



Fed to begin rate cut talks but avoid teeing first one up

Bloomberg
Washington

Federal Reserve Chairman Jerome Powell and his colleagues could be forgiven if they're feeling a bit like parents on an extended road trip with their children.

Investors eager for interest-rate cuts keep asking policymakers, "Are we there yet?" The repeated reply so far: "Soon, but not quite yet."

The Federal Open Market Committee is widely expected to hold interest rates steady for the fourth straight meeting when it gathers in Washington on January 30 and 31. The real focus though will be on what lies ahead, at the FOMC's March meeting and beyond.

Policymakers have recently suggested they're ready to begin discussing the broad parameters for lowering rates after giving the subject only a passing nod at their last meeting in December. Several have also indicated a willingness to entertain rate cuts in the first half of 2024 if inflation falls faster than expected.

But officials haven't given any sign they plan to use their upcoming gathering to tee up a rate cut for March – although that doesn't preclude one from happening in response to economic shifts between now and then.

San Francisco Fed President Mary Daly on Friday said it's "premature" to think interest-rate cuts are around the corner, noting she needs to see more evidence that inflation is on a consistent trajectory back to 2% before easing policy.

"The Fed can be patient," said Morgan Stanley chief US economist Ellen Zentner, who expects the first rate cut to come in June.

Powell and his colleagues can take their time because they won't be cutting rates to counteract an economic contraction – as has often occurred in the past. Instead, they will be calibrating policy to reflect a surprisingly steep drop in inflation from a multi-decade high 1-1/2 years ago.

"With economic activity and labour markets in good shape and inflation coming down gradually



Jerome Powell, Federal Reserve chairman.

to 2%, I see no reason to move as quickly or cut as rapidly as in the past," Fed Governor Christopher Waller told the Brookings Institution on January 16.

His comments – coupled with news of stronger-than-expected retail sales in December – prompted investors to rein in their expectations for a March rate reduction. They now see a slightly less than even chance of that happening, based on trading in the federal funds futures market on Friday. Just a week earlier they put the odds of a reduction at about three in four.

History also argues for the Fed being cautious in initiating rate reductions. In the 1970s, the central bank was too quick off the mark in easing policy before inflation was truly vanquished. That's an error that even Paul Volcker – widely considered the greatest US central banker – committed in 1980 as the economy weakened, only to reverse course later and drive the US into a deeper downturn. The worst out-

come would be for policymakers to lower rates and have to raise them again later if inflation moves higher, Atlanta Fed President Raphael Bostic told business leaders on January 18. "We do not want to go on these up-and-down or a back-and-forth pattern," he said.

Such thinking will probably prompt the central bank to delay a rate reduction until May, according to economist Claudia Sahm, a former Fed staffer. But once it gets going, it could move quickly, Sahm, who heads her own consulting firm and is a Bloomberg Opinion columnist, said.

"If inflation looks really good, they could have some 50-basis-point cuts in the second half of the year," she said.

Policymakers will receive fresh data on their preferred inflation gauge next Friday, as well as a first read on gross domestic product in the fourth quarter on Thursday.

Bloomberg Economics chief US economist Anna Wong said she ex-

pects the core measure of the Fed's favoured inflation gauge to come in below 2% on a one-, three- and six-month annualised basis.

Policymakers last month projected they would lower rates by 75 basis points in 2024, according to their median forecast.

Bostic told Fox Business on Friday said he's open to changing his views on the timing of interest-rate cuts depending on the data, though he wants to be sure inflation is "well" on the way to the central bank's 2% goal before easing policy.

One decision the FOMC will have to make at its upcoming gathering is whether to alter the guidance it gives on future policy actions in its post-meeting statement. In December, policymakers left the door slightly ajar to the possibility they might raise rates further, after hiking them by more than five percentage points since March 2022.

Whether that is still applicable is unclear. Many officials believe the risks of a reacceleration of inflation – and thus the possibility of another rate hike – have dwindled. But with the bond and stock markets rallying on hopes of lower rates, hawkish FOMC members may be reluctant to abandon that guidance.

"In light of the easing in financial conditions in recent months, we shouldn't take the possibility of another rate increase off the table just yet," Dallas Fed President Lorie Logan told economists.

Looming in the background of the Fed's deliberations is the November presidential election. In a report, Morgan Stanley economists Matthew Hornbach and Seth Carpenter made the case against assuming the upcoming election would influence monetary policy.

But that doesn't mean the central bank will escape criticism on the campaign trail, especially if Donald Trump – the leading contender for the Republican nomination – worries that Fed rate cuts will help President Joe Biden.

The "Fed will be blamed for influencing the election, regardless of what it decides," said Diane Swonk, chief economist at KPMG LLP.

JetBlue Airways, Spirit appeal ruling blocking their \$3.8bn merger

Bloomberg
New York

JetBlue Airways Corp and Spirit Airlines Inc said they're appealing a federal judge's ruling blocking their planned \$3.8bn merger in a last-ditch effort to save a deal that many analysts believe is dead.

The carriers filed the one-sentence notice of appeal in court on Friday that didn't specify reasons for the move. Earlier, the airlines said US District Judge William G Young erred in concluding January 16 that the merger will lead to higher ticket prices or fewer choices for customers. Spirit had previously said the deal was still in effect as it explores ways to shore up its liquidity.

Spirit shares jumped as much 17% in after hour trading, while JetBlue fell as much as 2.2%.

JetBlue needs Spirit's 200 aircraft and about 3,000 pilots at a time when both are in short supply across the industry. Without them, JetBlue has limited growth opportunities and will continue to be relegated to second-tier status behind the big four carriers.

