

First BoE rate cut is months away despite recession, says Pill

Bloomberg
London

A first interest-rate cut by the Bank of England (BoE) is still “several more months” away as inflation may prove persistent even though the economy has fallen into recession, Chief Economist Huw Pill said.

Speaking at a National Association for Business Economics conference in Washington, Pill argued that there was still not enough evidence to be confident inflation will decline sustainably despite the fact that the economy shrank in the second half of last year.

The economy’s low growth capacity, a consequence of a tight labour market and poor productivity, means that “even though we have weak activity - and in the UK we’re now in a technical recession -

that of itself is not necessarily putting that much downward pressure on inflation,” Pill said.

“Getting to the point where we’re able to make that move on Bank rate is still some way off. I do think we will have to wait several more months until we can be convinced that the squeezing out of the persistent component of inflation is there.”

This week, the Office for National Statistics said GDP shrank in the last two quarters of 2023. Although the recession was small, a total contraction of 0.5% over the period, and is expected to be brief, it raised the possibility of an early rate cut.

At the end of week whipsawed by conflicting data – inflation was lower than expected but wage growth and retail sales were above forecasts – markets were expecting the first quarter-point cut in August and for rates to end the year at 4.75%, with a better-than-even chance of



Huw Pill, chief economist at the Bank of England.

a fall to 4.5%. Earlier this month, the BoE said rates have now peaked at 5.25% and the next move is likely to be down. On the nine-member Monetary Policy Committee,

Pill was in the majority who voted to hold policy. One member called for a cut to 5% and two wanted an increase to 5.5%.

Pill’s cautious tone and emphasis on sticky inflation echo public comments this week from BoE Governor Andrew Bailey and external policymakers Megan Greene and Catherine Mann.

Pill said the recession alone may not be sufficient to alter the outlook. The UK faces a worse trade-off between activity and inflation than the US, where the economy is much stronger, he said. Because Britain’s economic speed limit is low, even poor growth can be inflationary.

Pill said the BoE is “looking through” headline inflation, which has come down from a peak of 11.1% to 4%, and is focused instead on underlying prices - for which the BoE is looking at measures of services inflation, wage growth and labour market tightness.

Although the fall in headline inflation has been “good news,” there are “reasons for caution.” Services inflation remains “stubbornly high,” Pill said.

“We’re on the right track to bring ourselves back to the inflation target, we have made progress but there’s still some way to go.”

Further evidence of a sharp decline in underlying domestic inflation would be a bit more reassuring, Pill said. “The dispersion across firms both in wage and price setting, it’s now diminishing but it still remains very elevated to what we saw prior to the onset of the pandemic.”

“And so from my perspective, at least, I would like to see further falls in this before I’m convinced that that self-sustaining domestic wage price cost dynamic is really being squeezed out of the system.”

“We will maintain restriction until we have got the persistent component squeezed out.”

Pound bulls stand their ground, unfazed by UK dip into recession

Bloomberg
London

The pound is set to resume its run as one of this year’s best-performing currencies despite the UK economy’s slide into recession, according to market-watchers from Bank of America to Credit Agricole SA.

They point to economic green shoots and an inflation rate double the Bank of England’s target, bolstering the case for interest rates to be held high for longer. Against this backdrop, they argue sterling will reverse its recent weakness.

That’s backed up by data indicating how investors are betting on the currency. Wagers for further strength have jumped, but are still below what they were in July – when the pound was trading above \$1.30 compared with around \$1.25 currently – suggesting there’s room for traders to increase their exposure.

Against the euro, sterling snapped a seven-week run of gains, dragged down by data Thursday that showed the UK economy slipped into a recession last year. But Bank of America went as far as calling it “the dollar of Europe,” a reference to the greenback’s remarkable run in recent years



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that’s seen it trounce all other major currencies.

The bullishness contrasts sharply with the pervasive pessimism toward the UK, where growth has looked anaemic and where the economy – beset by strikes and labour shortages – is struggling to adjust to life outside of the European Union.

“The UK has become a low benchmark of sorts for everyone else in G10 with all the problems the economy had to

deal with in 2023,” said Valentin Marinov, head of G10 currency research and strategy at Credit Agricole, who sees the pound strengthening to 0.83 versus the euro. The pair fell below 0.85 for the first time in six months on Wednesday.

“Despite that, the data hasn’t been all terrible,” he added. “The pound could become more attractive, especially as monetary tightening catches up with the US economy and weighs on the growth

outlook in the eurozone even further.”

UK business surveys imply activity is picking up, albeit from low levels. S&P Global’s Composite Purchasing Managers’ Index unexpectedly rose in January to the highest level in seven months. Retail sales data on Friday posted the biggest monthly increase in almost three years.

The labour market, meanwhile, has proved remarkably resilient, despite monetary

tightening that’s taken the key rate to 5.25%, a 16-year high. The unemployment rate stands at 3.8%, close to its historical low, and wage growth is slowing.

It all hints at a possible soft landing that won’t force the BoE to cut rates too quickly, said Mark Nash, head of fixed income alternatives at Jupiter Asset Management. Money markets predict the BoE will only cut from August, compared with June for the ECB.

“If the activity data is improving and inflation is coming down, which is the case in the UK, then something is going right,” said Nash.

That’s a view that chimes with the latest messaging from officials. Governor Andrew Bailey last week said he is putting more weight on recent indicators that show the economy is picking up.

To be sure, tighter policy could weigh on the pound over the long term if it takes a greater toll on growth. BoE officials are particularly worried about hot services inflation.

MUFG Bank, which recommended selling the euro to buy the pound late last month, considered closing the trade last week after sterling failed to appreciate beyond the 0.85 support level. The pair was trading at 0.8555 as of 12:30pm in London on Friday.

Lagarde’s Trump warning paves way for EU capital markets drive

Bloomberg
Brussels

Engulfed in a prolonged economic slowdown and facing the prospect of Donald Trump returning to the White House, the European Union is dusting off a plan to unite its disparate capital markets.

The so-called Capital Markets Union, or CMU, has long been on the to-do list for officials trying to deepen the EU’s single market and secure stronger investment and economic growth. But the project, launched nearly a decade ago, has repeatedly stumbled over national interests or been eclipsed by more urgent work responding to crises such as the Covid pandemic.

There is now a growing drumbeat of calls to get back on track to attract private money to help fund investments in the climate transition and spur an economy that’s losing momentum. Officials also have to negotiate European Parliament elections in June, which risk seeing breakthroughs for parties that traditionally oppose greater integration.

Adding to the sense of urgency, European Central Bank President Christine Lagarde last month cited the single market and CMU as the best way to bullet-proof Europe’s economy with the prospect of economic disruption from another Trump presidency in the US.

In a draft statement on CMU seen by Bloomberg, EU finance ministers said: “If the development of European capital markets is not addressed urgently, Europe is at risk of falling behind globally in terms of competitiveness, growth, and prosperity of its citizens.”

The latest wish list of reforms, which will be discussed at an informal meeting of EU finance officials next week, focuses on the architecture of capital flows around Europe, boosting funding for businesses, and improving access to savings and retirement products for individuals.

The benefits of getting it right could be big.

