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Qatar's trade surplus posts 12% growth to QR18.73bn in December

Tuesday, January 30, 2024
Rajab 18, 1445 AH

GULF TIMES BUSINESS

**HIGHER FREIGHT: Page 4**

Red Sea shipping crisis sends tremors through Asia fuel markets



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QatarEnergy and Excelerate Energy have signed a long-term LNG sale and purchase agreement (SPA) for the supply of LNG from Qatar to Bangladesh

QatarEnergy and Excelerate Energy sign 15-year agreement to supply 1 MTPY of LNG to Bangladesh

QatarEnergy and Excelerate Energy signed a long-term LNG sale and purchase agreement (SPA) for the supply of LNG from Qatar to Bangladesh.

Pursuant to the SPA, Excelerate will purchase up to 1mn tonnes per year (MTPY) of LNG from QatarEnergy to be delivered to floating storage and regasification units in Bangladesh for 15 years starting in January 2026.

Excelerate will purchase 0.85 MTPY of LNG in 2026 and 2027, and 1 MTPY from 2028 to 2040.

Commenting on this occasion, HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi, also the President and CEO of QatarEnergy, said, "We are pleased to sign this agreement with Excelerate for the supply of up to 1mn tonnes per year of LNG to Bangladesh. This new

agreement will further strengthen our relationship with Excelerate while also supporting the energy requirements of the People's Republic of Bangladesh and its stride towards greater economic development."

Qatar is the largest LNG supplier to Bangladesh and aspires to continue being the LNG supplier of choice for partners in the South Asia LNG markets.

Al-Kuwari meets Malta's minister for finance



HE the Minister of Finance Ali bin Ahmed al-Kuwari has met with Minister for Finance and Employment of the Republic of Malta, Clyde Caruana, who is visiting Doha. During the meeting, they discussed bilateral relations between the two countries, especially in investment, financial and economic fields, in addition to topics of common interest, reports QNA.

QFC in pact with Meeza to enhance growth in Qatar's tech ecosystem

The Qatar Financial Centre Authority (QFCA) has signed a memorandum of understanding (MoU) with Meeza, the leading provider of managed IT services and solutions in Qatar, to foster sustained growth within the country's tech ecosystem.

Under this partnership, the QFC will introduce firms registered on its platform to the wide variety of services offered by Meeza at special and competitive rates. These services include data centre services, cloud services, managed IT services, cyber security services, IT solutions, IT security services and more.

The MoU intends to promote closer collaboration between the two entities to boost innovation and the exchange of knowledge and expertise.

Both parties will also jointly organise and host events and launch initiatives of mutual interest in line with their respective strategic goals.

“Financial services, along with fintech, are among our key focus areas. This strategic partnership with Meeza will enhance our clients’ IT capabilities by providing them access to first-rate digital solutions



QFCA chief executive officer Yousuf Mohamed al-Jaida and Mohsin Nasser al-Marri, CEO of Meeza, signing the agreement.

and highly resilient and reliable data centres that Meeza provides to various business sectors. This collaboration will contribute to Qatar's efforts in digital transformation, cyber security, and data protection domains," QFCA chief executive officer Yousuf Mohamed al-Jaida said.

Mohsin Nasser al-Marri, acting chief executive officer, Meeza, said the tie-up marks a significant mile-

stone in advancing Qatar's digital landscape.

"By joining forces with QFC, we aim to provide unparalleled IT solutions to businesses registered on the QFC platform, further accelerating their digital transformation journey," he said, adding this partnership underscores its commitment to fostering innovation, knowledge exchange, and the growth of Qatar's technology ecosystem.

Qatar to maintain robust fiscal surpluses even at lower oil prices: Moody's

Moody's upgrades Qatar to Aa2, changes outlook to stable

Moody's recently upgraded the Government of Qatar's local and foreign currency long-term issuer and foreign currency senior unsecured debt ratings to 'Aa2' from 'Aa3'. Moody's also upgraded Qatar's foreign currency senior unsecured medium-term note programme rating to (P) Aa2 from (P) Aa3. The outlook has been changed to stable from positive. The upgrade reflects Moody's view that the significant improvement in Qatar's fiscal metrics, achieved during 2021-23, will be sustained in the medium term. This view is underpinned by Moody's expectation that the government will continue to maintain fiscal prudence, including by continuing to wind down its infrastructure spending programme, while the large ramp-up in Qatar's liquid natural gas (LNG) production, scheduled and on track for 2026-28, will boost growth, government revenue and exports.

By Pratap John
Business Editor

Qatar will continue to post robust fiscal surpluses, averaging around 4.5% of GDP in the next five years, and the country's government debt will gradually decline below 30% of GDP by 2028, Moody's said in a recent report.

In the agency's baseline scenario - which assumes oil prices to average around \$83/barrel in 2024, \$79 in 2025 and then gradually decline toward \$65 in the medium term - Qatar will continue to post robust fiscal surpluses, averaging around 4.5% of GDP in the next five years, and its government debt will gradually decline below 30% of GDP (100% of revenue) by 2028 from an estimated 41% of GDP (135% of revenue) in 2023 and its peak of 73% of GDP (222% of GDP) in 2020.

Moody's expects that the significant improvement in Qatar's debt burden and debt affordability metrics, which was achieved during 2021-23, will be sustained and likely improved upon in the medium term.

The rating agency expects that Qatar's interest payments will decline to around 4% of revenue (1% of GDP) by 2028 from an esti-

mated 4.9% of revenue (1.5% of GDP) in 2023. This expectation incorporates the Moody's view that the government will continue to maintain current spending growth broadly in line with growth in non-hydrocarbon nominal GDP, while continuing to gradually wind down its infrastructure spending programme.

This view is supported by Qatar's "solid record" of fiscal policy effectiveness, which has been demonstrated through fiscal spending restraint in the face of the revenue wind-fall during 2022-23 and by the government's decision to use a portion of its surpluses to repay debt.

Underscoring this record, the approved 2024 budget plan targets capital spending that is 8.3% lower than the 2023 target and 16.9% lower than the actual spending outcome in 2022.

The 2024 budget target for current spending is 5.3% higher than last year's budgeted amount and only 3% higher than the 2022 execution.

Furthermore, the expectations of robust medium-term fiscal performance takes into account a 62% ramp-up in Qatar's LNG production capacity, which is scheduled and on track for 2026-28 and is set to significantly boost nominal GDP and government revenue.

while further reducing the oil price at which the budget (and the current account) would balance.

Moody's therefore projects that in the next three to five years the government will be able to maintain robust fiscal surpluses even at lower prices than in the past, facilitating further reduction of government debt.

At the new, higher rating level, Qatar's stable outlook balances credit risks stemming from its heavy reliance on the hydrocarbon sector and its susceptibility to geopolitical risks against ongoing diversification efforts, which raise a prospect of a faster than currently expected reduction in Qatar's economic and fiscal dependence on oil and gas revenue.

The stable outlook also takes into account the government's access to very large financial assets, which provide a credible buffer against cyclical or structural declines in global hydrocarbon demand and prices and against potential temporary disruptions to hydrocarbon exports, such as due to an escalation in regional geopolitical tensions which could include a very low-probability scenario that maritime traffic through the Strait of Hormuz is blocked.

All of Qatar's exports currently pass through the Strait.

Moody's estimates that the total assets man-

aged by the government's sovereign wealth fund (Qatar Investment Authority, QIA) were equivalent to around 200% of GDP at the end of 2023, of which around three-quarters were invested abroad and account for the bulk of the government's financial assets that support fiscal strength. Moody's also estimate that up to 120% of GDP equivalent of these assets is liquid and available to support balance of payments and government liquidity needs on a relatively short notice, as demonstrated during 2017 when the QIA and the central bank brought on shore around \$40bn (25% of GDP) worth of foreign currency assets to mitigate a sudden outflow of non-resident bank deposits triggered by the blockade.

The stable outlook also reflects Moody's view that Qatar has both time and institutional capacity and ample financial resources to accelerate its diversification efforts if needed. Around 70-75% of Qatar's hydrocarbon export mix (which is set to increase during 2026-28) is accounted for by LNG, the demand for which is likely to "peak significantly" later than demand for other fossil fuels due to the use of LNG as a transition fuel away from significantly more polluting primary energy sources such as coal and crude oil.



Exports from the seven Opec+ members engaged in new cuts have averaged about 15.4mn barrels a day so far this month, barely changed from December, Kpler estimates.

Opec+ exports indicate slow start to new oil cuts: Kpler

Bloomberg
London

Opec+ appears to be making a slow start to its new oil output cuts, according Kpler Ltd.

Key coalition members pledged to reduce supplies by a further 900,000 barrels a day this month to stave off a global surplus. Oil exports are one indicator of these countries' progress in implementing their cuts, and so far in January overall shipments have remained broadly unchanged, according to data from the Vienna-based market-intelligence firm.

"All in all, the new Opec+ pro-

duction quotas are having a minimal impact on actual crude that's in the markets," said Viktor Katona, Kpler's head crude analyst.

Actual production figures may present a different picture when they emerge later this week, but for now the export numbers do little to shore up fragile sentiment in world oil markets. Crude has made limited gains this year as plentiful US shale output tempers fears over conflict in the Middle East, with prices near \$84 a barrel in London on Monday.