But Spirit's financial situation and operations have declined since the deal was struck, reducing its value for a buyer. Analysts have speculated that a standalone Spirit may be forced into bankruptcy.

"It is clear to us that Spirit is pressing JetBlue to appeal the antitrust ruling, but we continue to believe the chances of success are low," Savanthi Syth, a Raymond James analyst, said in a note Friday.

The pending combination the discount carriers was challenged by antitrust enforcers at the US Justice Department under the Biden Administration's mandate to take a more aggressive stance on consolidation. The airlines argued during the trial that plans to divest Spirit gates and landing slots in the New York City area and in Boston, as well as some assets in Fort Lauderdale, Florida, were enough to allay concerns about the merged carrier dominating any markets.

While Young said his decision protected Spirit, Wall Street analysts have speculated the company could be forced into bankruptcy reorganisation or even liquidation without the JetBlue lifeline.

Both carriers are struggling as demand for domestic travel has slowed while labour and parts have gotten more expensive. Aircraft delivery delays and planes grounded by engine issues have also limited growth.

"We suspect JetBlue looks to appeal, but with very little effort to actually win," Conor Cunningham, a Melius Research analyst, said on Friday.

Before the appeal was announced, Spirit shares rose on Friday after the carrier said the deal with JetBlue "remains in full force and effect" as it explores ways to shore up liquidity. The company also detailed efforts to refinance debt in a wide-ranging update aimed at easing anxieties over how Spirit will navigate the fallout of its troubled merger.

In a regulatory filing, Spirit said it "continues to believe that a combination with JetBlue is the best opportunity to increase much needed competition and choice."

American Airlines Group Inc is appealing a separate ruling by a different federal judge last year that killed its route-sharing partnership with JetBlue in the Boston and New York areas.

Junk-rated borrowers eye slice of \$64bn deluge in EM sales

Bloomberg
London

The 2024 bond-sale boom in emerging economies looks set to continue, including the possible return of high-yield borrowers in sub-Saharan Africa after a two-year hiatus.

Investment-graded issuers including Chile, Mexico and Hungary dominated last week's issuance activity, bringing hard-currency debt sold by governments and companies in the developing world to \$64bn so far this year, just shy of the \$66bn for the same period of 2023.

Now, Ivory Coast is preparing to become the first country in sub-Saharan Africa to issue a Eurobond after a two-year absence.

Primary markets are witnessing hectic deal-making by corporates and governments, even as a bond

selloff has sent average yields in emerging-market dollar debt higher. Expectations for greater volatility later in the year – owing to the upcoming US elections as well as the timing and pace of Federal Reserve easing – have created a sense of urgency to lock in current rates.

"Investors seem to have telegraphed this rush, and issuers are taking advantage of strong demand," said Nathalie Marshik, managing director for fixed income at BNP Paribas SA in New York. "Chile may have issued before a potential downgrade, while Mexico is moving ahead of general elections. And we expect some quality BBs to come next by the end of the quarter."

Saudi Arabia offered \$12bn in bonds in its largest transaction since 2017, and its finance minister told Bloomberg Television more Eurobond sales should follow. In

Mexico, investors are expecting President Andres Manuel Lopez Obrador to accelerate spending in his final year in office.

Some nations that can't afford waiting for a further dip in US yields are also taking action to cover their obligations.

Chile has more than \$300mn in payments due this month and a total of \$1.1bn in hard-currency coupons for the remainder of the year, data compiled by Bloomberg show. The Latin American nation opted to sell notes before credit-rating assessors had a chance to take a more pessimistic view, pricing bonds due in five years at a yield of below 5%.

"Demand was good, so that is a good indicator for issuers. And investors have been prepared for new issuance, holding cash," said William Snead, an analyst at Banco Bilbao Vizcaya Argentaria SA in New York.

JPMorgan nears \$3bn for private debt in hunt for partners

Bloomberg
New York

JPMorgan Chase & Co is in talks to clinch \$2.5bn to \$3bn of third-party commitments to grow its private credit strategy, according to people with knowledge of the matter.

The New York-based lender has cast a wide net as it seeks to raise cash – targeting sovereign wealth funds, pensions, endowments, alternative asset managers and others. It's received the most interest from credit managers that already invest in corporate debt but have limited access to private deal flow, the people said.

Discussions with investors are ongoing and details may still change, the people added, asking not to be named discussing a private transaction. Terms could be finalised in the coming weeks, they said.

The biggest US bank has received a lukewarm reception from some deep-pocketed investors while seek-

ing money to augment more than \$10bn of balance sheet cash it has dedicated for private credit deals, according to the people familiar with the situation. Hesitancy from some investors stemmed from the fact that JPMorgan wouldn't have a fiduciary responsibility, and instead would be balancing the needs of itself, its partners and borrowers, the people said.

Large established private credit investors have also expressed little interest in the initiative amid concerns over fees and control, Bloomberg reported in December.

JPMorgan plans to originate loans, retain a small chunk of each financing, and syndicate the rest of the debt to its partners, the people said. The bank is seeking commitments of at least \$500 million from some investors, one of the people added.

A representative for JPMorgan said the bank's private credit strategy has received significant interest from investors, particularly in recent weeks.

As the private credit market has ballooned to roughly \$1.6tn globally, firms including Apollo Global Management Inc and Blackstone Inc have amassed huge sums of investor cash, allowing them to offer borrowers favourable terms for buyouts and line up larger deals. That's cut into the profitability of banks' leveraged finance desks, prompting JPMorgan and others to set up direct lending operations of their own.

Starting off with around \$3bn of investor money would be a modest next step for the bank after setting aside \$10bn of balance sheet capacity for the effort.

