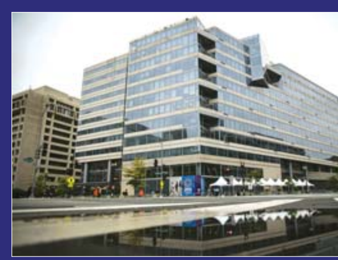
COMMON INTERESTS | Page 8

QBA discusses investment opportunities with UK's deputy prime minister

Wednesday, January 31, 2024
Rajab 19, 1445 AH

GULF TIMES
BUSINESS



EASING INFLATION: Page 7

IMF says global 'soft landing' in sight, raises 2024 economic growth outlook

Media City Qatar enters into agreement with QFC

The Qatar Financial Centre (QFC) will register media companies pre-approved by Media City Qatar (MCQ) with both the entities entering into a memorandum of understanding (MoU).

Under the agreement, the media companies will be licensed by both the QFC and MCQ.

The registration and licensing details will be recorded on the QFC platform. This partnership enables licensed companies to conduct business in Qatar according to MCQ's permitted activities.

The QFC will facilitate all necessary governmental procedures and tax-related processes in accordance with the legal framework and regulations of Qatar. Meanwhile, MCQ will diligently oversee the companies' compliance with the applicable regulations for media entities in Qatar.

"This strategic partnership will empower Media City to attract and license media companies, further enriching Qatar's vibrant media ecosystem," said Sheikh Dr Abdulla bin Ali al-Thani, chairman, MCQ.

Highlighting that the MoU will set the stage for driving growth in the media industry and contribute to Qatar's economic diversification; he said ,"We look forward to achieving MCQ's vision as an attractive destination for local, regional, and international media businesses and initiatives across various scales."

Yousuf Mohamed al-Jaida, chief executive officer, QFC, underscored the importance of the MoU, as he said this partnership with Media City marks a significant step in fostering media growth in Qatar.

"Through this collaboration, we aim to streamline processes and provide a conducive environment for media companies to thrive in the country. Together with MCQ, we are poised to unlock exciting opportunities and drive innovation in the sector," he said.

The partnership between the QFC and MCQ signifies a shared commitment to regulatory compliance, operational excellence, and fostering growth in the media sector.

Sheikh Dr Abdulla bin Ali al-Thani, chairman, MCQ, and Yousuf Mohamed al-Jaida, chief executive officer, QFC, shaking hands after signing the pact.

Qatar achieves 3rd highest score globally in ITU's ICT Development Index 2023

Qatar has achieved the third-highest score globally in the Information and Communication Technology (ICT) Development Index (IDI) for 2023, which was released by the International Telecommunication Union (ITU) in late December 2023.

The ITU IDI 2023 covers 169 economies and is a comprehensive assessment of Internet connectivity among them, reflecting their digital development. It consists of 10 indicators, divided into two main pillars: universal connectivity and meaningful connectivity, measuring respectively how many are connected to telecommunication services and the quality of the connectivity. These indicators are evaluated on a scale from 0 to 100 points, where a total score of 100 points indicates that an 'ideal state' of connectivity has been achieved.

According to the ITU IDI 2023, Qatar secured the third position with a total score of 97.3, slightly behind Kuwait, which topped the score with a total score of 98.2. Singapore secured the second position with a total score of 97.4.

Engineer Ahmad Abdulla al-Muslemani, CRA president, said: "Our outstanding score in the ITU Index highlights our dedicated efforts at CRA, in partnership with the Ministry of Communications and Information Technology and the telecom service providers, towards the development of the ICT sector.

"This performance demonstrates our steadfast commitment to enhance the stature of Qatar as a frontrunner in the field of telecommunications, ensuring that consumers have access to high-quality telecom services, while constantly pursuing innovative solutions."

He added: "Qatar's top score highlights the strong correlation between digital development and economic growth. This achievement seamlessly aligns with the Qatar National Vision 2030 and one of its goals – to diversify the Qatari economy and secure a stable, sustainable business environment."

Qatar's advanced network technology is recognised as one of the best in the world, contributing significantly to its high score. The report states that 100% of the population in Qatar is covered by at least a 3G mobile network and 99.8% are covered by at least a 4G/LTE mobile network. Moreover, the report highlights that 99.6% of individuals in Qatar own a mobile phone. Individuals using the Internet in Qatar stand at 99.7%, with 95% of households having Internet access at home.

Qatar's food inflation among world's lowest in 2023: World Bank

By Pratap John
Business Editor

Qatar's food inflation is among the lowest in the world, according to the World Bank's food price inflation tracker.

In 2023, until September, Qatar's food inflation was less than 2% and from October to December, it was less than 5%, World Bank said in its latest 'Food Security Update'.

Based on a traffic light approach, Qatar was given green and yellow colour code with green indicating a year-on-year increase of less than 2% and yellow a year-on-year increase of 2% to 5%.

Qatar's food price inflation (percent change, year on year) in 2023, according to the World Bank, was -0.6% (January), -1.9% (February) 0.7% (March) 1.4% (April), -2.2% (May) -0.7% (June), 1% (July), 0.5% (August), 1.9% (September) 3.7% (October) 3.8% (November) and 4.6% (December).

According to the World Bank, food insecurity remains high in the Middle East and North Africa and is exacerbated by the ongoing conflicts.

In Gaza, food insecurity has reached alarming levels and is projected to increase. The IPC (Integrated Food Security Phase Classification) Famine Review Committee was activated on December 11, 2023.

Based on data covering November 24 through December 7, 2023, 25% of the population in the northern governorates, 15% of internally displaced people in the southern governorates, and 10% of residents of the southern governorates were in catastrophe (IPC Phase 5).

The committee warned that the risk of famine was increasing daily amid intense conflict and restricted humanitarian access.

It is projected that, between December 8, 2023, and February 7, 2024, the entire population of the Gaza Strip (about 2.2mn people) will be classified in IPC Phase 3 or above (crisis or worse), with half of these expected to be in emergency (IPC Phase 4) and 25% in catastrophic (IPC Phase 5) conditions.

"This is the highest share of people facing high levels of acute food insecurity that the IPC initiative has ever classified for any given area or country," the World Bank noted.

In Lebanon, the most recent IPC acute food insecurity analysis, published in December 2023, estimates that, for October 2023 through March 2024, about 1.05mn Lebanese refugees, Syrian refugees, Palestine refugees in Lebanon, and Palestine refugees from Syria will face acute food insecurity and be classified in IPC Phase 3 (crisis) or above, corresponding to 19% of the analysed population. It is projected that this will increase to 1.14mn people between April and September 2024.

The causes of the decrease in food security in Lebanon are the country's continued economic crisis and food inflation.

The projection assumed that the tensions at the southern border will not escalate into a wider conflict.

Although Jordan is considered to have moderate food insecurity overall, according to the 2023 Global Hunger Index, its refugee communities are facing an increase in food insecurity.

"Funding shortfalls for the UN aid organisations, which the conflict in the Middle East has exacerbated, are limiting the aid available to these communities, further undermining their food security," the World Bank said.

Envoy lauds significant Qatari FDI flows into major Indian companies

By Peter Alagos
Business Reporter

Qatar-India ties in the areas of trade, investments, and energy have been witnessing robust growth, according to Indian ambassador Vipul.

