve from Europe's most consequential ESG regulation to date, as a wave of intense industry lobbying pays off.

Spain, which holds the European Union's rotating presidency, has proposed that financial firms be excluded from the initial rollout of the Corporate Sustainability Due Diligence Directive, according to a November 9 draft proposal seen by Bloomberg. The proposal still requires the approval of member states and lawmakers.

CSDDD, which the EU plans to use as a tool to force all industries to pay more attention to the value chains connected to their operations, has the potential to expose firms to unprecedented legal risk. If a single link in a firm's value chain is tied to human rights abuses, environmental destruction or similar acts, Brussels wants to hold the EU-based business accountable.

The finance industry has lobbied hard against being included in the scope of the directive, arguing that such a wide-reaching rule is reasonable to consider for manufacturers, but not for banks, asset managers and insurers. The negative fallout would be "huge," Philippe Angelis, senior policy adviser for corporate reporting and sustainable finance at Insurance Europe, said earlier this year.

The international scope of the directive has also raised concerns outside the EU. In June, Treasury Secretary Janet Yellen warned of the potential "negative, unintended consequences" facing US firms because of CSDDD. Jose Manuel Campa, chairman of the European Banking Authority, says it's logical to include banks in the directive because giving individual sectors too much leeway ultimately allows them to say they don't care what happens in their value chain.

"I like the philosophy of the directive, which is what we apply in our prudential requirement," Campa said.

The European Council and Parliament will hold negotiations later this month on moving forward with CSDDD.

Until now, whether to include the finance industry had remained a key sticking point in reaching an agreement before the end of the year. Spain's proposal is intended to allow the broader talks to continue, with a view to returning to the issue of whether to include banks at a later date, according to the draft.

CSDDD is the key plank within the EU's package of legislation designed to make its economy sustainable by holding businesses accountable for their social and environmental impact. Under the directive, companies would face civil liability and potentially large administrative fines if they fail to comply with the directive.

Member states remain divided over the initial EU Council proposal, the draft proposal shows. In June, the EU Parliament agreed to include the finance industry in CSDDD. But already then, the lawmaker who spearheaded the initiative, Lara Wolters, said she was bracing for pushback during talks with the EU Council.

US companies opting to refinance 2024 debt face profit hit

Bloomberg
New York

Some of the largest US companies face billions of dollars in additional interest costs and hits to their profit if they refinance their 2024 maturities at current rates, with a third of them lacking the cash to repay upcoming debt.

Non-financial companies in the S&P 500 have a combined $107.7bn in debt coming due next year, with an average interest rate of 2.8%, according to a Calcbench analysis seen first by Bloomberg News. Refinancing at 5.44% – the rate of the one-year Treasury bill in early November – would add another $3.09bn in collective interest expense, the financial research firm said in its analysis.

Calcbench focuses on debt disclosures and analysis of financial statements.

Using companies' trailing twelve-month earnings per share ending with the second quarter as a baseline, that higher interest expense would reduce average EPS at 57 businesses with maturing debt in 2024 by $0.11, or 2.92%, Calcbench said. Still, for many of these firms, refinancing or raising money by selling assets is necessary to deal with upcoming debt maturities, especially if they don't have enough cash.

"Depending on the nature of the company and the strength of its balance sheet, this is significant," said Pranav Ghai, the founder and chief executive of Calcbench.

Companies are impacted by higher financing costs differently, with about two thirds of the companies holding enough cash to pay down their 2024 debt.

The rest — or 19 companies out of the 57 — didn't hold enough cash by the end of the second quarter to extinguish all debt coming due next year, and those numbers have further updated in the most recent quarter.

"We found numerous companies where higher interest expense was greater than available cash the companies had on hand, which implies that those companies must refinance or sell off assets to raise more cash," Ghai said. "They can't otherwise pay off the debt."

US firms have been rushing to the market as Treasury rates declined, with highly rated companies raising $1.115tn in new debt through November 13, up 1% compared with the prior-year period. Last week alone, investment-grade issuers sold $43bn in new bonds, with forecasts calling for $100bn in gross new issuance this month.

The cut-off point for Calcbench's analysis was November 6, with third-quarter results for several dozen S&P 500 companies still outstanding.

