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QUBF prioritises tech, partners with Ukrainian innovation hub

Monday, March 25, 2024
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GULF TIMES
BUSINESS

MARKET SUPPORT : Page 2

QSE moving to T+2 settlement cycle from today

QatarEnergy enters into time charter agreements with Nakilat for operation of 25 LNG vessels

■ **TCP deals are part of second ship-owner tender under QatarEnergy's historic LNG fleet expansion programme**

The agreements were signed yesterday by HE the Minister of State for Energy Affairs, Saad bin Sherida al-Kaabi, who is also the President and CEO of QatarEnergy, and Abdullah al-Sulaiti, CEO, Nakilat, at a ceremony held at QatarEnergy's headquarters in Doha, and attended by senior executives from QatarEnergy, QatarEnergy LNG, and Nakilat.

QatarEnergy signed time-charter party (TCP) agreements with Qatar Gas Transport Company (Nakilat) for the operation of 25 conventional-size LNG vessels as part of the second ship-owner tender under QatarEnergy's historic LNG fleet expansion programme.

The agreements were signed yesterday by HE the Minister of State for Energy Affairs, Saad bin Sherida al-Kaabi, who is also the President and CEO of QatarEnergy, and Abdullah al-Sulaiti, CEO, Nakilat, at a ceremony held at QatarEnergy's headquarters in Doha, and attended by senior executives from QatarEnergy, QatarEnergy LNG, and Nakilat.

Some 17 of the 25 LNG vessels are being constructed at the Hyundai Heavy Industries (HHI) shipyards in South Korea, while the remaining eight are being constructed at Hanwha Ocean (formerly Daewoo Shipbuilding & Marine Engineering) also in South Korea.

Commenting on this occasion, al-Kaabi said, "These agreements firm up last month's selection of Nakilat as the owner and operator of up to 25 conventional-size LNG carriers, underscoring our continued confidence in Qatar's flagship LNG shipping and maritime company. This is a testament to Nakilat's world-class capabilities as well as to the significant contributions of Qatari listed companies to our country's national economy."

Al-Kaabi added: "The agreements we signed today play an important role in implementing QatarEnergy's historic LNG shipping programme, which will cater for our future requirements, as we move forward with the expansion of our LNG production capacity to 142mn tonnes per annum by 2030, ensuring additional cleaner and reliable energy supplies to the world."

Each of the 25 vessels will have a capacity of 174,000 cubic metres and will be chartered out by Nakilat to affiliates of QatarEnergy, pursuant to the 15-year TCP agreements.

Sheikh Mohamed meets US ambassador

HE Sheikh Mohamed bin Hamad bin Qassim al-Thani, Minister of Commerce and Industry, yesterday met with Timmy Davis, US ambassador to Qatar. The meeting discussed the co-operation relationships in fields like trade, investment, and industry between the two countries, and ways to enhance and develop them. Besides, a number of subjects of mutual interest also came up for discussions.

QNB gets *Euromoney*'s 'Best Private Bank for 2024 in Qatar' award

QNB, the largest financial institution in the Middle East and Africa, won *Euromoney*'s award for 'Best Private Bank for 2024' in Qatar, a "reflection of its pioneer position" in investments and private banking.

The prestigious award represents the highest distinction to the banks who demonstrate an exceptional business performance in private banking industry.

Part of the QNB Group, QNB Private is the first private bank in Qatar, which provides world-class wealth management for its customers, who are given access to globally recognised wealth management opportunities and a team of advisors.

From private banking to wealth management, QNB Private's products and solutions are specially designed to meet customers' financial needs and satisfy their aspirations.

Adel Khashabi, senior executive vice-president, QNB Group Asset and Wealth Management, said, "Winning this prestigious award aligns with our belief that private banking is a personal journey where each customer receives a customised experience bringing international wealth management expertise and tailor-made solutions.

"Our qualified wealth management team work closely with customers to understand their individual financial needs and develop investment portfolios to meet their expectations in line with our vision to become their trusted financial partner for generations to come."

Euromoney's recognition was based on comprehensive certified qualitative and quantitative criteria and standards across a range of measures.

QNB Group currently ranks as the most valuable bank brand in the Middle East and Africa. Through its subsidiaries and associate companies, the group extends to some 28 countries across three continents providing a comprehensive range of advanced products and services. The total number of employees is more than 30,000 operating from approximately 900 locations, with an ATM network of over 4,800 machines.

From private banking to wealth management, QNB Private's products and solutions are specially designed to meet customers' financial needs and satisfy their aspirations

Asia continues to be 'principal market' for Qatar LNG; accounts for 72% of total supplies in 2022, says GECF

By Pratap John
Business Editor

Principal market for Qatari LNG continues to be Asia, accounting for 72% of its total supplies in 2022, Doha-based Gas Exporting Countries Forum (GECF) said in a report.

Qatar accounted for 16% of European LNG imports in 2022, GECF said in its 'Global Gas Outlook 2050'.

In 2022, net gas exports from the Middle East amounted to 139 bcm. Projections indicate a significant surge in overall net exports to 292 bcm by 2050.

In 2022, the Middle East contributed 96mn tonnes to global LNG exports, representing 25% of the total global LNG exports.

Qatar secured the top position as the leading global LNG exporter, shipping 79mn tonnes, while Oman and the UAE exported 11mn tonnes and 5.5mn tonnes respectively.

"Notably, Qatar supplied 16% of European LNG imports. However, Europe only represented 24% of Qatar's overall LNG exports, while the principal market for Qatari LNG continued to be Asia, accounting for 72% of the total," GECF said.

According to the forum, the "primary force propelling natural gas exports" from the Middle East is set to be growth in LNG supplies, notably led by Qatar.

The upward trajectory of Qatar's position as a leading global LNG exporter in 2022 indicates a growing momentum towards additional expansions or advancements post-2030s and 2040s following the North Field expansion projects.

With ambitions to increase its current capacity of 77mn tonnes per year by 64%, Qatar aims to reach 126mn tonnes per year through the North Field expansion by 2028.

By 2050, LNG exports from the Middle East will reach 205mn tonnes, largely due to the expansion efforts in Qatar.

Anticipated long-term LNG imports are predicted to reach 16mn tonnes by 2050. Consequently, the long-term outlook suggests an expansion of LNG net exports to reach 189mn tonnes. Primary destination for Middle Eastern LNG is expected to continue being Asia, with that region set to have an even more significant role in the long run.

By 2050, GECF noted, the Asia Pacific region is poised to receive 186mn tonnes of LNG sourced from the Middle East, constituting over 90% of all LNG exported from that region.

The region possesses 101mn tonnes per year of liquefaction capacity, primarily dominated by Qatar's 77mn tonnes per year. Plans are in progress from 2022 to 2050 to add approximately 130mn tonnes per year of extra LNG liquefaction capacity to the region, with Qatar leading expansion efforts.

The utilisation rate of this increased LNG liquefaction capacity is projected to be high, surpassing 90% by 2050, GECF said.

Barwa Real Estate Group appoints Ahmed Mohamed al-Tayeb as CEO

Barwa Real Estate Group announced the appointment of Ahmed Mohamed al-Tayeb (***pictured***) as its CEO.

"Ahmed Mohamed al-Tayeb is recognised as one of Qatar's competencies with extensive experience and proficiency in real estate development and project management," Barwa said last night.

Al-Tayeb held executive positions in several national companies and institutions. He served as the CEO (Investment Sector) at Qatari Diar Real Estate Investment Company, where he managed a portfolio worth $35bn.

He began his professional career by working for seven years in communications and operations management for the Special Forces, Ministry of Interior. He then joined RasGas and served the LNG company for six years, working on various projects. After that, he worked for two years at the Amiri Diwan. He also worked for two years in the Project Management Office at the Supreme Committee for Projects and Legacy.

Additionally, al-Tayeb served as chairman and member of board of directors of several companies in Qatar.

He holds a master's degree in Electrical Engineering from the University of Colorado, Denver, US.

HE Abdullah bin Hamad al-Attiyah, chairman, Barwa's Board of Directors welcomed al-Tayeb to the new position, expressing their great confidence in him and BoD's anticipation of his role in implementing the board's vision, which aims to continue the company's journey, enhance its position locally and globally, and sustain shareholders returns.

Al-Attiyah and Barwa board members also expressed their gratitude to Abdullah bin Jobara al-Rumaihi for his efforts during his tenure as CEO of the Group.

The move to T+2 settlement cycle from 'T+3 further aligns Qatar's capital market with international standards and makes it more attractive to both domestic and foreign investors

QSE moves to T+2 settlement from today to boost appeal

By Santhosh V Perumal
Business Reporter

Qatar's stock market will move to 'T+2' settlement cycle from 'T+3', effective from today, in a bid to help investors receive their cash faster and substantially reduce the operational and counterparty risks.

The strategic move focuses on shortening the settlement period at the Qatar Stock Exchange and complements the Qatar financial market development initiatives. The move to T+2 further aligns Qatar's capital market with international standards and makes it more attractive to both domestic and foreign investors.

The endeavour is to follow the best international practices in the global financial markets in order to provide the best ways and functions to enhance the efficiency of Qatar's securities market.