Speaking to *Gulf Times* recently, Vipul said trade between the two countries stood at $18bn last year, while in the last five to six months, Qatar committed "substantial investments" in two large Indian companies, Reliance Retail and Adani Green Energy, as well as other companies.

"Majority of Qatar-India trade comprises Qatari LNG exports, but India's exports to Qatar have also increased during that period. I'm quite sure that we will continue to do very well on the trade front.

"But connected to it, I would like to mention is also the investments. So, our trade and investment ties, as well as our energy ties, are very important and have continued to move forward, which is why my outlook for both countries is very positive," he said.

Vipul recently inaugurated the grand 'India Utsav' organised by LuLu Group, where he lauded the global retailer for its "vital" role in Qatar-India trade relations. He said not only is LuLu Hypermarket catering to Qatar's burgeoning Indian expatriate population, but also to South Asians, Arabs, and Qataris.

"I'm very happy that with the presence of LuLu, it plays a very important role in that dimension of promoting the food products, but also other lifestyle products of India in Qatar," he stressed.

Vipul also said there are "tremendous opportunities" in terms of further co-operation in the Information Technology (IT) sector, as well as in emerging technologies, whether it be artificial intelligence (AI), blockchain, or all other technologies.

"Indian IT companies are already doing work in Qatar. They are associated with a lot many organisations in the country. And I'm sure we can continue partnering with Qatar as we go forward.

"And we must do that because we've seen that in the 'Third National Development Strategy' (NDS3) 2024-2030 that Qatar recently announced, they place a lot of importance on innovation, on startups, and moving ahead with technology," the ambassador pointed out.

Vipul added: "India has the human resource and India has those companies with which those partnerships can be built, so I'm sure that this will continue to happen. And we had launched a startup bridge between India and Qatar last year.

"India has a lot of strength in startups. And the foundation of these startups is technology, especially IT. And I'm sure that with the large Indian market and Qatar having the financial capital, that also makes it a win-win situation for both countries, so I'm optimistic that we will continue to make progress in that regard."

Indian ambassador Vipul. **PICTURE:** Shaji Kayamkulam

The QICDRC stands as a pioneering institution, being the first specialised court in the country dedicated to resolving commercial and investment disputes arising from the activities of global financial companies operating through the Qatar Financial Centre and the Qatar Free Zones Authority

Arab Investment Court delegation explores QICDRC legal system, operations

A delegation from the Arab Investment Court led by Dr Mohamed Amin Akeik, the assistant secretary-general of the court and the head of the Legal Affairs Sector at the Arab League, visited the Qatar International Court and Dispute Resolution Centre (QICDRC).

The delegation was in Doha for the Arab Investment Court's general assembly, which convened under the patronage of Qatar's Supreme Judicial Council. The delegation was welcomed by Faisal Rashid al-Sahouti, CEO of QICDRC, and various other officials.

During a comprehensive tour of the court, al-Sahouti provided insights into the success of the legal system in Qatar. The QICDRC stands as a pioneering institution, being the first specialised court in the country dedicated to resolving commercial and investment disputes arising from the activities of global financial companies operating through the Qatar Financial Centre and the Qatar Free Zones Authority.

Al-Sahouti highlighted the court's commitment to ensuring the independence, neutrality, and transparency of the parties involved, leveraging state-of-the-art technology tools. He emphasised the cutting-edge nature of the court's electronic system, contributing to the expeditious resolution of disputes in the best interest of the litigants.

QSE MARKET WATCH

COMPANY NAME	Lt Price	% Chg	Volume
Zad Holding Co	13.60	0.00	13,124
Widam Food Co	2.21	-0.50	267,292
Vodafone Qatar	1.90	-0.05	2,295,361
United Development Co	1.02	0.59	12,191,393
Salam International Investme	0.65	0.00	1,453,637
Qatar & Oman Investment Co	0.90	0.00	401,385
Qatar Navigation	10.38	2.57	549,187
Qatar National Cement Co	4.31	-0.07	633,303
Qatar National Bank	15.70	-0.44	3,040,677
Qlm Life & Medical Insurance	2.30	0.00	20,000
Qatar Islamic Insurance Grou	8.90	0.01	124,929
Qatar Industrial Manufactur	2.97	0.30	451,697
Qatar International Islamic	10.31	-2.37	1,292,927
Qatari Investors Group	1.70	0.89	2,561,941
Qatar Islamic Bank	19.18	-0.62	2,324,889
Qatar Gas Transport(Nakilat)	3.50	-0.71	14,161,223
Qatar General Insurance & Re	1.03	-9.93	12,563
Qatar German Co For Medical	1.22	-1.62	3,106,656
Qatar Fuel Qsc	15.79	0.25	736,282
Lesha Bank Llc	1.25	-1.57	2,278,033
Qatar Electricity & Water Co	17.31	-0.80	436,800
Qatar Exchange Index Etf	9.93	0.00	-
Qatar Cinema & Film Distrib	3.05	0.00	-
Al Rayan Qatar Etf	2.23	-0.27	10,110
Qatar Insurance Co	2.31	1.18	54,075
Qatar Aluminum Manufacturing	1.28	0.16	13,342,135
Ooredoo Qpsc	10.70	0.66	2,100,705
Alijarah Holding Company Qps	0.78	0.13	1,471,927
Mazaya Real Estate Developme	0.68	-0.44	2,530,250
Mesaieed Petrochemical Holdi	1.69	0.18	3,195,042
Mekdam Holding Group	4.77	-1.28	583,849
Al Meera Consumer Goods Co	12.95	1.17	41,832
Medicare Group	4.85	-0.90	1,290,548
Mannai Corporation Qsc	3.94	-0.33	342,079
Masraf Al Rayan	2.39	-1.04	25,817,358
Industries Qatar	12.00	-2.28	2,986,957
Inma Holding Company	3.88	1.02	76,715
Estithmar Holding Qpsc	2.00	0.00	2,124,612
Gulf Warehousing Company	3.30	0.52	448,331
Gulf International Services	2.84	0.04	3,398,235
Al Faleh Education Holding	0.81	-2.17	202,788
Ezdan Holding Group	0.82	-0.73	7,097,723
Doha Insurance Co	2.60	0.00	25,932
Doha Bank Qpsc	1.67	0.42	2,359,661
Dlala Holding	1.22	0.16	399,792
Commercial Bank Psqc	5.35	1.69	4,585,061
Barwa Real Estate Co	2.86	-0.80	1,387,917
Baladna	1.12	1.45	4,639,735
Damaan Islamic Insurance Co	3.98	0.00	100
Al Khaleej Takaful Group	2.87	-0.56	728,306
Aamal Co	0.86	-0.58	2,120,344
Al Ahli Bank	4.00	0.00	42,528

Saudi Arabia asks Aramco to lower its maximum capacity target

Reuters
Dubai

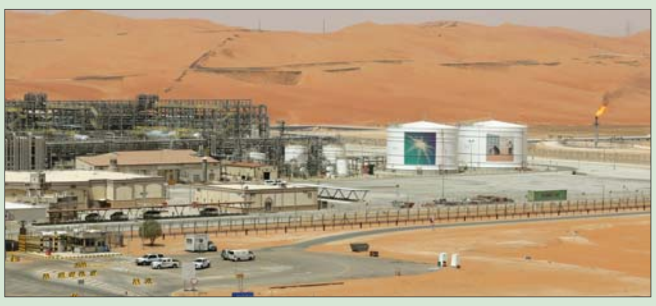
Saudi Arabia's government yesterday ordered state oil company Saudi Aramco to halt its oil expansion plan and to target a maximum sustained production capacity of 12mn barrels per day, 1mn bpd below a target announced in 2020.