The goal for many banks is to be able to seamlessly provide a private credit option to borrowers along with more conventional forms of financing such as high-yield bonds and leveraged loans. Leveraged buyouts, where private equity firms buy and sell companies, drive much of the corporate debt market, and the sponsors are a key client base for investment banks.



Lusail

TENDER ADVERTISEMENT

Tender No.: 44000070

Tender Title

Operations & Maintenance Services for Pump Stations at Lusail City

Brief Description of the Works

The Scope of Service consist of Operations and Maintenance of Pump Stations associated with Storm Water, Foul sewage & Irrigation Utilities services at Lusail City including (but not limited to); Remote & Local Monitoring, Operations, regular and routine maintenance, preventative maintenance and corrective maintenance works, planned overhauling, breakdowns repair, any emergency requirements, stakeholder coordination, and maintaining Authorities & statutory requirements as necessary.

Tender Bond Value

QAR 500,000 (valid for 150 days from Tender Closing Date) in the form of a Bank Guarantee (Cash Payment or Cheque not acceptable)

Bid Closing Date

14th February 2024 not later than 12:00 hours local Doha time

Tender Collection Location

Lusail Building, Site Offices, Documents Control Office

Tender Collection Date and Time

From 16th January 2024 between 08.30 a.m. to 12.30 p.m. (Except Friday & Saturday)

Tender Fee

A payment of non-refundable tender fee in the amount of Five Thousand Qatari Riyals (QAR 5,000) to be deposited/TT into Qatari Diar Real Estate Investment Co., Bank Account No. 0013-002643-046 (IBAN-QA55 QNBA 0000 0000 0013 0026 4304 6) with QNB. Email a copy of the deposit/TT slip to Finance at arqd@qataridiar.com mentioning the tender no., Company's name & attach a copy of CR. Finance dept. shall then email back the receipt to be presented for collection of tender documents.

Required documents in order to collect the Tender Documents are as follows

- Copy of the Company Incorporation/Commercial Registration (if represented in Qatar).
- Company Authorization letter and ID of the person who will collect the tender document.
- Presentation of the receipt of the tender fee received from the Finance Department of Qatari Diar in Lusail Site Office.
- Completed Confidentially Agreement which shall be collected from the above-mentioned office or requested by email (procurementlocal@qataridiar.com).
- Tenderers shall provide a letter endorsed by a first-class bank in Qatar agreeing to furnish a Performance Bank Guarantee in amount of ten (10%) percent of the Initial Contract Price, if awarded the contract.

Minimum requirements to be eligible for obtaining the Tender Documents

- 1- Minimum 5 years of relevant experience and expertise in providing similar Services within Qatar or the GCC
- 2- The company shall have a valid Commercial Registration in Qatar and annual turnover should be a minimum of QAR 10,000,000 for each of the last 3 years.

For further queries please communicate in writing to procurementlocal@qataridiar.com

The Qatar Stock Exchange (QSE) index declined 147.00 points or 1.4% during the week to close at 10,318.74. Market capitalisation decreased by 1.5% to QR600.2bn compared with QR609.4bn at the end of the previous trading week. Of the 51 traded companies, 41 ended the week down, while eight ended up and two remained the same. Qatar General Insurance & Reinsurance Company (QGRI) was the worst performing stock for the week, dipping 15.0%. Whereas, Ooredoo (ORDS) was the best performing stock for the week, increasing 4.5%.

Industries Qatar (IQCD), Qatar Islamic Bank (QIBK) and QNB Group (QNBK) were the main contributors to the weekly index drop. IQCD and QIBK removed 56.96 and 36.67 points from the index, respectively. Further, QNBK removed another 26.65 points.

Traded value during the week soared 47.4% to reach QR2,934.4mn from QR1,990.8mn in the prior trading week. QNB Group (QNBK) was the top value

traded stock during the week with total traded value of QR386.5mn.

Traded volume shot up 30.2% to reach 885.8mn shares compared with 680.6mn shares in the prior trading week. The number of transactions increased 25.9% to 94,378 vs 74,986 in the prior week. Masraf Al Rayan (MARK) was the top volume traded stock during the week with total traded volume of 103.6mn shares.

Foreign institutions remained bearish, ending the week with net selling of QR125.4mn vs net selling of QR0.4mn in the prior week. Qatari institutions remained bullish with net buying of QR84.8mn vs net buying of QR33.5mn in the week before. Foreign retail investors ended the week with net buying of QR3.7mn vs net selling of QR10.0mn in the prior week. Qatari retail investors recorded net buying of QR37.0mn vs net selling of QR23.1mn the week before.

YTD (as of Thursday's closing), global foreign institutions were net sellers by \$16.1mn, while GCC institutions were net sellers of Qatari stocks by \$33.0mn.



Weekly Market Report

Market Indicators	Week ended. Jan 18, 2024	Week ended. Jan 11, 2024	Chg. %
Value Traded (QR mn)	2,934.4	1,990.8	47.4
Exch. Market Cap. (QR mn)	600,227.1	609,355.3	(1.5)
Volume (mn)	885.8	680.6	30.2
Number of Transactions	94,378	74,986	25.9
Companies Traded	51	51	0.0
Market Breadth	8:41	21:30	-

Source: Qatar Exchange (QE)

