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MEGA DEAL | Page 4

Woodside in talks with Santos to form \$52bn Australian gas giant

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GULF TIMES BUSINESS



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Russia and Saudi Arabia urge all Opec+ powers to join oil output cuts

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Health, life and climate insurance to get boost from QCB insurtech expansion strategy

By **Santhosh V Perumal**
Business Reporter

Plans are afoot in the Qatar's insurance industry to expand the product offerings such as life and health and launch climate insurance as well as tailored insurance services for priority sectors as logistics and manufacturing.

These, among other suggestions, were made in the Qatar Central Bank's (QCB) recently launched third financial sector strategy, which called for strong regulatory measures to position insurance and provide effective management of financial and economic risks as Qatar's economy expands and diversifies.

The QCB is set to implement reforms to "digital leapfrog" in the insurance sector by developing insurtech in the country so as to enhance the universe of insurtech players. The strategy suggested "laying out the fundamentals to become the recognised insurtech hub in the Middle East and North Africa (Mena) through necessary reforms and incentivising ventures."

Insurtech includes the use of technology innovations to bring in savings and efficiency to the insurance industry model. According to a survey conducted by the Qatar Financial Centre, around 82% of insurance executives in Qatar considered insurtech to be a significant driver of change in the industry.

The financial sector strategy sought to identify select growth areas through expansion of product offerings to cover the full range



The QCB is set to implement reforms to "digital leapfrog" the insurance sector by developing insurtech in the country so as to enhance the universe of insurtech players

of insurable risks, which included measures to develop local insurance market through annuities, disability insurance, wage protection, and mortgage protection. It also sought to expand insurance offerings to underserved segments for increased inclusivity.

The strategy sought to increase sophistication of insurers' capital/asset management practices to limit premiums "leakage" and ensure capital flow into Qatar's economy.

The strategy "will be achieved through eight initiatives and 41 action items, including 26 priority ones", the central bank said.

The QCB highlighted the need to develop a roadmap to boost consumer demand for insurance products by incorporating educational training, incentives and awareness campaigns, emphasising the QCB's "strong stance on

the significance of the insurance sector.

Highlighting the need for enhancing the share of share of climate risk or green insurance related gross written premiums; the strategy aimed at offering comprehensive and inclusive insurance solutions, while also providing guidelines for the insurance sector to measure their carbon footprint.

In order to fortify the retention ratio of premiums, the financial sector strategy sought to review and optimise the operating model and regulatory framework for insurers to improve business operations and efficiency.

The strategy aimed at creating "the optimal environment to increase retention by insurers and position Qatar as a preferred destination for the international reinsurance market."

Finance Minister holds meetings with high-level Moroccan delegation



HE the Minister of Finance Ali bin Ahmed al-Kuwari met with a delegation from the Kingdom of Morocco, in the presence of HE the Minister of Transport Jassim bin Saif al-Sulaiti and Sheikh Faisal bin Thani al-Thani, head (Asia and Africa Investments) at the Qatar Investment Authority and Chairman of Ooredoo Group, during their current visit to the country. The Moroccan side was chaired by Nadia Fattah Alaoui, Minister of Economy and Finance; Nizar Baraka, Minister of Equipment and Water; Leila Benali, Minister of Energy Transition and Sustainable Development; Mohamed Abdeljalil, Minister of Transport and Logistics; and Mohsen Jazouli, Minister Delegate to the Head of Government in charge of Investment, Convergence and Evaluation of Public Policies. Many topics related to common interests were discussed at the meeting, especially in the fields of finance and economy as well as measures aimed at expanding these joint activities.

Sheikh Mohamed meets chairman of Iraq's National Investment Commission



HE the Minister of Commerce and Industry Sheikh Mohamed bin Hamad bin Qassim al-Abdullah al-Thani, yesterday met here Dr Haider Mohamed Makiya, chairman, of Iraq's National Investment Commission. Issues of common interest aimed at strengthening co-operation between the two countries in trade, investment, and industry were discussed at the meeting. During the meeting, the minister showcased the successful economic policies Qatar has implemented to support the private sector and pointed out the incentives, legislations, and promising opportunities to encourage investors and businessmen to invest in the country.

Minister of State and Chairman of QFZ, Costa Rican minister of foreign affairs discuss bilateral investment relations



HE Minister of State and Chairman of Qatar Free Zones Authority Ahmad al-Sayed held a meeting with Dr Arnoldo Andre Tinoco, Minister of Foreign Affairs of Costa Rica, at Ras Bufontas Free Zone during his visit to Qatar. During the meeting, the two sides discussed bilateral co-operation and the exchange of expertise in the field of investment attraction between the two countries. The meeting also highlighted the investment opportunities and benefits offered by QFZ and supported by the country's advanced infrastructure. The meeting was also attended by senior officials from QFZ and was followed by an introductory tour in the Business Innovation Park at Ras Bufontas Free Zone.