Exports from the seven Opec+ members engaged in new cuts have averaged about 15.4mn barrels a day so far this month, barely changed from December, Kpler es-

timates. It's a similar picture from the wider alliance, with shipments steady at roughly 28.1mn barrels a day.

The figures include both crude oil and refined products from Russia, as the country's stipulated cutbacks are spread between the two categories.

Kuwait and Oman cut exports significantly in January, yet Russia, Kazakhstan and Iraq made only modest reductions, according to Kpler's estimates.

Moscow has had more crude available for sale overseas as a result of disruptions at several domestic refineries, the firm said.

The United Arab Emirates, which was permitted a slight pro-

duction increase under the terms of the latest Opec+ agreement, bolstered shipments considerably, according to Kpler. Flows have climbed by about 350,000 barrels a day to average 3.1mn a day.

Saudi Arabia, the largest crude producer in Opec+, isn't required to make any additional cuts in January as part of the group's agreement.

The Organisation of Petroleum Exporting Countries and its partners are due to hold an online monitoring meeting on Thursday. Delegates have said they won't make any changes to the current agreement, which runs until the end of this quarter, at the session.

Here's what analysts say about oil after Mideast attacks

Bloomberg
London/Singapore

A drone strike that killed US troops in Jordan and a separate attack on a fuel tanker in the Red Sea have led to an escalation of tensions in the region key to energy production and global trade.

The White House blamed Iranian-backed militias for the assault on US soldiers, which was denied by Tehran, while Houthi rebels claimed responsibility for the attack on the ship. Here's what analysts and an Asian oil refiner say about the outlook and impact on the oil market:

Mizuho Bank Ltd: The oil market "has been exposed to a buffet of supply-side risks," said Vishnu Varathan, a chief economist for Asia ex-Japan at the bank. "It does appear that even with any softening we're seeing to demand, geopolitics is shaping up so that oil prices could have more upside risk in them."

Sanford C Bernstein: "The biggest wildcard is whether the US and allies decide to take a more forceful action on Iran, where crude exports have increased to 1.5mn barrels a day," said Neil Beveridge, a senior analyst based in Hong Kong. "Any re-tightening of sanctions could bring about upward pressure on oil prices."

Rapidan Energy Group: The attack on US troops in Jordan is a "material move up the escalation ladder

that should cause the oil market to build in another couple of dollars per barrel of Iran contagion risk," said Bob McNally, president and founder of the company, and a former White House official.

Vanda Insights: "The question is, why have we not seen Brent shoot up toward \$90 or higher?" said Vandana Hari, the Singapore-based founder of the company. "There would need to be a direct hit on a Middle Eastern oil cargo or oil production infrastructure for prices to skyrocket." Global benchmark Brent crude jumped as much as 1.5% in early Asian trading before paring most of those gains to trade near \$84 a barrel.

Again Capital LLC: "None of the actors want a full-blown war," said John Kilduff, founding partner of the company. "The oil is still flowing, no oil fields have come in the crosshairs and we're still seeing vessels going through into the Suez Canal. If there are any signs of tensions easing," prices will pull back, he added.

SK Innovation Co: Freight and insurance costs will rise further if Houthi continue targeting oil tankers, said a spokesperson for South Korean refiner SK Innovation, who asked not to be named due to company policy. The processor said it's currently not using the Red Sea route to source oil cargoes.

Notice of Annual General Meeting and Extraordinary General Meeting Lesha Bank LLC (Public) (Qatar Financial Centre license number 00091) (the "Bank")



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If you sell or have sold or otherwise transferred all of your shares you should send this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding, you should retain these documents.

The board of directors of the Bank (the "Board of Directors") has the pleasure of inviting the esteemed shareholders of the Bank to attend the Extraordinary General Meeting ("EGM") of the Bank which will be held in person at the Mondrian Doha Hotel, West Bay Lagoon, Doha on Tuesday, 20 February 2024 at 4:30 p.m. Doha local time, to consider and approve the items set out in the EGM agenda below. In the event the EGM quorum is not met, a second meeting will be held on Thursday, 22 February 2024, at the same location and time mentioned above.

The Board of Directors has also the pleasure of inviting the esteemed shareholders of the Bank to attend the Annual General Meeting ("AGM") which will be held in person at the Mondrian Doha Hotel, West Bay Lagoon, Doha on Wednesday, 21 February 2024 at 5:00 p.m. Doha local time, or following the EGM, whichever is earlier, to consider and approve the items set out in the AGM agenda below. In the event the AGM quorum is not met, a second meeting will be held on Thursday, 22 February 2024, at the same location and time mentioned above.

Please visit www.leshabank.com/investor-relations/general-assembly/ for information on the registration process.

Agenda of the Annual General Meeting (AGM)

- Financial Year**
 - Presentation of the Chairman's report for the financial year ended 31 December 2023 and the work plan for the financial year of 2024.
 - Presentation of the report of the Sharia Supervisory Board of the financial year ended 31 December 2023.
- Audited Financial Statement and External Auditor's report**
 - Presentation and approval of the report of the External Auditor for the financial year ended 31 December 2023 in relation to the:
 - Auditors Report
 - Corporate Governance Report in compliance with the Qatar Financial Markets Authority Governance Code for Companies and Legal Entities Listed on the Main Market; and
 - Internal Control Over Financial Report (ICOFR)
 - Approval of the audited accounts for the financial year ended 31 December 2023.
- Annual Report**
 - Presentation and approval of the Annual Report for the financial year ended 31 December 2023.
- Discussion of Dividend and Optional Reserve**
 - Approve the recommendations of the Board of Directors regarding no distribution of dividends and taking 10% of net profit as an optional reserve for the financial year ended 31 December 2023.
- Discharging and releasing the members (including any resigning members if applicable) of the Board from liabilities**
 - Discharge Directors of any liability in relation to their duties and responsibilities for the financial year ended 31 December 2023 and determine their rewards if eligible.
- Corporate Governance Report**
 - Approve the Corporate Governance Report for the financial year ended 31 December 2023.
- Major Transactions**
 - Approve the major transactions and related party transactions (if any) undertaken by the Bank during the financial year ended 31 December 2023 or on or around such date.
- External Auditor**
 - Appoint the external auditor for the Bank for the year 2024 and determine their fees.

Agenda of the Extraordinary General Meeting (EGM)

- Approve (subject to obtaining all relevant regulatory approvals) the proposed changes to the Bank's Articles of Association ("AoA").
- Approving the Bank's revised Related Party Transactions Policy, Nomination Policy for Board Members, and Remuneration Policy for Board Members.
- Authorise the Chairman of the Board to sign the approved amended Articles of Association and make any necessary amendments if requested by the regulators and perform all acts and things for the purpose of the registration of the amended AoA with the relevant authorities including but not limited to Qatar Financial Centre and the Qatar Financial Markets Authority.

Note:
Please visit the Bank's website www.leshabank.com/investor-relations/general-assembly/ to check the details of the proposed amendments to the AoA and other supporting documents.

Notes

- Shareholders are requested to register one (1) hour prior to the start of the First EGM, together with submitting proxy forms (if applicable), along with their ID cards in order to complete registration.
- Shareholders are requested to register one (1) hour prior to the start of the second EGM and first AGM (both to be held on February 21, 2024), together with submitting proxy forms (if applicable), along with their ID cards in order to complete registration.
- Shareholders are requested to register one (1) hour prior to the start of the second AGM (to be held on February 22, 2024 in the absence of quorum of the first AGM), together with submitting proxy forms (if applicable), along with their ID cards in order to complete registration.
- Only shareholders, whose names have been registered in the Bank's shareholder register with the Qatar Central Securities Depository and who appear on the shareholder register issued on the day of the AGM and EGM, are eligible to attend and vote.
- If unable to attend personally, a shareholder may nominate another shareholder as their proxy (other than members of the Board of Directors) to attend the AGM and EGM using the form of proxy which accompanies this notice and which can also be found on our website (www.leshabank.com/investor-relations/general-assembly/). To be valid, the form of proxy should be completed and submitted to Bank's official as soon as possible before commencement of the AGM and EGM but in any event so as to reach the location mentioned above not later one (1) hour prior to the start of the AGM and EGM order to prove the capacity to attend. Completion and return of the form of proxy will not preclude eligible shareholders of the Bank from attending and voting in person at the AGM and EGM, should they so wish.
- Shares in possession of the nominated proxy should not in any way exceed 5% of the total share capital of the Bank.
- In case the shareholder is a corporate body (company, establishment etc.), the representative attending on their behalf should submit a written authorisation duly signed and stamped by the relevant juridical person appointing them as representatives of the relevant corporate body at the AGM and EGM.
- This invitation has been posted on the Bank's website (www.leshabank.com/investor-relations/general-assembly/) and constitutes a legal announcement to all shareholders without a need to send special invitations by post, in accordance with the articles of association of the Bank.

For more information please contact us on:
+974 4448 3333, +974 6649 2240, +947 5598 4789, + 974 5559 0191
or email: registration@leshabank.com

HE Sheikh Faisal bin Thani Al Thani
Chairman of the Board of Director

Goldman sees Turkish interest rates plummeting by end of year

Bloomberg
Istanbul

Economists at Goldman Sachs Group Inc are predicting Türkiye's central bank will take such a sharp pivot toward monetary easing that interest rates could fall by 20 percentage points by the end of the year.