The settlement cycle has remained at trade date plus three business days (T+3) in Qatar, where the global fund managers have been eyeing the fastest growing economy due to its strong macro fundamentals, especially after Doha unveiled its plans to enhance its liquefied natural gas production from the present 77mn tonnes per annum, which offered indirect benefits to the private sector as well.

The 'T+2' settlement cycle ensures seamless international fund management, which in turn, helps in enhancing the competitive edge of the Qatari capital market, market sources said.

In conjunction with the launch of T+2 settlement, the QSE has amended the covered short selling procedures for exchange traded fund (ETF) units, and of the market maker, liquidity provider and qualified investor.

A key industry demand has been to shorten the settlement cycle in view of Qatar having the necessary enablers such as the market and technological infrastructure.

A cost-benefit analysis of the shortened settlement cycle has found that major bourses across the world favour shortened settlement period as it helps reduce clearing and settlement risk as well as the overall costs for the securities' industry, thus making the market safer.

The significant improvements in straight through processing and the underlying technology over the last few years call for a shortened settlement cycle, which at this point of time greatly improves volume and liquidity in the system, market experts said.

QSE sees brisk demand at telecom and transport counters, but M-cap falls QR1bn

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday saw brisk demand especially at the telecom and transport counters as its key index settled marginally higher.

The foreign institutions were seen net buyers as the 20-stock Qatar Index edged 0.03% up to 10,214.75 points, although it touched an intraday high of 10,252 points.

The Gulf institutions were seen increasingly bullish in the main market, whose year-to-date losses narrowed to 5.69%.

The Gulf individuals were net buyers, albeit at lower levels, in the main bourse, whose capitalisation however melted QR1.07bn or 0.18% to QR587.93bn, with small and microcap segments leading the pack of losers.

The local retail investors continued to be net buyers but with lesser intensity in the main market, which saw as many as 40 exchange traded funds (sponsored by Masraf Al Rayan) valued at QR90.8mn trade across one deal.

The domestic institutions were increasingly net profit takers in the main bourse, which saw no trading of sovereign bonds.

The Islamic index was seen gaining faster than the main barometer in the main market, which reported no trading of treasury bills.

The Total Return Index was up 0.03% and the All Islamic Index by 0.13%, while the All Share Index was down 0.05% in the main bourse, whose trade turnover and volumes were on the decline.

The telecom sector index increased 0.91%, transport (0.42%) and consumer goods and services (0.08%); while insurance declined 0.68%, industrials (0.2%), banks and financial services (0.13%) and real estate (0.07%).

Major movers in the main market included Meeza, Qatar General Insurance and Reinsurance, Ooredoo, Al Faleh Educational Holding, QIIB, Inma Holding and Qamco.

Nevertheless, as much as 54% of the traded constituents in the main bourse were in the red with main losers being Ahlibank Qatar, Lesha Bank, Ezdan, Alijarah Holding, Qatari German Medical Devices, Salam International Investment, Qatar Industrial Manufacturing, Industries Qatar, Mazaya Qatar, Gulf Warehousing and Qatar Insurance.

In the venture market, Al Mahhar Holding saw its shares depreciate in value.

The foreign institutions turned net buyers to the tune of QR20.58mn compared with net sellers of QR1.89mn on March 21.

The Gulf institutions' net buying increased noticeably to QR9.36mn against QR0.6mn the previous trading day.

The Gulf individuals were net buyers to the extent of QR0.2mn compared with net sellers of QR0.02mn last Thursday.

However, the domestic institutions' net selling expanded markedly to QR29.08mn against QR20.34mn on March 21.

The Arab individuals turned net profit takers to the tune of QR2.15mn compared with net buyers of QR1.88mn the previous trading day.

The local retail investors' net buying decreased considerably to QR0.73mn against QR17.5mn last Thursday.

The foreign individual investors' net buying weakened markedly to QR0.37mn compared to QR2.38mn on March 21.

The Arab funds had no major net exposure against net profit takers to the extent of QR0.11mn the previous trading day.

Trade volumes in the main market declined 22% to 105.52mn shares, value by 29% to QR274.92mn and deals by 29% to 9,692. In the venture market, trade volumes jumped more than seven-fold to 0.22mn equities and value grew almost seven-fold to QR0.34mn on more than five-fold growth in transactions to 32.


IMF managing director Kristalina Georgieva speaks during the China Development Forum in Beijing on Sunday.

IMF chief urges China to boost growth with 'pro-market reforms'

AFP
Beijing

The head of the International Monetary Fund on Sunday called on China to implement "a comprehensive package of pro-market reforms" to boost a sluggish economy beset by a housing market crisis, low domestic demand and persistently high youth unemployment.

Chinese policymakers have so far resisted calls to juice the economy through massive government stimulus, instead stressing the need to pivot towards "high-quality" growth.

Speaking at the China Development Forum in Beijing on Sunday, IMF managing director Kristalina Georgieva said the "transition from high rates to high quality of growth is the right fork in the road to take and China is determined to do so".

The Bulgarian economist warned that "this transformation would not be easy", but argued that "with a comprehensive package of pro-market reforms, China could grow considerably faster than a status quo scenario", according to an official transcript of her speech. Beijing should take "decisive steps" to reduce the amount of unfinished housing and give more space for "market-based corrections" in the crucial but heavily indebted real-estate sector, Georgieva said.

Authorities should also boost "the spending power of individuals and families" by beefing up China's pension system and taking other steps to hone its vast social security apparatus, she added.

Georgieva also pushed China to strengthen "the business environment and (ensure) a level playing field between private and state-owned enterprises", a long-standing demand of overseas business groups operating in the Asian nation.

Top Chinese politicians have been outwardly bullish on the economy, with Premier Li Qiang telling Sunday's forum that Beijing would "take practical, effective actions to promote high-quality development and inject positive energy… into the global economic recovery".

But GDP growth rates in China have been trending downwards for years, and Beijing this month set an annual target of "around 5%" — significantly lower than the breakneck expansion rates that powered the country's meteoric rise to prosperity.

Sunday's forum was attended by some of the world's highest-profile business figures, including Apple's Tim Cook, who said he had enjoyed an "outstanding" meeting with Li.

"I think China's really opening up, and I'm so happy to be here," the CEO of the United States' largest smartphone empire told a reporter from CGTN, according to a video posted on one of the state-run broadcaster's social media accounts.

In separate comments published online by state broadcaster CCTV, Cook said Apple would keep increasing its investment in research and development in China.

He added that Apple's flagship mixed-reality headset, the Vision Pro, would hit shelves in China by the end of this year, according to a social media post that carried his remarks in Chinese translation only.

Cook was in Shanghai to open a new Apple store last week, and on Friday discussed the company's expansion plans in China with the country's commerce minister, Wang Wentao.

Apple CEO tells China forum AI is key for climate battle

Bloomberg
Beijing

Apple Inc Chief Executive Officer Tim Cook said artificial intelligence is an essential tool for helping businesses reduce their carbon footprint, as he joined a climate change dialogue Sunday at the China Development Forum.

Cook took part in a discussion at the annual Beijing event as the culmination of a week of public displays of his company's commitment to China. He earlier met Commerce Minister Wang Wentao and announced plans to invest further in Apple's supply chain, stores and research in the country.

Apple has set some of the most ambitious targets among its peers for reducing its carbon footprint — with the Apple Watch touted as its first carbon neutral product. Cook focused on that theme in his remarks and for much of his visit.

"We are making great progress, we are not there yet, and the road ahead requires more innovation," Cook said of the company's environmental goals. Apple is pouring substantial investment and resources into its AI development, not least because it has been surpassed by more aggressive competitors like OpenAI with its ChatGPT.

AI "provides an enormous toolkit for every company that's wishing to be carbon neutral or to lower their emissions by a substantial amount," the 63-year-old CEO said. It can help businesses calculate an individual person's carbon footprint, identify materials available for recovery and offer strategies for recycling.

Like Apple, China's leading tech companies are racing to get ahead in the AI contest. However US trade sanctions have curbed their access to the best semiconductors for the task, made by Nvidia Corp.

The Apple chief returned to the CDF at a time when Beijing wants to show it is open for business. Cook was also one of the marquee names on last year's list of participants, which was the first time the event was held in-person after three years of Covid isolation. He spoke with China Premier Li Qiang and other CEOs of international corporations following Li's opening speech.

Cook told reporters that he had visited China frequently over the past year because "it's so vibrant and so dynamic here, I just always enjoy coming." His social team documented on his Weibo profile visits with supply partners and a small coffee-making business using Apple technology.

"To make the best products we need partners who share our commitment to innovation and protecting the planet," Cook said in one of the posts, lauding suppliers BYD Co, Lens Technology Co and Shenzhen Everwin Precision Technology Co. He also praised coffeemaker Saturnbird for recycling its coffee grounds and containers.

The environmental theme to Cook's trip — which included opening an expansive new store in Shanghai on Thursday — may have been chosen to avoid falling afoul of geopolitical sensitivities. Relations between the US and China have continued to deteriorate, with threats to ban ByteDance Ltd's TikTok in the US if its Chinese owner doesn't divest.

Apple has been on the receiving end of China's riposte, as it's had to navigate an escalated ban on iPhones in Chinese government-run or state-backed businesses.