One of the companies that holds less cash than its 2024 maturities, according to Calcbench, is pipeline operator Kinder Morgan Inc. The company has $1.9bn in debt coming due next year and reported $497mn in cash at the end of the second quarter. Cash holdings declined to $80mn in the third quarter. The company's 2024 maturities are a small portion of its overall debt, according to its Chief Financial Officer David Michels.

"We intentionally spread out our maturity profile in order to minimise annual refinancing impacts," he said. "Additionally, at the end of the third quarter, we had over $3.5bn of short-term liquidity under our credit facilities, which gives us flexibility to remain patient when refinancing our debt."

Meanwhile, cigarette maker Philip Morris International Inc is anticipating higher financing costs for next year, said CFO Emmanuel Babeau. While the company wasn't included in Calcbench's analysis, it has several maturities in 2024, including $2.65bn in dollar-denominated debt, according to data compiled by Bloomberg.

"We go through a number of refinancings, some of them next year," Babeau said.

US companies across industries are grappling with whether to refinance their upcoming maturities at the risk of hurting profit or wait until interest rates are lower. The Federal Reserve left interest rates unchanged in early November, and Wall Street banks are divided on how aggressive they think the US central bank will be in cutting rates next year.

Costco Wholesale Corp and biotechnology firm Boston Scientific Corp are among those that are expected to see a hit to basic EPS if they refinance at current rates, according to Calcbench estimates based on trailing 12-month earnings at the end of the second quarter.

Boston Scientific — with $500mn coming due next year and over $1bn in early 2025 — will likely see a hit to EPS of 0.83% in 2024, followed by a hefty 4.14% dent to EPS in 2025, Calcbench said.

Costco is considering repaying a $1bn bond maturing in 2024 with cash, according to CFO Richard Galanti. Refinancing at the current rates doesn't make sense, he told Bloomberg News.

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Updated on 1st & 16th of Every Month

US yields slide as traders see rates falling half point by July

Bloomberg
Washington

Treasury yields plunged yesterday as a slower-than-anticipated pace of consumer price growth last month bolstered the view that the Federal Reserve's most aggressive interest-rate hiking cycle in decades is over.

The 10-year note's yield fell as much as 21 basis points to 4.43, the lowest level since September 22. Meanwhile, the 30-year bond's yield fell about 15 basis points to 4.61%. Swap contracts used to hedge future Fed actions marked down the odds of another rate increase to almost nil and shifted the timing of an anticipated cut to June, and priced in an additional quarter-point cut in July. By the end of 2024 traders now see the US central bank slashing rates by a full percentage point.

Ten-year yields, a benchmark for global borrowing, have plunged now by over half a percentage point since reaching a 16-year high of 5.02% on October 23. The bond market recovery has come amid some bouts of wild back-and-forth swings, yet is gaining ground since the Fed left its benchmark policy rate unchanged earlier this month.

"I do think the Fed is done," said Tony Farren, managing director in rates sales and trading at Mischler Financial Group. "The peak in inflation is over, that's obvious. We've also seen the high in yields unless oil goes over $100 a barrel and stays there for some time, then all bets are off."

The US consumer price index was unchanged in October versus a median estimate of a 0.1% increase in Bloomberg's survey of economists. Core CPI, which excludes food and energy, increased 0.2% compared with the 0.3% median estimate. The year-on-year rate slowed to 4% against an estimate of 4.1%.

Despite the market pricing for a quick Fed policy shift next year, some suspect it won't happen so fast given inflation is still above the Fed's target. In addition, US central bank officials have repeatedly warned markets that they're in no rush to cut rates.

The US Treasury building in Washington, DC. Treasury yields plunged yesterday as a slower-than-anticipated pace of consumer price growth last month bolstered the view that the Federal Reserve's most aggressive interest-rate hiking cycle in decades is over.

"I still think that inflation will take time to come down and that will leave the Fed on hold longer than you typically see during a cycle," Erin Browne, the portfolio manager for multi-asset strategies at Pacific Investment Management Co, said on Bloomberg television. "The Fed is not going to take it's applause and take a bow with just one data print," and will wait "to make sure that the data continues to confirm that inflation will fall."

Overall Pimco is bullish on bonds, sticking with a 2024 forecast they and others had for this year that didn't pan out.