Once sequential inflation begins to fall at a steep pace from the third quarter, policymakers will cut rates and take their benchmark to 25%, from its current 45%, according to Goldman's Clemens Grafe and Basak Edizgil. The prediction is the lowest among forecasts compiled by Bloomberg.

"With inflation falling faster than markets are pricing, we think a mid-year start to the easing cycle would not be premature," Grafe and Edizgil said in a report.

The Turkish central bank on Thursday concluded an eight-step cycle that more than quintupled rates since June. Though signalling rates at this level will



The Turkish central bank on Thursday concluded an eight-step cycle that more than quintupled rates since June

stay "as long as needed," policymakers also suggested the stance could change once the underlying trend of monthly inflation sees a "significant decline" and price expectations converge with their projections. Goldman's view stems from its upbeat inflation forecast for Türkiye that's lower than the central bank's own estimate of 36%.

The Wall Street bank predicts

price growth will end the year at 30% under the assumption that the central bank's policy stance doesn't change and growth in money supply remains at its current sequential rate.

Goldman also believes "macroprudential policy will be tightened to slow consumer lending in particular in credit card products, a segment where lending has recently accelerated."

Daimler Truck, Abu Dhabi partner on green hydrogen supply

Bloomberg
Dubai

Daimler Truck AG and Abu Dhabi have agreed to explore the Gulf state's supply of green hydrogen to power future fuel-cell rigs in Europe.

The partners have signed an initial pact that could see shipments start by 2030, the world's biggest commercial-vehicle maker and Abu Dhabi Future Energy Company, known as Masdar, said. Masdar has committed to investing more than \$30bn in renewable energy projects with a goal of making the Gulf state a leader in green hydrogen.

"Our initiative marks an initial step for us to enable the supply of liquid green hydrogen in Europe," Daimler Truck Chief Executive Officer Martin Daum said in a statement.

Truckmakers are pursuing battery-electric as well fuel-cell technology to shift to zero-emission transportation. Last year, the company teamed up with engine specialist Cummins Inc and truck manufacturer Paccar Inc to build a battery plant in the US, with the three firms expecting to invest up to \$3bn. In the partnership with Masdar, Daimler Truck sees its role as a catalyst for change and logistics planning, Daum said in call with reporters. The truckmaker

doesn't plan to operate hydrogen transport ships, pipelines or gas stations. Daimler Truck will invest in developing fuel-cell trucks, with first sales of hydrogen-powered long-haul rigs starting in 2027. By 2030, Daimler aims to sell 10,000 hydrogen-powered rigs annually.

Neither technology offers an easy way forward, and requires significant investment in charging and hydrogen refuelling infrastructure. In 2021, Daimler, Volvo and VW's truck maker Traton set up a joint venture for a European charging network for trucks and buses, planning to invest €500mn (\$545mn) for at least 1,700 charging points by about 2027.

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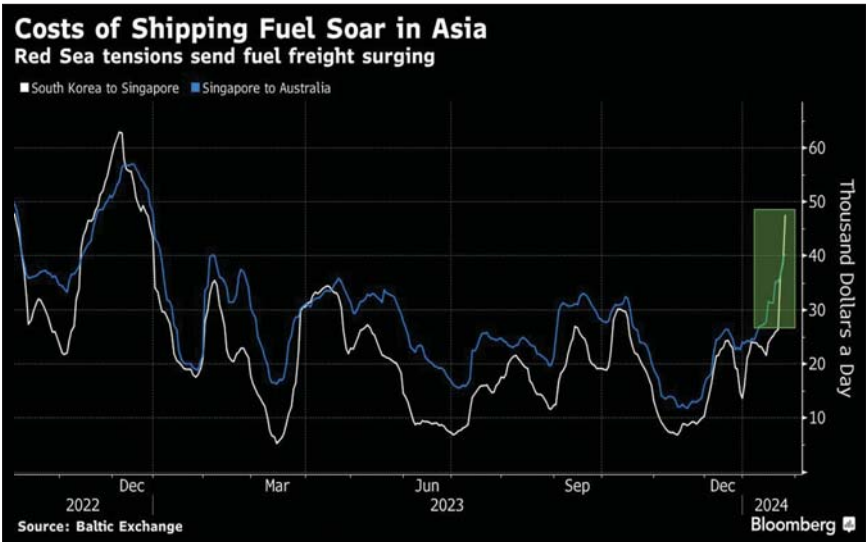


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An LNG tanker passes boats along the coast of Singapore (file). Rates for shipping products such as gasoline have jumped as some vessels sail longer distances to avoid the Red Sea after attacks by Houthi rebels. That's tightened the market, first boosting costs of long-distance routes via the Middle East, and now spilling into voyages within Asia.

Red Sea shipping crisis sends tremors through Asia fuel markets

Bloomberg
Singapore

The Red Sea shipping crisis is sending waves through Asia's fuel markets, hoisting costs even on routes that don't use the waterway, while spurring sellers to reduce cargo premiums to offset the higher freight.

Rates for shipping products such as gasoline have jumped as some vessels sail longer distances to avoid the Red Sea after attacks by Iran-backed Houthi rebels. That's tightened the market, first boosting costs of long-distance routes via the Middle East, and now spilling into voyages within Asia.

Global commodity markets — especially for crude oil and related products — are transfixed by the standoff, which worsened in recent days after a fuel-laden tanker operated on behalf of trading giant Trafigura Group was set ablaze by a Houthi missile. The rebel group has been attacking merchant ships in support of Hamas against Israel, prompting retaliatory strikes led by the US.

"The most recent attack on a laden tanker suggests things are getting worse, and not better," said Anoop Singh, global head of shipping research at Oil Brokerage Ltd. The diversions have added 3% to demand for clean tankers, which carry refined products, and about 1% to dirty-tanker demand, he said.

The cost of shipping 35,000 tons of fuel

from South Korea to Singapore jumped almost 50% over the last week to more than \$49,000 a day, the highest since 2022, according to Baltic Exchange data. Meanwhile, the cost of larger tankers connecting the Middle East to Japan has hit the highest since 2020.

Given the upsurge in freight costs, there are signs that fuel producers are having to slash cargo prices in order to keep supplies affordable for customers amid lukewarm buying interest for gasoil and jet fuel.

SK Energy Co sold three gasoil cargoes last week for February-to-March loading at a steeper discount to regional benchmarks, traders said. The refiner also cancelled an offer of a jet-fuel cargo due to low bids.

India likely to keep economic growth momentum in FY25 despite risks

- India estimates FY25 GDP near 7% vs projected 7.3% in FY24
- India expects domestic demand, private investment to aid growth
- India confident of weathering emerging disturbances like Red Sea

Reuters
New Delhi

India expects its economy to grow around 7% in the next fiscal year despite new geopolitical risks emerging from the Red Sea crisis that could affect global inflation and economic output.

In the government's latest economic review yesterday, Chief Economic Adviser V Anantha Nageswaran's team said India's growth will outpace the global economy in the next fiscal year that starts from April 1, supported by stable domestic demand and private investment.

"Recent events in the Red Sea may have brought back concerns over reliance on global supply chains, further aggravating the slower growth in global trade in 2023," the



Nirmala Sitharaman, India's Finance Minister.

government said. If supply chain disruptions in 2024 persist, it could impact trade flows, transportation costs, economic output and inflation worldwide, it said, adding that India is "quietly confident of weathering the emerging disturbances." The growth estimates come days before Prime Minister Narendra Modi's government presents its last budget before the country heads to a general election this summer.

Finance Minister Nirmala Sitharaman will

present the budget on February 1, factoring in the growth projections. The latest projection compares with the first advance estimates, where the economy was projected to expand 7.3% in the current fiscal year, after growth of 7.2% in 2022/23 and 8.7% in 2021/22.

"The robustness seen in domestic demand, namely, private consumption and investment, traces its origin to the reforms and measures implemented by the government over the last 10 years," the review said.

S&P Global Ratings expects India will remain the fastest-growing major economy for the next three years, putting it on track to become the world's third-largest economy by 2030, overtaking Japan and Germany. Strength in the financial sector and recent and future structural reforms will make it "eminently possible" for the Indian economy to grow above 7% in the coming years, the review said.

India expects headline retail inflation to gradually slow, the review added but did not specify a time frame. Annual retail inflation rose to 5.69% in December from 5.55% the previous month.