Apple CEO Tim Cook poses for a selfie during the China Development Forum in Beijing.

Bloomberg QuickTake Q&A

Why the yen is so weak and what that means for Japan

By Yoshiaki Nohara

The yen has continued to languish near its historic low versus the dollar, mainly because interest rates in Japan remain much lower than those in the US and elsewhere, diminishing the currency's relative allure. The downward pressure persists even after the Bank of Japan raised interest rates earlier last week for the first time in 17 years. The yen's decline has both benefited and harmed the economy, businesses and consumers. Japanese policymakers remain on guard against the possibility they may have to intervene to support the currency, as they did in 2022.

1. Why is the yen so weak?

The yen has been the worst performer this year among major currencies against the US dollar, falling more than 6%. That's mainly because of the wide gap in interest rates between Japan and the US. In a historic move, the BoJ last week ended the world's last negative rate policy with its first hike in 17 years. Even so, Japan's new policy rate is by far the lowest in the developed world, at a range of between 0% and 0.1%. Days later, Fed officials left the benchmark federal funds rate in a range of 5.25% to 5.5%. That's a major gap favouring investments in the US and therefore the dollar.

2. Will the yen stay weak or rebound?

That will largely depend on the trajectory of the interest rate gap. BoJ Governor Kazuo Ueda has made it clear Japan's overall policy settings will remain accommodative, meaning he's unlikely to raise rates fast or by a lot. With the market predicting the rate gap will stay wide, the yen fell toward its historic low versus the dollar. The yen rebounded somewhat after Fed Chair Jerome Powell signalled the US central bank will stick to its plan of cutting rates three times in 2024 despite bumpy inflation. That indicates the rate gap will shrink later this year, a development that would support the yen.

3. What does the weak yen mean for the economy?

Generally, a weaker yen helps large Japanese companies with global operations because it increases the value of repatriated overseas profits. A weak currency can also help tourism by boosting the buying power of incoming travellers. Visitor numbers and their spending have recovered strongly to exceed pre-pandemic levels. On the downside, a soft yen makes imports of energy and food more expensive, hitting consumers. Earlier in March, the nation's largest umbrella group


Examples of Japanese yen banknotes are displayed at a factory of the National Printing Bureau producing Bank of Japan notes in Tokyo.

of unions said secured the latest wage hikes in decades for the coming fiscal year. Wage gains exceeding inflation may give consumers more confidence about spending. Prime Minister Fumio Kishida hopes one-off tax cuts starting in June will support consumer sentiment, too.

4. What's next for the BoJ?

Investors and economists are split over whether the BoJ is finished with raising interest rates this year or will make another move. Ueda said if inflation runs hotter than expected, another rate hike would be on the table. The key point will be whether consumption recovers. That would make it easy for the BoJ to raise rates again, as it could claim that resilient domestic demand fuelled by wage hikes is making demand-led inflation sustainable. If consumption fails to pick up despite wage growth, the economy will lose momentum, making it hard for the BoJ to justify another hike.

5. Could the government intervene?

The yen fell close to the 152 threshold against the dollar in the wake of the BoJ's rate hike — within a whisker of its historic low reached in 2022. Japan's finance minister, who is in charge of currency policy, has been issuing standard verbal warnings meant to put a floor under the yen, but authorities haven't taken direct action in the market. The last time they did so was in 2022, when they intervened multiple times to support the local currency. US Treasury Secretary Janet Yellen said last year that any intervention by Japan to prop up the yen would be understandable if it were aimed at smoothing out volatility — not at affecting the absolute level of the exchange rate.

Fed official now anticipates just one rate cut this year

Bloomberg
Atlanta

Raphael Bostic, president of the Federal Reserve Bank of Atlanta.

Federal Reserve Bank of Atlanta President Raphael Bostic says he now projects just one interest-rate cut this year, adding that reduction will likely happen later in the year than he previously expected.

Bostic had previously said that it would be appropriate for the Fed to lower rates twice in 2024, with the first of those cuts likely coming this summer.

It was a "close call," Bostic told reporters in Atlanta on Friday. "We will have to see how the data come in over the next several weeks."

The Atlanta Fed chief said he is less confident on the trajectory of inflation than he was in December, noting "some troubling things" underneath the headline figures. He pointed specifically to the breadth of items in the consumer basket that are rising at an elevated rate.

A key gauge of underlying inflation topped expectations for a second month in February, and the Fed's preferred measure — released this week — is anticipated to show still-elevated price pressures.

Fed officials held interest rates steady for a fifth consecutive meeting Wednesday and narrowly maintained their outlook for three interest-rate cuts this year. Following the decision, Chair Jerome Powell said central bankers expect to gain confidence that inflation will move to the 2% goal and that the first reduction would likely be "at some point this year."

While policymakers see the federal funds rate reaching 4.6% by the end of 2024, according to their median rate projection, individuals' expectations were split. The Fed's "dot plot" showed 10 officials forecast three or more quarter-point cuts this year, while nine anticipated two or fewer.

"The economy continues to deliver surprises and it continues to be more resilient and more energised than I had forecast or projected," Bostic said. "And so as a consequence, I've sort of recalibrated when I think it's appropriate to move."

Given that the economy is doing well, "that gives us space for patience," he said. "And we should just be patient."

Regarding the Fed's balance sheet, Bostic supports slowing the pace at which the central bank shrinks its portfolio of assets "relatively soon."

Meanwhile the Federal Reserve's top banking regulator said there will likely be significant changes to a controversial plan to force big lenders to hold more capital — another signal that Wall Street's efforts to scuttle the initial proposal are succeeding.

Michael Barr, the Fed's vice-chair for supervision, said on Friday that criteria related to operational, market and credit risks could be adjusted. The sweeping proposal, which was released last July, sparked a fierce lobbying campaign by some of the biggest players in finance.

"We expect to have a set of broad and material changes to the rule" to achieve consensus on the Fed Board and among other regulators, Barr said at an event at the University of Michigan.

Barr's comments about looming adjustments largely echoed those of Fed Chair Jerome Powell earlier this month. Still, Barr is thought of as the chief architect of the July plan.

"I am working very closely with Chair Powell and other members of our Federal Reserve board to try to reach a broad consensus," Barr said on Friday.

Under the July plan, the eight largest banks would face about a 19% increase, with lenders between \$100bn and \$250bn in assets seeing as little as 5% more, government officials have said. Banks have argued they are already well-capitalised to withstand a crisis and that the changes would ultimately hurt consumers.

The proposal from the Fed, Federal Deposit Insurance Corp and the Office of the Comptroller of the Currency is tied to the Basel III international overhaul that started more than a decade ago. Supporters have also billed it as a fix for some of the issues exposed by the failures of Silicon Valley Bank and Signature Bank.

Powell, Barr, and other senior Fed officials need to vote on a final plan before any rules can take hold. The initial proposal cleared with an unusually close 4-2 vote, while Powell and Fed Vice Chair Philip Jefferson expressed reservations.

The Fed chair decides when to put a measure before the central bank's voting members, while the FDIC and OCC also need to approve a final version.

If the Fed and other regulators were to re-propose the plan entirely it could push back its ultimate adoption. The political stakes are also high with November's election looming.

A consolidation of power by Republicans, who have been generally receptive to the industry's arguments, would further hamstring the effort. Some Democrats have also raised questions about the proposal.