Gulf funds' increased net selling drags QSE 24 points, but capitalisation edges higher

By **Santhosh V Perumal**
Business Reporter

Mirroring the bearish sentiments in the Gulf bourses on lower global oil prices, the Qatar Stock Exchange yesterday lost 24 points, even as capitalisation gained marginally. The transport and telecom counters witnessed higher than average selling pressure as the 20-stock Qatar Index shed 0.24% to 9,848.15 points. The Gulf institutions were seen increasingly into net profit booking in the main market, whose year-to-date losses widened further to 7.8%. More than 54% of the traded constituents were in the red in the main bourse, whose capitalisation however added QR0.11bn or 0.02% to QR577.39bn with microcap segments gaining the most. The local retail investors' weakened net buying had its influence on the main market, which regained from an intraday low of 9,775 points. The foreign individuals' lower net buying also had its say on the main bourse, which saw as many as 0.03mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.13mn trade across seven deals. The domestic funds' bullish grip weakened

marginally in the main market, which saw no trading of sovereign bonds. The Islamic index was seen declining faster than the other indices in the main bourse, which witnessed no trading of treasury bills. The Total Return Index lost 0.24%, the All Islamic Index by 0.44% and the All Share Index by 0.05% in the main bourse, whose trade turnover grew amidst lower volumes. The transport sector index declined 0.74%, followed by telecom (0.34%), consumer goods and services (0.16%), insurance (0.14%) and industrials (0.02%); while real estate gained 0.29% and banks and financial services (0.05%). Major shakers in the main market included Dlala, QIIB, Qatari German Medical Devices, Widam Food, Nakilat, Masraf Al Rayan, Baladna, Gulf International Services, Mesaieed Petrochemical Holding, Estithmar Holding and Ooredoo. In the venture market, both Al Faleh Educational Holding and Mahhar Holding saw their shares depreciate in value. Nevertheless, Doha Insurance, Qatar Industrial Manufacturing, Untied Development Company, QNB, Qatar Oman Investment and Mazaya Qatar were among the gainers in the main bourse. The Gulf institutions' net profit booking in-

creased noticeably to QR43.17mn compared to QR35.85mn on December 6. The local retail investors' net buying declined significantly to QR10.78mn against QR22.12mn the previous day. The foreign individual investors' net buying shrank markedly to QR0.43mn compared to QR6.53mn on Wednesday. The domestic institutions' net buying eased marginally to QR18.36mn against QR18.86mn on December 6. The Gulf individual investors' net buying also fell marginally to QR0.18mn compared to QR0.34mn the previous day. However, the foreign institutions were net buyers to the extent of QR7.21mn against net sellers of QR11.13mn on Wednesday. The Arab individuals turned net buyers to the tune of QR6.21mn compared with net profit takers of QR0.88mn on December 6. The Arab institutions had no major net exposure for the second straight session. Trade volumes in the main market were down 2% to 106613mn shares, whereas value shot up 8% to QR389.16mn amidst 5% fall in deals to 13,092. The venture market saw a 21% contraction in trade volumes to 0.23mn equities but on 4% jump in value to QR0.29mn amidst 39% shrinkage in transactions to 22.



Russia, Saudi Arabia call for all Opec+ members to join cuts

Reuters
Moscow

Saudi Arabia and Russia, the world's two biggest oil exporters, on Thursday called for all Opec+ members to join an agreement on output cuts for the good of the global economy only days after a fractious meeting of the producers' club.

Hours after Russian President Vladimir Putin went to Riyadh in a hastily arranged visit to meet Saudi Crown Prince Mohamed bin Salman, the Kremlin released a joint Russian-Saudi statement about the conclusion of their discussions.

The Organisation of the Petroleum Exporting Countries (Opec), Russia and other allies agreed last week to new voluntary cuts of about 2.2m barrels per day (bpd), led by Saudi Arabia and Russia rolling over their voluntary cuts of 1.3m bpd.

"In the field of energy, the two sides commended the close cooperation between them and the successful efforts of the Opec+ countries in enhancing the stability of global oil markets," said the statement released by the Kremlin.

"They stressed the importance of continuing this co-operation, and the need for all participating countries to join to the Opec+ agreement, in a way that serves the interests of producers and consumers and supports the growth of the global economy,"



The Organisation of the Petroleum Exporting Countries (Opec), Russia and other allies agreed last week to new voluntary cuts of about 2.2m barrels per day, led by Saudi Arabia and Russia rolling over their voluntary cuts of 1.3m bpd

the statement, which was in Russian, added.

The Russian version used the word "join" while an English translation of the statement, also released by the Kremlin, used the word "adhere" to the Opec+ agreement.

Saudi state news agency SPA said Prince Mohamed and Putin had emphasised in their meeting the need for Opec+ members to commit to the group's agreement.

Oil market sources said that such an explicit public remark from the Kremlin and the kingdom about "joining" cuts ap-

peared to be an attempt to send a message to members of the Opec+ club who had not cut or not cut enough.

The biggest member of Opec excluded from the cuts is Iran, the economy of which has been under various US sanctions since 1979.

Iran is boosting production and hopes to reach output of 3.6m bpd by March 20 next year.