Hope is building now that with the fall in yields in recent weeks, bond investors could avoid what looked like a sure thing just a few months ago — a third straight year of losses in Treasuries. A broad index of Treasuries was down 1.2% this year through Monday, after losing an unprecedented 12.5% last year and 2.3% in 2021.

Short-term yields also plunged Tuesday as traders anticipated a quicker Fed pivot to cutting rates. Swaps contracts indicate the effective funds rate will fall to nearly 4.33% by December 2024 from 5.33% currently.

"The bar for further rate hikes is getting higher and higher at this point," Jay Bryson, Wells Fargo & Co chief economist, said on Bloomberg Television.

Glencore takes majority stake in Canadian coal business

AFP
Zurich

Swiss commodities giant Glencore will acquire a majority stake in the steel-making coal business of Canadian miner Teck Resources, the companies said yesterday, ending fraught negotiations between the groups.

Glencore initially launched a $23bn hostile takeover bid of Teck's entire operation in April, disrupting the Canadian firm's plans to spin off its coal business and raising concerns in the country about its potential impact on jobs.

After Teck balked, the Swiss group made an alternative offer to buy its steel-making coal business, Elk Valley Resources (EVR).

In the deal announced Tuesday, Glencore will take a 77% effective interest in EVR for $6.93bn in cash. Japan's Nippon Steel Corp will acquire a 20% minority stake, while South Korea's POSCO will grab 3%.

Vancouver-based Teck Resources put the value of its steel-making coal business at $9.0bn.

"We are pleased to have reached agreement to acquire Teck's steel-making coal operations in the Elk Valley," Glencore chief executive Gary Nagle said.

"These world-class assets and the experienced people that operate them are expected to meaningfully complement our existing thermal and steel-making coal production located in Australia, Colombia and South Africa," he said.

Glencore's coal strategy has attracted fierce criticism, including from some shareholders at the commodity trading and mining group.

The latter want it to separate coal from the rest of its activities in order to concentrate on its other resources, such as copper and cobalt, which are in high demand for the energy transition.

"At a time when most mining businesses are turning away from coal due to its polluting nature Glencore is seemingly doubling down on the fossil fuel," said Russ Mould, investment director at trading platform AJ Bell.

"The company has a reputation for ruthlessness and, while this deal will do little for its public reputation, it clearly feels the move makes business sense," he said.

Mould noted, however, that Glencore plans to spin off its coal business, including its future EVR unit, into a separate company.

Glencore said yesterday that it intends to demerge the combined business within 24 months after the Teck deal closes.

"If it is successful in executing its spin-off plans then the remaining Glencore businesses would be free of the stink of coal," Mould said. Glencore said the EVR transaction is expected to close in the third quarter of 2024, pending the approval of Canadian regulators.

A cyclist rides by signage at the Glencore headquarters site in Zug, Switzerland. The commodities giant will acquire a majority stake in the steel-making coal business of Canadian miner Teck Resources, the companies said yesterday, ending fraught negotiations between the groups.

Glencore shares rose more than 3% in afternoon deals in London's FTSE 100 index.

In its initial takeover bid of Teck Resources, Glencore wanted to combine the coal and metals activities of the two groups and then spin them off.

The Canadian firm twice rejected the offer, with the support of chairman emeritus Normal Keevil, whose family owns the majority of "supervoting" shares.

Teck had warned that the proposed merger would bring Glencore's thermal coal into its business. Used to produce electricity and heat, thermal coal is attracting much more criticism because of its climate-heating carbon dioxide emissions.

Teck Resources, one of the top mining companies in Canada, wants to focus on metals such as copper that are key to the global energy transition.

Glencore's takeover attempt also raised political hackles in Canada.

Prime Minister Justin Trudeau told Bloomberg in April that the bid would go through a "rigorous process", while opposition Conservatives urged the government to block the deal over concerns about jobs.

In June, Glencore made the alternative offer to buy EVR.

In Tuesday's statement, Glencore said it will enter into commitments with the Canadian government to ensure that EVR will continue to be based in Vancouver, with "no net reduction in the number of employees".