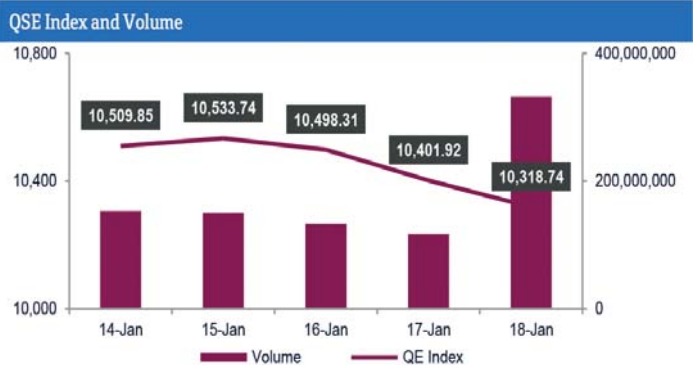
Market Indices	Close	WTD%	MTD%	YTD%
Total Return	22,145.47	(1.4)	(4.7)	(4.7)
ALL Share Index	3,472.75	(1.5)	(4.3)	(4.3)
Banks and Financial Services	4,361.18	(1.4)	(4.8)	(4.8)
Industrials	3,862.48	(3.1)	(6.2)	(6.2)
Transportation	4,494.29	0.1	4.9	4.9
Real Estate	1,484.25	(0.9)	(1.1)	(1.1)
Insurance	2,444.89	(3.0)	(7.1)	(7.1)
Telecoms	1,628.88	3.3	(4.5)	(4.5)
Consumer Goods & Services	7,291.53	(1.3)	(3.8)	(3.8)
Al Rayan Islamic Index	4,561.22	(1.2)	(4.3)	(4.3)

Source: Qatar Exchange (QE)

Regional Indices	Close	WTD%	MTD%	YTD%	Weekly Exchange Traded Value (\$ mn)	Exchange Mkt. Cap. (\$ mn)	TTM P/E**	P/B**	Dividend Yield
Qatar*	10,318.74	(1.4)	(4.7)	(4.7)	805.39	164,642.3	12.4	1.4	4.7
Dubai	4,052.78	(1.6)	(0.2)	(0.2)	312.03	189,006.0	9.1	1.3	4.3
Abu Dhabi	9,719.37	(1.3)	1.5	1.5	1,306.76	745,333.6	27.5	3.1	1.6
Saudi Arabia*	12,063.00	(0.4)	0.8	0.8	11,012.72	2,935,010.2	20.4	2.4	3.0
Kuwait	7,230.06	0.2	6.1	6.1	1,265.35	150,453.8	15.4	1.6	3.9
Oman	4,587.06	(0.4)	1.6	1.6	40.84	23,470.5	10.1	0.7	4.8
Bahrain	1,991.73	0.3	1.0	1.0	37.89	57,126.3	8.1	0.7	8.4

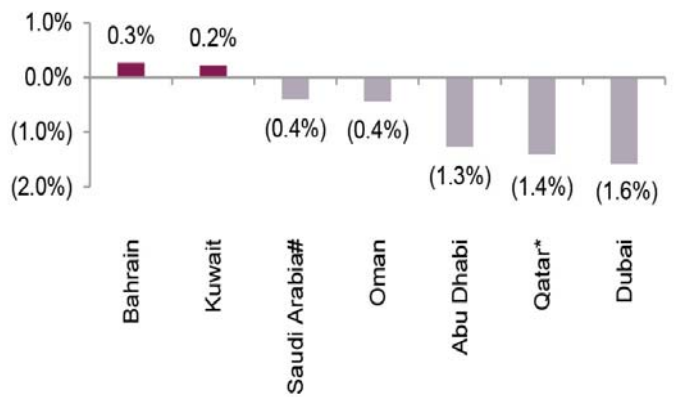
Source: Bloomberg

QSE Index and Volume



Source: Qatar Exchange (QE)

Weekly Index Performance



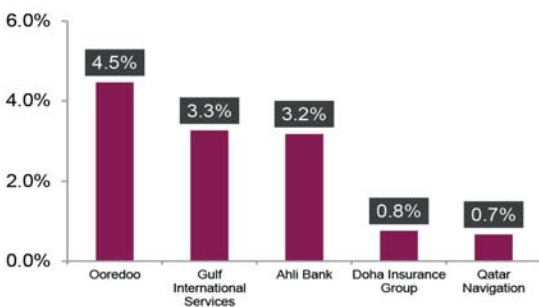
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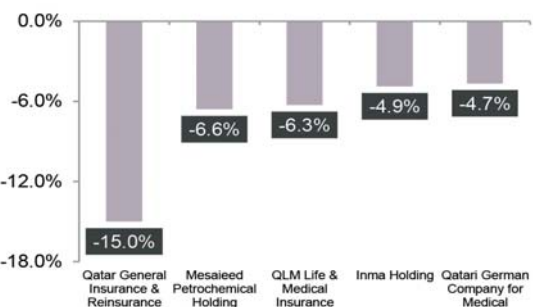
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Qatar Stock Exchange

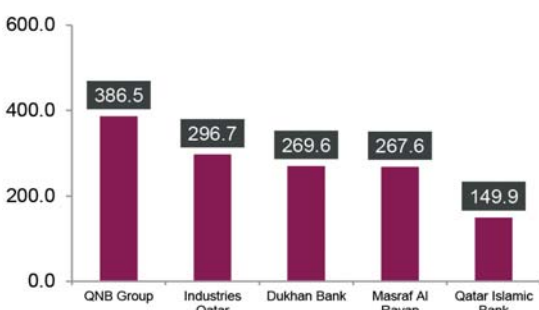
Top Five Gainers



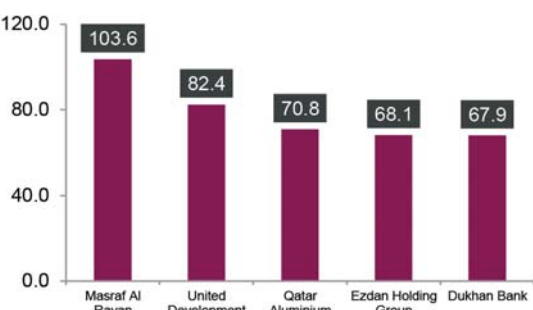
Top Five Decliners



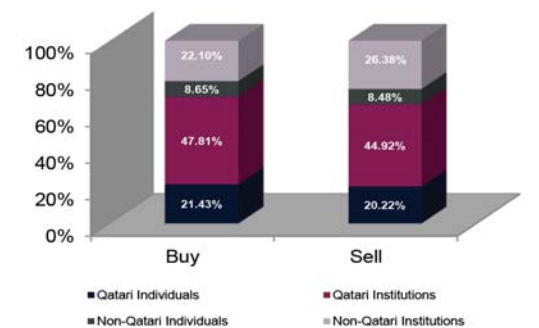
Most Active Shares by Value (QR Million)