“CMU could boost cross-border private risk-sharing, reduce reliance on bank financing and enhance capital allocation efficiency, promoting higher economic growth and eurozone integration,” Allianz economists led by Ludovic Subran wrote in a recent report.



DIVIDENDS DISTRIBUTION FOR
QATAR FUEL COMPANY Q.P.S.C. (WOQOD)
FOR 2023

WOQOD is pleased to announce that its AGM, held on 18th February 2024, approved the Dividend distribution for 2023 annual dividends at QAR 0.90 per share (90% of Nominal Value).

WOQOD will transfer the full dividend amount to Edaa for distribution to eligible shareholders as per regulatory requirements issued by Qatar Financial Markets Authority.

Shareholders are kindly requested to contact Edaa for any clarifications relating to dividend distribution for 2023.

US companies scramble to reduce expectations as stocks ignore risks

Bloomberg
New York

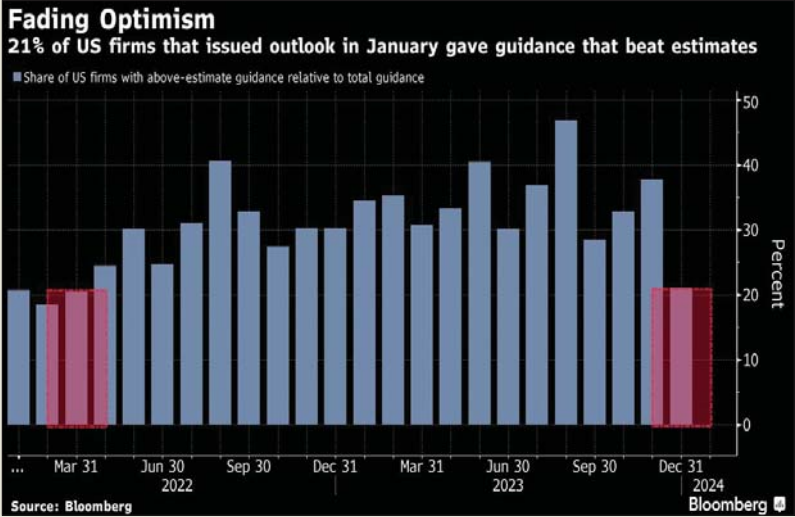
Corporate America is working hard to keep the stock market from falling victim to high expectations.

Another round of rising quarterly profit reports helped drive the S&P 500 Index back to record levels, but in their earnings reports executives largely struck cautious tones on their outlooks. Just 40% of the firms that issued guidance have provided earnings outlooks that exceeded analysts’ expectations, according to Bank of America Corp. If the trend holds, it would be smallest share since April 2020, when the onset of the pandemic was sowing unprecedented uncertainty.

The forecasts reflect nagging worries that the economy will cool as traders dial back the scale of the rate cuts they expect from the Federal Reserve this year, even though growth has consistently defied pessimistic forecasts. And with the stock rally leaving valuations hovering at high levels, executives have an increased incentive to indulge in the time-honoured practice of lowering the bar – helping to ensure that their companies will easily exceed it.

“You have geopolitical risk, you have the election risk, you don’t know how the economy holds up in the face of a delayed effect of rate hikes, and the pace of cuts is still uncertain,” said Willie Delwhiche, strategist and founder at Hi Mount Research. “Put this together, and it benefits now probably more than ever to strike a cautious tone when providing an outlook.”

The actual results so far have offered



little reason for worry. With quarterly reports in from more than 400 companies in the S&P 500 Index, the index is on track to post 7% year-over-year earnings growth, the most since the second quarter of 2022.

Still, individual corporate outlooks have been mixed. Among the US firms that provided guidance last month, more than a third issued estimates that trailed analysts’ expectations, the most since March 2023, data compiled by Bloomberg Intelligence show. The share of those issuing a higher-than-expected profit forecast was 21% – the lowest since February 2022.

Take Deere & Co. The agriculture-equipment maker cut its net-income guidance to a level that suggests this year’s earnings will amount to \$27.20 per share, 4% below the consensus estimate,

according to Bloomberg Intelligence. Or DoorDash Inc, whose guidance for full-year gross order value trailed the average analyst estimate at the midpoint.

To Jack Ablin, chief investment officer of Cresset Capital, a host of factors may affect US companies’ outlooks this year, including the pace of rate cuts, the ability to pass along costs to consumers, the ease of accessing capital, geopolitics and the November US presidential election. The peril to companies that overpromise and underdeliver has been on display this earnings cycle, when investors quickly rewarded the stocks of firms that beat their estimates and punished those that fell short. The S&P 500 companies that topped expectations outperformed the benchmark by 0.8% a day after the results, the most in a year, according to Bloomberg Intelligence.



www.qetf.com.qa

QE INDEX ETF FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT
for the year ended 31 December 2023

QE INDEX ETF DISCLOSES ITS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

QE Index ETF discloses its financial statements as at and for the year ended 31 December 2023. The statements show that the net asset value as of 31 December 2023 amounted to QAR 426,036,374 representing QAR 10.484 per unit.
In addition, QE Index ETF is expected to pay dividends during the second quarter of 2024

INDEPENDENT AUDITOR’S REPORT TO THE UNITHOLDERS OF QE INDEX ETF

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of QE Index ETF (“the Fund”) as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting Standards.

What we have audited

The Fund’s financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- statement of changes in net assets attributable to the unit holders for the year then ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policies, and other explanatory information.

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 financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with IESBA Code and ethical requirements in the state of Qatar.

Our audit approach

Overview

Key audit matter | Valuation of investment securities

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where fund manager made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment securities Fair valuation of investment securities represent the manager’s best estimate of the fair value. As described in the material accounting policies to the financial statements, the fair value has been determined in accordance with IFRS 9. Further, the fair value of investment securities as 31 December 2023, comprises listed equity securities, amounted to QAR 426,012,263 representing 99.76% of the total asset value of the fund assets as at 31 December 2023, hence are material within the overall context of the financial statements. Refer note 4 for investment securities disclosure. Net gain from investment securities amounted to QAR 6,129,151 for the year ended 31 December 2023 and disclosed in note 6 to the financial statements.	Our audit procedures in relation to this key audit matter included the following: - Obtained the understanding of the process followed by the manager for investment management activities. - Tested the valuation of the listed investment portfolio as at 31 December 2023, by agreeing the prices used by the manager in the valuation to independent third party sources as at 31 December 2023. - Tested the existence of the listed investment portfolio by agreeing the holdings of investments to the custodian confirmation as at 31 December 2023. - Re-computed on sample basis, the net gain from investment securities, comprising of net realized gain on sale of investment securities and net unrealized gain on revaluation of investment securities - Evaluated the reasonableness of the financial statements disclosures in accordance with the IFRS Accounting Standards.

Responsibilities of management and those charged with governance for the financial statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund’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 the management either intends to liquidate the

Fund or to cease operations, or has no realistic alternative but to do so.

The Fund Manager is responsible for overseeing the Fund’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Fund’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund Manager.
- Conclude on the appropriateness of the Fund Manager’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 Fund’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 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the 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.