Saudi Arabia has for decades been the holder of the world's only significant spare oil capacity, providing a safety cushion in case of major disruptions to global output such as those caused by conflict or natural disasters. In recent years, fellow Opec member the United Arab Emirates has also built up its capacity.

Aramco's lowered target in no way reflects a change of view on future oil demand scenarios nor stems from any technical issue, but was simply a directive from the government, a source with direct knowledge of the matter told Reuters.

"If the government decides to go the other way, the company is ready," the source said.

Aramco was asked by the Energy Ministry in March 2020 to boost its maximum output capacity to 13mn bpd the same year it had a stand-off with Russia over market share.



A general view of the production facility at Saudi Aramco's Shaybah oilfield in the Empty Quarter (file). Saudi Arabia, the world's largest oil exporter, is currently pumping around 9mn bpd, well below its capacity after the kingdom cut production as part of an agreement with Opec and its allies last year.

Saudi Arabia, the world's largest oil exporter, is currently pumping around 9mn bpd, well below its capacity after the kingdom cut production as part of an agreement with Opec and its allies last year.

The kingdom, the leading Opec member, cut output to balance markets in the face of rising supply from non-Opec producers.

"Aramco currently has spare capacity of 3mn bpd and that will be supported in the near future by a very important liquids displacement programme which will avail another 1mn bpd of oil and refined products for production," the source said, adding that this volume allows Aramco the flexibility to respond to market conditions.

Benchmark Brent crude futures were down 1.14% to $81.46 per barrel as of 1338 GMT.

Saudi Arabia and the UAE have repeatedly called for more investment in oil and gas and argue fossil fuels will be part of the energy mix for decades to come. Crown Prince Mohammed bin Salman during US President Joe Biden's visit to the kingdom in July 2022 warned that Riyadh "will not have any more capability to increase production" after it reaches the now-scrapped 13mn bpd goal.

Yet major oil consumers, including the US and the European Union, have adopted policies aimed at transitioning away from fossil fuels to cleaner energy which has discouraged such investment.

Analysts questioned whether Saudi has actually changed its outlook and whether it may claw back on capital investment.

The lowered capacity target could reflect "a government expectation that demand for its oil will no longer rise as strongly as previously expected", Morgan Stanley analysts wrote in a note.

"It may be to save money. But most likely it implies that it sees no need for this extra oil in the global market," said SEB analyst Bjarne Schieldrop.

Aramco had said it expected capex of $45-55bn in 2023, the highest in its history, and indicated it would raise this in the years to come.

Turkiye monthly inflation seen to surge in January; annual rate seen at 64.5%

Reuters
Istanbul

Turkiye's monthly inflation rate is expected to rise to 6.5% in January, stoked by a big jump in the minimum wage and an array of new-year price updates, while the annual rate should dip slightly to 64.5%, a Reuters poll showed yesterday.

Annual inflation began to climb in July, reversing an eight-month fall, and it is seen rising for a few more months before an aggressive monetary tightening cycle begins to cool things. It stood at 64.77% at the end of 2023.

The latest bout of price pressure was brought on by summer tax hikes and a sharp drop in the lira after May elections.

In the poll, the median estimate of 13 economists for annual inflation was 64.5% in January, with forecasts ranging from 62.7-66.2%. On a monthly basis, the median was 6.5% with forecasts ranging from 5.3-7.6%.

In part to keep pace with soaring inflation, the monthly minimum wage was set at 17,002 lira ($578) for 2024, up 49% from the latest update in July and up 100% from a year ago.

The wage hike affects some 7mn workers and is expected to stoke inflation in coming months, sector officials and economists say.

Food and higher household natural gas consumption, which the government had partly covered, is set to elevate prices through the winter. The Turk-Is trade union group said food prices rose 4.27% month-on-month in January in the capital Ankara.

Since June, the central bank has reversed a years-long easy policy and hiked interest rates by 3,650 basis points to stem inflation and also tightened financial regulations.

Last week the bank hiked rates to 45% and said it had tightened enough to establish disinflation. It expects inflation to peak around 70-75% in May, despite the tight policy, before declining to 36% by year end.

The Reuters poll showed annual inflation falling to only 42.2% by year end, based on the median estimate. Forecasts ranged between 40% and 45%.

In 2022, inflation touched a 24-year high of 85.5% in the wake of a late 2021 currency crisis.

The lira shed 44% in 2021 and another 30% in 2022. Among the weakest in emerging markets for several years running, the currency lost more than 36% of its value last year.

Bloomberg QuickTake Q&A

Why Nigeria currency exchange mess is so hard to fix

By Mike Cohen

Nigeria's foreign exchange rate policy has long been as clear as the crude oil that underpins Africa's largest economy. Businesses and investors have had to contend with multiple exchange rates, contradictory statements from officials and differences of opinion between the central bank and the finance ministry over how the naira should be managed. President Bola Tinubu, who took office in May 2023, pledged to overhaul the currency regime with a view to attracting more investment, but the process has been bumpy. The value of the naira has plummeted and it continues to trade at a discount on the parallel market because dollars are in short supply.

1. Why were multiple exchange rates introduced?

Nigeria is Africa's largest producer of oil, which accounts for more than 90% of foreign-exchange earnings. Plunging crude prices starting in 2014 caused an economic squeeze. Rather than devalue the naira, the central bank in 2017 opted to implement one rate for government transactions, pegged to the US dollar, and a weaker, market-determined rate for investors and exporters known as the Nafex. Other rates were instituted for travellers and small and medium-sized enterprises. The system was aimed at improving liquidity and encouraging dollar inflows, but it failed to deliver. A currency black market that valued the naira at less than the official rate sprang up to meet pent-up demand for dollars.

2. Why was the system so problematic?

The web of varying exchange rates gave rise to confusion and uncertainty, and made it difficult for the government and businesses to budget and plan. It also gave rise to widespread currency speculation, a practice that Tinubu said had made a handful of people "filthy rich, simply by moving money from one hand to another." The International Monetary Fund and the World Bank joined investors in calling for an overhaul.

3. What changes have been made?

In June 2023, the central bank announced that the naira would trade freely until it found a new market-related level. However, the authorities didn't really let the currency go and tried to limit its depreciation. As a result, the supposed float turned out to be nothing more than a one-off devaluation. The central bank also retained an official exchange rate at which it supplied dollars to a few customers. That meant the multiple rate system which the reforms were aimed at removing continued in practice and the parallel market continued to thrive. In January, the central bank allowed another devaluation of more than 30% after the currency exchange changed the methodology it uses to set the official rate. That drove the naira to a record low and closer to the black market rate.