After his return to Moscow from Saudi Arabia, Putin on Thursday held talks with Iranian President Ebrahim Raisi in the Kremlin, along with Russia's

Deputy Prime Minister Alexander Novak and Defence Minister Sergei Shoigu.

Producer group Opec+, the members of which pump more than 40% of the world's oil, had to delay its meeting over disagreements with African producers about output, though some traders said they suspected a deeper schism inside the group.

After the producers decided to cut supply, oil prices fell to a five-month low – a clear sign that the market had expected more forthright action from Opec+.

Opec output drops in November, in first fall since July: Survey

Reuters
London

Opec oil output fell in November in the first monthly drop since July, a Reuters survey found, as a result of lower shipments by Nigeria and Iraq as well as ongoing market-supporting cuts by Saudi Arabia and other members of the wider Opec+ alliance.

The Organisation of the Petroleum Exporting Countries pumped 27.81m barrels per day (bpd) last month, down by 90,000 bpd from October, the survey on Wednesday found. Production had risen in the three months to October.

Oil output from Opec, which has been restraining supply with Russia and other allies since late 2022 to support prices, is set to drop further from next year after

Opec+ agreed to a new round of supply cuts for the first quarter of 2024.

The decline comes despite a further increase in supply from Iran, one of the Opec members exempt from making cuts. Iran's output hit another five-year high, the survey found, offsetting some of the cutbacks elsewhere.

Output from the 10 Opec members that are subject to Opec+ supply cut agreements fell by 130,000 bpd, the survey found. Saudi Arabia and other Gulf members maintained strong compliance with agreed cutbacks and extra voluntary reductions.

The biggest drop was in Nigeria, which exported fewer barrels in November, as well as declines in Iraq, the United Arab Emirates and Angola, the survey found.

"The export programme was strong but actual supply did not deliver," said a source who monitors Opec output in reference to Nigeria, which has still posted a production recovery after seeing declines because of under-investment and unrest.

At a meeting last week, Opec+ agreed to further output cuts totalling about 2.2m bpd for the first quarter of 2024 led by Saudi Arabia rolling over its current voluntary cut.

Saudi Arabia kept November output close to 9m bpd, the survey found, as the top exporter extended a voluntary 1m bpd output cut to provide extra support for the market.

Among those showing higher output, the biggest rise was in Iran where production hit 3.2m bpd in November, the highest since 2018 when Washington re-imposed sanctions

on Tehran, Reuters surveys and separate figures from Opec show. Iran's exports have been rising in 2023 despite US sanctions. Analysts have said the higher exports appear to be the result of Iran's success in evading US sanctions and Washington's discretion in enforcing them.

Opec's output is still under-shooting the targeted amount by almost 700,000 bpd. A revision of output targets for 2024 should bring actual output closer to the target level.

The Reuters survey, which aims to track supply to the market, is based on shipping data provided by external sources, Refinitiv Eikon flows data, information from companies that track flows such as Petro-Logistics and Kpler, and information provided by sources at oil companies, Opec and consultants.

QSE MARKET WATCH

COMPANY NAME	Lt Price	% Chg	Volume
Zad Holding Co	13.60	0.52	10,098
Widam Food Co	2.20	-1.70	221,897
Vodafone Qatar	1.80	0.22	1,305,651
United Development Co	1.00	1.73	3,269,927
Salam International Investme	0.65	0.31	1,118,799
Qatar & Oman Investment Co	0.86	0.94	160,129
Qatar Navigation	9.48	-0.25	1,179,780
Qatar National Cement Co	3.70	-0.38	653,989
Qatar National Bank	15.77	1.09	3,951,786
Qim Life & Medical Insurance	2.60	0.00	20,000
Qatar Islamic Insurance Grou	8.80	0.00	-
Qatar Industrial Manufactur	3.00	2.43	136,320
Qatar International Islamic	9.96	-2.06	459,689
Qatarl Investors Group	1.59	-0.56	149,275
Qatar Islamic Bank	18.25	-0.54	1,346,334
Qatar Gas Transport(Nakilat)	3.24	-1.19	3,116,527
Qatar General Insurance & Re	1.25	0.00	-
Qatar German Co For Medical	1.43	-1.72	791,434
Qatar Fuel Qsc	15.90	-0.25	460,729
Lesha Bank Lic	1.31	0.69	1,165,524
Qatar Electricity & Water Co	16.95	-0.12	356,365
Qatar Exchange Index Etf	9.32	-1.25	10,420
Qatar Cinema & Film Distrib	3.00	0.00	-
Al Rayan Qatar Etf	2.15	-0.46	15,327
Qatar Insurance Co	2.35	-0.68	260,308
Qatar Aluminum Manufacturing	1.22	0.00	6,127,499
Ooredoo Qpsc	10.00	-0.54	652,834
Aljjarah Holding Company Qps	0.71	0.00	2,539,824
Mazaya Real Estate Developme	0.71	0.57	4,916,522
Mesaieed Petrochemical Holdi	1.57	-0.82	4,847,629
Mekdam Holding Group	5.10	0.00	2,250
Al Meera Consumer Goods Co	12.97	0.23	78,813
Medicare Group	5.39	0.02	478,431
Mannal Corporation Qsc	3.78	-0.81	1,316,323
Masraf Al Rayan	2.38	-1.16	9,661,217
Industries Qatar	12.09	0.25	3,850,579
Inma Holding Company	3.73	0.00	71,609
Estihmar Holding Qpsc	2.03	-0.93	2,199,377
Gulf Warehousing Company	3.02	-0.26	902,916
Gulf International Services	2.57	-0.85	4,169,814
Al Faleh Education Holding	0.77	-2.16	75,420
Ezdan Holding Group	0.83	0.36	10,552,858
Doha Insurance Co	2.35	3.12	4,956
Doha Bank Qpsc	1.60	-0.19	1,875,116
Diala Holding	1.27	-2.08	207,597
Commercial Bank Pscq	5.27	0.21	2,727,063
Barwa Real Estate Co	2.70	-0.63	5,514,071
Baladna	1.18	-0.67	1,068,730
Damaan Islamic Insurance Co	3.65	0.00	-
Al Khaleej Takaful Group	2.86	-0.04	1,063,190
Aamal Co	0.84	-0.12	182,097
Al Ahli Bank	3.60	0.00	-