Keevil said the sale "sets the stage for Teck for continued growth as a major Canadian-based producer of copper and other future-oriented metals, while preserving the jobs and operations of the coal mines in the Elk Valley."

Asset managers warn of failed trades as US market speeds up

Bloomberg
New York

Global investment houses are bracing for more failed trades as a result of plans to halve the time it takes to settle American stock transactions to just one day.

Around 60% of asset managers fear a higher rate of settlement failures will be the consequence of regulations coming into force in May that will speed up the time it takes to complete a US security trade.

That's according to SIX Group's Future of Finance report, which polled 343 C-Suite executives at financial institutions from around the world.

The looming shift will put stocks in the largest equity market out of step with not only global peers but also the world of foreign exchange, where trades typically take two days to complete. That threatens to create new risks for firms unprepared for the transition.

"The move is going to impact European market participants that trade in US securities, especially as the risks associated with moving to T+1 include penalties if settlement fails," said Nicholas Phillips, a market structure researcher at Bloomberg Intelligence. "If you sell a stock in the UK at the same time as buying a stock in the US, the different settlement cycles create a funding and currency risk."

Major financial institutions including banks, brokers and investment houses now have less than seven months to prepare for America's switch to what's known as T+1, after it transitioned to T+2 back in 2017. It's set to be a headache in particular for overseas investors without a global staffing presence, as timezone differences exacerbate the rush to complete trades on schedule.

"Asset managers are clearly concerned about the potential for errors in a more compressed timeframe," said Steve Carlin, a vice president at post-trade processing firm AutoRek. "The reality of a shorter settlement cycle for US stocks and bonds means a much quicker turnaround for tasks such as the reconciling of trade details between different firms."

More than half of European financial companies with fewer than 10,000 staff are planning to either move people to North America or hire overnight staff, an earlier survey sponsored by the Depository Trust and Clearing Corporation revealed. Edinburgh-based Baillie Gifford is among those relocating traders to New York so they're better-placed to execute transactions at the end of the US session.

The switch to T+1 is forcing firms to "think much bigger on their settlement operations and fails management and not treat it as an afterthought," said Daniel Carpenter, chief executive of Meritsoft, a firm that specialises in post-trade automation. "As it stands, market participants are not there yet."

SIX's findings chime with a separate Bloomberg Intelligence poll of European buyside traders, which found 59% aren't in favour of a faster settlement cycle. Yet with the May deadline approaching, they have no choice but to adapt.

"Perhaps the most prominent discussion in financial regulation right now revolves around the implications of the shortening of the securities settlement cycle to T+1 for US securities," J Benito, head of domestic custody and trade repositories operations at SIX, said in the report.

"There will be different settlement cycles between North America and Europe over the near to medium term, which may explain why many respondents anticipate greater operational complexity."

Meta has more Wall Street fans than ever as shares rally

Bloomberg
New York

For Meta Platforms Inc bulls, the biggest one-day stock wipeout in history is a fading sight in the rear-view mirror.

The Facebook owner's shares have nearly quadrupled since a low in November last year, which came after a $251bn crash in February. By one measure, analysts have never been more confident that further gains are ahead.

Of the 70 analysts tracked by Bloomberg that cover the social media giant, 62 have buy-equivalent ratings on the stock. That's the highest number since the firm's initial public offering in 2012.

"We don't think you have to be a believer in the metaverse story to like the stock," Stifel Nicolaus analyst Mark Kelley wrote in a note yesterday.

Kelley, who is one of the many analysts with a buy rating on the stock, says the investment thesis is backed by advertisers pointing to the company's unmatched scale relative to competitors, including TikTok Inc. The overwhelming bullishness shows how far the social media giant has come in regaining investor support since last year's crash.

Back then, Wall Street had soured on the shares as the company's sales contracted and its Chief Executive Officer, Mark Zuckerberg, embarked on a multibillion dollar project to build his version of the metaverse — an immersive virtual world. Now, a focus on cost cutting, toned down metaverse rhetoric and resurgent revenue growth have helped allay most scepticism.

Analyst projections for Meta's profitability continue to rise. Wall Street now anticipates the company will generate about $18 a share in earnings next year, up from expectations of about $10 a year ago, according to data compiled by Bloomberg.