QSE MARKET WATCH

COMPANY NAME	Lt Price	% Chg	Volume
ZAD HOLDING CO	14.71	-0.81	48,642
WIDAM FOOD CO	2.10	-0.10	873,144
VODAFONE QATAR	1.76	0.23	2,575,075
UNITED DEVELOPMENT CO	1.11	0.73	15,334,083
SALAM INTERNATIONAL INVESTME	0.64	-0.94	1,328,813
QATAR & OMAN INVESTMENT CO	0.85	0.00	-
QATAR NAVIGATION	11.22	0.18	524,992
QATAR NATIONAL CEMENT CO	3.71	0.24	179,412
QATAR NATIONAL BANK	14.70	-0.34	1,164,078
QLM LIFE & MEDICAL INSURANCE	2.10	0.05	50,544
QATAR ISLAMIC INSURANCE GROU	8.99	-0.07	90,706
QATAR INDUSTRIAL MANUFACTUR	2.66	-1.00	172,714
QATAR INTERNATIONAL ISLAMIC	11.24	0.81	126,545
QATARI INVESTORS GROUP	1.67	-0.48	671,389
QATAR ISLAMIC BANK	19.41	-0.21	704,597
QATAR GAS TRANSPORT(NAKILAT)	4.13	0.71	2,196,840
QATAR GENERAL INSURANCE & RE	1.12	1.82	33,900
QATAR GERMAN CO FOR MEDICAL	1.40	-1.55	2,476,186
QATAR FUEL QSC	14.83	0.47	183,267
LESHA BANK LLC	1.29	-2.27	1,800,743
QATAR ELECTRICITY & WATER CO	16.49	0.12	496,976
QATAR EXCHANGE INDEX ETF	10.10	0.00	-
QATAR CINEMA & FILM DISTRIB	3.10	0.00	-
AL RAYAN QATAR ETF	2.33	0.00	40
QATAR INSURANCE CO	2.31	-1.28	96,848
QATAR ALUMINUM MANUFACTURING	1.32	0.53	14,388,775
OOREDOO QPSC	10.85	1.12	1,084,766
ALIJARAH HOLDING COMPANY QPS	0.69	-1.56	2,756,498
MAZAYA REAL ESTATE DEVELOPME	0.67	-1.48	7,082,571
MESAIEED PETROCHEMICAL HOLDI	1.93	-0.16	4,030,794
MEKDAM HOLDING GROUP	4.83	0.73	153,073
AL MEERA CONSUMER GOODS CO	13.14	-0.38	52,246
MEDICARE GROUP	4.41	-0.47	3,588,111
MANNAI CORPORATION QPSC	4.24	-0.80	384,256
MASRAF AL RAYAN	2.52	-0.20	4,003,003
INDUSTRIES QATAR	12.09	-0.33	1,887,893
INMA HOLDING COMPANY	4.00	0.78	205,987
ESTITHMAR HOLDING QPSC	1.95	-0.26	2,319,023
GULF WAREHOUSING COMPANY	3.34	-1.07	1,686,782
GULF INTERNATIONAL SERVICES	2.84	-0.35	2,200,084
AL FALEH EDUCATION HOLDING	0.76	0.93	116,409
EZDAN HOLDING GROUP	0.82	-2.15	5,557,645
DOHA INSURANCE CO	2.45	0.00	844,865
DOHA BANK QPSC	1.53	0.20	1,821,028
DLALA HOLDING	1.30	-0.46	1,053,025
COMMERCIAL BANK PSQC	5.10	0.00	471,159
BARWA REAL ESTATE CO	2.90	0.00	3,056,380
BALADNA	1.21	0.17	3,976,695
DAMAAN ISLAMIC INSURANCE CO	3.75	-0.79	779
AL KHALEEJ TAKAFUL GROUP	2.62	0.23	411,189
AAMAL CO	0.78	-0.39	990,020
AL AHLI BANK	3.79	-4.35	27,931

Ibotta files for IPO showing profitability

Bloomberg
New York

Digital marketing software firm Ibotta Inc filed for an initial public offering on the heels of this week's successful debuts by Reddit Inc and Astera Labs Inc.

The Denver-based company, which helps brands to deliver mobile promotions through rewards and rebates, said in a filing on Friday that it turned a profit last year, reversing earlier losses. Ibotta, whose investors include Walmart Inc, will disclose proposed terms for its IPO in a later filing.

Bloomberg News reported in November that Ibotta was working with advisers and could seek to be valued in a listing at \$2bn or more.

The filing follows offerings by social media platform Reddit and semiconductor connectivity company Astera, which met or exceeded their IPO goals, respectively, and then delivered gains in their trading debuts.

So far this year, 44 companies have raised \$9.1bn via IPOs on US exchanges, according to data compiled by Bloomberg. That compares with about \$3.5bn raised by 36 companies at this point last year, the data show.

Ibotta handles promotions for more than 2,400 brands, such as Coca-Cola, Whirlpool and Hallmark, according to its filing with the US Securities and Exchange Commission.

The company had net income of \$38mn on revenue of \$320mn for last year, compared with a net loss of \$55mn on revenue of \$211mn the previous year, according to the filing.

In 2019, Ibotta was valued at \$1bn in a Series D funding round led by Koch Disruptive Technologies, an investment arm of Koch Industries Inc. Other investors in the company have included Kleiner Perkins and GGV Capital US, according to data provider PitchBook.

Koch entities remain one of Ibotta's largest investors, with about 21% of the company's Class A shares before the offering, according to the filing. The Clark Jermoluk Founders Fund 1 LLC owns 25% of the Class A shares. Walmart, which has the right to buy more than 3.5mn shares, is also listed among stockholders with a 5% or greater stake.

Ibotta founder and Chief Executive Bryan Leach owns all of the company's Class B shares, which gives him almost 79% of the voting power before the offering.

Digital promotions now make up the majority of consumer promotions, with 87% of consumers' grocery purchases being influenced by offers, discounts, and promotions, Leach said in a letter to investors included in the filing.

"The Ibotta experiment began 12 years ago in the windowless basement of an old fire station in downtown Denver," Leach said. "So far, we have given approximately \$1.8bn in cash back to US consumers on their everyday purchases."

Ibotta's board includes as a member Larry Sonsini, whose law firm, Wilson Sonsini Goodrich & Rosati, is advising the company. Sonsini owns about 1.3% of the company's Class A shares currently.

The offering is being led by Goldman Sachs Group Inc, Citigroup Inc and Bank of America Corp. Ibotta plans for its shares to trade on the New York Stock Exchange under the symbol IBTA.

Goldman says megacap bull case might take S&P 500 to 6,000

Bloomberg
New York

A monitor displays the S&P 500 index on the floor of the New York Stock Exchange. Goldman Sachs strategists are sticking with their year-end S&P 500 forecast level of 5,200, but have a scenario in which tech megacaps lead the index up another 15%.

Goldman Sachs Group Inc strategists are sticking with their year-end S&P 500 forecast level of 5,200, but have a scenario in which tech megacaps lead the index up another 15%. The firm is sticking with its current prediction because the federal funds rate path and economic-growth trajectory are fully priced by markets, strategists led by David Kostin wrote in a note. As the outlook for valuations was uncertain, the analysts explored potential scenarios outside of the base case.

One of those is the idea that valuations of megacap tech companies may continue to expand, sending the gauge to 6,000 by year-end and reaching a forward price-to-earnings ratio of 23, they said.

"Although AI optimism appears high, long-term growth expectations and valuations for the largest TMT stocks are still far from 'bubble' territory," the strategists wrote.

The S&P 500 is up almost 10% this year and closed Friday at 5,234.18. That's already left many strategists' year-end forecasts in the dust. The combination of healthy US economic data, expectations the Federal Reserve will cut rates and optimism about artificial intelligence stocks are among the factors that have helped the gauge advance. A large part of the market remains weighed down by concerns of "high-for-longer" rates and an elevated cost of capital as investors seek quality attributes, Goldman noted. That's one area where a change might help stocks go higher.

"A shift in the interest rate outlook without a deterioration in the economy is necessary for the market rally to broaden," the strategists said. Goldman gave estimates of where the index may be headed in several other scenarios. In one, a "catch-up" to pre-pandemic 2018 valuations might see the gauge end the year at 5,800, they said.

The other two are much more bearish — a "catch-down" situation where sales-growth estimates prove too optimistic, or where investors start to price in the risk of a recession.

All-tolerant Powell sends Wall Street into a buying frenzy

Bloomberg
New York

Arguments on Wall Street rage anew over Federal Reserve policy — and how Jerome Powell should handle soaring asset prices. Yet for traders there's no debate about what to do right now as they sink money across markets of all stripes.

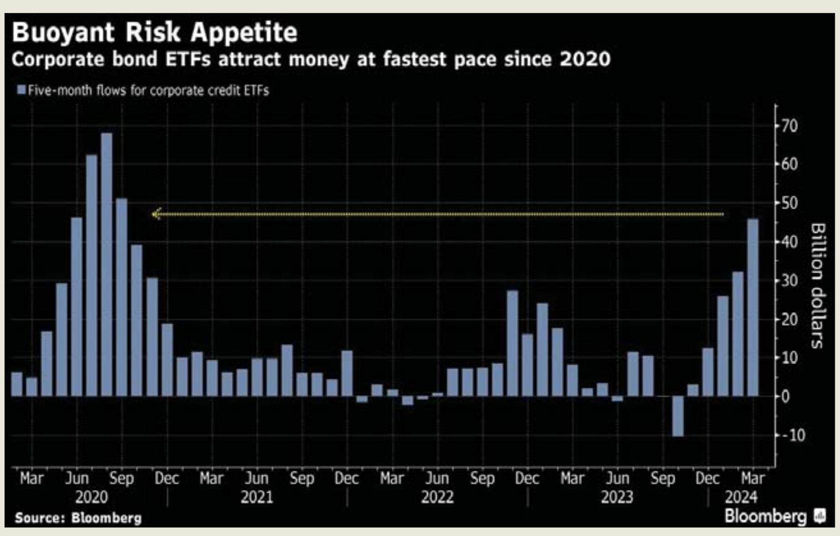
More cash has been sent to exchange-traded funds tracking corporate bonds over five months than any time since the Fed was propping up the market during the Covid-19 pandemic — \$46bn in all. All told, ETFs tracking stocks, fixed income and commodities lured \$374bn over the stretch, the most in two years.

In the run-up to potentially three interest-rate cuts this year, the equity rally of late has no real precedent. The S&P 500 has surged 27% since October — on track for the biggest-ever advance since at least 1970 ahead of a likely monetary-easing cycle, according to data compiled by Ned Davis Research and Bloomberg.

Now stocks just had their best week of the year as the Fed meeting and accompanying press conference added fuel to a fire that's been burning in markets since October.

Traders sensed a change in tone: Growing comfort among policy makers with a slower road to their 2% inflation goal, as Powell repeatedly said the path will be "bumpy." Asked about financial conditions, the Fed chief said they are restrictive — a proposition many consider dubious at best given \$13tn has been added to stock and bond values since October alone.