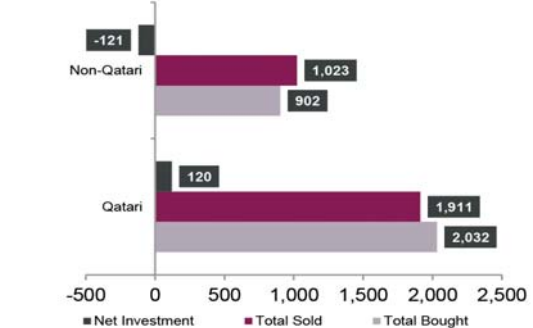
Most Active Shares by Volume (Million)



Investor Trading Percentage to Total Value Traded



Net Traded Value by Nationality (QR Million)



Company Name	Price January 18	% Change Weekly	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	16.10	(1.65)	(2.60)	148,706	10.4	1.7	3.7
Qatar Islamic Bank	19.74	(2.33)	(8.19)	46,644	11.5	1.8	3.2
Commercial Bank of Qatar	5.53	(0.72)	(10.81)	22,381	8.4	1.2	4.5
Doha Bank	1.68	(2.89)	(8.25)	5,206	18.7	0.5	4.5
Al Ahli Bank	3.90	3.17	7.68	9,949	12.5	1.4	5.1
Qatar International Islamic Bank	10.69	(0.56)	0.00	16,181	15.5	2.2	3.7
Masraf Al Rayan	2.55	(0.27)	(4.14)	23,669	20.2	1.0	3.9
Lesha Bank	1.35	0.60	2.04	1,512	20.7	1.3	N/A
National Leasing	0.78	0.13	7.54	388	26.6	0.6	3.8
Diala Holding	1.29	(1.45)	(2.35)	245	N/A	1.3	N/A
Qatar & Oman Investment	0.90	(1.09)	(4.94)	285	N/A	1.2	N/A
Islamic Holding Group	3.90	(4.88)	(5.96)	221	34.0	1.4	1.3
Dukhan Bank	3.97	0.51	(0.05)	20,795	1.8	0.2	4.0
Banking and Financial Services				296,183			
Zad Holding	13.62	(1.38)	0.89	3,915	21.2	3.1	4.3
Qatar German Co. for Medical Devices	1.35	(4.65)	(6.82)	156	N/A	4.5	N/A
Salam International Investment	0.68	(1.88)	(0.73)	775	19.1	0.5	N/A
Baladna	1.16	(3.40)	(4.90)	2,213	24.3	1.0	N/A
Medicare Group	5.16	(3.10)	(6.08)	1,451	19.7	1.4	5.1
Qatar Cinema & Film Distribution	3.05	0.00	5.17	192	42.8	1.5	2.0
Qatar Fuel	15.85	(0.81)	(4.40)	15,759	16.5	1.8	5.7
Widam Food	2.29	(1.64)	(3.18)	411	N/A	3.3	N/A
Mannai Corp.	3.99	(1.79)	(4.93)	1,822	N/A	1.9	2.5
Al Meera Consumer Goods	13.26	(1.41)	(3.84)	2,732	14.3	1.7	3.3
Mekdam Holding Group	4.89	(1.83)	(5.23)	395	11.5	2.9	5.4
Meeza QSTP	2.73	(1.66)	(5.02)	1,768	N/A	2.5	N/A
Consumer Goods and Services				31,589			
Qatar Industrial Manufacturing	2.98	(2.27)	(0.80)	1,414	8.6	0.8	4.4
Qatar National Cement	4.00	(0.07)	1.34	2,614	12.5	0.9	7.5
Industries Qatar	12.00	(4.08)	(8.26)	72,600	15.6	1.9	9.2
Qatari Investors Group	1.66	(1.89)	1.10	2,065	13.1	0.7	9.0
Qatar Electricity and Water	17.44	(1.02)	(7.23)	19,184	12.3	1.3	5.4
Aamal	0.88	(2.12)	4.02	5,538	15.5	0.7	5.7
Gulf International Services	2.85	3.26	3.30	5,296	12.1	1.4	3.5
Mesaieed Petrochemical Holding	1.70	(6.59)	(4.92)	21,357	18.7	1.3	6.5
Estithmar Holding	2.01	(0.50)	(4.06)	6,842	20.0	1.4	N/A
Qatar Aluminium Manufacturing	1.31	(1.95)	(6.64)	7,293	15.5	1.1	6.9
Industrials				144,204			
Qatar Insurance	2.39	(2.05)	(7.72)	7,806	33.2	1.4	N/A
QLM Life & Medical Insurance	2.30	(6.28)	(7.96)	805	9.3	1.4	5.4
Doha Insurance	2.52	0.76	5.40	1,260	8.6	1.1	6.0
Qatar General Insurance & Reinsurance	1.11	(15.00)	(24.83)	967	N/A	0.2	N/A
Al Khaleej Takaful Insurance	2.85	(2.96)	(4.07)	727	12.7	1.3	3.5
Qatar Islamic Insurance	8.85	(1.67)	(0.55)	1,328	10.3	2.7	5.1
Damaan Islamic Insurance Company	4.00	(0.08)	0.23	799	N/A	1.7	4.0
Insurance				13,692			
United Development	1.05	(0.66)	(1.60)	3,711	9.0	0.3	5.2
Barwa Real Estate	2.87	0.00	(0.83)	11,168	9.5	0.5	6.1
Ezdan Real Estate	0.85	(4.26)	(0.47)	22,652	N/A	0.7	N/A
Mazaya Qatar Real Estate Development	0.70	(3.85)	(3.18)	700	22.1	0.7	N/A
Real Estate				38,231			
Ooredoo	10.76	4.47	(5.61)	34,466	11.6	1.3	4.0
Vodafone Qatar	1.89	(0.05)	(0.94)	7,985	14.2	1.7	5.3
Telecoms				42,451			
Qatar Navigation (Milaha)	10.50	0.67	8.25	11,930	11.6	0.7	3.3
Gulf Warehousing	3.21	(1.11)	2.36	188	8.0	0.8	3.1
Qatar Gas Transport (Nakilat)	3.60	(0.25)	2.30	19,950	13.4	1.7	3.6
Transportation				32,068			
Qatar Exchange				600,227			