Not that all are convinced Meta is on the right track. Needham & Co's Laura Martin is one of only two analysts with sell ratings on the stock.

She believes the company's core business is at risk from rising competition and potential changes to mobile operating systems like Apple Inc's iOS that could hurt Meta's ability to target users with ads.

"TikTok is eating them alive," she said in an interview. "Facebook doesn't control its distribution or content. I don't know how you can have a competitive advantage."

Still, while the stock's valuation has risen this year, at about 18 times earnings projected over the next 12 months, Meta is the cheapest among the seven biggest technology and internet stocks and also at a discount to both the Nasdaq 100 and S&P 500 indexes.

Sylvia Jablonski, co-founder and chief investment officer at exchange-traded funds firm Defiance ETFs, is betting that Meta's priorities are now in the right place and that the company is poised to benefit from artificial intelligence and growth in digital-ad spending in coming years.

"I'm interested in picking up shares for a long time horizon as the decade of machine learning, AI and all things digital growth continues to take shape," Jablonski said.

Two dot-com era darlings have seen diverging fortunes. While Microsoft Corp has grown more than six-fold from its dot-com highs, Cisco Systems Inc has yet to recover since its historic crash in the turn of the century.

The computer networking equipment maker's stock is still trading about 36% below its all-time high set in March 2000.

Hon Hai Precision Industry Co warned revenue will decline for the third straight quarter, spurring concerns around demand for Apple Inc's latest devices and consumer electronics.

Huawei Technologies Co and Xiaomi Corp led a resurgence in China's smartphone market, which shook off oversupply issues and an ailing economy to register double-digit growth in October.

Nvidia Corp, the world's most valuable chipmaker, is updating its H100 artificial intelligence processor, adding more capabilities to a product that has fuelled its dominance in the AI computing market.

Uber Technologies Inc is launching a mini-pilot program for a TaskRabbit-like service that will let app users hire people to complete various household tasks, part of an effort by the ride-hailing company to expand beyond driving and deliveries.

KPMG in Qatar hosts IFRS 17 workshop for insurance professionals

KPMG in Qatar recently hosted an insightful IFRS 17 workshop for the insurance professionals, offering insights and strategies to navigate the complexities of this essential accounting standard.

The workshop - attended by 70 attendees, including KPMG specialists, insurance professionals, and regulators - was filled with practical sessions aimed at simplifying complex topics like the premium allocation approach and the general measurement model.

The attendees gained valuable insights into handling onerous contracts, leaving with actionable strategies and a deepened understanding of the fundamental principles of IFRS 17.

KPMG officials at the IFRS 17 workshop for insurance professionals.

Yacoub Hobeika, Partner, Audit, Head of Insurance, KPMG in Qatar, said this collaboration among accountants, actuaries, and IT specialists is crucial for accurate financial reporting, ultimately benefiting all stakeholders. Kailash Mittal, co-head Insurance and Head Actuary, said as insurers focus on annual financial statements and detailed disclosures for IFRS 17, finalising accounting policies is essential to prevent restatements in subsequent periods.

Adhiraj Bhown, Partner at KPMG India and an IFRS 17 expert, said IFRS 17 and IFRS 9 significantly mitigate accounting mismatches and volatility compared to IFRS 4 and IAS 39.

"Insurers must carefully assess and finalise accounting policy choices and estimation techniques," he said.

Anuj Ladha from KPMG India said actuaries play a crucial role in IFRS 17 implementation, from policy decisions to system integration and financial statement preparation.

GCC external debt maturity averages $660bn in 2023-25, says S&P

By Santhosh V Perumal
Business Reporter

The Gulf Co-operation Council (GCC) countries will have an average of $660bn of gross external debt, both public and private, maturing annually over 2023-25, according to Standard and Poor's (S&P), a global credit rating agency.

Although the region's banking systems contribute 70% on average to this external debt rollover, driven by their high stock of contractually short-term external debt (including deposits); S&P said given most systems' strong net external asset positions and solid liquidity profiles, the region's banks have buffers to mitigate a hypothetical sudden stop in external funding or capital outflows.

"While regulators and individual banks try to lengthen the tenor of these facilities, we expect the GCC banking systems' external liability growth to push combined national rollover requirements to nearly $700bn per year by 2025, with the UAE and Qatar together comprising over half of the total," the rating agency said in a report.