"What matters at these times is what is said and not what should be said," said Michael Shaoul, chief executive officer at Marketfield Asset Management. "From our perspective, the FOMC has overestimated the progress made against inflation and is underestimating the risk of asset booms moving uncontrollably higher."



Move higher they did in a week in which Powell's refusal to mention markets or fret excessively over hotter-than-forecast consumer price data burnished his growing reputation as investors' ally-in-chief — disinclined to take the bait to jawbone markets lower. Newly released Fed estimates showed policy makers remain committed to three rate reductions in 2024 even as their forecasts for inflation and growth tick up. Bond traders assigned 69% odds for the first cut to happen in June.

To be sure, both traders and the Fed have overestimated prospects for dovishness before, and with technology stocks in the S&P 500 trading near 30 times earnings estimates, even a widely anticipated easing cycle may not be enough to goose returns further.

For now, at least, the celebration showed few signs of slowing.

Volatility has been easing across assets especially Treasuries, where previous bouts of turmoil had impeded gains in stocks, crypto and credit.

The ICE BofA MOVE Index, which tracks expected turbulence in US bonds via options on interest-rate swaps, now sits near levels last seen before the central bank kicked off its policy-tightening campaign in 2022.

For the first week this year, equities, fixed income and commodities posted harmonised gains, going by ETFs tracking their returns. While Bitcoin retreated after surpassing \$73,000 for the first time, the largest cryptocurrency is still up 50% since January. The Fed's reiteration of its dovish outlook drew criticism from the likes of former Treasury Secretary Lawrence Summers, who doubted the urgency of lowering rates. Yet with Powell signalling willingness to let the economy run hot, bulls took it as a buy signal. Two-year Treasury yields fell while stocks jumped to all-time highs.

Exactly four years after the Fed announced plans to purchase corporate-bond ETFs to help ease market stress during the pandemic crisis, sentiment is indisputably more upbeat. The extra yield that investors demand for holding corporate debt has narrowed to levels not seen since 2021.

Up almost 1%, the S&P 500 on Wednesday scored the eighth-best post-announcement performance for a Fed day during Powell's tenure, according to data compiled by Bespoke Investment Group. The reaction contrasted with January, when Powell threw cold water on investors' hopes that rate reductions would begin in March.

The buoyancy also bucked a trend since he took the helm in 2018, in which the equity benchmark has tended to slide from afternoon's press release to the market close.

Climate change is speeding up as major indicators blow off the charts, warns WMO

Bloomberg
Madrid

All the major indicators of climate change smashed historic records last year, with some rising so steeply that the United Nations' World Meteorological Organisation warned they were "off the charts."

The lives of millions of people were upended by natural disasters made worse by climate change, with countries everywhere struggling to cope with billions of dollars in economic losses, according to the WMO's annual State of the Global Climate report for 2023.

"Changes are speeding up," said UN secretary-general Antonio Guterres in a statement. "Sirens are blaring across all major indicators — some records aren't just chart-topping, they're chart-busting."

During the warmest year on record — with global average temperatures 1.45C higher than in pre-industrial times — Antarctic sea ice extent fell to the lowest ever registered while glaciers lost an unprecedented amount of ice. Record-setting marine heat waves whipped 90% of the planet's oceans while floods, drought and wildfires intensified on land.

These impacts worsened every crisis humanity is facing. The number of acutely food insecure people worldwide has more than doubled in recent years, from 149mn people before the coronavirus pandemic to 333mn last year. And extreme weather events continued to trigger population displacement last year.

"Climate change is about much more than temperatures," said Celeste Saulo, the WMO's secretary-general. "The climate crisis is the defining challenge that humanity faces and is closely intertwined with the inequality crisis."

However, there's a glimmer of hope, the WMO report noted. New renewable energy capacity — mainly driven by solar, wind and hydro power — rose by almost 50% in 2023 compared to the previous year.

At the COP28 summit in Dubai last year, countries committed to tripling the planet's renewable power capacity to at least 11,000 gigawatts by 2030, as well as doubling the rate of energy efficiency by the end of this decade. Leaders also agreed to transition away from fossil fuels, which is seen as a necessary step toward eliminating net greenhouse gas emissions by 2050. But that target is still a long way away, the WMO's report noted. Real-time data from specific locations shows concentrations of the main greenhouse gases continuing to increase in 2023 after reaching a new record-high in 2022. Levels of carbon dioxide are 50% higher than during the pre-industrial era, and the gas' long lifetime in the atmosphere means temperatures will continue to rise for years to come.

Marine heat waves are particularly worrying because oceans have stored over 90% of the excess heat trapped by greenhouse gases in the atmosphere. As a result, the Earth hasn't warmed as fast as it could have. But scientists are concerned that the ocean's sponge-like capacity might have reached a tipping point, with global average sea surface temperatures breaking records by wide margins multiple months last year.

That extreme level of warming is expected to continue, leading to a change that'll be irreversible on scales of hundreds to thousands of years, the WMO report said. Ocean acidification, which can be deadly for corals and other marine life, increased because of the higher amount of carbon dioxide in the water.

Coal, the dirtiest fossil fuel, is preparing for a long goodbye

Bloomberg
Singapore

More than two years after climate negotiators first attempted to consign coal to history, the dirtiest fossil fuel is having a moment.

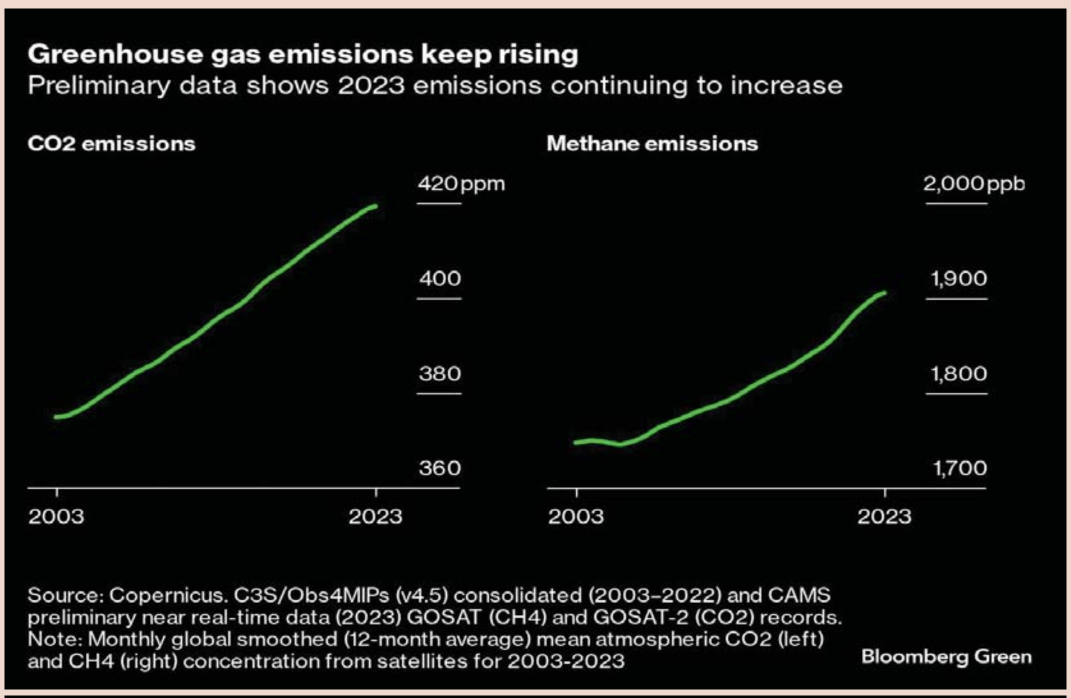
Thanks to a combination of China's energy insecurity — pushing Beijing back to trusted power sources — plus rising Indian demand, the continued fallout from the war in Ukraine and faltering international programs to wean developing economies off fossil fuels, coal is proving remarkably resilient.

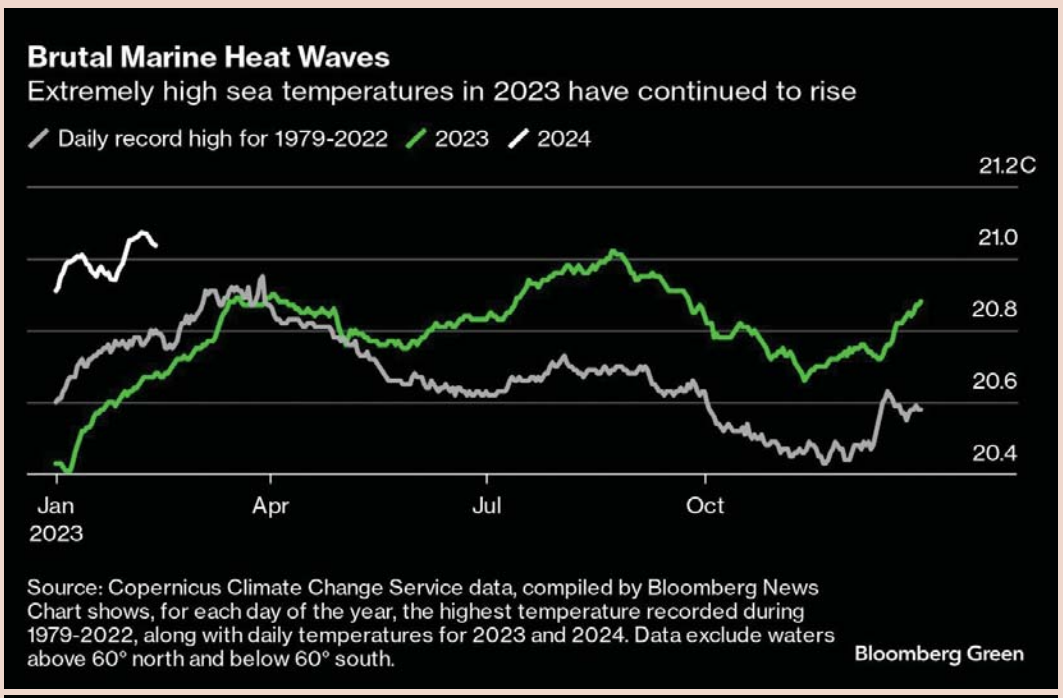
Output hit a record last year, and producers are preparing for a future where they will be required for decades yet to balance renewable energy.