Technical analysis of the QSE index



The QSE index closed down (-1.4%) from the week before at 10,318.7 points. The index remains inside flat range, and the recent correction could continue in the short term. The mixed signals remain there, and we await

a strong breakout above the 10,800 level on higher volumes for the uptrend to ensue. The 9,200 level remains to be our support levels on the weekly chart and the resistance level at 11,000 points on the index.

Definitions of key terms used in technical analysis

RSI (Relative Strength Index) indicator - RSI is a momentum oscillator that measures the speed and change of price movements. The RSI oscillates between 0 to 100. The index is deemed to be overbought once the RSI approaches the 70 level, indicating that a correction is likely. On the other hand, if the RSI approaches 30, it is an indication that the index may be getting oversold and therefore likely to bounce back.

MACD (Moving Average Convergence Divergence) indicator - The indicator consists of the MACD line and a signal line. The divergence or the convergence of the MACD line with the signal line indicates

the strength in the momentum during the uptrend or downtrend, as the case may be. When the MACD crosses the signal line from below and trades above it, it gives a positive indication. The reverse is the situation for a bearish trend.

Candlestick chart - A candlestick chart is a price chart that displays the high, low, open, and close for a security. The 'body' of the chart is portion between the open and close price, while the high and low intraday movements form the 'shadow'. The candlestick may represent any time frame. We use a one-day candlestick chart (every candlestick represents one trading day) in our analysis.

WEEKLY ENERGY MARKET REVIEW

Oil drops on China demand concerns but records weekly gain

www.abhafoundation.org

Oil
Oil prices settled slightly lower on Friday but recorded a weekly gain as Middle East tensions and disruptions to oil output offset concerns about the Chinese and global economies. Brent futures settled 54 cents lower at \$78.56 a barrel. US West Texas Intermediate crude fell 67 cents to close at \$73.41. For the week, Brent gained about 0.5% while the US benchmark rose over 1%. In China, slower-than-expected economic growth in the fourth quarter raised doubts about forecasts that demand there will drive global oil growth in 2024. In the Middle East, geopolitical risks supported prices for the week. On Friday, tensions escalated in Gaza as Israeli forces pushed further towards the south, while earlier in the week, the US launched new strikes against Houthi anti-ship missiles aimed at the Red Sea. Although conflict in the Middle East has not shut any oil production, supply outages continued in Libya. In the US, about 30% of oil output in North Dakota, the country's third largest producing state, remained shut due to extreme cold, the state's pipeline authority said on Friday. Output had been cut by some 700,000 bpd, or more than half, mid-week. It could take a month

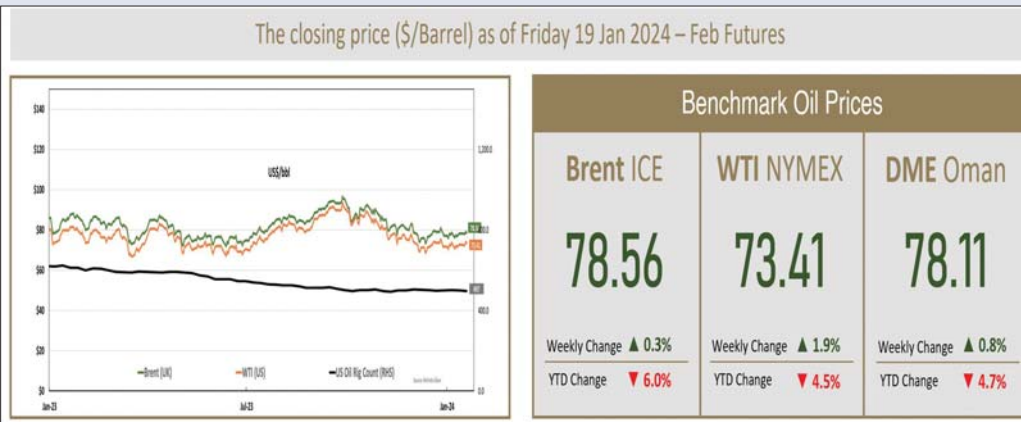


Night view of Century Square in Shanghai. In China, slower-than-expected economic growth in the fourth quarter raised doubts about forecasts that demand there will drive global oil growth in 2024. Picture supplied by the Abdullah Bin Hamad Al-Attiah International Foundation for Energy and Sustainable Development.

for production to return to normal levels, the state regulator said.