The $660bn is equivalent to roughly 40% of estimated combined 2023 current account receipts and usable reserves, compared to $250bn in 2013, which was about 14% (Brent oil prices averaged $108 per barrel that year, compared to an average of close to $82 through 2023 so far), according to S&P.

Finding that the GCC banking systems' external liabilities coming due within the year will total $465bn in 2023, more than two-thirds of national requirements; it said "we forecast this will increase toward $500bn by 2025."

Notably, banks' external balance sheets have not developed at the same pace across the board, it said, adding the UAE and Qatar display by far the largest net external balance sheet expansion, which is mostly concentrated on specific banks, with government-backed national champions predominating.

In Qatar, the build-up of external debt was mainly channelled to finance large domestic projects, the rating agency highlighted. Finding that all systems, apart from Bahrain's retail banking sector, had very "comfortable" coverage, it said the government assets (which include estimates of external sovereign wealth fund assets) account for multiple times the stressed liability outflows.

Although regional banking systems are driving up national gross external debt as related rollover risks to banks and sovereigns are expected to naturally increase as a result, it said however, most regional governments have liquid assets well exceeding hypothetical outflows and, if ever required, sovereign resources would be rapidly deployed to reinforce confidence.

"Additionally, our hypothetical stress test highlights regional banking systems are well positioned to meet these requirements without presenting a direct claim on fiscal resources," the report said.

QFMA wins representation of IOSCO's Africa, Middle East Regional Committee after a strong competition

The Qatar Financial Markets Authority (QFMA) has won the representation of Africa/Middle East Regional Committee (AMERC) of the International Organisation of Securities Commissions (IOSCO) in the MMoU Monitoring Group Steering Committee (MG-SC).

After a strong competition between QFMA and the Financial Sector Conduct Authority (South Africa), Noor al-Shamali, Director of the International Co-operation Unit at QFMA, won the majority of the votes of the 180 members of the Multilateral Memorandum of Understanding (MMoU) committee. This was announced by IOSCO secretary-general Martin Moloney.

Qatar was nominated to represent IOSCO AMERC in (MG-SC). The MMoU monitoring group plays a crucial role in the implementation and monitoring of the IOSCO MMoU concerning consultation, co-operation and the exchange of information.

The IOSCO MMoU is a framework that facilitates international co-operation and information exchange among securities regulators. It is designed to enhance the ability of securities regulators to co-operate and exchange information for the purpose of enforcing and securing compliance with securities laws and regulations.

Noor al-Shamali, Director of the International Co-operation Unit at the QFMA.

The MoU is a key tool in promoting cross-border co-operation in addressing securities misconduct and ensuring the integrity of global capital markets.

The MMoU monitoring group is responsible for overseeing the implementation and operation of the IOSCO MMoU, and its roles include assessing financial authorities, where the monitoring group assesses the readiness of the IOSCO members to fully implement the MMO agreement. This includes assessing whether the legal and regulatory framework is consistent with the MMoU principles.

Its activity also includes an implementation review, where the group monitors and reviews the actual implementation of the MMoU across the board, including assessing the effectiveness of the information exchange arrangements and co-operation mechanisms established by the regulators.

It also includes guidance, whereby the monitoring group may provide guidance and assistance to the authorities seeking to enhance their capacity for international co-operation and information exchange. This may include recommending improvements to regulatory frameworks or practices.

The member states are usually required to submit periodic reports on their implementation of the MoU, and the monitoring group may review these reports to ensure compliance.

It also includes facilitating co-operation, where the Group plays a role in promoting co-operation between regulators and facilitating communication between them, as well as updating standards, when necessary, the monitoring group may recommend updates or changes to the standards outlined in the MMoU to ensure that they remain effective in addressing emerging challenges in the global financial landscape.

US consumer prices unchanged in October; core inflation slowing

Reuters
Washington

US consumer prices were unchanged in October as Americans paid less for gasoline, and the annual increase in underlying inflation was the smallest in two years, bolstering views that the Federal Reserve was probably done raising interest rates.

Though rents continued to rise last month, the pace of increase slowed considerably from September. The softer-than-expected inflation readings reported by the Labor Department's Bureau of Labor Statistics (BLS) yesterday pushed US Treasury yields lower and ignited a rally on the stock market.