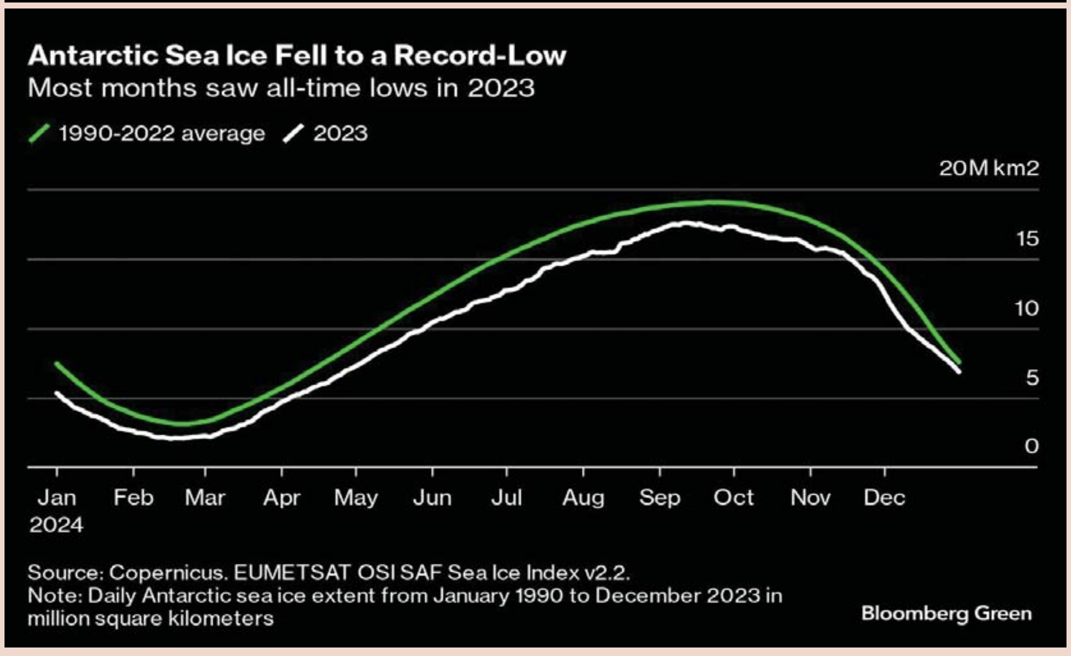
Even prices are holding up. While thermal coal is trading at just a fraction of the lofty levels reached in 2022, after Russia's invasion of its neighbour, prices are still well above historic norms. Benchmark Newcastle coal futures are changing hands just under $130 a ton, roughly a quarter of the peak but higher than any level between 2011 and 2020. Much of this second wind is down to Asia. In 2000, the International Energy Agency estimated advanced economies accounted for almost half of coal consumption. By 2026, China and India alone will make up more than 70%. Those two heavyweights and Indonesia started operating new coal power plants amounting to 59 gigawatts last year, and either launched or revived proposals for another 131 gigawatts — about 93% of the world's total, according to Global Energy Monitor.

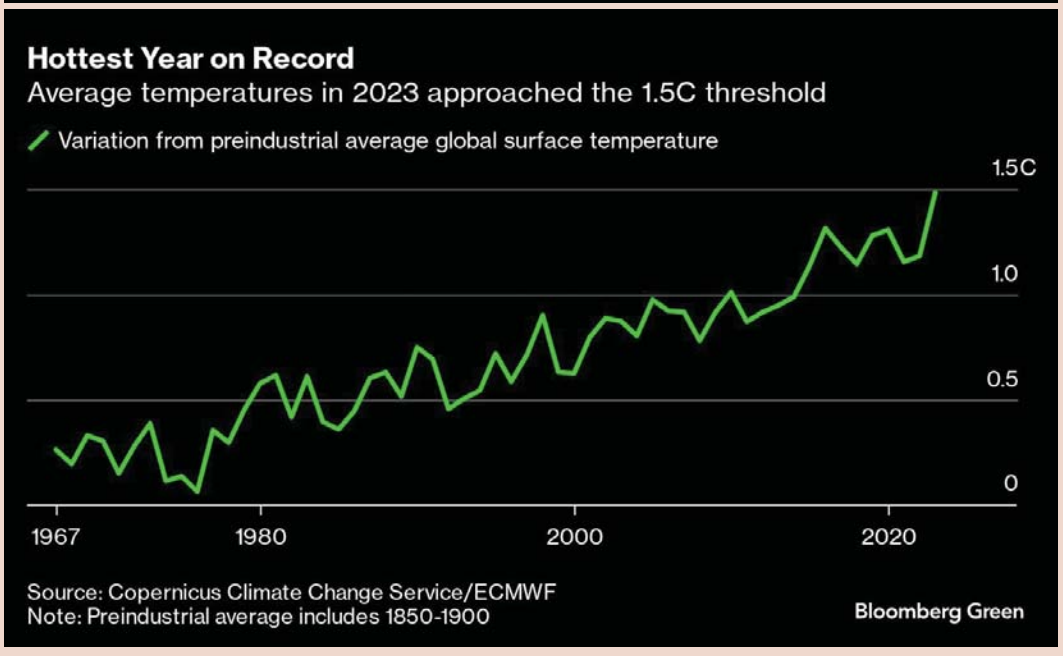
"You look at Asia, the demand and the build out of coal-fired power plants, particularly in India — coal's not going anywhere anytime soon," Rob Bishop, chief executive officer of Australian miner New Hope Corp, said in an interview.

The extended final act will be a vindication for fossil fuel executives, who have long argued against the feasibility of shifting swiftly out of carbon-intensive power, pointing out benefits in terms of reliability and cost. A mention of coal's buoyancy earned Saudi Aramco CEO Amin Nasser a round of applause at a major energy conference in Houston last week.









US inflation gauge seen bolstering Fed patience on rates

Bloomberg
Washington

The Federal Reserve's preferred measure of underlying US inflation probably remained uncomfortably high in February, showing why central bankers are wary about cutting interest rates too soon. The core personal consumption expenditures price index, which excludes food and energy costs, is seen rising 0.3% on the heels of its biggest monthly increase in a year. The overall measure is forecast to climb 0.4%, the most since September.

That would leave annualised core price growth over the past three months running at the fastest pace since May. On a six-month annualised basis, the core PCE price index would also show an acceleration. What's more, some economists expect the January figures to be revised higher following recent government reports on consumer and producer prices.

That stands in contrast to the end of 2023, when inflationary pressures were showing signs of settling back to the Fed's 2% goal.

Fed Chair Jerome Powell, after he and his colleagues kept interest rates unchanged for a fifth meeting, emphasised the broader story of a gradual yet bumpy path for getting inflation back to target. Price data so far this year has neither added to policymakers' confidence nor undercut it, he indicated.

The PCE report, due when US stock and bond markets are closed, is also projected to show stronger consumer spending growth in February as well as another solid gain in personal income.

Among other economic releases in the holiday-shortened week, the government will issue data on Monday on new-home sales for February, followed by durable goods orders on Tuesday. On Thursday, the third estimate of fourth-quarter gross domestic product will include government figures on income and corporate earnings.

"The strong jobs report and retail-sales rebound in February suggest the month's personal income and outlays report should be hot too. Hiring, wage growth and an increase in hours worked will boost personal income. Personal spending likely grew on the back of auto sales, though spending in other categories appears tepid. Headline PCE inflation will likely accelerate, even as the core moderates," say Anna Wong, Stuart Paul, Eliza Winger and Estelle Ou, economists at Bloomberg.

Elsewhere, possible clues on Swedish rate cuts, as well as inflation readings from Australia to France, may move the needle with key currencies. Nigeria's central bank could deliver a large rate hike.

Asia: A number of inflation updates are due in the coming week. In Australia, the latest price report may support the case for the central bank to remain in data-dependent mode for a bit longer before it pivots to an easing cycle amid slowing growth.

Wednesday's report there are expected to show inflation sped up a tick in February, to 3.5%.