4. What has been done to improve transparency?

In the official market, policymakers have allowed the currency to trade in wider bands while seeking to boost its value by selling short-dated, open-market operation naira notes at attractive yields. The financial crimes watchdog has allowed licensed traders to post their naira-dollar exchange rates online. This is aimed at boosting competition and price discovery in the market, and countering the informal trade, according to Aminu Gwadabe, the president of the Association of Bureaux de Change Operators of Nigeria. The previous leadership of the central bank sought to control bureaux de change and limit the visibility of the parallel market to shore up the official rate — an approach that backfired. In a January circular, the central bank said it was aware of traders reporting "inaccurate and misleading information," including under-reporting of transaction pricing, which affected the exchange rate. It warned that such actions amounted to market manipulation, which wouldn't be tolerated.

5. What's the outlook for the naira?

Governor Olayemi Cardoso, a former chairman of Citigroup Inc's Nigerian operations who was appointed to his post in September 2023, has signalled that the bank will adopt a far more orthodox approach than it did under his predecessor Godwin Emefiele. (Emefiele was suspended by Tinubu and then arrested on a raft of charges, including fraud. His trial continues and he denies wrongdoing). Cardoso said the bank will now focus on achieving monetary and price stability and steadying the naira. It intends to use inflation targeting — rather than trying to control the money supply — to achieve those goals. The annual inflation rate reached 28.9% at the end of 2023, an almost three-decade high, due in large part to the naira's slump and the scrapping of fuel subsidies. The bank's monetary policy committee is due to meet in late February for the first time in seven months, and a steep rise in borrowing costs is anticipated. Cardoso expects inflation to moderate in 2024 and considers the naira to be undervalued.

6. What does it all mean for investment in Nigeria?

Tinubu's reforms were welcomed at first but an influx of capital hasn't materialized, with many foreign investors sitting on the sidelines until it becomes evident that the currency has stabilized and that they can earn sufficient returns on Nigerian assets to compensate for the many risks. Drug maker GSK Plc and consumer-goods company Procter & Gamble Co are among those that have exited the country as hard currency shortages made it increasingly difficult for importers to bring in goods. Local business leaders have expressed concern that a sudden hike in interest rates aimed at defending the naira could stifle growth.

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK Q.P.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Qatar Islamic Bank Q.P.S.C. (the "Bank"), and its subsidiaries (the "Group") as at 31 December 2023, which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows, consolidated statement of changes in restricted investment accounts and consolidated statement of sources and uses of charity fund for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Central Bank (QCB).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of financing assets	
Due to the inherently judgmental nature of the computation of impairment of financing assets in accordance with FAS 30 "Impairment, Credit Losses and Onerous Commitments", there is a risk that the amount of impairment of financing assets may be misstated.	Our audit procedures included the following: • Read the Group's FAS 30 impairment policy and assessed compliance with the requirements of FAS 30.
The key areas of judgement include: 1.The identification of exposure with a significant deterioration in credit quality; 2.Assumptions used in the models such as financial condition of counterparty, expected future cash flows, forward looking macroeconomic variables etc; and 3.The need to apply additional overlays to reflect current or future external factors that might not be captured by the model. Determining the adequacy of impairment allowance on financing assets to customers is a key area of judgement for the management. Qatar Central Bank ("QCB") regulations require banks to estimate impairment allowance in accordance with FAS 30 and the applicable provisions of QCB regulations. Notes 4(b), 10 and 20 of the consolidated financial statements provide details relating to the impairment of financing assets. Due to the significance of financing assets, subjectivity in identifying impairment indicators and estimation uncertainty in measuring impairment allowances, this is considered a key audit matter.	• Evaluated the Group's criteria for the significant increase in credit risk ("SICR") and the basis for classification of exposures into various stages. Selected a sample of exposures and tested the application of Group's SICR criteria to assess the movements between stages. • Evaluated the Group's forward-looking macroeconomic variables by comparing on a sample basis against supporting evidence, where applicable, and assessed the reasonableness of changes made to the economic scenarios. • For probability of default ("PD") used in the expected credit losses ("ECL") calculation: - Evaluated the through-the-cycle ("TTC") PDs by selecting a sample of exposures and comparing against supportingevidence. - Selected a sample of exposures and tested the conversion of TTC PDs to point in time ("PIT") PDs. • Tested the calculation of the Loss Given Default ("LGD") used by the Group in the ECL calculations. • Assessed the modelled calculation by re-performing ECL calculations on a sample basis. • Assessed the impairment allowance for individually impaired financing assets (stage 3) in accordance with FAS 30 and the applicable provisions of QCB regulations. In addition, we considered, assessed and tested relevant controls over credit initiation, monitoring and settlement, and those relating to the calculation of impairment allowances.

Other information included in the Group's 2023 annual report
Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Board of Directors for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Central Bank (QCB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. We confirm that we are not aware of any contraventions by the Bank of its Articles of Association and Qatar Commercial Companies Law No. 11 of 2015 (as amended by Law No. 8 of 2021), during the financial year that would have had a material adverse effect on the Group's financial position or performance.

Ziad Nader
of Ernst & Young
Qatar Auditor's Register Number: 258
Date: 29 January 2024
State of Qatar

SHARI'A SUPERVISORY BOARD REPORT
FOR THE FISCAL YEAR ENDING ON 31ST DECEMBER 2023

All Praise be to Allah and may His peace and blessings be upon His messenger and bondsman our Prophet Mohammad, his family and his companions.

Shari'a Supervisory Board has reviewed QIB operations, contracts and products, and reviewed the financial statements and profit and loss account for the fiscal year 2023, and considers that they do not contradict with the provisions of Islamic Sharia.

May Allah guide us all to what pleases Him.

His Eminence Sheikh Dr. Walid Bin Hadi
Chairman, Shari'a Supervisory Board

Sheikh Dr. Mohamad Ahmaine
Member, Shari'a Supervisory Board

Sheikh Dr. Abdulaziz Khalefa Al-Qassar
Member, Shari'a Supervisory Board

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	QAR '000s 2023	QAR '000s 2022
Assets		
Cash and balances with central banks	**8,037,333**	7,951,115
Due from banks	**3,261,873**	3,188,120
Financing assets	**122,380,843**	119,284,576
Investment securities	**48,013,272**	45,774,186
Investment in associates	**1,127,659**	1,130,376
Investment properties	**3,305,864**	3,320,550
Fixed assets	**515,525**	557,611
Intangible assets	**217,814**	217,814
Other assets	**2,296,916**	2,576,277
Total assets	**189,157,099**	184,000,625
Liabilities, equity of unrestricted investment account holders and equity		
Liabilities		
Due to banks	**20,434,099**	17,382,480
Customers' current accounts	**14,648,105**	19,020,955
Sukuk financing	**14,668,250**	12,453,056
Other liabilities	**3,203,092**	3,868,349
Total liabilities	**52,953,546**	52,724,840
Equity of unrestricted investment account holders	**106,186,415**	103,349,939
Equity		
Share capital	**2,362,932**	2,362,932
Legal reserve	**6,370,016**	6,370,016
Risk reserve	**2,952,553**	2,641,655
General reserve	**81,935**	81,935
Fair value reserve	**(18,637)**	197,141
Foreign currency translation reserve	**(577,340)**	(428,562)
Other reserves	**216,820**	216,820
Proposed cash dividends	**1,713,126**	1,476,833
Retained earnings	**12,290,357**	10,338,483
Total equity attributable to equity holders of the bank	**25,391,762**	23,257,253
Non-controlling interests	**625,376**	668,593
Sukuk eligible as additional capital	**4,000,000**	4,000,000
Total equity	**30,017,138**	27,925,846
Total liabilities, equity of unrestricted investment account holders and equity	**189,157,099**	184,000,625