"The Fed always wants to see more progress but it is looking like the inflation battle has rounded the corner," said Christopher Rupkey, chief economist at FWDBONDS. "With any luck, the economy will miss a recession and get lower inflation too."

The unchanged reading in the consumer price index followed a 0.4% rise in September. Gasoline prices dropped 5.0%, offsetting the continued increase in the cost of rental accommodation. Prices at the pump rose 2.1% in September.

Food prices gained 0.3% after climbing 0.2% in each of the prior three months. Grocery food inflation increased 0.3%, driven by gains in the prices of meat, fish and eggs. Cereals and bakery products cost more, while fruit and vegetable prices were unchanged.

In the 12 months through October, the CPI climbed 3.2% after rising 3.7% in September.

Economists polled by Reuters had forecast the CPI gaining 0.1% on the month and increasing 3.3% on a year-on-year basis.

Though year-on-year consumer price rises have come down from a peak of 9.1% in June 2022, the disinflationary trend had stalled in recent months against the backdrop of a strong economy that is being powered by a relatively tight labour market. Inflation continues to run above the Fed's 2% target.

Financial markets and most economists believe that the US central bank's monetary policy tightening campaign is over, a narrative that Fed Chair Jerome Powell and other policymakers have pushed back against. Powell said last week that "if it becomes appropriate to tighten policy further, we will not hesitate to do so." Since March 2022, the Fed has hiked its policy rate by 525 basis points to the current 5.25%-5.50% band.

US Treasury prices rose, with the yield on the interest rate sensitive two-year note hitting a two-week low. The dollar fell against a basket of currencies. Stocks on Wall Street opened sharply higher.

Excluding the volatile food and energy components, the CPI increased 0.2% amid higher costs for rental housing. The so-called core CPI had risen by 0.3% for two straight months.

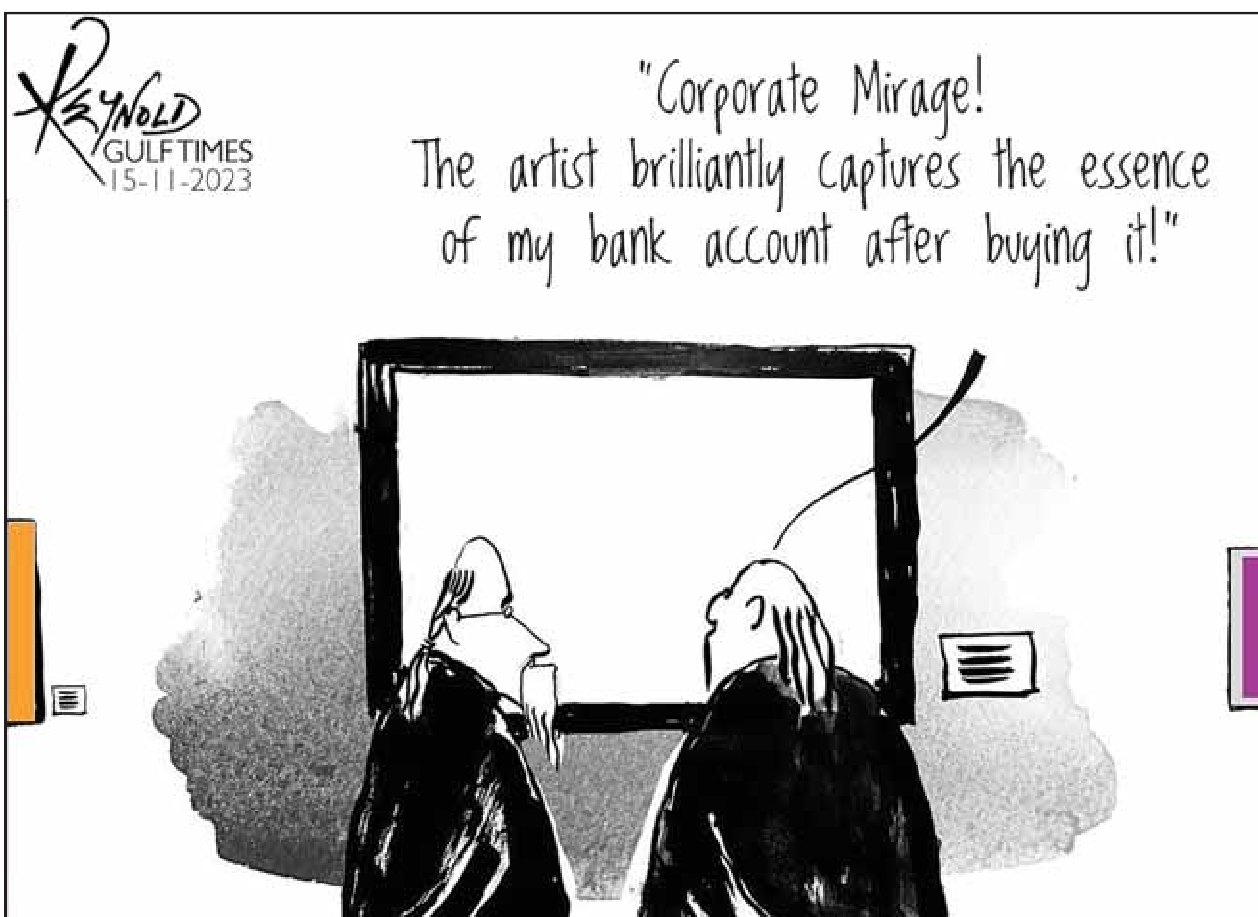
The core CPI advanced 4.0% on a year-on-year basis in October, the smallest gain since September 2021, after increasing 4.1% in September.