Price numbers for the Tokyo area, a leading indicator for the national gauge, will likely point to inflation sticking at or above the Bank of Japan's target for a 24th month in March.

Such a result would keep a second-half rate hike within the realm of possibilities after officials took the historic step on Tuesday of exiting negative borrowing costs, the final central bank in the world to end that policy experiment.

Consumer inflation is forecast to moderate a tad in Singapore and Malaysia when those reports are released on Monday.

Aside from consumer-price numbers, China gets a chance to see how its manufacturers are faring with industrial profit data for the first two months of the year.

Australia's retail sales growth is predicted to slow to 0.5% in February, and the nation also gets consumer confidence data for March.

Thailand's export growth may have slowed last month, while Hong Kong also gets trade stats.

Europe, Middle East, Africa: Following monetary fireworks around the world in the past week, including the Swiss National Bank's surprise decision to cut rates, it's Sweden's turn on Wednesday.

The Riksbank will lay out a plan on how to respond to subsiding inflation. The world's oldest central bank has said it could reduce borrowing costs in the first half of this year, and its guidance should show whether it targets a move in May, June or later.

While recent inflation outcomes have been benign, policymakers caution that there are still risks of renewed price hikes. Most fixed income investors polled by SEB this week believe the Riksbank will leave its benchmark rate at 4% at least until June.

Hungary will hold Europe's other key monetary decision on Tuesday. Officials are poised to slow down their pace of cuts to the European Union's highest rate after a dispute between the government and the central bank spooked investors and hammered the forint.

Among other highlights in the euro zone, European Central Bank President Christine Lagarde will speak on Monday.

US Treasury Secretary Janet Yellen.

Funding bill allows lending of $21bn to IMF trust, says Yellen

Reuters
Washington

A $1.2tn government funding bill passed by Congress will allow the US to lend up to $21bn to an International Monetary Fund (IMF) trust to help the world's poorest countries, US Treasury Secretary Janet Yellen said on Saturday.

Yellen said the funding would make the US the largest supporter of the IMF's Poverty Reduction and Growth Trust (PRGT), which provides zero-interest rate loans to support low-income countries as they work to stabilise their economies, boost growth and improve debt sustainability.

Congress approved the bill with a Senate vote after midnight, avoiding a government shutdown. The IMF spending will make good on a promise President Joe Biden made over two years ago with other leaders from the Group of 20 large economies to provide $100bn to support low-income and vulnerable countries recovering from the Covid-19 pandemic and struggling with macroeconomic risks.

The PRGT is the IMF's main vehicle for providing zero-interest loans to low-income countries to support their economic programs and help leverage additional financing from donors, development institutions, and the private sector.

Since the beginning of the pandemic, the IMF says it has supported more than 50 low-income countries with some $30bn in interest-free loans via the PRGT, reducing instability in poor countries from Haiti to the Democratic Republic of Congo and Nepal.

The IMF expects demand for PRGT lending to reach nearly $40bn this year, more than four times the historical average.

"Today's development marks a key milestone in the US meeting its commitment to provide support to low-income countries that are still bearing economic scarring from the pandemic, while responding to high debt vulnerabilities, climate risks, and spillovers from Russia's war against Ukraine," Yellen said in a statement first reported by Reuters.

Kevin Gallagher, director of Boston University's Global Development Policy Center, said the long-delayed US funding came "just in nick of time, given exorbitant interest rates in poorer countries, especially in Africa," that have hit low-income countries hard, compounding already high debt burdens.

He noted that Congress had refused to approve Treasury's plans to loan some of the funds to the IMF's Resilience and Sustainability Trust, set up to provide funding for countries to work on climate change and other challenges.

Yellen said the funding for the IMF reflected Washington's ongoing support for the institution and the unique role it plays in the international monetary system through its policy advice, capacity development and lending and focus on good governance, robust economic reforms and necessary adjustment.

"I look forward to continuing our partnership with the IMF to support the needs of low-income countries," Yellen said.

Real estate investors sitting on 'huge' CO2 risk turn to lawyers

Bloomberg
London

Real estate investors already battered by high interest rates now face the prospect of significant write-downs triggered by new European regulations.

Property owners across the region will need to invest vast sums in renovations to ensure their buildings aren't emitting illegal levels of carbon dioxide or consuming excessive amounts of energy, according to lawyers advising the sector.

The situation "is causing huge problems," said Rory Bennett, a managing associate at the real estate practice of Linklaters in London. Portfolios containing energy-inefficient buildings face "the task of expending a huge amount of capital to bring that up to scratch, together with refinancing or redeveloping at the highest interest rates we've seen in decades."

This month, lawmakers in the European Union passed the Energy Performance of Buildings Directive. The rollout will be gradual — lasting more than a decade — but property owners that fall too far behind risk being saddled with assets that can no longer be sold or rented.

The directive is intended to force property owners to embark on large-scale renovations to improve the environmental credentials of buildings across Europe, and ensure the bloc meets its commitment to the Paris Agreement. For now, refurbishments in the region only reduce annual energy consumption by 1%, according to the European Commission. To meet its climate requirements, the EU says property owners need to raise spending on renovations by €275bn ($300bn) a year.

Commercial properties in London. Property owners across the region will need to invest vast sums in renovations to ensure their buildings aren't emitting illegal levels of carbon dioxide or consuming excessive amounts of energy, according to lawyers advising the sector.

"It's huge sums of money," Bennett said. "The reality is there will be some who simply can't afford or would choose not to comply with the legislation directive on the basis that paying a penalty is, at least in the short term, easier than having to spend a huge amount of your reserves on bringing your stock up to grade."

For real estate investors, the new wave of green requirements adds to the fallout from higher interest rates. The situation has started to attract short sellers, who are now targeting the weakest links in a global property market that's struggling on multiple fronts.

Europe's new energy-performance law is likely to affect tens of thousands of buildings across the region. By 2033, property owners will need to have renovated a quarter of the EU's biggest energy-guzzling buildings. Fossil-fuel boilers are out and solar-panel-ready buildings are in. And by 2030, all new buildings must be emissions-free.

The UK also is planning rules that will force property owners to embark on environmental upgrades. Mount Street, a London-based company managing €65bn of European real estate loans, estimates that about 70% of Britain's commercial property currently has an energy performance certificate (EPC) grade of C or lower.

That implies major upgrades ahead as the UK plan gives all building owners until April 2027 to reach a grade of at least C By April 2030, a building's grade can't fall below B for it to stay operational. Jim Gott, who manages the asset surveillance team at Mount Street, says the current proposal implies an investment need as high as £150bn ($189bn).

"In a lot of places, you're going to struggle," Gott said. "If you don't hit those EPC targets, it becomes effectively illegal to rent the space. It will affect the capital value of the building."

About 60% of UK warehouse space is on track to fall short of a B rating by 2030, according to law firm Ashurst, which cited data published in Logistics Matters.

"The volume and count of completed M&A transactions in Europe's real estate sector is close to historic lows," BI's Jeroen Julius and Nick Beckwith wrote earlier this month. Stricter EPC rules are becoming a potential "regulatory cliff edge for unrentable European offices," said Kim Politzer, head of research for European real estate at Fidelity International. "Poorer quality buildings in secondary locations need expensive capex renovations" and "the sums are getting more difficult to add up."

In the EU, about 85% of buildings were constructed before 2000, according to the European Commission. Because of poor energy performance, they are the single biggest users of power at a time when fossil fuels constitute two-thirds of the energy sources for heating and cooling. The EU wants the sector's emissions cut by 60% by 2030.

Such considerations have taken on growing importance in investment negotiation and decision processes, said Jean-François Vandenberghe, a real estate specialist at Baker McKenzie. Some asset owners and managers are embracing the new trend, while others are focused on mitigating the obligations, he said.

On the flip side, buildings that are already green are more in demand than ever. In major EU markets, 22% of the office stock was certified sustainable as of mid-2023, up from 15% in 2019, according to CBRE, a real estate adviser.

Other CBRE research found that when the effects of a building's size, location, age and renovation history are accounted for, green certified buildings command a 7% rental premium.

Demand for green properties by the EU's biggest companies currently exceeds availability by more than 50%, according to a November report by Jones Lang LaSalle Inc.

Reddit, Galderma fire IPO starting gun; investors want more

Bloomberg
New York

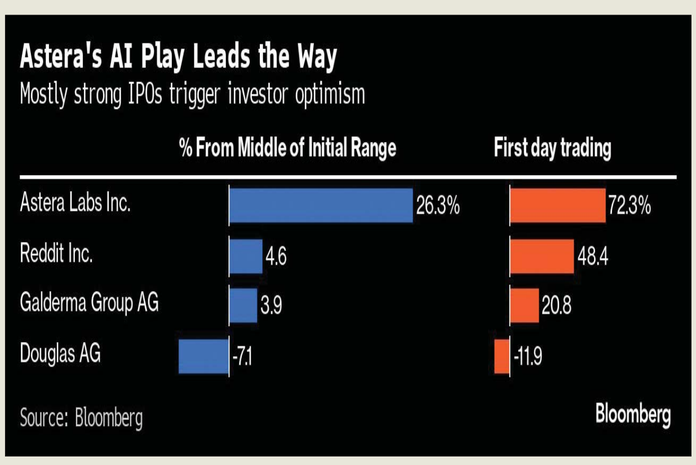
Initial public offerings are back. Last week was a potential watershed moment for the long-dormant IPO market, as a pair of technology darlings — Reddit Inc and Astera Labs Inc — and Swiss skin-care company Galderma Group AG went public with a rush of investor demand that sent their stock prices soaring. To investors hoping for a revival of equity debuts, this was exactly what they wanted to see.