Gas
Asian spot liquefied natural gas (LNG) prices dipped below \$10 per million British thermal units (mmBtu) for the first time in nearly eight months, as ample inventories and mild weather outweighed geopolitical tensions in the Red Sea. The average LNG price for March delivery into north-east Asia fell to \$9.50

per mmBtu, down almost 6% from last week, industry sources estimated. The fall in prices, however, has spurred more spot cargo purchases by Asian buyers. Lower prices have incentivised a spate of tenders and purchasing by Asian buyers – a reaction not mirrored in Europe – to help slow falls and widen the spread between northeast Asian and European delivered LNG markets, analysts said. Pricing falls last week have been driven by weaker



European gas prices, as the region looks to an exceptionally mild spell following the present cold snap, they added. Even with more diversions away from the Suez Canal from last Friday, the market has shown little reaction. Earlier

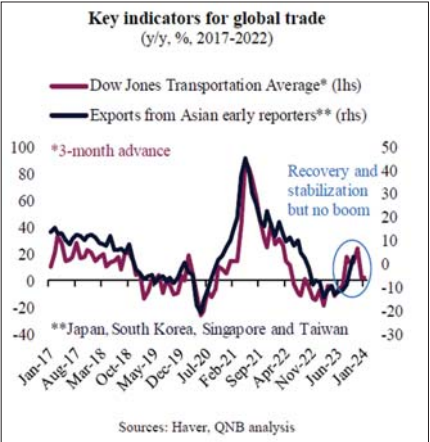
last week, Qatar, stopped sending tankers via the Red Sea amid growing regional tension, with at least three tankers changing courses to take the longer Cape of Good Hope route. Two vessels from Russia's Yamal LNG also

diverted away from the Red Sea.

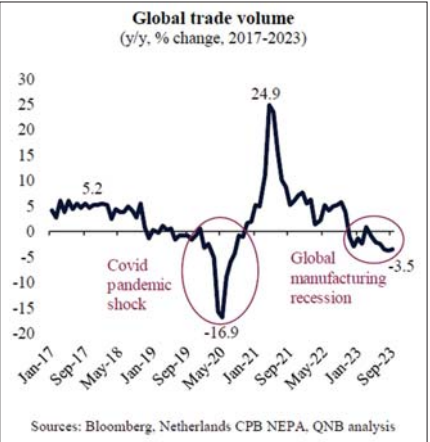
■ This article was supplied by the Abdullah Bin Hamad Al-Attiah International Foundation for Energy and Sustainable Development.

Global trade sees conditions to stabilise further; but no boom in sight for 2024: QNB

Global trade has seen conditions to stabilise further, potentially returning to modest growth, QNB said but noted there are no indications for a sharper recovery over the coming months.
Global trade is widely considered a crucial metric for evaluating economic activity. In fact, few indicators can match the insights provided by trade data when it comes to gauging global economic conditions, QNB said in an economic commentary.
Rooted in real cross-border transactions, trade data provides a comprehensive understanding of the overall demand for essential products and production factors.
This includes physical goods, capital goods, as well as fundamental inputs, such as raw materials and commodities. As a result, global trade data is highly responsive to macroeconomic conditions, fluctuating in accordance with the cycles of economic expansion and contraction. Recently, after the sharp rebound in activity following the pandemic, global trade showed significant weakness, contracting for several months.
According to the Central Planning Bureau of Netherlands for Economic Policy Analysis (CPB NEPA), global trade volumes contracted by around 3.5% year-on-year (y-o-y) in September 2023, the latest data print available.
Surprisingly, QNB noted: "this has been taking place even as bottlenecks and supply-chain constraints continued to ease. This is likely associated with the ongoing global manufacturing recession, which depresses demand for goods, negatively affecting major manufacturing exporters, such as several Asian and European countries."
However, it said global trade volume data tend to give us a picture of the recent past rather than the present or incoming future. CPB NEPA data, for example, are released with a delay of three months.
It is preferable to look at alternative data points that tend to provide coincident and forward-looking insights, rather than backward looking ones, i.e., leading indicators that anticipate what the economy is likely to do. In QNB's view, leading indicators are suggesting that the slump in global trade is



likely over, even if there are no conditions for a significant recovery or boom over the coming months. Three main points support its analysis.
First, coincident indicators from early-reporting and highly open economies of East Asia (South Korea, Taiwan, Singapore, and Japan) are already suggesting an expansion. After more than a year in the doldrums, including double-digit declines for several months, exports started to expand again in October 2023.
This is relevant, as these countries tend to lead global trade patterns, given the key role they play in the supply chain of large multinational corporations. Such movements indicate a significant stabilisation and even modest recovery in overall global trade in Q4, 2023, which should be sustained over the coming quarters, particularly after a long manufacturing recession.
Second, forward-looking investors are also anticipating an improving situation. Indeed, investor expectations about future earnings of the transportation sector, a key leading indicator for future growth in global trade, also continues to point to a recovery in the demand for physical goods.
The Dow Jones Transportation Average, an equity index comprised of airlines, trucking, marine transportation, railroad and delivery



companies, whose performance traditionally leads exports by at least three months, suggests a broad stabilisation in trade over the coming months, even if signs for a more pronounced economic thrust are not found yet.
Third, foreign exchange (FX) movements are also likely to further play their part in supporting global trade. Historically, global trade is negatively correlated with the USD, with trade volumes expanding when the USD is down and vice versa.
Despite some volatility earlier last year, the USD index is already down almost 9% from the highs seen in late September 2022. USD weakness is a major tailwind to global trade growth.
Around 40% of global trade flows are invoiced in USD and a weaker USD makes non-US imports cheaper. This increases disposable incomes or even supports the substitution of domestic products for imports, positively affecting trade volumes.
"All in all, we believe the conditions are given for global trade to stabilise further, potentially returning to modest growth. This is predicated in stronger coincident data, forward-looking expectations from transportation investors and more supportive FX movements. However, despite the stabilisation, there are no indications for a sharper recovery over the coming months," QNB noted.



Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari during his meeting with Ugandan President Yoweri Kaguta Museveni on the sidelines of the 19th Non-Aligned Movement Summit and the G77 + China Summit in Kampala, Uganda.

Uganda's Museveni receives Qatar Chamber official

Uganda's president, Yoweri Kaguta Museveni, recently met with Qatar Chamber's first vice-chairman, Mohamed bin Towar al-Kuwari, during the 'East Africa Investment Forum and Trade Exhibition', which was held on the sidelines of the 19th Non-Aligned Movement (NAM) Summit and the G77 + China Summit in Kampala, Uganda. The meeting focused on ways to strengthen co-operation between Qatar and Uganda, enhancing economic and trade relations between the two countries, and exploring avenues for developing and attracting Qatari investments to Uganda. Similarly, Uganda's Minister of Finance, Matia Kasaija, met with al-Kuwari on the sidelines of the forum where they discussed the strengthening of cooperation between Qatar's private sector

and its Ugandan counterpart, as well as the investment opportunities available in Uganda across many important sectors. Held under the theme 'Deeper Co-operation in Trade, Tourism, and Investment for Shared Global Affluence', the 'East Africa Investment Forum and Trade Exhibition' was aimed at creating opportunities in trade, tourism, investment, and technology transfer. It also sought to promote investment opportunities in key sectors, such as tourism, agri-value addition, mineral beneficiation, oil and gas, ICT, infrastructure development, real estate, and services, as well as facilitate joint venture partnerships, affordable financing, technology transfer, and market opportunities.

Private lenders are opting to go public after valuations jump

Bloomberg
New York

Palmer Square Capital BDC Inc, a type of private lender known as a business development company, went public on Wednesday, and three other BDCs have filed in January to do the same.
Firms are streaming into the market after valuations for BDCs have surged in recent months, bringing the first notable public offerings in the space in about two years. In the queue to go public are funds managed by Blue Owl Capital, Churchill Asset Management and Morgan Stanley.
Three of the four are first-time public issuers for BDCs, while Blue Owl has listed them before.

BDCs, which make loans to companies that are typically small or medium-sized, have broadly been trading at discounts to the net value of their assets for much of the last 18 months. But the debt market rally that began in November turned that discount into a slight premium, according to a market index.
"The IPO window for BDCs is short and BDCs are trading as close to book value as they have in a while," said James Morrow, founder and chief executive of Calloline Capital Management, an investor in public BDCs. "We are expecting to see higher dividend rates going forward and think these IPOs are a good sign of investor demand."
BDCs may originally be set up as private vehicles, and may

charge lower fees when they're not yet public. Private BDCs often aim to go public within a stated time frame, and selling shares makes it easier for initial investors to cash out. "There has been robust deployment opportunities over the past few years to build up these portfolios for an IPO," Bloomberg Intelligence BDC analyst Ethan Kaye said.
The companies, which also buy broadly-syndicated loans and make other kinds of investments, can avoid paying corporate-level income taxes as long as they meet a series of conditions, including paying out at least 90% of their taxable income to shareholders. The four entities that filed this month to go public were formed in 2020 or earlier. "We've been eyeing the IPO market since post-

Covid and preparing ourselves for the same length of time," said Christopher Long, chairman and chief executive officer of Palmer Square Capital BDC, in an interview with Bloomberg.
Palmer Square's BDC raised about \$90mn of gross proceeds. It was priced at \$16.45 a share.
Nuveen Churchill Direct Lending plans to sell shares sometime around January 24, and Blue Owl Capital Corporation III aims to go public through a direct listing around January 25.
"A lot of these private vehicles have been sitting around waiting for the public listing market to open and valuations to improve," said Clay Montgomery, vice-president with the private credit team of Moody's Investors Service.

Freezing weather is knocking out millions of barrels of US oil output

Bloomberg
Washington

The wintry weather that blanketed parts of Texas in snow and hammered North Dakota with extreme cold has knocked out millions of barrels of US oil production, and the industry is expected to need weeks to restore output to normal levels. Production across the US was curtailed by about 10mn barrels this week, according to market participants who asked not to be named because the information is private. Losses in the Permian Basin of Texas and New Mexico are estimated at around 6mn barrels and shut-in output in North Dakota's Bakken is seen at close to 3.5mn barrels.
In Midland, in the heart of the Texas Permian, temperatures dipped below freezing in 11 out of the 19 days of this month. The cold has been especially bitter in past few days, with the lows below 20F (-7C) for most of the week, according to Accuweather.

Extremely low temperatures freeze water at the wellhead, shutting in production. Icy roads make it difficult for vacuum trucks – used to haul away waste water – to reach drill pads, causing drillers to either halt pumping or curtail rates, the people said.
The losses currently amount to less than 1% of total US crude production, which is around 13mn barrels a day, but they are expected to linger or even rise in North Dakota. In the city of Williston, at the centre of the Bakken formation, below-freezing temperatures are expected throughout the end of the month, posing continued challenges. Oil producers there may need at least a month to restore output to normal levels after more than half of the state's flows were cut off this week, state officials said.
Natural gas gathering systems that are connected to oil wells fill up with liquids during extreme cold, disrupting the operation of compressors, said Lynn Helms, North Dakota's mineral resources director. Crude wells are then shut in to avoid flaring.