These consolidated financial statements were approved by the Board of Directors on 16 January 2024 and were signed on its behalf by:

Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani
Chairman

Bassel Gamal
Group Chief Executive Officer

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2023

	QAR '000s 2023	QAR '000s 2022
Net income from financing activities	**8,579,730**	6,502,045
Net income from investing activities	**1,535,445**	1,451,615
Net income from financing and investing activities	**10,115,175**	7,953,660
Fee and commission income	**1,224,770**	1,095,603
Fee and commission expense	**(335,525)**	(285,252)
Net fee and commission income	**889,245**	810,351
Net foreign exchange gain	**50,463**	122,353
Share of results of associates	**60,045**	73,291
Other income	**1,093**	8,183
Total income	**11,116,021**	8,967,838
Staff costs	**(655,990)**	(636,652)
Depreciation	**(75,149)**	(88,993)
Sukuk holders' share of profit	**(372,991)**	(416,888)
Other expenses	**(386,091)**	(386,604)
Total expenses	**(1,490,221)**	(1,529,137)
Net impairment (losses) / reversals on investment securities	**(1,840)**	56
Net impairment losses on financing assets	**(1,057,959)**	(1,194,311)
Net other impairment losses	**(43,504)**	(40,893)
Profit for the year before return to unrestricted investment account holders and tax	**8,522,497**	6,203,553
Less: Return to unrestricted investment account holders	**(4,221,622)**	(2,169,116)
Profit for the year before tax	**4,300,875**	4,034,437
Tax expenses	**(12,948)**	(11,214)
Net profit for the year	**4,287,927**	4,023,223
Net profit for the year attributable to:		
Equity holders of the Bank	**4,305,205**	4,005,203
Non-controlling interests	**(17,278)**	18,020
Net profit for the year	**4,287,927**	4,023,223
Earnings per share		
Basic / diluted earnings per share (QAR per share)	**1.73**	1.62

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	QAR '000s 2023	QAR '000s 2022
Cash flows from operating activities		
Net profit for the year before tax	**4,300,875**	4,034,437
Adjustments for:		
Net impairment losses on financing assets	**1,057,959**	1,194,311
Net impairment losses/ (reversals) on investment securities	**1,840**	(56)
Other impairment losses	**43,503**	40,895
Depreciation	**75,149**	88,993
Net gain on sale of investment securities	**(78,482)**	(56,659)
Share of results of associates	**(60,045)**	(73,291)
Amortization of premium on sukuks	**(1,110)**	7,029
Fair value (gain)/loss on investment securities carried as fair value through income statement	**(30,505)**	19,387
Employees end of service benefits charge	**22,761**	22,046
Profit before changes in operating assets and liabilities	**5,331,945**	5,277,092
Change in reserve account with Qatar Central Bank	**(406,174)**	(118,359)
Change in due from banks	**18,604**	(49,609)
Change in financing assets	**(4,154,228)**	7,929,640
Change in other assets	**(9,233)**	(618,257)
Change in due to banks	**3,051,619**	(2,473,402)
Change in customers' current accounts	**(4,372,849)**	2,113,925
Change in other liabilities	**2,593,114**	184,917
Employees' end of service benefits paid	**(6,873)**	(10,173)
Net cash used in operating activities	**2,045,925**	12,235,774
Cash flows from investing activities		
Acquisition of investment securities	**(7,873,803)**	(4,920,786)
Proceeds from sale / redemption of investment securities	**5,821,796**	3,471,098
Acquisition of fixed assets	**(70,446)**	(83,834)
Proceeds from sale of investment in associates	**75,479**	50,139
Acquisition of investment properties	**(17,098)**	(709,731)
Disposal of investment properties	**-**	230,000
Dividends received from associate companies	**15,116**	12,757
Dividends received from investment securities	**114,552**	105,902
Net cash used in investing activities	**(1,934,404)**	(1,844,455)
Cash flows from financing activities		
Change in equity of unrestricted investment account holders	**2,836,476**	(10,837,830)
Net movement in non-controlling interest	**(25,940)**	(25,569)
Cash dividends paid to shareholders	**(1,476,833)**	(1,358,686)
Profit paid on sukuk eligible as additional capital	**(218,643)**	(187,673)
Net proceeds from sukuk financing	**(1,454,180)**	(1,647,497)
Net cash used in financing activities	**(339,120)**	(14,057,255)
Net decrease in cash and cash equivalents	**(227,599)**	(3,665,936)
Cash and cash equivalents at 1 January	**4,836,321**	8,502,257
Cash and cash equivalents at 31 December	**4,608,722**	4,836,321

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

QAR '000s

	Share capital	Legal reserve	Risk reserve	General reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Proposed cash dividend	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Sukuk eligible as additional capital	Total Equity
Balance at 31 December 2022	**2,362,932**	**6,370,016**	**2,641,655**	**81,935**	**197,141**	**(428,562)**	**216,820**	**1,476,833**	**10,338,483**	**23,257,253**	**668,593**	**4,000,000**	**27,925,846**
Foreign currency translation reserve movement	-	-	-	-	-	**(148,778)**	-	-	-	**(148,778)**	-	-	**(148,778)**
Fair value reserve movement	-	-	-	-	**(215,778)**	-	-	-	-	**(215,778)**	-	-	**(215,778)**
Net profit for the year	-	-	-	-	-	-	-	-	**4,305,205**	**4,305,205**	**(17,278)**	-	**4,287,927**
Total recognised income and expense for the year	-	-	-	-	**(215,778)**	**(148,778)**	-	-	**4,305,205**	**3,940,649**	**(17,278)**	-	**3,923,371**
Dividends for the year 2022	-	-	-	-	-	-	-	**(1,476,833)**	-	**(1,476,833)**	-	-	**(1,476,833)**
Transfer to risk reserve	-	-	**310,898**	-	-	-	-	-	**(310,898)**	-	-	-	-
Proposed cash dividends	-	-	-	-	-	-	-	**1,713,126**	**(1,713,126)**	-	-	-	-
Social and Sports Fund appropriation	-	-	-	-	-	-	-	-	**(107,630)**	**(107,630)**	-	-	**(107,630)**
Profit on Sukuk eligible as additional capital	-	-	-	-	-	-	-	-	**(218,643)**	**(218,643)**	-	-	**(218,643)**
Loss on settlement of Equity type investments	-	-	-	-	-	-	-	-	**(3,034)**	**(3,034)**	**(1,590)**	-	**(4,624)**
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	**(24,349)**	-	**(24,349)**
Balance at 31 December 2023	**2,362,932**	**6,370,016**	**2,952,553**	**81,935**	**(18,637)**	**(577,340)**	**216,820**	**1,713,126**	**12,290,357**	**25,391,762**	**625,376**	**4,000,000**	**30,017,138**