Owners' equivalent rent, a measure of the amount homeowners would pay to rent or would earn from renting their property, increased 0.4% after surging 0.6% in September.

The cost of hotel and motel rooms declined 2.5%. Americans continued to pay more for motor vehicle insurance, whose prices accelerated 1.9%.

Recreation, personal care and apparel also cost more.

But consumers got some relief from cheaper airline fares, household furnishings and operations. New motor vehicles cost slightly less as did communication services.



Russia's current account surplus widens as oil exports recover

Bloomberg
Moscow

Russia's current account surplus widened, confirming the Bank of Russia's recently revised expectations and providing support to the rouble, as a recovery in oil exports continued despite unprecedented international sanctions over the war in Ukraine.

The surplus for the first 10 months of the year — roughly the difference between exports and imports — amounted to $53.8bn, still around four times less than the record set in the same period in 2022, according to data published yesterday by the central bank. The surplus in October exceeded $11bn for the second straight month, after reaching the highest level this year in the previous month.

The central bank pointed to a slight decrease in exports during October, but raised its estimate of the current account surplus in previous months after accounting for additional data.

The bank upgraded its current account forecast for the full-year 2023 to $60bn from $45bn just two weeks ago. Previously, it said the recovery in imports had stalled in the third quarter, while exports began to increase due to rising oil prices and "the diversification of geographical supply."

In October, Russia was shipping crude through its ports at a rate close to the highest seen in more than four months. Moscow's overall oil and gas revenue soared in October to the highest since April 2022 due to high oil prices and a pause in government subsidies to refiners. "Fresh data shows Russia continues to benefit from high commodity export revenue. We expect Russia will post another $20bn of current account surplus in the remaining two months of 2023, bringing the overall external balance to around $75bn. Growing export revenue helped stop the rouble rout, but in the coming months Russia's currency may be tested as the government rebuilds its FX reserves beginning in January," says Alex Isakov, Bloomberg Economics.

Sweeping sanctions imposed by the US and its allies over Russia's invasion of Ukraine mean that the Kremlin's revenue from energy exports are a key source of hard currency for the country. The renewed flood of cash into Russia has helped the rouble to pare some of its losses since the beginning of the year amid worsening trade conditions.

Russia's government last month reimposed some capital controls over the objections of the central bank, requiring 43 groups of exporter companies, including the country's main oil producers, to sell their earnings from sales abroad on the domestic market for roubles to ensure a supply of foreign exchange.

Increased foreign currency sales by exporters helped make October the rouble's best month since June of last year, gaining around 5% against the greenback. The rouble continued to strengthen yesterday to below 91 against the dollar in Moscow trading for the first time since late July.