For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni
Auditor’s registration number 370
Doha, State of Qatar
04 February 2024

QE INDEX ETF STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2023		
	For the year ended 31 December 2023 QAR	For the year ended 31 December 2023 QAR
Operating income		
Net gain / (loss) from investment securities	6,129,151	(37,036,410)
Dividend income	18,872,915	17,861,349
Total (Net) Income	25,002,066	(19,175,061)
Expenses		
Management fees	(709,689)	(954,630)
Administration fees	(388,618)	(397,453)
Custodian fees	(176,948)	(212,798)
Brokerage fees	(108,314)	(208,201)
Other operating expenses *	(678,739)	(756,016)
Total Expenses	(2,062,308)	(2,529,098)
Change in net assets attributable to the unit holders	22,939,758	(21,704,159)

QE INDEX ETF STATEMENT OF FINANCIAL POSITION As at 31 December 2023		
	31 December 2023 QAR	31 December 2022 QAR
ASSETS		
Cash and cash equivalents	1,011,306	1,570,145
Investment securities	426,012,263	422,078,063
Total Assets	427,023,569	423,648,208
Liabilities		
Payables and accrued expenses	987,195	1,387,979
Total liabilities	987,195	1,387,979
Net assets attributable to the unit holders	426,036,374	422,260,229
Number of units in issue (Units)	40,637,310	40,687,310
Net asset value per unit (QAR)	10.484	10.378

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS For the year ended 31 December 2023			
	For the year ended 31 December 2023		For the year ended 31 December 2023
	Number of units	QAR	Number of units
Balance at 1 January (Audited)Income	40,687,310	422,260,229	40,662,310
Change in net assets attributable to the unit holders	-	22,939,758	-
Dividends paid (Note 9)	-	(18,727,663)	(17,810,092)
Contributions and redemptions by unit holders:			
Issue of redeemable units during the year	25,000	256,675	25,000
Redemption of redeemable units during the year	(75,000)	(692,625)	-
Transactions with the unit holders	(50,000)	(435,950)	25,000
Balance at 31 December	40,637,310	426,036,374	40,687,310

QE INDEX ETF STATEMENT OF CASH FLOWS For the year ended 31 December 2023		
	For the year ended 31 December 2023 QAR	For the year ended 31 December 2023 QAR
Operating activities		
Change in net assets attributable to the unit holders	22,939,758	(21,704,159)
Adjustments for:		
Net unrealized gain / (loss) on revaluation of investment securities	(7,674,709)	40,581,636
Operating profit before changes in operating assets and liabilities	15,265,049	18,877,475
Changes in:		
Investment securities	3,740,509	(954,630)
Payables and accrued expenses	(400,784)	242,069
Net cash flows generated from operating activities	18,604,774	17,457,797
Financing activities		
Proceeds from issue of redeemable units	256,675	307,700
Payment against redemption of units	(692,625)	-
Dividends paid (Note 9)	(18,727,663)	(17,810,092)
Net cash flows used in financing activities	(19,163,613)	(17,502,392)
Net decrease in cash and cash equivalents	(558,839)	(44,595)
Cash and cash equivalents at the beginning of the year	1,570,145	1,614,740
Cash and cash equivalents as at 31 December	1,011,306	1,570,145

These financial statements were approved by the Committee members as authorized by the Board of Directors on 04 February 2024 and were signed on its behalf by:

Braik Al Marri
Chief Retail Banking Officer
On behalf of the QE Index ETF

High-flying Nvidia’s earnings could test US stock market’s AI dreams

Reuters
New York

This week’s earnings report from chipmaker Nvidia could prove a gut check for one of the market’s hottest names, and for the artificial intelligence fever that has helped power gains for US stocks in recent months.

Excitement over the business potential of AI has boosted Nvidia’s shares by more than 46% since January 1. Its \$570bn increase in market capitalisation is more than triple the market value of Intel. Shares of Nvidia, whose chips are considered the gold standard in the AI industry, surged nearly 240% in 2023.

The chipmaker’s gains have accounted for more than a quarter of the S&P 500’s increase this year. The benchmark index is up nearly 5% year-to-date, after optimism about AI helped drive the index up 24% in 2023.

Now the third most valuable company on Wall Street after Apple and Microsoft, Nvidia has also become a bellwether for the artificial intelligence industry. Other AI-focused stocks have surged this year, including Super Micro Computer Inc, which is up 182% year-to-date, and Arm Holdings, up nearly 71%.

“When people say that the market is doing well this year, they really mean that tech is doing well, and Nvidia is at the core of that,” said Keith Lerner, chief market strategist at Truist Advisory Services. “There is excitement within AI and if that optimism is not fulfilled by earnings then you could see that reverberate quickly and weigh on sentiment.” Nvidia will release quarterly earnings results on February 21. Wall Street expects earnings of \$4.56 a share, and a rise in quarterly revenue to \$20.378bn from \$6.05bn a year ago, according to the mean estimate from 33 analysts, based on LSEG data.



Traders work on the floor at the New York Stock Exchange (file). This week’s earnings report from chipmaker Nvidia could prove a gut check for one of the market’s hottest names, and for the artificial intelligence fever that has helped power gains for US stocks in recent months.

Given the company’s size and its importance to the AI story, Nvidia’s results could be pivotal for market sentiment, said Kevin Landis, a portfolio manager at Firsthand Capital.

“Every time you get a big stock market rally there’s a favourite stock that leads it,” said Landis, who regrets selling his shares in Nvidia last year. “It’s hard not to look at Nvidia and see ... that’s driving the psychology of the overall market.” Not surprisingly, traders are bracing for big moves in the company’s shares. Nvidia options are pricing a swing of about 11% in either direction following its results, according to data from options analytics service ORATS.

That’s the largest expected move options traders have priced ahead of Nvidia’s earnings over the last three years and well above the stock’s average earnings move of 6.7% over that period, ORATS data showed.

Tom Hainlin, senior investment strategist at US Bank Wealth Management, said positive updates to Nvidia’s corporate outlook could fuel more AI optimism and extend a market rally that has been concentrated in the so-called Magnificent Seven group of megacap stocks, of which Nvidia is a member.

Shares of Meta Platforms, another member of the group, have surged 34% this year while Apple’s have fallen by 5%. Shares of Tesla have tumbled nearly 20% after the electric car maker warned of “notably lower” sales growth this year and shrinking margins.

“Right now investors are rewarding visibility into earnings growth and that keys up well for more gains for Nvidia,” Hainlin said.

On the other hand, investors may use a less-than-stellar report as an opportunity to take profits. Ryuta Makino, research analyst

at Gabelli Funds, believes investor enthusiasm for Nvidia is so high that its shares could fall by at least 10% if the company simply meets expectations, without exceeding them.

He remains bullish on Nvidia due to rising capital expenditures from customers such as Amazon.com and Microsoft into their cloud businesses, which rely on the company’s chips.

A disappointing report from Nvidia could also exacerbate concerns over crowding in the market’s largest stocks, said Michael Purves, head of Tallbacken Capital Advisors.

Overall, investors have their highest allocation to the tech sector since August 2020, according to fund managers in the latest survey conducted by BofA Global Research.

“This is the pillar of the growth for the index today, but at some point the gas tank will go empty,” Purves said.