QAR '000s

	Share capital	Legal reserve	Risk reserve	General reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Proposed cash dividends	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Sukuk eligible as additional capital	Total equity
Balance at 31 December 2021	2,362,932	6,370,016	2,444,872	81,935	60,661	(466,695)	216,820	1,358,686	8,306,502	20,735,729	676,142	4,000,000	25,411,871
Foreign currency translation reserve movement	-	-	-	-	-	38,133	-	-	-	38,133	-	-	38,133
Fair value reserve movement	-	-	-	-	136,480	-	-	-	-	136,480	-	-	136,480
Net profit for the year	-	-	-	-	-	-	-	-	4,005,203	4,005,203	18,020	-	4,023,223
Total recognised income and expense for the year	-	-	-	-	136,480	38,133	-	-	4,005,203	4,179,816	18,020	-	4,197,836
Dividends for the year 2021	-	-	-	-	-	-	-	(1,358,686)	-	(1,358,686)	-	-	(1,358,686)
Transfer to risk reserve	-	-	196,783	-	-	-	-	-	(196,783)	-	-	-	-
Proposed cash dividends	-	-	-	-	-	-	-	1,476,833	(1,476,833)	-	-	-	-
Social and Sports Fund appropriation	-	-	-	-	-	-	-	-	(100,130)	(100,130)	-	-	(100,130)
Profit on Sukuk eligible as additional capital	-	-	-	-	-	-	-	-	(187,673)	(187,673)	-	-	(187,673)
Gain on settlement of Equity type investments	-	-	-	-	-	-	-	-	(11,803)	(11,803)	(6,198)	-	(18,001)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(19,371)	-	(19,371)
Balance at 31 December 2022	2,362,932	6,370,016	2,641,655	81,935	197,141	(428,562)	216,820	1,476,833	10,338,483	23,257,253	668,593	4,000,000	27,925,846

"Note: The above published financial information represents the main consolidated financial statements. The published audit report of the independent auditors is issued on the full set of consolidated financial statements which are available on QIB website: qib.com.qa"

IMF says global 'soft landing' in sight, raises growth outlook

Reuters
Washington

The International Monetary Fund (IMF) yesterday edged its forecast for global economic growth higher, upgrading the outlook for both the US and China — the world's two largest economies — and citing faster-than-expected easing of inflation.

The IMF's chief economist, Pierre-Olivier Gourinchas, said the global lender's updated World Economic Outlook showed that a "soft landing" was in sight, but overall growth and global trade still remained lower than the historical average.

"We find that the global economy continues to display remarkable resilience and we are now in the final descent toward a 'soft landing' with inflation declining steadily and growth holding up," Gourinchas said. "But the base of expansion remains on the slower side and there might be turbulence ahead." The IMF said the improved outlook was supported by stronger private and public spending despite tight monetary conditions, as well as increased labour force participation, mended supply chains and cheaper energy and commodity prices.

The IMF forecast global growth of 3.1% in 2024, up two-tenths of a percentage point from its October forecast, and said it expected unchanged growth of 3.2% in 2025. The historical average for the 2000-2019 period was 3.8%.

It forecast global trade growth of 3.3% in 2024 and 3.6% in 2025, well below the historical average of 4.9%, with gains weighed down by some 3,000 trade restrictions that were imposed in 2023.

The IMF stuck with its October forecast for headline inflation of 5.8% for 2024, but lowered the 2025 forecast to 4.4% from 4.6% in October. Excluding Argentina, which has seen inflation spike, global headline inflation would be lower, Gourinchas said. Advanced economies should see average inflation of 2.6%, down four-tenths of a percentage point from the October forecast, with inflation set to reach central bank targets of 2% in 2025. By contrast, inflation would average 8.1% in emerging market and developing economies in 2024, before easing to 6% in 2025.

The IMF said average oil prices would drop 2.3% in 2024, versus the 0.7% decline it had predicted in October, and said prices were expected to drop 4.8% in 2025.

The IMF said new commodity price spikes from geopolitical shocks, including continued attacks on shipping in the Red Sea, could prolong tight monetary conditions. Gourinchas told reporters the IMF was watching developments in the Middle East closely, but the broader economic impact remained "relatively limited." "It doesn't seem to represent, as of now, a major source of potentially reigniting supply-side inflation," he said.

The US got one of the biggest upgrades in the January update of the IMF outlook, with its GDP now forecast to expand by 2.1% in 2024 versus the 1.5% forecast in October. Growth was expected to ease to 1.7% in 2025.

Gourinchas credited fiscal support and strong consumer spending for the upgrade, but said the IMF had told Washington it had concerns that some of its subsidies from domestic producers and other industrial policies could violate global trade rules. The euro area got a downgrade, and was now expected to grow just 0.9% in 2024 and 1.7% in 2025, with the biggest European economy — Germany — expected to see minimal GDP growth of 0.5% in 2024 instead of the 0.9% forecast in October.

China's GDP was expected to grow by 4.6% in 2024, an upward revision of four-tenths of a percentage point from October, and 4.1% in 2025. Gourinchas said the boost reflected significant fiscal support from the authorities, and a less-severe-than-expected slowdown stemming from the property sector.

He said the US Federal Reserve, European Central Bank and Bank of England were expected to keep interest rates steady at current levels until the second half of 2024, with a gradual decline expected thereafter.


The International Monetary Fund headquarters in Washington, DC. The IMF yesterday edged its forecast for global economic growth higher, upgrading the outlook for both the US and China — the world's two largest economies — and citing faster-than-expected easing of inflation.

The Bank of Japan was expected to maintain low interest rates, and that was "appropriate," but the IMF had told it to be ready to raise rates if inflation spiked, he said.

Gourinchas added that markets had been "excessively optimistic" on the prospects for early interest rate cuts by major central banks, and a repricing could increase long-term interest rates and trigger more rapid fiscal consolidation that would weigh on growth prospects.

Growth in emerging market and developing economies overall was expected to come in at 4.1% in 2024, with emerging and developing Europe getting an upgrade due to stronger than expected growth in Russia on the back of high military spending related to the ongoing war in Ukraine.

Russia's GDP was expected to grow 2.6% in 2024, 1.5 percentage points more than expected in October, with growth seen easing to 1.1% in 2025. The IMF said there could be further revisions since the numbers were preliminary and there were questions about the extent of Russia's fiscal stimulus.

Negative growth in Argentina dragged the forecast for the Latin America and Caribbean region lower, with growth likely to decline to 1.9% in 2024, four-tenths of a percentage point lower than in October. Growth should edge higher to 2.5% in 2025, the IMF said.

Gourinchas said the global outlook reflected more balanced upside and downside risks, with the risk of a wider conflict in the Middle East offset by the prospect that lower fuel prices could help inflation fall faster than expected.

"We see them as broadly balanced at this point," he said, noting that a lot of the downside risks — especially with respect to disinflation — seen a year ago had not materialised.

HSBC fails to protect $142bn in deposits, receives bumper fine

Reuters
London

HSBC has been fined £57.4mn for "serious failings" in protecting up to £112bn ($142bn) of deposits over several years, in the first penalty of its kind under UK rules designed to protect customers if banks fail. The Bank of England (BoE)'s Prudential Regulation Authority (PRA) said yesterday that HSBC failed to accurately identify deposits eligible for Britain's Financial Services Compensation Scheme (FSCS) — which protects customer cash up to £85,000.

This is the second largest fine ever imposed by the PRA, topped only by an £87mn penalty on Credit Suisse in July 2023 over its dealings with family office Archegos. "The serious failings in this case go to the heart of the PRA's safety and soundness objective," said Sam Woods, deputy governor of the Bank of England and CEO of the PRA.