QSE MARKET WATCH			
COMPANY NAME	Lt Price	% Chg	Volume
Zad Holding Co	13.60	-0.58	63,284
Widam Food Co	2.22	-0.05	319,404
Vodafone Qatar	1.90	-0.21	9,898,303
United Development Co	1.02	-1.07	6,117,054
Salam International Investme	0.65	-0.61	1,190,954
Qatar & Oman Investment Co	0.90	0.00	-
Qatar Navigation	10.12	-2.22	1,069,181
Qatar National Cement Co	4.31	-0.99	535,744
Qatar National Bank	15.77	-2.05	2,917,151
Qim Life & Medical Insurance	2.30	0.00	76,527
Qatar Islamic Insurance Grou	8.90	-1.11	134,957
Qatar Industrial Manufactur	2.96	-0.81	480,597
Qatar International Islamic	10.56	-3.03	869,647
Qatari Investors Group	1.68	-0.30	5,714,003
Qatar Islamic Bank	19.30	-3.21	1,668,674
Qatar Gas Transport(Nakilat)	3.53	-2.30	5,266,437
Qatar General Insurance & Re	1.15	-0.95	9,614
Qatar German Co For Medical	1.24	-2.14	1,154,863
Qatar Fuel Qsc	15.75	-0.88	642,533
Lesha Bank Lic	1.27	-1.63	4,091,199
Qatar Electricity & Water Co	17.45	-1.13	451,783
Qatar Exchange Index Etf	9.93	0.00	100
Qatar Cinema & Film Distrib	3.05	0.00	582
Al Rayan Qatar Etf	2.23	-0.18	25,000
Qatar Insurance Co	2.28	0.44	1,313,026
Qatar Aluminum Manufacturing	1.28	-0.31	5,224,797
Ooredoo Qpsc	10.63	-0.37	1,443,640
Aljarah Holding Company Qps	0.78	-0.64	1,390,429
Mazaya Real Estate Developme	0.68	-1.73	3,756,036
Mesaleed Petrochemical Holdi	1.69	-1.17	5,629,450
Mekdam Holding Group	4.83	-2.07	443,194
Al Meera Consumer Goods Co	12.80	-2.59	121,343
Medicare Group	4.89	-1.89	435,037
Mannai Corporation Qsc	3.96	-0.85	733,870
Masraf Al Rayan	2.41	-1.87	16,093,123
Industries Qatar	12.28	0.08	2,284,126
Inma Holding Company	3.84	-0.60	74,480
Estithmar Holding Qpsc	2.00	0.40	14,961,396
Gulf Warehousing Company	3.28	-0.61	1,380,482
Gulf International Services	2.84	0.04	6,104,972
Al Fateh Education Holding	0.83	-0.24	67,509
Ezdan Holding Group	0.82	-0.48	8,911,071
Doha Insurance Co	2.60	-0.08	36,900
Doha Bank Qpsc	1.67	-4.03	2,304,597
Diala Holding	1.22	-1.85	83,848
Commercial Bank Pscq	5.26	-4.33	4,905,389
Barwa Real Estate Co	2.88	-1.13	3,021,520
Baladna	1.11	-0.81	3,054,328
Damaan Islamic Insurance Co	3.98	0.00	2,859
Al Khaleej Takaful Group	2.88	-1.06	890,764
Aamal Co	0.87	0.58	1,756,729
Al Ahli Bank	4.00	0.00	-

Pakistan central bank holds rates at 22%, revises up inflation forecast

Reuters
Karachi

Pakistan's central bank yesterday held its key rate at 22% for the fifth policy meeting in a row and increased its full-year inflation projections.

The governor of the State Bank of Pakistan said the decision was warranted due to "elevated" inflation — which was 29.7% in December. He said a rise in the bank's average inflation forecast for the fiscal year ending in June to 23-25%, from a previous projection of 20-22%, was due to rising gas and electricity prices.

The decision is the last under a caretaker government before general elections due next week and comes as Pakistan undertakes reforms linked to a \$3bn Standby Arrangement with the International Monetary Fund (IMF). "SBP opted for a wait and see approach during this policy (meeting) and refrained from abruptly starting a monetary easing cycle," said Tahir Abbas, head of research at Arif Habib Limited.

"Economic indicators are gradual-

ly improving and inflation is expected to decline significantly from March 2024 onwards, where we believe that (the) SBP is expected to start a monetary easing cycle," he said.

The country's external accounts and foreign exchange reserves have improved, the current account deficit is expected to shrink, the central bank's governor Jameel Ahmad said.

Pakistan's key rate was raised to an all-time high of 22% in June to fight persistent inflationary pressures and to meet one of the conditions set by the IMF for securing the bailout.

While the rescue programme has helped avert a sovereign debt default, some of the attached conditions, such as raising its benchmark interest rate, increasing government revenue, and increasing electricity and natural gas prices, have complicated efforts to curb inflation and have dampened business sentiment.

But Ahmad said that Pakistan was in a "better position" since signing the IMF stand-by agreement.

Despite negative real rates, the business community had been pushing for a rate cut for some respite amidst the economic challenges.

Bloomberg QuickTake Q&A

Why China property giant Evergrande faces liquidation

By Bloomberg News

Property giant China Evergrande Group is heading for liquidation after a Hong Kong court ordered it to be wound up. It's the biggest casualty of a real estate crisis that continues to drag on the world's second-biggest economy. Evergrande defaulted on its bonds in December 2021, triggering protracted negotiations with creditors to hammer out a restructuring plan. That process stalled in September when its founder was placed under police control on suspicion of committing crimes. Evergrande bondholders are now wondering how much of their money they'll see after the dust settles.

1. How did Evergrande get into trouble?

Evergrande, started in 1996 by Hui Ka Yan, relied on heavy borrowing to fuel its growth. It became the largest dollar-debt borrower among its peers and for a time the country's biggest developer by contracted sales. Over the years the company also branched out into areas ranging from electric vehicles to a local sports team. It had a liquidity scare in 2020, and outlined a plan to roughly halve its \$100bn debt pile by mid-2023. But China's housing market began to slow as regulators cracked down on excessive borrowing. Further funding problems sent the company's stock and bonds tumbling and, after late payments on some dollar bonds, it missed a De-

cember 2021 deadline to pay two dollar-bond coupons. A "risk management committee" dominated by state officials was quickly set up to stave off a complete collapse and try to engineer a restructuring.

2. What led to the liquidation order?

An investor in an Evergrande unit filed a lawsuit in June 2022 seeking to wind up the company. The Hong Kong judge in the case, Linda Chan, repeatedly adjourned those proceedings to give Evergrande time to seal a restructuring deal. An overhaul plan released in March 2023 proposed that Evergrande bond investors receive new notes maturing in 10 to 12 years, or a combination of new debt and instruments tied to the shares of its property-services unit, its EV division or the builder itself. But the process was thrown into disarray when Hui was placed under investigation. Chan's patience finally ran out on January 29, when she issued the winding-up order in the High Court.

3. What does the winding up order mean for bondholders?

It remains to be seen whether the judgment is accepted in mainland China. Most of Evergrande's projects are operated by local units, which may be hard for the offshore liquidator to seize. And construction work, housing delivery and other activities in the mainland are likely to continue while the process unfolds. Trading in Evergrande's



A man walks past an Evergrande Group residential complex in Beijing.

bonds suggest faint hopes for recovery. Even before the liquidation ruling, most of its dollar notes were trading at around 15 cents on the dollar, Bloomberg-compiled data show. Prospects of salvaging some value from Evergrande's two Hong Kong-listed units are also grim, with their market cap down more than 80% since the wind-up petition was filed. A state bailout seems unlikely as it could tacitly condone the type of reckless borrowing that landed one-time high-flyers like Evergrande, Anbang Group Holdings Co and HNA Group Co in trouble. On the other hand, allowing a behemoth like Evergrande to fold completely would cause pain for many other companies as well as would-be homeowners.

4. How bad are things at Evergrande?

It doesn't look good. Long-delayed results

released in July 2023 showed \$81bn of combined losses for 2021 and 2022 — the company's first two full-year losses since its 2009 listing. For the first half of 2023, Evergrande posted another \$4.5bn loss despite increased revenue. The developer's debt pile meanwhile stayed high, with total liabilities of 2.39tn yuan (\$333bn) as of June. The firm's predicament has been worsened by a severe cash shortage that's threatened its ability to complete homes it had begun to build. The developer remains under legal pressure, facing 2,002 lawsuits involving 471bn yuan related to its mainland property unit as of the end of 2023.

5. What about the rest of China's property sector?

It's mired in a record slowdown that's

caused an unprecedented surge in debt failures across the industry. Nationwide residential sales slumped by 37% in 2022 and 2023 combined and a further contraction is expected in 2024. Home values were still falling across large and small cities, and property investment contracting. A series of policy moves has failed to revive demand as homebuyers remain deterred by falling prices and concerned that troubled builders will struggle to finish apartments. Risks are also spreading to the financial sector, where trust companies with massive exposure to real estate have missed payments on some investment products. A total collapse could undermine China's \$60tn financial system and jolt the world economy.

6. Who is Hui Ka Yan?

Born into poverty as the son of a wood cutter, Hui has been a party member for more than three decades and has invested in areas endorsed by the top leadership, such as EVs and traditional Chinese medicine. He's been a prominent philanthropist — though his net worth has taken a beating — and Evergrande's purchase of local soccer team Guangzhou FC indicates he has a passion for the sport. In the end, the political ties weren't enough to avert a default. Hui was said to have requested personal leave from the Chinese People's Political Consultative Conference in 2022 as Evergrande worked to defuse operational risks.



US Treasury seen boosting its long-term debt sales

Bloomberg
Washington

Wall Street is widely expecting the US Treasury to announce a final increase to its sales of long-term debt this week, after a steady ramp up in supply that's sometimes tested buyers' appetites for funding a widening budget deficit.

The Treasury Department is expected on Wednesday to follow through on its November guidance of a third round of increases in its so-called quarterly refunding auctions of notes and bonds. That would put the total at \$121bn, not far from the record sizes during the Covid crisis.

With the Federal Reserve increasingly expected to slow or halt its reductions in holdings of Treasuries, US debt managers face the prospect of relief from having to tap the public for more of its financing needs. Nevertheless, the historically large budget gap means the era of giant auctions — some are at record sizes — is here to stay.