UAE planning to develop a national investment strategy, says minister

Reuters
Abu Dhabi

The United Arab Emirates is working on developing a national investment strategy, its recently appointed Investment Minister, Mohamed al-Suwaidi, said on Thursday.

The UAE said in July it would set up a new federal ministry of investment – appointing al-Suwaidi to lead it – to develop the Gulf state's investment strategy globally and domestically as it contends with growing economic competition from neighbours.

"We have been spending the last few months putting together a strategy for the UAE," al-Suwaidi said, speaking at the Milken Institute's Middle East and Africa Summit in Abu Dhabi.

The UAE is a federation of seven emirates, dominated by capital Abu Dhabi and Dubai, with each having their own individual investment strategies.

Al-Suwaidi, who is also the chief executive of one of Abu Dhabi's biggest sovereign funds, ADQ, said the new ministry's role would not be that of a regulator or a policymaker.

It would instead advocate for UAE companies to tap new markets globally and grow opportunities for foreign investment.

Economic competition in the Gulf is growing as states try to diversify income sources and increase non-oil growth. The UAE is among the most advanced in that effort, with the non-oil sector accounting for more than 70% of its GDP. Trade and logistics, financial services, manufacturing and tourism are its key economic sectors.

Economic competition in the Gulf is growing as states try to diversify income sources and increase non-oil growth

Neighbouring Saudi Arabia, the region's biggest economy, is also forging ahead with a transformation plan known as Vision 2030 overseen by Crown Prince Mohammed bin Salman.

Saudi Arabia is trying to attract billions in foreign direct investment and has offered incentives to global firms to set up regional headquarters in the kingdom, which could eventually challenge the UAE's regional commercial standing.

Saudi Arabia says for first time some 2030 projects delayed

Bloomberg
Riyadh

Saudi Arabia has delayed past 2030 some of the projects launched as part of its economic transformation plan, in the first admission that the kingdom is having to shift the timeline for meeting the goals of the multi-trillion dollar programme. The government, which is forecasting budget deficits every year out to 2026, has decided on the extension to build capacity and avert huge inflationary pressures and supply bottlenecks, Finance Minister Mohamed al-Jadaan said on Thursday. He didn't specify which projects would be affected.

A longer period is needed to "build factories, build even sufficient human resources," al-Jadaan said in Riyadh. "The delay or rather the extension of some projects will serve the economy."

After determining how much borrowing the government decided was acceptable, it then went back to review the timeline of some projects, al-Jadaan told reporters on Wednesday. All plans had been reviewed based on "economic, social, employment and

quality-of-life returns among other factors over the last 18 months," he said. As a result, some are "being accelerated and some – largely projects in the pipeline which have not been announced yet – are given a longer executional timeframe," he said.

"There are strategies that have been postponed and there are strategies that will be financed after 2030," al-Jadaan. The process of reviewing project timelines is being led by a committee chaired by Crown Prince Mohammed bin Salman. Dubbed Vision 2030, Prince Mohammed's wide-ranging initiative unveiled in 2016 aims to diversify the oil-dependent economy and attract foreign investment. The government has long touted the progress being made in areas ranging from tourism and manufacturing to digitalisation and integrating women into the labour market.

But the costs are adding up for an economy that still relies on energy to provide the bulk of government revenue. Following the first budget surplus in nearly a decade last year, the kingdom rewrote its medium-term fiscal plans and shifted to forecasting deficits for years to come as it accelerates spending.