Record US stock rally is under threat from turmoil

Bloomberg
New York

Investors and firms are flagging that the war in the Middle East poses a major risk for earnings as boycotts dampen sales and Red Sea shipping chaos threatens their supply chains.

Those headwinds pose a danger to the record rally in US stocks, according to a Bloomberg analysis of hundreds of earnings calls. By the halfway mark in the first quarter, the number of references to the Red Sea or “geopolitics” has almost matched the total for the previous three months.

Expectations for profits at S&P 500 companies for the next 12 months are at a record high, suggesting analysts are pricing in a blue-sky scenario with the US economy growing more than expected and the Federal Reserve

cutting rates. Any major threat to earnings, or signs that inflation is returning, could impact the months-long rally which has sent the US benchmark to record highs.

Crude prices have already climbed this year in part due to fears the Israel-Hamas war could grow into a wider conflict.

At the same time, container ships are being forced to avoid the Red Sea and Suez Canal after attacks by Iran-backed Houthis rebels as part of a campaign against Israel.

“The geopolitical backdrop is a risk,” said Nicole Kornitzer, portfolio manager of the Buffalo International Fund at Kornitzer Capital Management Inc. “If the pressure continues for longer, this could weigh on corporate margins and be inflationary as costs are passed on through price increases. This kind of scenario is not in estimates.”

From consumer goods companies, to social media, to freight firms, Bank of America Corp’s latest fund manager survey also showed that investors see geopolitics as the second biggest risk to share prices after inflation, although the two dangers are connected — participants expect a further escalation in the Red Sea or Middle East to add new price pressures higher oil and freight rates.

Adidas AG said tension in the Red Sea is leading to higher supply costs in the short term.

Tesla Inc in January announced production suspensions at its German plant, citing disruptions in supplies. Medical equipment supplier ResMed Inc said it’s seeing an impact on freight rates and lead times. Computer networking equipment giant Cisco Systems Inc also said shipping rates have gone up. Chemicals company

Albemarle Corp, and rail services provider CSX Corp are among S&P 500 firms also monitoring the situation in the Red Sea.

Some firms have benefited from the situation.

The Dutch firm Royal Vopak NV saw a rise in demand for its storage facilities due to the disruption in the Red Sea and uncertainty in the oil market. AP Moller-Maersk A/S had rallied in the lead up to its results, but disappointed after saying it expects renewed gloom in the industry later this year when the current boost to freight rates from the Red Sea conflict evaporates.

McDonald’s Corp’s sales missed investor expectations, hurt in part by the boycotts. It expects no meaningful improvement for the segment that includes the region until there’s a resolution to the war, which also hit Starbucks Corp’s results.

QSE MARKET WATCH			
COMPANY NAME	Lt Price	% Chg	Volume
Zad Holding Co	13.86	-0.07	21,598
Widam Food Co	2.25	6.79	6,851,546
Vodafone Qatar	1.90	2.38	6,696,435
United Development Co	1.03	0.29	10,873,385
Salam International Investme	0.69	1.47	8,162,242
Qatar & Oman Investment Co	0.89	1.37	134,622
Qatar Navigation	10.52	-0.57	514,632
Qatar National Cement Co	4.16	0.29	582,820
Qatar National Bank	15.20	2.43	3,256,430
Qim Life & Medical Insurance	2.26	2.73	72,662
Qatar Islamic Insurance Grou	9.48	0.90	277,000
Qatar Industrial Manufactur	2.80	0.18	303,179
Qatar International Islamic	10.88	0.46	626,994
Qatari Investors Group	1.84	0.77	3,331,630
Qatar Islamic Bank	20.28	-0.88	1,335,739
Qatar Gas Transport(Nakilat)	3.94	-0.25	706,539
Qatar General Insurance & Re	1.01	5.52	71,276
Qatar German Co For Medical	1.41	9.06	16,133,645
Qatar Fuel Qsc	16.02	0.63	980,154
Lesha Bank Lic	1.37	9.34	11,735,573
Qatar Electricity & Water Co	16.87	0.30	287,157
Qatar Exchange Index Etf	9.76	0.00	80
Qatar Cinema & Film Distrib	2.91	0.00	190
AI Rayan Qatar Etf	2.24	0.00	15
Qatar Insurance Co	2.30	3.65	2,804,194
Qatar Aluminum Manufacturing	1.34	2.14	18,127,259
Ooredoo Qpsc	10.90	2.93	386,280
Aljarah Holding Company Qps	0.76	1.62	6,457,211
Mazaya Real Estate Developme	0.71	3.35	11,606,706
Mesaieed Petrochemical Holdi	1.73	0.06	7,014,093
Mekdam Holding Group	4.66	2.69	689,599
Al Meera Consumer Goods Co	12.87	-0.31	68,412
Medicare Group	4.76	1.34	1,164,676
Mannai Corporation Qsc	3.92	1.03	1,122,514
Masraf Al Rayan	2.40	-0.42	8,845,881
Industries Qatar	12.03	0.08	2,727,345
Inma Holding Company	4.04	3.69	514,650
Estithmar Holding Qpsc	1.98	0.00	2,881,777
Gulf Warehousing Company	3.16	1.25	2,004,697
Gulf International Services	2.76	-0.36	7,306,502
Al Fahel Education Holding	0.82	1.88	59,805
Ezdan Holding Group	0.85	0.47	15,684,310
Doha Insurance Co	2.50	3.73	18,430
Doha Bank Qpsc	1.60	0.06	954,275
Diala Holding	1.29	1.42	1,387,891
Commercial Bank Pscq	4.95	1.45	3,443,536
Barwa Real Estate Co	2.99	2.19	3,489,231
Baladna	1.14	2.15	7,569,695
Damaan Islamic Insurance Co	3.94	0.00	-
Al Khaleef Takaful Group	2.71	-1.17	1,594,276
Aamal Co	0.85	0.71	9,754,339
Al Ahil Bank	4.00	7.73	45,915

Intel in talks for more than \$10bn in Chips Act incentives

Bloomberg
Washington

The Biden administration is in talks to confer more than \$10bn in subsidies to Intel Corp, people familiar with the matter said, in what would be the largest award yet under a plan to bring semiconductor manufacturing back to US soil.

Intel’s award package is expected to include both loans and direct grants, according to the people, who asked not to be identified because the deliberations are private. They stressed that negotiations are still underway.

The Commerce Department and Intel declined to comment. The incentives would come from the 2022 Chips and Science Act, which set aside \$39bn in direct grants as well as loans and loan guarantees worth \$75bn to get the world’s top semiconductor companies to manufacture chips in the US after decades of production abroad.

Intel climbed as much as 1.1% in late trading Friday after Bloomberg reported the news. The stock was down 13% this year through the close.

Chips firms have invested more than \$230bn in the US since President Joe Biden took office, and the administration’s goal is to establish at least two leading-edge manufacturing clusters by 2030.

The Commerce Department has already announced two smaller

Chips Act grants. Secretary Gina Raimondo said last week that there would be a “drumbeat of even bigger announcements” in the next six to 12 weeks.

Intel dominated the chip industry for years but has recently fallen behind Asian rivals Taiwan Semiconductor Manufacturing Co and Samsung Electronics Co, which are building their own US sites in Arizona and Texas. Intel Chief Executive Officer Pat Gelsinger has been the leading industry voice lobbying for US government support of the sector, and the firm has said its plans are contingent on that funding.