"In almost every scenario, the Treasury is going to have to keep coupon auction sizes at these levels for the next 12 to 18 months," said Jason Williams, a global market strategist at Citigroup, referring to the Treasuries that pay interest. "If they were cut too early, Treasury bills' share of total debt would not fall back to a more ideal level."

Treasury Secretary Janet Yellen's debt managers turned to bills — which mature in one year or less — for the bulk of the rise in borrowing needs last year, caused by the Fed's QT and the deficit. Bills now make up about 22% of publicly held debt outstanding, exceeding the 15-20% range recommended over time by a Treasury advisory panel.

Any over-funding that materializes from a quicker tapering of Fed QT, which currently has the central bank allowing up to \$60 billion a month of Treasuries to mature without replacing them, "would probably initially, for this year, be adjusted for through cuts to bills," said Benjamin Jeffery, US rates strategist at BMO Capital Markets.

The rally in Treasuries in recent months, spurred by bets on the Fed pivoting to interest-rate cuts this year, for



The US Treasury building in Washington, DC. Wall Street is widely expecting the US Treasury to announce a final increase to its sales of long-term debt this week, after a steady ramp up in supply that's sometimes tested buyers' appetites for funding a widening budget deficit.

now has eased worries over supersized federal debt issuance. But when the Treasury in August announced its first refunding increase in more than two years, that contributed to a market narrative of concern about the mounting US debt load. The Treasury's smaller-than-expected refunding bump in November was seen as a nod to that investor angst.

A \$121bn plan this time around would mean the following upcoming refunding auction sizes:

\$54bn of 3-year notes on February 6; \$42bn of 10-year notes on February 7; and \$25bn of 30-year bonds on February 8. That would involve 3- and 10-year sales getting boosted by \$2bn and 30-year ones by \$1bn, the same as in the November plan. New three-year notes are auctioned monthly, and those were already hoisted by a total of \$4bn in December and January sales.

"I suspect this will be the last increase of coupon auction sizes," Jeffery said, reflecting the view of many market watchers.

"Both of the last two refunding an-

nouncements were market-moving events. The next one may be too, but that will depend on by how much auction sizes of different maturities are expected to rise, and the behaviour of yields and the curve in the run-up to the announcement," says Simon White, macro strategist.

In Wednesday's policy statement, the Treasury will also detail any other changes to debt issuance plans over the coming three months. Dealers see increases again laid out across the curve, though likely not for 20-year bonds, which were held steady in November, surprising many. Treasury Inflation-Protected Securities, or TIPS, sales are also expected to be increased.

On Monday, the Treasury will set the stage for its issuance plans with an update of quarterly borrowing and cash-balance estimates. Last time, the Treasury said it expected to borrow a net \$816bn for the three months through March, ending with a cash balance of \$750bn. Subadra Rajappa at Societe Generale sees that going up, and warned that current lawmaker consid-

erations of a tax package would lead to yet further borrowing.

Several dealers see things differently than the majority. Stephen Stanley, chief economist at Santander US Capital Markets LLC, predicts at least one more round of coupon-bearing debt increases beyond this week's announcement. He sees that being needed thanks to an outlook for a sustained expansion in the fiscal deficit through 2026 and continued Fed QT throughout this year.

On the other end of the scale, Anshul Pradhan, head of US rates strategy at Barclays Plc, says the January refunding boost will be slightly smaller than in November, amid the potential for an earlier end to QT.

He also highlighted that "auction sizes in some tenors are reaching peak Covid levels" and while longer-term yields are down from their October highs, they're still above levels from the first half of last year.

Meantime, the Treasury on Wednesday is also expected to offer further details on its planned program to buy back some existing securities.

Eurozone government bond yields decline

Reuters
London

Eurozone government bond yields dropped yesterday as markets fully priced in a first 25 basis points (bps) rate cut by the European Central Bank (ECB) in April, in a week packed with crucial economic data.

Still, the euro area's benchmark Bund yield was on track to record its first monthly rise since September 2023 as markets scaled back what investors deemed overly ambitious bets on policy rate reductions at the end of 2023.

Some analysts reckoned that soft economic growth and inflation figures from the eurozone, due from Wednesday, could add to expectations for more ECB monetary easing.

ECB euro short-term rate (ESTR) forwards are pricing in 149 bps of rate cuts in 2024 from around 140 bps late on Friday, and fully discount a 25 bps cut in April.

ECB policymakers said yesterday the central bank's next move would be a rate cut, but gave no indication on the exact timing or the trigger for action. ECB hawk Peter Kazimir said it was more likely to come in June than April.

Market participants label as hawks central bank officials who advocate a tight monetary policy to control inflation, while doves are more focused on economic growth and the labour market.

"Together with the open-minded ECB rhetoric, this (a likely decline in inflation and growth data) adds conviction to the aggressive depo (rate) path discounted by ESTR-forwards," said Rainer Guntermann, rate strategist at Commerzbank.

Last week, euro area yields dropped, and markets increased their bets on rate cuts as ECB president Christine Lagarde struck a slightly dovish tone at the press conference following a policy meeting.

"We are expecting GDP data to confirm the euro area is in recession, while we think the inflation data will print to the downside versus consensus on both headline and core inflation," said George Buckley, chief UK and euro area economist at Nomura.

The Fed will wait until the second quarter before cutting rates, according to a Reuters poll, with the move seen in June rather than May, but traders are pricing in around a 50% chance of a March cut, according to CME Group's FedWatch Tool.

"The forward guidance in the (Fed) policy statement is likely to move from a hiking bias to a neutral stance," said Xiao Cui, senior economist at Pictet Wealth Management, who forecasts the Fed to keep rates unchanged.

Italy's 10-year bond yield fell 6 bps to 3.76%. The gap between Italian and German 10-year bond yields was at 150 bps after hitting 149.3 bps last week, the lowest since April 1, 2022.

Analysts said the gradual phasing out of the Pandemic Emergency Purchase Programme (PEPP) reinvestments announced by the ECB in mid-December supported bonds of highly indebted countries. Bond prices move inversely to yields.

Stock markets' fate rests on \$10tn in Big Tech earnings

Bloomberg
New York

Investors wondering where the S&P 500 is headed, at least for the next month or so, will want to pay attention to three key days this week.

Between Tuesday and Thursday, five Big Tech companies with a combined market value of more than \$10tn will report earnings: Microsoft Corp, Alphabet Inc, Meta Platforms Inc, Amazon.com Inc and Apple Inc. Meanwhile, the Federal Reserve will issue its decision on interest rates, followed by Chair Jerome Powell's press conference where he's expected to discuss the outlook ahead.

The stakes couldn't be much higher, with the S&P 500 Index pushing deeper into record territory on bets that central bankers are poised to begin easing

monetary policies and tech behemoths like Microsoft getting more valuable by the day.

"Tech disproportionately moved the market last year and big tech continues to have the biggest earnings power, so the results will be crucial for the markets," said Chris Zaccarelli, chief investment officer at Independent Advisor Alliance.

After a shaky start to the year, the S&P 500 is rising again and on pace for a third monthly advance that's added more than 18% since late October, when the index hit a near-term low before Fed officials started signalling that rate hikes were over. The rally is again being led by megacaps including Microsoft, Alphabet, Amazon.com, Nvidia and Meta Platforms, which were responsible for a majority of the index's 24% gain last year as investors became captivated by the possibilities of artificial intelligence services. The

so-called Magnificent Seven, which also includes Tesla Inc, just hit a record 29% of the S&P 500 despite a slump in shares of the electric-vehicle maker that's erased more than \$200bn in market value just this month.

AI booming: Microsoft and Alphabet will kick off earnings on Tuesday after markets close. The two companies are among the best positioned to benefit from the AI boom after investing heavily in the field for years.

Microsoft has been adding the features to its suite of software products, and investors are betting that AI will soon start boosting profit and sales growth.

On Wednesday, the focus shifts to the end of the Fed's January meeting, where it's expected to hold interest rates steady for a fourth-consecutive meeting. Traders will be primarily focused on what Powell and other policymakers have to say about the

timing of easing. Recent data showing inflation continuing to recede and resilient US economic growth suggest central bankers won't be in a hurry to cut interest rates.

Apple is the biggest draw on Thursday, when Amazon and Facebook-owner Meta Platforms also report in the afternoon. The iPhone maker has been dogged by concerns about revenue growth and is expected to report its first sales expansion in four quarters.

With most of the megacaps in record territory, there are concerns that investors are over exposed to just a handful of stocks, which could open the door for some pain if quarterly results underwhelm. The Magnificent Seven stocks were again named the most crowded trade in a Bank of America survey of fund managers, according to a research note published by the bank last week.

No protection: Still, traders aren't rushing to scoop up hedges against declines, according to options market data.

A gauge of projected price swings in Apple in the next three months is hovering near the lowest level in six years. Traders expect a 3.3% move in the stock in either direction a day after the results, which would be among the narrowest post-earnings swings in two years.

Projected three-month volatility in Meta Platforms, which more than quadrupled since its November 2022 nadir, is at the lowest in two years. The cost of protection against a 10% decline in Microsoft in the next month is hovering near the lowest level since August relative to the cost of options that profit from a similar rally. Tesla demonstrated the risks last week after missing fourth-quarter earnings estimates and warning that its sales growth would be "notably lower" in 2024.