"It's better they're doing this now and adjust in an orderly fashion, so I think it's a sign of administrative maturity," said Steffen Hertog, an associate professor at the London School of Economics and Political Science. "It's fiscally positive, especially against the background of relatively lower current oil income. There are also inevitable logistical bottlenecks that were bound to delay some projects." The International Monetary Fund said in October Saudi Arabia would need crude close to \$86 per barrel to balance its budget, a price higher than its average this year. If outlays by government-related entities such as the Saudi sovereign wealth fund are included, the break-even will likely rise to \$110 in the second half of this year, according to Bloomberg Economics.

Al-Jadaan warned that delivering on the plans "in a short span of time" would threaten to stoke inflation and put pressure on Saudi Arabia to import more from abroad to marshal the resources needed. "Certain projects can be expanded for three years – so it's 2033 – some will be expanded to 2035, some will be expanded even beyond that and some will be rationalized," al-Jadaan said. Saudi Arabia has projected oil



A Saudi man walks past the logo of Vision 2030 in Jeddah (file). The wide-ranging initiative was unveiled in 2016 and aims to diversify the oil-dependent economy and attract foreign investment.

and non-oil revenues out to 2030, along with how much spending will be required to execute on plans it's announced, he said. "So we identified the gap and looked at how we are going to fill the gap and the gap is mainly filled by debt." Figures unveiled by the Finance

Ministry this week showed it expects public debt to reach almost 26% of economic output by end-2024 – a comparably low level by global standards but an increase of more than a percentage point from this year. Getting to a threshold above debt

levels envisaged by the government can be dangerous, al-Jadaan said on Thursday. Authorities are looking for funding from abroad to avoid crowding out the private sector or competing with Saudi consumers and smaller companies for access to financing, he said.

Africa hunger crisis deepens as war, climate pile on pain

Bloomberg
London

More than 280mn people are going hungry in Africa, as fallout from climate change and the war in Ukraine deepen the region's insecurity.

"Africa is facing a food crisis of unprecedented proportions," the United Nations' Food and Agriculture Organisation, the World Food Program, the African Union and the UN Economic Commission for Africa warned in a joint report on Thursday. "After a long period of improvement between 2000 and 2010, hunger has worsened substantially and most of this deterioration occurred between 2019 and 2022."

The report estimated that the number of undernourished people in Africa increased by 57mn since the Covid-19 pandemic in 2020.

The region of 1.2bn people, which is home to many of the world's poorest communities, suffered badly as food and fuel prices surged following Russia's 2022 invasion of Ukraine. Its farm-

ers have also been battered by extreme weather events, including droughts and flooding linked to climate change, further pressuring prices by disrupting food supplies.

Anger over food prices sparked violent demonstrations and has been a contributing factor to political instability in the region, with West Africa witnessing a spate of military takeovers and coup attempts this year.

An estimated 868mn Africans were moderately or severely food insecure, with more than a third of that number in the second group, according to the report.

Food-price inflation has lifted the average cost of a healthy diet to \$3.77 per person, per day, measured on a purchasing power parity basis. That's well above the \$2.15 per day viewed as the threshold for extreme poverty, meaning an increasingly large number of people not counted as poor can't afford to eat healthily.

The worsening food security situation make it imperative for countries to "to step up their efforts if they are to achieve a world without hunger and malnutrition by 2030," the report said.



An estimated 868mn Africans were moderately or severely food insecure, with more than a third of that number in the second group, the United Nations' Food and Agriculture Organisation, the World Food Program, the African Union and the UN Economic Commission for Africa warned in a joint report on Thursday

EU carbon tax could cost Africa \$25bn: AfDB chief

Africa could lose as much as \$25bn annually due to the European Union's new carbon border tax, hurting the continent's trade by penalising valued-added exports such as iron and fertilisers, African Development Bank Group President Akinwumi Adesina said, reports Bloomberg.

The EU's carbon border adjustment mechanism is a tax on carbon-intensive goods such as fertilisers, cement, iron, steel, and aluminium imported into the region. It's meant to encourage companies to adopt better clean-energy technology and prevent production of carbon-rich goods outside the EU.

"With Africa's energy deficit and reliance mainly on fossil fuels, especially diesel, the implication is that Africa will be forced to export raw commodities again into Europe, which will further cause de-industrialisation," Adesina said in an emailed statement on Thursday.

Africa has been short-changed by climate change, now it will be short-changed in global trade," he said. South Africa has also spoken out against the effects of the EU's tax.

"The introduction of the carbon-adjustment measures by the EU undermine equity and the development of trade initiatives," National Assembly Speaker Nosiviwe Mapisa-Nqakula said at the COP28 climate summit in Dubai on Wednesday. "It can be detrimental and discriminatory in outlook towards the struggling economies, particularly on developing and underdeveloped countries."

Bloomberg QuickTake Q&A

How scientists link climate change to worse heat waves, droughts, wildfires and floods

By Eric Roston and Brian K Sullivan

For several decades, scientists have gathered evidence that the global warming caused by greenhouse gas emissions is making some types of extreme weather more likely or more intense. It's a bigger challenge to connect climate change to a particular weather event at a specific time and place. But the science that enables researchers to do just that has advanced over the past 20 years to the point where individual heat spells, storms, floods, droughts and wildfires are now routinely tied to global warming.