Intel is building a \$20bn facility in Ohio, undergoing a \$20bn expansion in Arizona and investing \$3.5bn in New Mexico. It’s not yet clear how Intel’s award would be split between grants and loans, the people said. Loan terms are company-specific, the people said, as are benchmarks that the Commerce Department will impose to disburse the funding over time.

Intel hasn’t said when its projects will begin commercial production.

The company has made significant progress in Ohio, a spokesperson said after the Wall Street Journal reported a delay from 2025 to 2026.

An administration official said that the timeline is in bounds with Intel’s initial projections and based on market factors, not award announcements.

El Nino pushes real US gas prices to multi-decade low

By John Kemp
London

Inflation-adjusted US gas prices have fallen to the lowest level for over 30 years as a mild winter and continued production growth leave the market carrying a growing surplus of inventories.

Front-month futures for gas delivered at Henry Hub in Louisiana slumped to \$158 per million British thermal units on February 15, the lowest in real terms since the futures contract was launched in 1990. Working gas stocks stood at 2,535bn cubic feet (bcf) on February 9, the highest for the time of year since 2016 and before that 2012, according to data from the US Energy Information Administration (EIA). Inventories were 346 bcf (+16% or +1.04 standard deviations) above the prior ten-year average, swelling from 64 bcf (+2% or +0.24 standard deviations) above at the start of the heating season on October 1.

Apart from a brief period of intense cold in the middle of January, the winter of 2023/24 has mostly been warmer than average, depressing direct gas consumption as well as gas-fired

power generation. The Lower 48 states experienced a total of 2,603 population-weighted heating degree days between July 1, 2023, and February 14, 2024, which was 11% below the long-term seasonal average of 2,935.

Lower 48 population-weighted heating degree days were below the long-term average on 98 of 137 days between October 1 and February 14.

December was especially mild, causing inventories to deplete by only 300 bcf, the smallest seasonal draw since December 2015, and compared with a ten-year average draw of 478 bcf.

Strong El Niño conditions in the central-eastern Pacific this winter directed warmer air into the northern US and ensured temperatures have been much milder than usual.

Sea surface temperatures in the central-eastern Pacific were almost 2 degrees Celsius warmer than average in December, the warmest since 2015 and before that 1997, both exceptionally strong El Niño episodes.

A strong El Niño is generally associated with warmer-than-average winter temperatures across the US, especially in

the northern tier of states stretching from Washington through Illinois to Maine. Since 1950, there have been six strong El Niño episodes during the northern hemisphere winter (1957/58, 1965/66, 1982/83, 1991/92, 1997/98 and 2015/16) and one borderline case (2009/10).

Since 1973, during winters with a strong episode, the number of US heating degree days was 7% lower on average compared with years without (or 10% lower if the borderline case is excluded).

The reduction in heating demand of 11% so far during winter 2023/24 is therefore consistent with previous strong El Niño episodes.

Ultra-low futures prices are sending the strongest possible signal about the need for a slowdown in drilling and production to help rebalance the market.

The number of rigs drilling for gas averaged just 119 in January 2024, down from 162 in September 2022 — a delayed response to the fall in prices after they spiked following Russia’s invasion of Ukraine in February 2022.

But the rig count has been broadly constant for the last five months and well productivity has continued to increase as

companies focus on the most prospective locations and drill longer horizontal well sections.

In addition, more gas is being produced and captured from wells drilled primarily to extract oil, adding to production growth.

Dry gas production amounted to 3,178 bcf in November 2023 (the latest month for which data is available) which was 111 bcf (+4%) higher than in the same month a year earlier.

Production in the first eleven months of 2023 was up by 1,339 bcf (+4%) compared with the same period in 2022.

Total exports of pipeline and liquefied gas also increased but only by 594 bcf, according to data compiled by the EIA.

The slump in real prices to multi-decade lows is signalling the urgent need for a further slowdown in well drilling and completions.

In recent days, several gas producers have announced plans to cut capital expenditure and reduce the number of active rigs and completion crews.

In the months ahead, exceptionally cheap gas should also maximise more gas-fired generation at the expense of coal, eroding some more of the excess stocks.

Prices for gas delivered in March (the last winter month) have already slipped 7 cents below April (the first spring-summer month) having begun the winter at a premium of 21 cents.

Prices will have to fall low enough for long enough to purge excess inventory inherited from winter 2023/24 from storage and make room for more to be added this summer ahead of winter 2024/25.

Prices have fallen so low and sentiment is so bearish that from a purely positioning perspective the balance of risks must be to the upside.

But portfolio investors have tried (and failed) three times already in the last twelve months to identify the turning point, causing a temporarily rise then retreat in prices.

Hedge funds and other managers purchased futures and options between February and July 2023 (+1,943 bcf), then again in September-October 2023 (+1,216 bcf) and between December 2023 and January 2024 (+1,409 bcf).

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

10th Doha Islamic Finance Conference on February 27

The 10th Doha Islamic Finance Conference entitled 'Islamic Finance 2.0 - Fusion of Principles and Technology' will be held under the patronage of HE the Prime Minister and Minister of Foreign Affairs Sheikh Mohamed bin Abdulrahman bin Jassim al-Thani on February 27. The event is organised by Bait Al-Mashura Finance Consultations, together with the official sponsor Ministry of Commerce and Industry, strategic partner Dukhan Bank, diamond sponsor General Department of Endowments at Ministry of Endowments and Islamic Affairs, and bronze sponsor Qatar Financial Centre. Prof Khalid bin Ibrahim al-Sulaiti, chairman, Organising Committee and vice-chairman, Bait Al-Mashura Finance Consultation said the conference, in its tenth edition, stands at the threshold of a new era in the journey of Islamic finance that is revamped with deeper integration into advanced technology. Latest output of the technological advancement is recognised as generative artificial intelligence revolution, therefore we decided to adopt the term "Islamic Finance 2.0" transpiring the phase in which digital technology merges with the principles of Islamic finance. The conference will discuss the future prospects through three



From Left: Sheikh Dr Khalid bin Mohamed bin Ghanem al-Thani, Prof Khalid bin Ibrahim al-Sulaiti, and Talal Ahmed al-Khaja.



main themes, including dialogue sessions, discussions, and presentations. Al-Sulaiti highlighted the potential of generative artificial intelligence in the financial and banking sector, where estimates suggest that GenAI can add a value between \$200bn and \$340bn to the banking sector. This opens up opportunities for the Islamic finance sector to seize this opportunity to enhance its position, enlightened by the opinions and recommendations of scholars and experts in the field, to ensure the correctness of the path, avoid risks, and achieve the highest rate of

financing efficiency based on Shariah values and principles. He praised Qatar's experience in the Islamic financial industry, noting that the sector has shown strong performance and promising growth prospects. It is apparent in the recently launched the Third Strategy for Qatar's financial sector, which focuses on strengthening the role of Islamic finance to transform Qatar into a global centre for Islamic financial services by developing mechanisms to support and develop innovative Islamic financial and banking products across all sectors. In the context of the strategic

partnership with Dukhan Bank Group, Talal Ahmed al-Khaja, Chief Marketing and Communications Officer at Dukhan Bank, emphasised the continuous support and sponsorship of this conference as part of the social responsibility. Sheikh Dr Khalid bin Mohamed bin Ghanem al-Thani, Director General, General Directorate of Endowments at Ministry of Endowments and Islamic Affairs said, "The General Directorate of Endowments at the Ministry of Endowments and Islamic Affairs in the State of Qatar believes in the role of knowledge in the nation's progress and development."