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AT YOUR SERVICE
DAILY FOR THREE MONTHS

US oil futures primed for another squeeze on Cushing

By John Kemp
London

US crude oil inventories have begun to deplete, especially around the NYMEX futures delivery point at Cushing in Oklahoma and across the Midwest, creating conditions for a squeeze on nearby futures prices. Front-month futures prices and calendar spreads have already risen consistently since the middle of December as traders react to signs the market is tightening again. US commercial crude inventories have depleted in four of the most recent five weeks by a total of 23mn barrels since December 15. Stocks had fallen 6mn barrels (-1% or -0.13 standard deviations) below the 10-year seasonal average on January 19 from a surplus of 14mn barrels (+3% or +0.29 standard deviations) above it on December 15. The largest depletion occurred along the Gulf of Mexico (-17mn barrels) with a smaller drawdown in the Midwest (-4mn) including around Cushing (-2mn).

Inventories on the Gulf Coast are still well above normal for the time of year but stocks at Cushing had still not fully recovered from the squeeze in the third quarter of 2023 and are now tightening again. Cushing inventories amounted to just 30mn barrels on January 19, the lowest for the time of year for more than a decade. Cushing stocks depleted in each of the three most recent weeks by a total of almost 5mn barrels, according to weekly reports published by the US Energy Information Administration. As a result, Cushing stocks were 14mn barrels (-32% or -1.26 standard deviations) below the 10-year seasonal average and the deficit had widened from 12mn (-27% or -0.89 standard deviations) five weeks earlier. US oil futures prices are sensitive to inventory levels around the delivery point because of logistics constraints that limit the rate of deliveries in and out. The market is especially sensitive to inventory depletion at the moment because speculators have been very bearish about the outlook for oil prices in

the US, much more so than in the rest of the world. Hedge funds and other money managers held a net position in US crude futures equivalent to just 43mn barrels on January 16, the third-lowest in weekly data going back to 2013. Bullish long positions outnumbered bearish short ones by a ratio of just 1.26:1, which was in only the first percentile of weekly data since 2013. In the premier NYMEX contract, hedge funds held short positions equivalent to 112mn barrels, down from 128mn in mid-December, but still an exceptionally bearish position. By contrast, fund managers held a net long position in Brent of 227mn barrels (49th percentile) with a long-short ratio of 4.1:1 (46th percentile). With so many shorts that must be rolled forward, closed out by physical delivery at Cushing, or repurchased in the futures market, the diminishing availability of crude near the delivery point risks creating a short squeeze. Traders have already started to react with spot prices and especially nearby calendar

spreads recoiling from their mid-December lows. Futures prices for deliveries to be made at Cushing during March 2024 have risen by more than \$4 per barrel (6%) since December 18. The calendar spread from March to April 2024 has swung into a backwardation of 17 cents per barrel from a contango of 26 cents on December 18. There has been a significant tightening of all the month-to-month calendar spreads in the first half of 2024 as traders anticipate lower crude availability. The six-month WTI spread has moved into a backwardation of almost \$2 per barrel from a contango of \$1.20 on December 18. The recent depletion of inventories is reminiscent of previous drawdowns in the third quarter of 2023 and the first quarter of 2022. Both of those draws resulted in a sharp rise in front-month prices and a rampaging backwardation in nearby calendar spreads. Traders and investors will be on heightened alert for signs of a repeat.

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

Apple faces ‘strong action’ if App Store changes fall short

Reuters
London

Apple faces strong action if changes to its App Store do not meet incoming European Union (EU) regulations, the bloc's industry chief said.

In a move designed to comply with the EU's incoming Digital Markets Act (DMA), the company will soon allow software developers to distribute their apps to Apple devices via alternative stores.

From early March, developers will be able to offer alternative app stores on iPhones and opt out of using Apple's in-app payment system, which charges commissions of up to 30%.

However, critics have said the changes do not go far enough, arguing Apple's fee structure remains unfair, and that the changes may be in violation of the DMA.

Asked about Apple's plans, EU industry chief Thierry Breton exclusively told Reuters: "The DMA will open the gates of the internet to competition so that digital markets are fair and open. Change is already happening. As from March 7 we will assess companies' proposals, with the feedback of third parties." He added: "If the proposed solutions are not good enough, we will not hesitate to take strong action." Under Apple's new EU regime, developers will still have to submit apps to Apple for review for cybersecurity risks and obvious fraud.

Apple device users in the EU will also be able to choose their default web browsers and contactless payments apps, meaning they could make contactless payments without using the Apple Pay system.

But even if developers opt not to use Apple's App Store or payment system, they will still be required to pay a "core technology fee" of 50 euro cents per user account per year.

Apple said yesterday the core technology fee only applies to developers who choose to opt into the new business terms.

Under the new business terms for EU apps, Apple estimates that 99% of developers would reduce or maintain the fees they owe to Apple, the company said.

With millions of free users, companies such as Meta and Spotify are likely to get hit more than smaller developers. Neither company was immediately available for comment.

Apple's critics have warned the trade-offs under Apple's new rules offer few benefits.

Andy Yen, founder and CEO of privacy-focused software firm Proton, said: "Allowing alternative payments and marketplaces seems positive on the surface, but the strings attached to Apple's new policies mean that in practice it will be impossible for developers to benefit from them." Paulo Trezentos, CEO of alternative app store Aptoide, said: "We heard rumours some changes were coming, but we didn't expect them to be this thorough."

"This was definitely a good move, but the fees are still too high. We are preparing to send formal feedback to the European Commission." Apple did not immediately respond to a request for comment.

A spokesperson for the European Commission said: "We take note of Apple's announcements ahead of the compliance deadline on March 7. We do not comment on these announcements."

"We strongly encourage designated gatekeepers to test their proposals with third parties."

US economic expansion may hinges on a nimble Fed

Reuters
Washington

It took a stock market crash, a housing crash and a pandemic to kill the last three US economic expansions.

But of all the risks facing a resilient economy right now, the Federal Reserve may top the list, as US central bankers debate when to lower the restrictive interest rates used to beat inflation that now seems to be in steady decline.

Fed officials have signalled a coming pivot towards lower rates sometime this year to avoid pushing too hard on an economy that is outperforming expectations but which many analysts worry has become too dependent on spending by households that are showing signs of stress and on job growth in a narrow set of industries that masks otherwise-stalled hiring.

With annualised inflation running beneath the Fed's 2% target for seven months, some formulas referred to by officials are pointing to rate cuts sooner than later. Economists, meanwhile, have begun noting the risks of the Fed either falling behind a possible slowdown or of failing to account for the chance the economy may be able to sustain faster growth and more employment than thought without a new surge in prices.

"There is still risk out there that there is a short and shallow recession" in the coming year, said Dana Peterson, the chief economist of the Conference Board. CEOs who participated in a recent survey by the business group continued to cite recession as a top risk for the year, while the board's Leading Economic Index also points in that direction.

Some recent growth drivers, including government spending and business investment, will almost certainly ebb, Peterson said. "What's left? The consumer?" In an environment where wage



The US Federal Reserve building in Washington, DC. Fed officials have signalled a coming pivot towards lower rates sometime this year to avoid pushing too hard on an economy that is outperforming expectations but which many analysts worry has become too dependent on spending by households that are showing signs of stress and on job growth in a narrow set of industries that masks otherwise-stalled hiring.

growth eases, pandemic-era savings get exhausted, and businesses that have hoarded workers realise labour shortages are easing, Peterson said: "Do we think consumer spending is going to slow? Yes."

The Fed is expected to hold its benchmark overnight interest rate steady in the 5.25-5.50% for the fourth time since July at the end of a two-day policy meeting on Wednesday. Of more note would be any signal in the Fed's policy statement or from Fed Chair Jerome Powell in a post-meeting press conference about the timing and pace of future rate cuts.

The economy's persistent strength in the face of "restrictive" monetary policy has struck a nerve. The S&P 500 index touched a record high last week, consumer sentiment is rebounding, President Joe Biden's administration has hailed the progress, and usually prudent

central bankers have edged close to declaring that they have nailed the hoped-for "soft landing" in which high inflation is tamed without triggering a painful recession or huge job losses.

It has also begged the question: What's everyone missing? "Data-dependent" policymakers say they are proceeding with caution, but the numbers have offered more conundrum than clarity, and in fact challenged some of the Fed's basic premises.

At the start of 2023 Powell said household "pain" in the form of rising joblessness and much slower wage growth would be needed to curb high inflation. Even as that dour outlook was dropped, policymakers said a convincing "disinflation" would require a period of growth below the economy's potential, a hard-to-estimate concept the Fed considers to be about 1.8% annually over the long run but which

might vary over shorter periods.

Yet inflation has fallen even though the unemployment rate has remained little changed for two years — it was 3.7% in December — and as the economy continues to grow faster than the rate estimated as inflationary. Output expanded in the fourth quarter at a 3.3% annual pace even as inflation slowed. The Fed's preferred inflation measure, the personal consumption expenditures price index, rose at just a 1.9% annualised rate from June through December.

Fed Governor Christopher Waller framed the situation earlier this month as being "almost as good as it gets" for a central banker. "But will it last?," he asked. The current expansion's durability, remarkable already for restoring the massive job losses seen at the start of the coronavirus pandemic in 2020 and then some, will depend in part on how

the Fed's coming policy turn plays out.

The possibilities range from a delayed impact of monetary tightening that still brings "pain" to the job market, perhaps unnecessarily given the path of inflation, to a quite opposite situation in which improvements in productivity and supply dynamics convince the Fed it can lower interest rates even if growth remains strong.