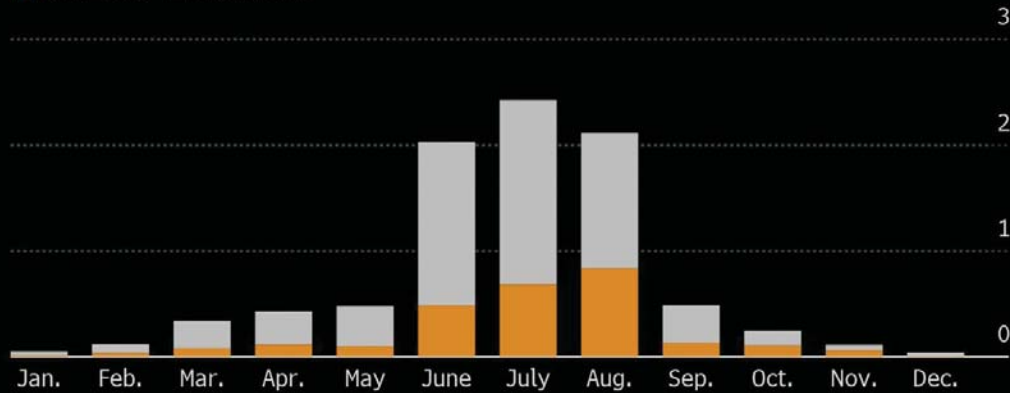
1. How do researchers determine whether there's a connection?

Researchers first classify a weather event as extreme by putting it in the context of observations of the same type of event in the same area, ideally over a long period of history. Weather can be capricious, so just because an event is extreme doesn't mean humanity's greenhouse gas pollution played a role. A possible connection is assessed by using computer models to create two virtual worlds. One of them, the so-called counterfactual world, is built by keeping carbon concentrations constant at a level in the past before people began

Up in Flames

Acres burned from wildfires in the US, monthly average

■ 1984-2001 ■ 2002-2020



Source: Monitoring Trends in Burn Severity, an interagency program of the US government

burning fossil fuels. In the other, actual concentrations are plugged in. Then researchers compare the weather event in the two scenarios. This methodology doesn't determine whether global warming caused the event — but rather whether it made it more likely, more severe or both. One of these three was the determination in 71% of the more than 500 extreme weather events or trends reviewed by researchers since 2011, according to a count up to August maintained

by CarbonBrief.org, a UK-based nonprofit that covers developments in climate science.

2. What kind of extreme weather is most tied to climate change?

Heat waves are most directly linked to carbon pollution. And heat, along with dryness and wind, fuels wildfires, which is why scientists have become so confident that

climate change is making wildfires in the western US, Australia and elsewhere much worse. (The US fire season is two months longer than it was in the 1970s and 1980s.) Global warming is making tropical cyclones — also called hurricanes or typhoons — more intense, but not necessarily more frequent. Warmer water and moister air — two results of global warming — provide additional fuel to tropical cyclones and other storms.

3. What recent weather events have been linked to emissions?

Researchers concluded that the scorching heat of July 2023 in North America and southern Europe would have been almost impossible if not for the effects of greenhouse gas pollution. The extreme wildfires in eastern Canada in mid-2023, which produced hazardous air conditions there and in the US, were assessed as 50% more intense and seven times more likely to have occurred due to those effects. Flooding in South Africa in April 2022, in which some 460 people died, was seen as twice as likely. And September flooding in Libya, which killed more than 11,000 people, was assessed as a staggering 50 times more likely and as much as 50% more intense because of global warming.

4. Does global warming always mean less cold weather?

Not necessarily. Climate change has made winters shorter and blizzards and extreme cold snaps less likely. But with the Earth's poles warming faster than the rest of the planet, there's a decrease in the contrast between the heat of the equator and the cold of the North Pole, and that can unleash strange consequences. The record cold that crippled the Texas power grid in February 2021,

for example, was the result of the polar vortex — a girdle of winds that typically keeps cold bottled in the Arctic — buckling and releasing frigid air across much of the US.

5. Where is this headed?

Since the mid-19th century, the world has warmed more than 1.1 degrees Celsius, according to the most authoritative source on the matter, the UN Intergovernmental Panel on Climate Change, or IPCC. At the current pace, that increase will reach 1.5C — the level at which global warming becomes extra dangerous, in the view of climate scientists — as soon as the 2030s. From there, the intensity of extreme weather is expected to grow exponentially, doubling if global warming reaches 2C and quadrupling at 3C, the IPCC says.

6. What are the ramifications?

In addition to changing living conditions fundamentally, global warming is affecting many financial calculations, since huge parts of the global economy including agriculture, travel and insurance face risks tied to the weather. It's been estimated that climate change accounted for \$8bn of the \$63bn in losses from Hurricane Sandy in the US in 2012 and \$4bn of the \$10bn in damages in Japan from Typhoon Hagibis in 2019.