Medicare Group, Mekdam Holding added to FTSE Russell micro-cap indices

Medicare Group (MCGS) and Mekdam Holding Group Q.P.S.C have been added to FTSE Russell Micro-Cap Indices, the leading global index provider's semi-annual review of emerging markets indices revealed, reports QNA.

The review, which will be effective after the Qatari market closing on Thursday (March 14, 2024), showed that none of the Qatari companies was deleted from the FTSE Indices.

An affiliate of FTSE global indexes and funds, FTSE Emerging Markets Index mainly targets most emerging market stock exchanges, and it offers major investments for the largest international banks and companies. The index includes many European, British and international funds and investment portfolios.

UAE's non-oil trade hits record \$953bn in 2023

Reuters
Dubai

The United Arab Emirates' non-oil trade reached a record high 3.5tn dirhams (\$952.93bn) in 2023, Prime Minister Sheikh Mohamed bin Rashid al-Maktoum said on X on Sunday, reflecting the country's initiatives to reduce its reliance on oil.

Trade in non-oil goods rose 12.6% from 2022, while exports of goods and services surpassed 1tn dirhams to set a new record, Thani al-Zeyoudi, Minister of Foreign Trade, said in a separate social media post.

Since 2021, the Gulf oil exporter has initiated a raft of bilateral trade, investment and co-operation deals – called Comprehensive Economic Partnership Agreements (CEPAs) – to bolster efforts aimed at diversifying income sources and economic sectors.

Al-Zeyoudi told Reuters there had been no impact so far on the UAE of disruption to Red Sea shipping routes from Houthi attacks.

"We think our country will not be disturbed with that... we are in a good position, and it's about how we are resilient, and the adaptability of the system here to face the challenges facing the world and the region," al-Zeyoudi said in an interview.

The non-oil sector vastly outperformed overall GDP growth in the first six months of 2023, surging almost 6% compared to overall growth of 3.7%.

"CEPAs are going to play a major role on our foreign trade numbers moving forward," al-Zeyoudi told Reuters, adding that UAE's trade with its first CEPA partner, India, grew around 4% last year, while trade with Türkiye more than doubled, the fastest growth among the UAE's top 10 trade partners.

Expanding services sectors in UAE include travel and tourism, information and communication technology, financial services and professional services, while major non-oil exports include gold, aluminium, jewellery, copper wire and ethylene polymers.

The UAE's non-oil commodity exports grew 16.7% last year to 441bn dirhams, contributing 17.1% to foreign trade, up from 14.1% in 2019, al-Zeyoudi said in his social media post.

Re-exports increased almost 7% to 690bn dirhams.



A general view of the Abu Dhabi city from the observation deck of Emirates Towers in Abu Dhabi. Since 2021, the UAE has initiated a raft of bilateral trade, investment and co-operation deals – called Comprehensive Economic Partnership Agreements (CEPAs) – to bolster efforts aimed at diversifying income sources and economic sectors.

QBWA, QIB sign partnership deal to support women in business

The Qatari Business-women Association (QBWA) and Qatar Islamic Bank (QIB) signed a partnership agreement yesterday geared towards engaging in diverse activities to support women in business in Qatar and the region.

The agreement, which was signed by QBWA vice-chairperson Aisha Alfardan and QIB Group CEO Bassel Gamal, represents a significant milestone in QBWA's continuous efforts towards women empowerment. It also amplifies QBWA's impact and solidifies its position as a key player in driving economic growth.

It also underscores QIB's ongoing dedication to supporting women as part of its strong commitment to the local economy and the strengthening and diversification of the private sector. Through a diverse array of tailored products and services, QIB provides a foundation to empower female entrepreneurs and professionals, thereby unlocking the potential of future generations in alignment with the Qatar National Vision 2030.

During the signing ceremony, Alfardan thanked QIB for its support and emphasised the importance of this collaboration in driving meaningful change.

"At QBWA, we firmly believe that empowering women in business is not only important but is also considered a strategic investment in our collective future. By partnering with QIB, we are strengthening our ability to provide women entrepre-



The agreement, signed by QBWA vice-chairperson Aisha Alfardan and QIB Group CEO Bassel Gamal, represents a significant milestone in QBWA's continuous efforts towards women empowerment

neurs with the support and the resources they need to succeed and thrive in today's competitive landscape," she said.

Gamal said, "We are pleased to announce our collaboration with QBWA for the upcoming year. This partnership will benefit female entrepreneurs and business owners by introducing all QBWA members to QIB's complete set of financial products and services. Our goal is to support entrepreneurship and innovation while offering financial security to each individual.

"As a bank deeply rooted in Qatar, we consider it our responsibility to contribute to the nation's growth and well-being. QBWA has proven itself as a driving force in economic development, aligning with the government's vision. We are proud to collaborate

with such a dynamic organization."

Through this significant partnership with QBWA, QIB aims to foster an environment that encourages women's active participation in the economy, ultimately benefiting both women and society as a whole.

Recognising the multifaceted roles and unique financial needs of women, QIB's Ladies Banking initiative offers meticulously designed solutions to empower women, enabling them to pursue their financial goals and professional aspirations with confidence.

Aligned with the increasing influence of women in Qatar, the initiative stands as a testament to their active involvement. It provides exclusive call centres, tailored products and services, and a 'ladies credit card' with exclusive rewards and benefits,

all designed to cater to the distinct financial requirements of female clients while ensuring privacy and comfort.

QIB and QBWA recognise the important contributions women make to the economy and society at large and share a mutual commitment to fostering a culture of diversity, equality, and opportunity, where women are valued partners in shaping a prosperous future for Qatar.

QBWA is an independent non-profit entity working under the umbrella of the Qatari Businessmen Association (QBA), which was established under the Amiri Decree No. 14 for 2002. QBWA aims to empower women and promote their active participation in the economy, benefiting both women and society as a whole.

It has played a vital role in

driving economic growth in line with the government's vision. The association has emerged as a leading model of best practices and active participation. QBWA's strategy is focused on expanding its impact locally, regionally, and globally, building partnerships with both Qatari and international organisations to advance its mission and achieve its goals.

Established in 1982, QIB stands as Qatar's pioneering Islamic institution and the second-largest bank in the country. It provides a diverse array of banking products and services catering to both individuals and businesses. QIB's dedication to innovation, customer contentment, and upholding the utmost ethical standards has positioned it as a reputable and trusted financial institution in Qatar.

China's first homegrown airliner makes international debut in Singapore

Reuters
Singapore

China's challenger to Airbus and Boeing's passenger jets, the narrow-body C919 manufactured by the Commercial Aircraft Corp of China (COMAC), has made its first trip outside Chinese territory, staging a fly-by at the Singapore Airshow on Sunday.