"It is vital that all banks comply fully with our requirements around preparedness for resolution." UBS's takeover of its Swiss rival Credit Suisse in March has raised concerns about whether the too-big-to-fail regulatory framework that emerged from the financial crisis in 2008 is fit for purpose.

Globally systemically important banks — such as HSBC and UBS — are required to plan for resolution, which should allow regulators to unwind them without triggering broader systemic consequences.

Britain's deposit protection rules require banks to ensure critical information is held in order for the FSCS to compensate customers if a firm fails. The scheme is funded by firms authorised by the PRA and Financial Conduct Authority.

The PRA's final notice said HSBC found the majority of client accounts held at its non-ring-fenced bank were incorrectly identified as ineligible for FSCS protection. HSBC's non-ring-fenced bank split from its UK retail bank in 2018 to comply with post-financial crisis rules to protect customers from volatile investment banking.

The bank said its process for producing FSCS reporting incorrectly excluded deposits made by financial services firms, even if deposits in those accounts belonged to clients who were eligible for FSCS protection.

Fed in a trust-but-verify moment as inflation declines

Reuters
Washington

In economic projections issued after their December meeting US Federal Reserve officials on balance saw a measure of underlying inflation ending 2024 at 2.4%, with the lowest of individual estimates at 2.3%. Economists note that would require inflation to re-accelerate from its current six-month trend of just 1.9%, something many consider unlikely given the underlying math is already leaning towards at least a few more months of slowing.

If central bankers have pencilled in three-quarters-of-a-percentage-point in interest rate cuts on the basis of December's outlook, what happens in their next projections in March when they may well have to reduce inflation estimates another notch? "Every member of the Federal Open Market Committee envisions and expects a re-acceleration relative to the past six months," said Luke Tilley, chief economist at Wilmington Trust. "I don't think it is likely...The baseline is too high." That suddenly improved outlook for inflation has upped the possibility of a rate cut sooner than later, with Fed officials aware that by not reducing borrowing costs as inflation declines they would effectively increase the inflation-adjusted, or "real" cost of money.

But they must first convince themselves that inflation is headed back to normal.

The Fed meets on Tuesday and Wednesday, and officials are expected to maintain rates at between 5.25% and 5.5%, where they have been since July.

They must also take stock of inflation that ended 2023 in much better shape than anticipated at the start of the year, the main reason why lower interest rates are now under consideration.

Coming into 2023, the median policymaker projection saw overall inflation as measured by the Personal Consumption Expenditures price index at 3.1% at year's end, and the core rate excluding food and energy costs was seen at 3.5%. In reality the two came in at 2.7% and 3.2%, respectively, in the last quarter of the year.

But even that masks a weakening trend: Core inflation for seven months running has been below 2% on an annualized basis, and that has been marching progressively lower.

The Fed does not want that to reverse, which is why policymakers have been reluctant to declare their inflation fight over and still consider some risk to cutting rates too early. But they also don't want inflation to get too low and again become lodged below their 2% target, a level central bankers globally feel doesn't interfere with economic decision-making and guards against a deflationary drop in prices and wages that can be damaging and difficult to reverse.

The Fed struggled to hit its target until the pandemic. While the run up in prices then was fast and painful, looked at over the long-term PCE is now only about 2.1% higher than it would have been if officials had met their inflation goal consistently since adopting it in 2012.

The challenge is determining if the world is returning to pre-pandemic norms when 2% inflation, or even a touch lower, seemed baked in, a sign of the Fed's success in "anchoring" the pace of price increases.

Reasons exist to think things might have changed, including labour markets rendered perpetually tight by population ageing, large government deficits, and new global trade and supply frictions.

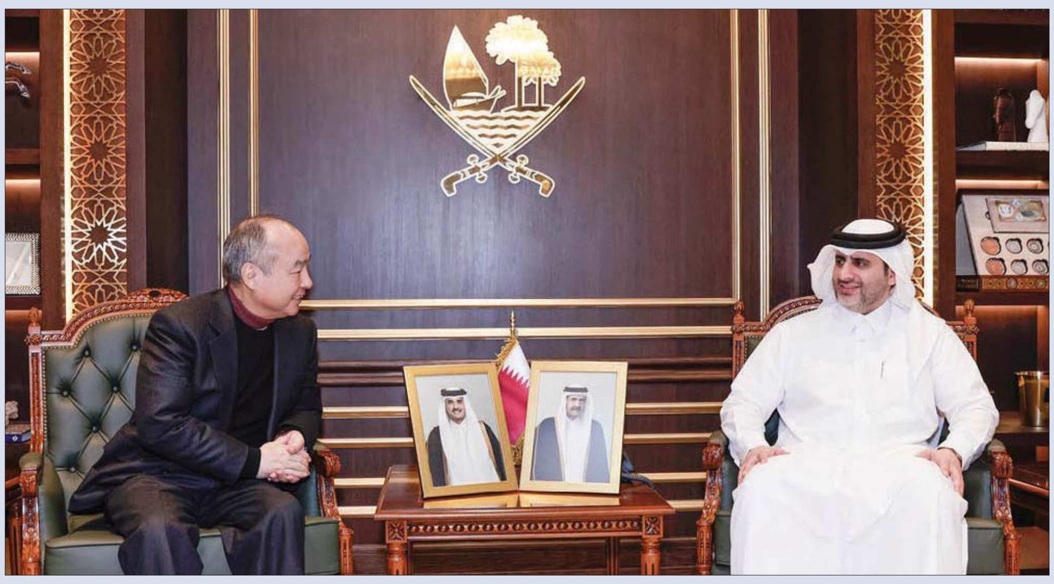
Those issues have put a premium on watching for inflation's possible persistence. Though policymakers have discounted arguments of a difficult "last mile" on inflation, they simply reframe the issue as a matter of time: If inflation for some goods and services is proving difficult to tame, the solution they feel is maintaining the current rate for longer and lowering it more slowly, rather than hiking again.

While some alternate inflation measures also have fallen, they tend to show less progress than the headline numbers.

An Atlanta Fed database shows comparatively high inflation for many consumer goods: The share of items for which prices are rising more than 5% annually remains above the pre-pandemic level.

That alone isn't necessarily a problem. Policymakers distinguish inflation — a generalized increase in what they call the "price level" — from changes in relative prices that can reflect temporary gluts or shortages, innovations or product changes, or other factors that aren't necessarily "inflationary." But when large enough shares of the economy experience rising prices, without offsetting low inflation or even price declines elsewhere, policymakers remain concerned.

QCB governor meets with top officials of SoftBank and GIP



Qatar Central Bank Governor HE Sheikh Bandar bin Mohamed bin Saoud al-Thani yesterday met with Masayoshi Son, chairman and chief executive officer of SoftBank. During the meeting, they discussed the latest global development in banking and finance. **Right:** Qatar Central Bank Governor HE Sheikh Bandar bin Mohamed bin Saoud al-Thani yesterday met with Adebayo Ogunlesi, co-founder and chief executive officer of Global Infrastructure Partners (GIP). During the meeting, they reviewed the latest global development in the banking and finance sector.