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McDonald's targets 50,000 restaurants in expansion blitz



The McDonald's logo is seen outside the fast-food chain's restaurants in New York. McDonald's Corp is looking to hit 50,000 locations around the world by 2027 in what the company calls the fastest expansion spurt in its history, reports Bloomberg. The chain currently has more than 41,000 restaurants and already committed to opening an extra 2,000 by the end of this year. The new target highlights the burger giant's stepped-up ambitions as it looks for its next leg of growth. Some of the new restaurants will likely be delivery or drive-thru only, but the vast majority will have the traditional McDonald's format that includes dining areas, Chief Executive Officer Chris Kempczinski said in an interview. New restaurant openings will boost sales generated by franchised and company-operated stores by 2% next year and by 2.5% annually after 2024, McDonald's said on Wednesday in a statement. The company expects sales by that metric, known as systemwide sales, to reach \$130bn this year, executives said in a presentation to investors.

Woodside in talks with Santos to form \$52bn Australian gas giant

Reuters
Sydney

Australia's Woodside Energy and Santos said on Thursday they were in preliminary talks to create an A\$80bn (\$52bn) global oil and gas giant, as consolidation among international energy firms intensifies.

Combining two of Australia's largest oil and gas producers would be the largest corporate deal in the country for several years, during which buyout activity has been subdued by rising interest rates and financial market volatility.

A deal, if it goes ahead, would create the biggest liquefied natural gas (LNG) producer in Australia, the world's No 2 exporter of the super-chilled fuel that is expected to see decades of growth to meet Asia's energy transition needs.

Perth-based Woodside, the larger of the two companies, said the talks with Santos were confidential and incomplete and that there was no certainty an agreement would materialise. Its market capitalisation stands at A\$56.91bn, while Santos is valued at A\$22.1bn.

"Woodside continuously assesses a range of opportunities to create and deliver value for shareholders," it said in a statement to the Australian stock exchange.

Both companies face rising pressures of decarbonisation as well as challenges in their current projects. Woodside's share price has dropped 15.4% this year so far, while Santos' stock is down 4.3%.

Combined oil and gas production for the two stood at just over 260mm barrels of oil equivalent while the total proven plus probable reserves is at 5.39mm BOE, based on 2022 data from the companies.



A plant decorates the booth of Australian petroleum exploration and production company Woodside Energy during the LNG 2023 energy trade show in Vancouver, British Columbia, Canada. **Right:** A model of carbon capture and storage designed by Santos at the Australian Petroleum Production and Exploration Association conference in Brisbane, Australia. A deal, if it goes ahead, would create the biggest liquefied natural gas (LNG) producer in Australia, the world's No 2 exporter of the super-chilled fuel that is expected to see decades of growth to meet Asia's energy transition needs.

A deal between them would create an LNG powerhouse with annual sales of 60mn metric tons, said Bernstein analyst Neil Beveridge.

"It's an Australian powerhouse that would have better leverage with buyers and the ability to optimize that LNG portfolio given the number of terminals," he added.

However, such a combination would come under close scrutiny from Australia's competition watchdog, which has been toughening its stance towards allowing takeovers in concentrated sectors.

"The ACCC is aware of public reports of the potential transaction," a spokesperson for the Australian Competition and Consumer Commission said. "If the potential transaction progresses, the ACCC would consider if a public merger review into the impact on competition is required."

"It (a merger) makes sense given how

the share prices have languished and all the capex to come," said Jun Bei Liu, Tribeca Alpha Fund portfolio manager who owns shares in both companies. "In today's world oil is almost done so you need to get scale and generate as much profit as possible to invest for the energy transition."

News of the talks follows a string of recent deals in the global oil and gas sector which saw majors Exxon Mobil Corp and Chevron paying more than \$50bn each to acquire two US producers.

There has also been pressure to simplify the Australian oil and gas sector, which has seen two recent big-cap mergers with Woodside combining with BHP Group's oil and gas business and Santos acquiring Oil Search.

"Woodside has already been looking outward after the BHP acquisition and both companies have had good runs with the high oil and gas price

environment of the past two years," said Kaushal Ramesh, vice president of LNG Research at Rystad Energy.

Discussions with Santos come less than 18 months after Woodside completed the BHP deal and as it grapples to get final approvals for its A\$16.5bn Scarborough venture in Western Australia, its biggest growth project.

LI Capital, a local hedge fund and Santos shareholder, called in September for it to consider separating out its LNG assets to help boost its share price, which had lagged global and local peers for three years.

Both Woodside and Santos had recently flagged challenging near-term production along with soaring capital expenditure and regulatory hurdles to ongoing projects.

Santos wants to restart work on the Barossa gas project once it finishes a fresh round of talks with conventional landowners.

China's weak trade data signals more economic pain to come

Bloomberg
Hong Kong

China's imports unexpectedly shrank in November from a Covid-hit period a year ago, while exports edged up from a low base, suggesting the nation's slowing economy still hasn't bottomed out.

Imports in dollar terms declined 0.6% after clocking an improvement the previous month, according to official data released on Thursday. That was worse than economists' consensus forecast of a 3.9% gain.