China has invested heavily in its attempt to break the hold of the dominant two Western planemakers on the global passenger market. China has indicated a push this year to advance the C919 and COMAC's footprint domestically and internationally. The plane is only certified within China and the first of now four C919s began flying with China Eastern Airlines last year. With Airbus and Boeing struggling to ramp up production and meet demand for new planes, and Boeing struggling with a string of crises, the aviation industry is watching how COMAC positions itself as a viable alternative. COMAC will invest tens of billions of yuan over the next three-five years to expand C919 production capacity. Chinese media reported a COMAC official saying in January. China's aviation authority said last month it would this year pursue European Union Aviation Safety Agency (EASA) validation for the



A COMAC C919 aircraft performs during a preview of the Singapore Airshow on Sunday. China has invested heavily in its attempt to break the hold of the dominant two Western planemakers on the global passenger market.

C919, a process which began in 2018. The C919 was one of two commercial planemakers flying their planes off Singapore's coast alongside Airbus at a Sunday preview for Asia's biggest air show. Boeing will not display a commercial aircraft this year. COMAC has two passenger products: the ARJ21 regional jet and the larger C919 twin-engine narrow-body airliner with 158-192 seats, which competes with the established Airbus A320neo and Boeing 737 MAX 8 models. The C919 made its first flight outside mainland China in December to Hong Kong. ARJ21s are in use by Indonesia's TransNusa Air.

China central bank leaves key policy rate unchanged under shadow of the Fed

Reuters
Shanghai/Singapore

China's central bank left a key policy rate unchanged as expected on Sunday when rolling over maturing medium-term loans, with uncertainties around the timing of an easing by the Federal Reserve limiting Beijing's room to manoeuvre on monetary policy.

Beijing is striking a delicate balancing act to support the economy at a time when signs of persistent deflationary pressure call for more stimulus measures. But any aggressive monetary movement risks reviving depreciation pressure on the Chinese currency and capital outflows.

With investors now pushing back the start of the Fed monetary easing to at least the middle of the year from March, following the latest US data, traders and analysts expect China could hold back rolling out imminent stimulus.

The People's Bank of China (PBoC) said it was keeping the rate on 500bn yuan (\$69.51bn) worth of one-year me-

dium-term lending facility (MLF) loans to some financial institutions unchanged at 2.50% from the previous operation.

Sunday's operation was meant to "maintain banking system liquidity reasonably ample," the central bank said in an online statement.

In a Reuters poll of 31 market watchers, 22, or 71%, of all respondents expected the central bank to keep the borrowing cost of the one-year MLF loans unchanged on Feb. 18.

With 499bn yuan worth of MLF loans set to expire this month, the operation resulted a net 1bn yuan fresh fund injection into the banking system.

Chang Wei Liang, FX & credit strategist at DBS, said the steady MLF rate comes as "policymakers' preference to anchor the yuan and limit negative rate differentials with the US dollar."

Still, some investors and market watchers have ramped up their bets of more monetary easing measures in coming months to support the world's second largest economy after the central bank delivered a deep cut to bank reserves earlier this month.

The PBoC said in its latest monetary policy implementation report that it would keep policy flexible to boost domestic demand, while maintaining price stability.

"We continue to expect two rounds of rate cuts in Q1 and Q2, with 15 basis points each to both the open market operations (OMO) and MLF rates," Ting Lu, chief China economist at Nomura, said in a note ahead of the loan operation.

He added that the latest round of easing measures, including an earlier-than-expected reserve requirement ratio (RRR) cut, "failed to stabilise market sentiment".

The central bank-backed Financial News, reported on Sunday citing market watchers that the benchmark loan prime rate (LPR) could fall in coming days, with five-year tenor more likely to be reduced.

"Lowering five-year LPR will help stabilise confidence, promote investment and consumption, and also help support the stable and healthy developments of the real estate market," the newspaper said on its official WeChat account soon after the MLF rate decision.

Female entrepreneurs grow in confidence

By Fahad Badar

Women make up a significant proportion of entrepreneurs in Qatar. Many run small businesses in the food and beverage sector, but there are signs of growth in others, encouraged by the National Vision 2030

Women make up a minority of the population of Qatar, which has a high number of expatriate individuals. But it is a growing minority, from 24% of the population to 28% in the past decade, and a highly educated one – there are more female than male students in Qatari universities. A significant number of women – around one fifth of the population – are running their own business or planning to do so. This development is encouraged as part of the Qatar National Vision 2030,

and supported by government policies such as mentoring programmes and financial support. This year a report into the state of play and prospects for female entrepreneurs was published. It was initiated by the Qatar Development Bank, in association with Namaa, Qatar Chamber, Qatar University and HEC Paris. The main survey informing the report involved interviewing 100 female Qatari entrepreneurs. Among the findings are that women who start a business are mostly like to do so between the ages of 25 and 34, and that they tend to be graduates. More than a quarter (28%) are in food and beverage, while 19% are in the clothing sector, both manufacturing and retail; with other retail sectors in third place at 15%. The report notes that Women Technopreneurs is an initiative started by Microsoft and INJAZ Qatar to encourage female

entrepreneurs in the hi-tech sector, with a particular focus on artificial intelligence. Motivations for starting a business produced varying answers. More than half (54%) cited the opportunity to earn more, with 37% citing greater independence, and 33% to meet a market need or niche. A quarter of respondents wanted to develop a product or service that they were passionate about (respondents could cite more than one motivating factor). Personal savings were the most popular source of investment capital, cited by 44% of respondents who were owners of established businesses, followed by personal loans at 33% and commercial loans (28%). The proportions of those seeking to start a business were rather different, with just 21% reporting personal savings, 36% a personal loan and 50% commercial loan. More than

half of the entrepreneurs had at least a degree, and a significant proportion were qualified to masters of PhD level. From anecdotal information, it is likely that a proportion of the personal savings have come directly or indirectly from parental wealth. It is a common practice, in the Gulf and elsewhere, for owners of family businesses to help their offspring set up a business in the real world – as a good experience in its own right and to help acquire skills and knowledge that may be of help to the family firm. If the enterprise does not become profitable and successful it can still be valuable experience, and the investment loss does not have the same negative consequences as if the start-up capital had been a bank loan. In the survey, the main constraining factors facing women entrepreneurs were listed as high rents, by 35% of those with an

established business and by 29% of those seeking to start a business. Finding people with the right skills was second factor listed by both categories, at 30% and 21% respectively. Challenges mentioned by interviewees included regulations and licensing processes; finance, and access to technical skills. Qatar scores well both regionally and globally on rankings of entrepreneurial culture, according to the Global Entrepreneurship Monitor Qatar National Report 2021, but there are inevitably many policies that can be developed and improved. There are certain challenges for women – for example, 87% of respondents in the 2023 study have caring responsibilities – while many challenges are faced by both women and men, such as access to financial advice and skilled people. The female entrepreneurs studied were mostly running small



businesses, with an average of 10 employees. Key to boosting both opportunities for women and economic development generally is to encourage the establishment and scaling of businesses, and to do so across all sectors. There is no doubting the intellectual and entrepreneurial potential.

■ The author is a Qatari banker, with many years of experience in the banking sector in senior positions.