By one Fed measure, the financial conditions shaped by monetary policy are lopping about half of a percentage point annually from growth that officials already expect to slow to about 1.4% this year.

The issue now is whether the Fed can scale expected interest rate cuts to keep even that pace of growth on track given what could be developing weaknesses in the economy — from rising credit usage and defaults among households to the health of banks with loans made against devalued commercial properties.

Fed officials are adamant they won't outstay their welcome with interest rates that remain too high for too long.

Still, for now they say they see a greater error in easing prematurely and risking a resurgence of inflation, a mistake the Fed made in the 1970s and one that Powell has pledged not to repeat, than in keeping rates where they are a bit longer.

The Fed is already bucking history with the possible approach of a "soft landing" from inflation that spiked to a 40-year high in 2022, as the pandemic's influence on global supply chains, consumer spending patterns, and hiring practices drove an economic re-ordering that is still underway.

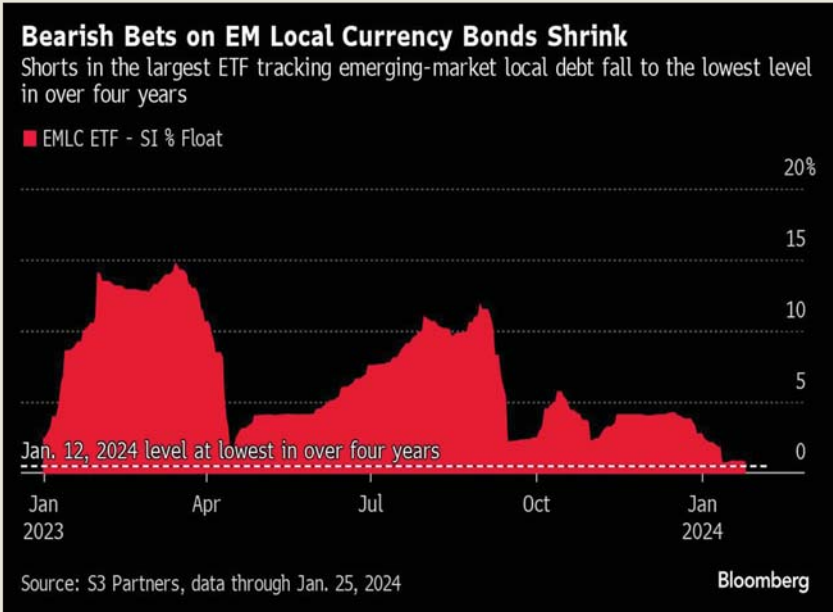
Since the late 1980s, as inflation and changes in the Fed's policy rate both became less volatile, the US central bank has only gotten through one rate hiking cycle without a significant increase in the unemployment rate: 1994-1996.

Traders line up for ‘once-in-a-generation’ emerging markets bet

Bloomberg
New York

One of last year's best wagers in emerging-market debt is getting a fresh boost from bets the Federal Reserve will finally begin cutting interest rates. Optimism is sweeping through domestic bond markets as investors wager that the Fed will soon start lowering rates, with Wall Street set to scour this week's meeting for clues on timing. Alongside a weaker dollar, a potential US pivot would help coax central bankers in emerging markets to ease — resulting in a potential windfall for holders of local-currency debt. To Grantham Mayo Van Otterloo & Co, that means a "once-in-a-generation" opportunity in local bonds. Latin American domestic debt is already fresh off its best annual rally since 2009 thanks to early and aggressive monetary policy in the region. "Local debt is attractive with a rich dollar, cheap EM currency valuations, attractive yields and the ongoing disinflation process — no matter what the Fed does or says," said Victoria Courmes, a money manager at GMO. "Hints at when the easing cycle is likely to start in the US could be a catalyst for a weaker dollar and strong

performance from EM local debt." GMO is among a growing cohort of global money managers — from Neuberger Berman to Vontobel Asset Management and JPMorgan Chase & Co — that tout early 2024 as an important moment for the asset class. Even though policymakers in nations such as Brazil and Chile are further along in their monetary cycles than peers in the US and Europe, a potential Fed pivot still stands to invite further easing. Traders currently price in a less-than-50% chance that US officials begin easing at the March gathering. If the eventual pivot comes alongside a decline in the greenback, central bankers in emerging markets would be less likely to risk local-currency depreciation by also cutting rates. For traders, that scenario offers traders a unique opportunity. As JPMorgan strategists including Anezka Christovova see it, inflation is coming down and growth should be resilient in the first half of the year. That leaves the case for local bonds intact as the Fed moves closer to lowering borrowing costs — even though emerging assets are sputtering at the start 2024, they wrote in a Jan. 19 note. Gauges of developing currencies and local government bonds are both down more



than 1% so far this year due to uncertainty about the health of China's economy and shifting bets on the timing of Fed rate cuts. But that, as GMO's Courmes sees it, presents an attractive entry point for

investors. Even the most-sophisticated of Wall Street bears are getting in on the wager, reducing short bets on local-currency funds to the lowest in more than four years, according to data compiled by

Bloomberg. Outstanding bearish positions on the \$3bn VanEck Morgan EM Local Currency Bond exchange-traded fund fell to 0.69% of the float, the lowest since October 2019, according to data from S3 Partners.

A sweet spot remains in Latin America. Brazil's central bank pushed up its key Selic rate earlier and higher than others, and has already started to ease that policy. Policymakers in Chile, Colombia and Peru have also started trimming interest rates.

In the coming days, three central banks in the region are expected to deliver cuts. Brazil's first monetary policy decision of 2024 will likely result in a half-point reduction, while policymakers in Chile and Colombia are also projected to slash benchmark rates.

Even Mexican central bankers, who have kept their rate at a record 11.25% for six decisions, have started signalling eventual cuts. Most analysts expect the next move to be a quarter-point drop in March, according a recent Citigroup Inc. survey. "Latin America continues to be the most attractive region for local-currency bonds, particularly Brazil and Mexico," said Carlos de Sousa, a portfolio manager at Vontobel Asset Management AG.

Qatar Chamber to foster co-operation with Arab Women Investors Union

Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari held a meeting yesterday with Dr Hoda Jalal Yassa, the president of the Arab Women Investors Union and a member of the Egyptian Council for Foreign Affairs. The meeting was also attended by Qatar Chamber board member Ibtihaj al-Ahmadani, who is also chairperson of the Qatari Businesswomen Forum, and Dina Ali al-Ghoneimy, a member of the union. During the meeting, both sides discussed ways to enhance co-operation between the chamber and the union and how to strengthen co-operation between Qatari businesswomen and their counterparts in the Arab world. During the meeting, al-Kuwari emphasised that the chamber welcomes co-operation with the union and seeks to foster collaboration between Qatari and Arab businesswomen. He assured that the chamber is keen on empowering women and enhancing their role in economic activity. Al-Kuwari highlighted that Qatari businesswomen have demonstrated efficiency and competitiveness, and became capable of competing alongside men in various economic fields. In her remarks, Dr Jalal presented an overview of the union, an economic entity operating under the umbrella of the Arab League. She noted that it has development objectives at both the Arab and international levels, striving to achieve development projects, promote trade exchange and investment, provide incentives for women investors,



Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari and Qatar Chamber board member Ibtihaj al-Ahmadani, who is also chairperson of the Qatari Businesswomen Forum, welcoming Dr Hoda Jalal Yassa, the president of the Arab Women Investors Union and a member of the Egyptian Council for Foreign Affairs, and Dina Ali al-Ghoneimy, a member of the union.

and address any obstacles they encounter. Dr Jalal also reviewed activities, initiatives, and events held by the union, including the 'Arab African Investment and International Co-operation Conference & Exhibition'. She invited the chamber and Qatari businesswomen to attend the 27th edition of the conference, which is scheduled on November 11-15 in Aswan, Egypt, even as she hoped that Qatar would be the honoured guest of the event. Furthermore, Dr Jalal emphasised

the significance of fostering cooperation between Arabian and Gulf businesswomen and capitalising on investment opportunities available in African and foreign countries and in world economic blocs, such as Brics and others. In her statement, al-Ahmadani emphasised that both the chamber and the Qatari Businesswomen Forum welcome co-operation with the union. She noted that Qatari women have achieved numerous accomplishments and attained

high-level positions, thanks to the strong support of the wise leadership, which is committed to empowering women and enhancing their role in society. Al-Ahmadani also stressed the importance of unifying the efforts of Arab businesswomen under one umbrella through the chambers of commerce to facilitate enhancing co-operation between Arab businesswomen and investors, noting that chambers are considered the official representatives of the private sector in all countries.



Qatar Chamber's Education Committee during its first meeting held in Doha recently.

Qatar Chamber Education Committee holds first meeting for the new council

Qatar Chamber's Education Committee recently held its first meeting for the new council.

The meeting was presided over by Qatar Chamber board member Ali bin Abdullatif al-Misnad, who is also vice chairman of the committee.

Speaking at the meeting, al-Misnad lauded the role performed by the committee during the previous council and wished it success in achieving all objectives effectively.

He emphasised the significance of fostering a shared vision for cooperation between the public and private sectors regarding private education, aligned with Qatar's 'Third National Development Strategy 2024-2030', which prioritises enhancing the qual-

ity of life through the provision of world-class education. During the meeting, the attendees agreed that the committee shall hold regular meetings, convening once every two months, with the possibility of increasing the frequency if needed.