QBA chairman HE Sheikh Faisal bin Qassim al-Thani is joined by QBA board members in welcoming UK Deputy Prime Minister Oliver Dowden and his accompanying delegation, including British ambassador Neerav Patel.

QBA discusses investment opportunities with UK deputy prime minister

The Qatari Businessmen Association (QBA) organised a business lunch yesterday in honour of UK Deputy Prime Minister Oliver Dowden and his accompanying delegation, who are currently visiting Qatar.

The meeting, which was held in the presence of British ambassador Neerav Patel, discussed trade and investment relations between Qatar and Britain, as well as developments in the free trade agreement (FTA) negotiations between the GCC countries and the UK.

Both sides expressed their full belief in its importance as an FTA will contribute significantly to economic growth and will enhance trade in goods and services, new sectors, and advanced technologies that would serve the common interests of all concerned.

The meeting was hosted by QBA chairman HE Sheikh Faisal bin Qassim al-Thani, as well as board members Sheikh Hamad bin Faisal al-Thani, Sheikh Nawaf bin Nasser al-Thani, and Sherida al-Kaabi.

Also participating in the meeting were QBA members Salah al-Jaidah, Khaled al-Mannai, Nabil Abu Issa, Yousef al-Mahmoud, and Dr Mohamed Althaf, as well as Sheikh Mansour bin Jassim bin Thani al-Thani and deputy general manager Sarah Abdullah.

During the meeting, Dowden spoke about Qatari investments in Britain, such as in the London Stock Exchange, Chelsea Barracks, Heathrow Airport, and Harrods, which are an important addition to the British economy and a successful business model.

He also stated that the volume of trade between Britain and Qatar jumped 100% last year, noting that Britain is working to conclude FTAs with the Gulf countries.

Speaking on the British economy, Dowden said he is getting positive feedback regarding the outlook for the British economy.

"Since Rishi Sunak was appointed Prime Minister last year, the feeling of economic stability has grown in the UK because investors are looking forward to a stable investment environment," he said, adding that Gulf countries are important trade partners for Britain and considered the fourth-largest trading partners after the EU, the US, and China.

For his part, Sheikh Faisal expressed his confidence in a better future for bilateral relations between the two countries, confirming that the QBA is looking forward to co-operating with the UK to develop more investments.

It is worth noting that the UK is a major trading partner for Qatar. Figures released by the Planning and Statistics Authority revealed that 2022 was an exceptional year for both countries as the volume of trade exchange reached QR36bn, in which Qatar exported QR31bn worth of products, which is about three times higher than the QR11bn recorded in 2021.

Major British companies are operating in Qatar, such as Shell, which has been one of the major investors in the region for several years, in addition to many British companies active in the country's infrastructure projects, especially in architecture, design, project management, and engineering consulting.

Qataris' unemployment rate 'exceptionally low' despite 'strong' population growth, says Moody's

By Pratap John
Business Editor

Despite strong population growth in recent decades (nearly 7% a year during 2003-2022), unemployment rate among Qatari citizens has remained exceptionally low, according to Moody's.

Qatar's very small share of citizens in the total population (only around 10%) and their even smaller share in the total labour force (around 6%) will continue to limit labour market pressures in the foreseeable future.

The very low share of Qataris in the total population also diminishes social spending pressures on the government while allowing it to maintain a delivery of high-quality public services to its citizens, underpinning social stability, Moody's said in its recent ratings review.

The country's exposure (to carbon transition and physical climate risks) is partly mitigated by low hydrocarbon extraction costs, ongoing efforts to grow the non-hydrocarbon sector, and the fact that demand for liquefied natural gas is likely to peak much later than demand for other hydrocarbons due to its use as a transition fuel away from other more polluting fossil energy sources such as coal and crude oil, Moody's noted.

Qatar is also one of the world's most arid states and rapid economic and population growth in recent decades have increased challenges surrounding water sustainability.

Risks related to water scarcity are mitigated by Qatar's capacity to meet three quarters of its freshwater demand from seawater desalination, which – while vulnerable to potential attacks and oil spills – is supported by the country's access to ample domestic energy resources.

Qatar's main exposure (to environmental risks) is partly mitigated by the ongoing economic diversification efforts and the fact that most of its hydrocarbon revenue is derived from liquefied natural gas, Moody's said.

"Furthermore, Qatar's robust institutions, its track record of policy effectiveness and its very large fiscal buffers in the form of its sovereign wealth fund assets, position the sovereign favourably in terms of its ability to respond to longer-term negative environmental trends," Moody's noted.

QSE index falls 42 points; M-cap melts QR2.47bn

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) yesterday continued its bearish run for the fourth consecutive day with its key index losing 42 points, reflecting the lingering concerns on intensified geopolitical crisis in the region.

The industrials sector witnessed higher than average selling pressure as the 20-stock Qatar Index lost 0.41% to 10,109.86 points.

The domestic institutions were seen net profit takers in the main market, whose year-to-date losses widened further to 6.65%.

The Arab retail investors' weakened net buying had its influence in the main bourse, whose capitalisation melted QR2.47bn or 0.42% to QR589.63bn with small cap segments leading the pack of shakers.

The foreign institutions continued to be net sellers but with lesser intensity in the main market, which saw as many as 0.01mn exchange traded funds (sponsored by Masraf Al Rayan) valued at QR0.02mn trade across four deals.

The Gulf funds were also net profit takers but with lesser vigour 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 0.41%, the All Share Index by 0.37% and the All Islamic Index by 0.4% in the main bourse, whose trade turnover and volumes were on the increase.

The industrials sector index shrank 1.22%, banks and financial services (0.37%), real estate (0.34%) and insurance (0.03%); while transport gained 0.79%, telecom (0.48%) and consumer goods and services (0.28%).

Major losers in the main market included Qatar General Insurance and Reinsurance, QIIB, Industries Qatar, Al Faleh Educational Holding, Qatari German Medical Devices, Lesha Bank, Masraf Al Rayan and Mekdam Holding. In the venture market, Mahhar Holding saw its shares depreciate in value.

Nevertheless, Milaha, Commercial Bank, Baladna, Dukhan Bank, Qatar Insurance and Meeza were among the gainers in the main market. The domestic funds were net sellers to the tune of QR0.53mn compared with net buyers of QR28.44mn on January 29.

The Arab individual investors' net buying weakened noticeably to QR2.1mn against QR6.94mn the previous day.

However, the local individuals' net buying strengthened markedly to QR18.36mn compared to QR10.65mn on Monday.

The foreign retail investors turned net buyers to the extent of QR0.37mn against net sellers of QR0.01mn on January 29.

The Gulf individual investors were net buyers to the tune of QR0.3mn compared with net sellers of QR0.19mn the previous day.

The foreign institutions' net profit booking weakened substantially to QR9.37mn against QR29.03mn on Monday.

The Gulf institutions' net selling declined significantly to QR11.27mn compared to QR16.78mn on January 29.

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

Trade volumes in the main market were up about 1% to 143.35mn shares and value by 5% to QR482.29mn, while deals fell about 1% to 17,369.

In the venture market, trade volumes almost doubled to 0.34mn equities and value also almost doubled to QR0.47mn on more than transactions to 44.

The industrials sector witnessed higher than average selling pressure as the 20-stock Qatar Index lost 0.41% to 10,109.86 points yesterday