Overseas shipments rose 0.5% from a year ago, slightly better than the consensus estimate of no change, and marked the first year-on-year expansion since April. The resulting trade surplus was \$68.39bn.

"Domestic demand is not really improving, even as we compared it to a low base last year," said Woei Chen Ho, an economist at United Overseas Bank Ltd. "There is also no discernible improvement trend in exports despite a slightly better than expected export growth in November. Taken together, it suggests a weak recovery trend in China."

The data will fan concerns over China's economic outlook and could prompt calls for stimulus to bolster domestic spending. Policymakers' efforts to step up growth this year have focused more on stimulating supply and stabilising the property market rather generating demand.

An expected seasonal surge in trade also failed to deliver because of weak global demand. Exports are usually stronger in the final months of a year, due to a boost in demand ahead of the Christmas and holiday season overseas. Disruptions from the pandemic in November last year resulted in a steep contraction in trade, which makes the headline numbers this year look better by comparison.

China's exports next year could benefit from a "global upswing" in tech demand, as well as low domestic inflation and a weak yuan, Nomura Holdings economists wrote in a note on Wednesday. But it's "still too early to call the bottom" for growth, they said

"The first increase in China's exports in six months in November is not a sign external demand is returning in a sustainable way to support growth... at 0.5% year on year, it's hardly the usual surge ahead of the year-end China is used to. Considering a low base was at play, it's also not a powerful boost to exporting industries," says David Qu, economist, Bloomberg Economics.

China's exports next year could benefit from a "global upswing" in tech demand, as well as low domestic inflation and a weak yuan, Nomura Holdings Inc economists wrote in a note Wednesday. But it's "still too early to call the bottom" for growth, they said. "There might yet be another economic dip in spring 2024 due to a worsening property sector."

Reaction in the stock market was muted on Thursday as much of the softness was already priced in. A gauge of Chinese stocks listed in Hong Kong largely maintained its earlier losses as sentiment took a hit after Moody's lowered its outlook on a number of banks and placed some local government financing vehicles on review for a downgrade.

The Hang Seng China Enterprises Index was down about 1.7%, among the worst performing key indexes in Asia Pacific.

Investors are watching for signs of how President Xi Jinping's government will boost economic activity in 2024, after this year's post-pandemic recovery struggled. China is expected to convene two key economic policy meetings this month, where top leaders may signal a more pro-growth stance and hint at the kind of stimulus they are planning.

After soaring demand during the pandemic helped drive China's economy, net exports has turned into a drag for growth this year, as demand for goods wanes.

Capital Economics analyst Zichun Huang said in a Thursday note that November's uptick in exports was likely driven by price cuts. "This is not sustainable and is negatively affecting firms' profit margins, which have dropped near to levels not seen since at least 2010," she added.

Exports to the US and European Union have fallen by over 10% so far this year from the same period last year, while those to Russia surged 50%, according to the official data. Imports of steel plunged 27% so far in 2023 as the property downturn deepened, while chips declined by 16.5%.

Bitcoin rally shines spotlight on investor risks

AFP
London

A much-anticipated US approval of wider bitcoin trading has helped the world's biggest cryptocurrency reach 20-month heights, risking however pain for new investors unaccustomed to its volatility.

Bitcoin this week reached above \$44,000 for the first time since April last year, yet still remains far from a record-peak of almost \$69,000 in 2021.

The recent surge has been driven by speculation around the creation of a so-called exchange-traded fund for the asset, which would directly track the price of bitcoin.

Spot bitcoin ETF would allow more of the general public to invest in the cryptocurrency without having to directly buy it.

"The introduction of bitcoin ETFs has the potential to improve market accessibility for institutional and non-professional investors, by providing (them) with a regulated path," Jeff Billingham, director of strategic initiatives at crypto group Chainalysis told AFP.

While bitcoin and rival digital tokens are attracting new younger investors, the Pew Research Center in March reported that overall, only 17% of US adults had invested in or used cryptocurrency.

This was largely unchanged compared with the previous two years. When looking at young adults, they appear

to hold a greater interest in cryptocurrency compared with traditional investors, according to French data.

A total 54% of new retail investors in France own cryptocurrency compared with 25% of traditional ones, according to a study published last month by French financial watchdog AMF.

Simon Peters, market analyst for eToro, said that while he could not comment on rival platforms, his company has witnessed a recent "uplift in crypto activity".

It appears some investors have not been put off by recent scandals within the sector, notably the collapse of Sam Bankman-Fried's FTX empire, which sent prices crashing at the end of last year.

"There are no more scandals in crypto than in traditional finance," said Thomas, a 36-year old worker in logistics.

The problem lies in a "professional market made open to amateurs" attracted by "hype" and "unable to master the technical side", he told AFP.

Christian, a 30 year-old marketing consultant, said it was like "playing the lottery" when he "made all the mistakes" on entering the crypto arena in 2021.

He recalled investing in about 30 cryptocurrencies ahead of their launch and "without really knowing what it was all about".

Only a minority of them actually saw the light of day and Christian said he ended up losing "a five-figure sum".

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