QFC Employment Standards Office promotes ESG and Just Transition practices in strategic dialogue

The Employment Standards Office (ESO) of the Qatar Financial Centre (QFC) recently hosted a strategic dialogue themed 'The Importance of Just Transition and Investment in Human Capital to Promote Equality and Inclusivity of Labour Practice'.

The initiative, organised in co-operation with Gulf Sustain, a programme supported by the Swiss Agency for Development and Co-operation and Unesco Chair on Environmental Law and Sustainable Development, aimed to raise awareness of the role of human capital in the Environmental, Social, Governance (ESG) and Just Transition. The inaugural session of the dialogue explored the concept of Just Transition, which emphasises the necessity of addressing both environmental and social concerns in the transition to a more sustainable economy. It focused on championing the role of the private sector in inclusive and equitable transition planning.

During the discussions, distinguished experts and representatives from the QFC, Gulf Sustain, the International Labour Organisation (ILO), the Unesco Chair on Environmental Law and Sustainable Development, and the United Nations (UN) Working Group on Business & Human Rights analysed 'Just Transition and Environmental, Social and Governance (ESG) Frameworks through the Social Lens'. They shared invaluable insights into ESG and the broader social implications of economic transitions towards more sustainable economies, emphasising the critical role of fairness, equity, and inclusivity for workers.

Yousuf Mohamed al-Jaidia, chief executive officer, QFC, said: "This event exemplifies the QFC's commitment to the UN Sustainable Development Goals and contributing to a future where progress goes hand in hand with inclusivity and sustainability. These values are ingrained in our strategic vision, and through initiatives that promote fairness and environmental stewardship, such as this dialogue, we aim to take significant steps towards a brighter, more equitable tomorrow."

Damilola Olawuyi, the Unesco Chair on Environmental Law and Sustainable Development at the Hamad Bin Khalifa University, emphasised the importance of tailored capacity development, reskilling and training initiatives to effectively leverage the opportunities provided by ongoing technology transformation and digitalisation. He added: "The ongoing



The dialogue, which gathered subject matter experts, aims to raise awareness of the role of human capital in the Environmental, Social, Governance and Just Transition.

transition raises the need for a skilled, talented, and motivated workforce capable of supporting a knowledge-based economy. By prioritising training and capacity-building programmes, companies can be better prepared to align their practices and decision-making to advance the United Nations Guiding Principles on Business and Human Rights, as well as the Qatar National Vision 2030. This Dialogue is an important step in this regard, and we look forward to building on its evident success."

Carlotta Ferrero, head of Gulf Sustain, stressed the need to frame discussions on what constitutes a just transition within the wider local and global contexts, stating: "An inclusive and all-society approach is necessary for making the just transition a reality for all, including vulnerable workers. Private sector companies must navigate transition processes in response to their specific contexts and sectors, using existing tools and frameworks such as ESG.

"Doing so requires us to unpack how the E and the S relate to each other, where progress on one can further the other. Events including this dialogue give private sector companies an opportunity to reflect on their progress, exchange knowledge across industries, and strive to do better in the future."

Max Tuñón, head of the ILO Doha Project Office, said: "More than ever, the private sector has a vital role to play in transforming economies, safeguarding the environment, and ensuring human dignity in the workplace. We commend the efforts being made by QFC to champion new standards and practices, including due diligence within procurement processes. By giving more priority to sustainability and decent work, companies can contribute to the preservation of our planet and also promote social justice."

Luigia Ingianni, ESO Commissioner, QFC, highlighted the importance of promoting decent work and ensuring Just Transition towards a more sustainable world of work to economic development and the creation of more sustainable societies.

Qatar Shell, partners find way to repurpose industrial waste at Pearl GTL into soil enhancer

Qatar Shell Research and Technology Centre (QSRTC), in collaboration with Texas A&M University at Qatar (Tamuq), Qatar University (QU) and the Ministry of Municipality (MM), has celebrated the conclusion of a ground-breaking research project supported by QNRF to repurpose industrial waste generated at the Pearl gas-to-liquids plant (Pearl GTL) in Ras Laffan.

The multi-year research project has achieved a breakthrough in converting biosludge, an organic-rich by-product of the Pearl GTL process, into a valuable soil enhancer for non-edible agricultural crops in Qatar.

Historically consigned to landfills, this biosludge can now serve a sustainable purpose, marking a significant milestone in environmental stewardship.

Foteini Nikolopoulou, vice-president HSSE Qatar and Pearl GTL Operations – Shell, highlighted the project's importance, stating: "The biosludge generated at Pearl GTL is rich in organic matter.

By diverting it from landfills and exploring its potential as a soil enhancer, the project is making a positive contribution to our sustainability goals in Qatar. This collaboration has been successfully applied by working together with our key stakeholders, who are experts in the field."

Hamad al-Shemari, director, Agricultural Research Department at the Ministry of Municipality, emphasised Qatar's commitment to advancing agricultural research aimed at repurposing waste.



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Highlighting Qatar's global leadership in LNG production, he also emphasised the nation's endeavour to explore sustainable methods for utilising waste from its industrial sector, making a substantial contribution to

the preservation of the local environment.

Al-Shemari expressed pleasure in collaborating with esteemed partners on this impactful project.

The biosludge used in this study originates from industrial process water. Scientists ensure its safety for non-edible

agricultural use by eliminating pathogens commonly found in municipal biosludge.

A pivotal aspect of the project involves assessing the viability of using biosludge for cultivating cash crops like cotton.

This is particularly significant for Qatar, given its infertile land and its rank as the world's second-largest consumer of fertiliser per hectare of agricultural land.

Dr Sabah Solim, Research Programme lead at Shell, emphasised the long-term goal this type of work.

"As we celebrate the successful conclusion of this transformative project, Qatar Shell, alongside its partners, remains dedicated to fostering innovation and sustainable practices. This collaborative endeavour exemplifies a commitment to driving positive change and aligns with Qatar's vision for a more sustainable future," he said.

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Qatar Chamber panel calls for establishment of land transport firm under PPP system

The Qatar Chamber Services Committee, which was presided over by Qatar Chamber board member Ali bin Abdullatif al-Misnad, recently held its first meeting for the new council.

Al-Misnad lauded the role performed by the committee during the previous council, describing it as a key link between the private sector and relevant bodies in the state. The committee called for the establishment of a land transport company under the public-private partnership (PPP) system based on Law No (12) of 2020, which organises the partnership between the government and private sectors.

The aim is to eliminate trade cover-ups, localise the transport sector, increase citizens' employment opportunities, reduce unequal competition, enhance operational efficiency at both local and regional levels, and boost the contribution of the services sector to the domestic output of the national economy.

During the meeting, attendees reviewed obstacles facing the transport and logistics



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services sector. They agreed to address two topics raised at the meeting and to forward the committee's recommendations regarding these topics to relevant bodies using scientific and logical means. It was recommended that the committee should hold a series of meetings with concerned bodies to address such obstacles.

Members of the committee also agreed that they shall convene regular meetings once every two months, with the possibility of increasing the frequency if needed. The committee also called on services sector members to join the committee, adding that it is welcome to all suggestions and views that contribute to the development of the sector and enhance its role in achieving the Qatar National Vision 2030.