The participants also reviewed the most significant obstacles facing the education sector across all categories, including private schools, educational centres, kindergartens, and training centres.

Furthermore, a working team was formed from the committee's members to compile all obstacles and propose suggestions for addressing them according to each category. These obstacles will be further reviewed during the upcoming meeting of the committee to address them to the concerned bodies.

QSE sentiments weaken as index plunges 195 points; M-cap melts QR9bn

By Santhosh V Perumal
Business Reporter

Reflecting the intensified geopolitical tensions, the Qatar Stock Exchange (QSE) yesterday plummeted more than 195 points and capitalisation eroded in excess of QR9bn.

A higher than average selling pressure in the banks and transport sectors led the 20-stock Qatar Index tank 1.89% to 10,151.98 points.

The foreign institutions were seen increasingly into net selling in the main market, whose year-to-date losses widened to 6.27%.

As much as 84% of the traded constituents were in the red in the main bourse, whose capitalisation eroded QR9.05bn or 1.51% to QR592.1bn with large and mid-cap segments leading the pack of shakers.

The Gulf institutions were increasingly net profit takers in the main market, which saw as many as 0.03mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.06mn trade across five deals.

The Gulf individuals were seen increasingly net sellers, albeit at lower levels, in the main bourse, which saw no trading of sovereign bonds.

The Islamic index fell slower than the other indices in the main market, which reported no trading of treasury bills.

The Total Return Index shed 1.89%, the All Share Index by 1.75% and the All Islamic Index by 1.36% in the main bourse, whose trade turnover and volumes were on the increase.

The banks and financial services sector index plunged 2.66%, transport (2.2%), real estate (1.07%), consumer goods and services (1.04%), telecom (0.33%) and industrials (0.32%), while insurance

was up 0.02%. Major losers in the main market included Commercial Bank, Doha Bank, Qatar Islamic Bank, QIB, Al Meera, QNB, Qatari German Medical Devices, Mekdam Holding, Mazaya Qatar, Milaha and Nakilat. In the venture market, Mahhar Holding saw its shares depreciate in value.

Nevertheless, Aamal Company, Qatar Insurance, Estithmar Holding, Industries Qatar and Gulf International Services were among the gainers in the main market.

The foreign institutions' net selling increased substantially to QR29.03mn compared to QR1.41mn on January 28.

The Gulf institutions' net profit booking grew significantly to QR16.78mn against QR6mn the previous day.

The Gulf individual investors' net selling expanded perceptibly to QR0.19mn compared to QR0.02mn on Sunday.

The foreign retail investors turned net sellers to the extent of QR0.01mn against net buyers of QR7.66mn on January 28.

However, the domestic funds were net buyers to the tune of QR28.44mn compared with net sellers of QR0.92mn the previous day.

The local individual investors' net buying strengthened considerably to QR10.65mn against QR1.33mn on Sunday. The Arab individuals turned net buyers to the extent of QR6.94mn compared with net sellers of QR0.63mn on January 28. The Arab institutions had no major net exposure for the third straight session.

Trade volumes in the main market soared 36% to 142.52mn shares, value by 54% to QR459.61mn and deals by 57% to 17,497.

The venture market saw a 25% plunge in trade volumes to 0.18mn equities, 24% in value to QR0.25mn and 50% in transactions to 17.

Qatar witnesses 12% m-o-m growth in trade surplus to QR18.73bn in December

By Santhosh V Perumal
Business Reporter

Qatar witnessed a 12% month-on-month jump in trade surplus to QR18.73bn in December 2023 on the back of robust growth in the shipments of hydrocarbons, according to the official estimates.

Total exports (valued free on board) were QR29.22bn, while the total imports (cost, insurance and freight) amounted to QR10.49bn in the review period, said the figures released by the Planning and Statistics Authority (PSA).

However, the trade surplus shrank 33.7% year-on-year in December 2023.

The country's total exports of domestic goods amounted to QR28.11bn, which shot up 10% on a monthly basis, even as it fell 24.8% on an annualised basis in December 2023.

The country's exports of petroleum gases and other gaseous hydrocarbons soared 8.6% month-on-month to QR18.06bn, crude by 30.1% to QR4.84bn and other commodities by 4% to QR2.96bn; whereas those of non-crude declined 4.7% to QR2.25bn in December 2023. On a yearly basis, the exports of petroleum gases were seen declining 31.1%, other commodities by 21.9%, non-crude by 6.1% and crude by 3.4% in the review period.

The share of petroleum gases in the country's total export basket has been declining on an annualised basis, while those of



Qatar witnessed a 12% month-on-month jump in trade surplus to QR18.73bn in December 2023 on the back of robust growth in the shipments of hydrocarbons, according to the official estimates

crude and non-crude were on the increase. Petroleum gases accounted for 64.25% of the total exports in December 2023 compared to 70.07% a year-ago period, crude 17.21% (13.38%), non-crude 8% (6.4%) and others 10.54% (10.14%).

In December 2023, Qatar's shipments to China amounted to QR5.76bn or 19.7% of the total exports of the country, followed by India QR4.52bn (15.5%), South Korea QR2.87bn (9.8%), Spain QR2.35bn (8%) and Taiwan QR1.93bn (6.6%).

On a monthly basis, the country's exports to Spain jumped about 10-fold, those to Taiwan more than doubled, India by 23.37%, South Korea by 10.42% and China by 6.31% in the review period.

On a yearly basis, Qatar's exports to China plunged 31.37%

and South Korea by 26.2%; whereas those to Spain grew more than nine-fold, Taiwan more than doubled and India by 7.29% in December 2023.

Qatar's total imports showed a 7% and 4.2% increase on month-on-month and year-on-year respectively in December 2023.

The country's imports from China amounted to QR1.5bn or 14.3% of the total imports, followed by the US QR1.45bn (13.8%), Italy by QR1.01bn (9.6%), India QR0.6bn (5.7%) and Germany QR0.58bn (5.5%) in the review period.

On a monthly basis, the country's imports from Italy zoomed 36.07% and India by 25.47%, while those from the US were down 0.95%, Germany by 0.85% and China by 0.53% in December 2023. On a yearly basis, Qatar's imports from Italy shot

up 11.71%, India by 8.29% and China by 3.96%; whereas those from the US and Germany tanked 26.7% and 24.92% respectively in the review period.

In December 2023, the group of "Turbojets, Turbo propellers and Other Gas Turbines; Parts Thereof" was at the top of the imported group of commodities and valued at QR1bn, which showing an annual increase of 12.3%.

In second place was "Motor Cars & Other Motor Vehicles for The Transport of Persons", with QR0.5bn, which increased 8.9% year-on-year in December 2023.

The "Electrical Apparatus for Line Telephony/Telegraphy, Telephone Sets Etc. and parts thereof" group saw imports of QR0.4bn, which surged 28.1% on an annualised basis in December 2023.

Hints of early ECB interest rate cut highlight divisions in council

Bloomberg
Frankfurt

European Central Bank (ECB) policymaker Francois Villeroy de Galhau has thrown down the gauntlet to his colleagues on the Governing Council, raising the prospect of loosening monetary policy at any of their next meetings. Speaking in an interview with *La Tribune Dimanche*, the French central banker said that there will be interest-rate cuts this year. "Regarding the exact date, not one is excluded, and everything will be open at our next meetings," he said.

The comments highlight emerging divisions among officials just days after President Christine Lagarde said there was consensus at last week's Governing Council meeting that it "was premature to discuss rate cuts." It's also a challenge to policymakers including Klaas Knot of the Netherlands, who insist that the ECB will need to see a turnaround in wages before it can start lowering borrowing costs, comments that point to June as the earliest opportunity for any move. Knot — who reiterated the importance of those numbers in a TV interview on Sunday — isn't alone in demanding clarity on salary increases. Others

including Chief Economist Philip Lane, Estonia's Madis Muller and Bosnian Vase of Slovenia have stressed their importance. Lane earlier this month said that "the most complete dataset is in the Eurostat national accounts data" and that won't be available until the end of April — arriving too late for the ECB's meeting near the start of that month. Still, he qualified those comments by saying that there are "other data that we will be looking at every week." Also in the patience camp are Austrian uber-hawk Robert Holzmann — who has said that there may be no rate cuts at all this year — and Martins Kazaks of Latvia

and Boris Vujcic, who both warned about going too early when they spoke with Bloomberg Television on Friday. By contrast Villeroy said waiting too long could be a problem. "We will have to avoid two risks that have become balanced: Cutting too soon and missing the target, but also acting too late and excessively slowing activity," he said. The Frenchman isn't alone though. Portugal's Mario Centeno has said that a move could come before May, while Gediminas Simkus said Friday that he's open-minded on an April step and will look at the data that arrives in the meantime.

Villeroy also has investors on his side. Money markets now point to a near 90% chance of a quarter-point interest rate cut by April, with 146 basis points of easing expected for the whole year. Half a dozen policymakers speaking this week are likely to add to the cacophony. Vice-President Luis de Guindos kicks things off on Monday. Bundesbank President Joachim Nagel, Lane, Vujcic and Vasle are due Tuesday, and Centeno on Thursday, Friday and Saturday. Lane speaks again on Thursday too, less than two hour after data are likely to show that eurozone inflation slowed to 2.7% in January.