But now it needs to last. "For the market to reopen you need this cohort to work on balance, you need sellers to think they're getting an acceptable valuation, IPO buyers to make some money and the macro backdrop to stay firm," said Tom Swerling, global head of equity capital markets at Barclays Plc. "That'll open up demand for the centre of the IPO bell curve."

In the first few days, the group has mostly done just that. Reddit rallied 48% on Thursday after pricing its deal at the top of a proposed range a day before Galderma debuted to fanfare in Switzerland with a $2.6bn offering — the world's biggest since ARM Holdings in September. The gains came after Astera fired the starting gun, soaring from its $36 pricing to $70 in three sessions. Last week's deals "illustrate the depth of the market for quality companies," said Seth Rubin, head of equity capital markets at Stifel Financial Corp. "But I still believe we're a couple of quarters away from a broad reopening and investors will continue reviewing deals on a company-by-company basis."

Consider CVC Capital Markets-backed Douglas AG. Bankers priced the offering in Frankfurt on Tuesday at the bottom of its advertised range, and the shares still slumped. The company is "idiosyncratic," said Tatjana Xenia Puhan, chief investment officer at Copernicus Wealth Management SA. "What investors have done is expressed their concern about this with the drop in the share price after the IPO."

Last week was the busiest for US and European IPOs since September, with $5.5bn raised, according to data compiled by Bloomberg. That's on top of the $9.1bn raised through share sales for companies and their largest shareholders. With global benchmarks soaring to record highs, even 2023 IPOs are getting a boost. Among the companies that have raised more than $250mn on US or European exchanges this year, the average stock has returned 27%.



As is the case for the stock market at large, the euphoria surrounding artificial intelligence is driving much of this action. With investors leap-frogging one another for exposure to anything AI-related — Nvidia Corp has added more than $1.1tn in market value this year alone — still-private companies are trying to incorporate it into their pitches.

Reddit touted the ability for customers to license data on the platform to train AI models. Astera, which had Nvidia's Jensen Huang in its roadshow video, is building products that enable the "mainstreaming" of AI and machine learning in the cloud, according to its website.

The enthusiasm will likely drive deals from IPO candidates that can "showcase their relation to AI," as well as from those with very strong cash flows and growth prospects, according to Kyle Stanford, lead VC analyst at PitchBook. Microsoft Corp-backed data security startup Rubrik Inc and healthcare payments company Waystar Technologies Inc. are among those that Bloomberg News has reported to be getting filings in order.

One key area of the IPO market is private equity sponsors who rely on new issuance in part to return money to their investors, or limited partners, as they acquire new companies to keep the cycle of investments flowing. After central banks globally hiked interest rates and the IPO market shuttered, the industry has increasingly faced pressure from investors demanding returns despite exits being difficult. As a result, some firms moved ahead with offerings despite lacklustre demand. KKR & Co-backed BrightSpring Health Services Inc. went public with a large debt load, and the stock is down 13% since its $693mn IPO priced in January below its marketed range.

As the market for new issues strengthens, Wall Street is mixed about when PE firms will bring IPOs to the market. Davis Polk & Wardwell partner Michael Kaplan says PE-backed companies won't join the rush "as quickly or significantly, given their companies tend to be higher leveraged and those deals will be tougher."

But Barclays's Swerling disagrees, saying the private equity community is "laser focused on these four IPOs because of the need to return capital," with Douglas and Reddit helping to "provide a better guide for the majority of assets" compared to Astera and Galderma.

EQT AB-backed Galderma in particular stands out. The 21% rally after pricing its IPO at the top end of a marketed range reinforced the notion that the market is open for "quality companies," said Liberum strategist Joachim Klement.

Fund trackers could be causing a bubble

By Fahad Badar

The so-called 'Magnificent Seven' US technology stocks make up a high proportion of the S&P 500 Index. Are they attracting so much money from tracker funds that a speculative bubble is forming?

Stock markets are experiencing a remarkable bull run. The global MSCI Index reached an all-time high in February, and since 2010 annual stock market returns have been 8%, after allowing for inflation, higher than bonds or real estate.

Leading the bull charge in the US has been the performance of a small number of very large tech firms. The term 'the Magnificent Seven' refers to Meta, Nvidia, Apple, Alphabet, Tesla, Amazon and Microsoft. In April 2023 they had accounted for 88% of the gains on the S&P 500 Index. Collectively, they have a market capitalisation of more than \$13tn, more than the entire market capitalisation of the China stock market (\$11.5tn), according to Bloomberg.

Does this matter? There could be a distorting effect creating market instability. The procyclical dynamics of higher values draw in tracker funds, pushing valuations ever higher, which could mean a gradual dislocation from underlying company performance. In the words of the Bank of France Jean-Claude Trichet at the time of the dotcom boom, the risk is that tracker funds are 'creating rather than measuring performance'.

There is the potential, therefore, for an investment bubble, risking a precipitous crash. The US price-earnings ratio, cyclically adjusted, has reached 34.3. This compares with 44.2 in 1999 just before the dotcom crash, and 31.5 in 1929. Comparisons have been made with the dotcom crash of 2000. There are some differences; one of which indicates lower risk, while others have more troubling features.

The first difference is that the dotcom boom featured a significant number of companies without a strong earnings record or robust business model, whereas the Magnificent Seven are thriving companies with sound fundamentals and strong prospects. During the collapse of dotcom company valuations, some commentators recalled the observation made at the time of the gold rushes of the 19th century – that the only folk who became rich were the manufacturers of picks and shovels. In a similar way, companies that helped construct the infrastructure and software for the Internet revolution fared better than those seeking gold through a startup online store with a big marketing budget.

Nvidia, as a leading supplier of artificial intelligence software and hardware, has soared in value as the range of applications of AI has grown in the 2020s. It is a well-established firm, a pioneer of graphics-based processing that was founded in 1993. It may be that investor confidence in the potential of AI has become over-confidence, but it is still a transformative technology.

The second difference, however, is that there are so few of the companies driving the increasing valuations in stock markets. Given that Apple and Tesla have not fared so well this year – Tesla, for example is 27% down on stock price – the number has become smaller. The fact that a tiny number of firms account for such a large proportion of stock market gains could be interpreted as a lack of investor confidence in the rest.

So, are we heading into bubble territory? There are some signs, but anticipating the duration of a bubble is never easy. Some market analysts talk more of a technical correction than an out-and-out crash. The values of bitcoin and of gold have also risen, so may not appear attractively priced as an alternative, while real estate is stagnant.

Another difference with 1999-2001 is the size of passive funds; they have overtaken active ones, so if over-valuation in equities is followed by a correction or a crash, the procyclical dynamics could accelerate the downward trend. Active managers would then be well-positioned to identify the strongest prospects, but for the time being they are somewhat in the background.

The first indications of a correction have emerged in the Indian stock market. On Wednesday, March 13, authorities warned of the potential for overheating and guided funds to limit purchases in small and mid-cap stocks, which fell on the Bombay Stock exchange, although rebounded to some degree on Thursday. Since then the MSCI India Index has dipped, but not crashed. For all the excitement about AI and Nvidia, the sober underlying reality is that a period of low interest rates and low corporation taxes has come to an end at a time of geopolitical unrest. The challenge to maintain earnings sufficiently to justify valuations is considerable.

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

QUBF prioritises technology, partners with Ukrainian innovation hub

By Peter Alagos
Business Reporter

The Qatar-Ukraine Business Forum (QUBF) is making technological advancements a key priority as part of its 2024 action plan, aligning closely with the country's Third National Development Strategy (NDS3) 2024-2030, an official has said.

"Acting in line with Qatar's Third National Development Strategy, the QUBF intends to make its possible contribution by prioritising the potential industries in Qatar-Ukraine partnerships," QUBF chairperson Dr Olga Revina told *Gulf Times* yesterday.

In a move to strengthen ties between Qatar and Ukraine's tech sectors, Revina said QUBF has announced a new collaboration with UNIT.City, one of the largest innovation parks in Central and Eastern Europe based in Ukraine.

"QUBF, in collaboration with UNIT.City – one of the biggest innovative platforms in Central and Eastern Europe – agreed to jointly form the 'Tech and Innovation Committee' under the umbrella of QUBF. The goal is to create a portfolio of innovative tech startups from Ukraine that will be able to realise numerous opportunities offered by the Qatari ecosystem," Revina pointed out.

According to Revina, the partnership aims to identify promising Ukrainian startups and connect them with the vibrant startup environment of Qatar, which is positioning itself as a global business hub.

"QUBF's Action Plan 2024 outlined a number of events with a primary focus on technological advancements," said Revina, who also lauded Qatar for remaining focused on diversifying its key economic sectors, fostering a business-friendly climate, and attracting foreign investment along with skilled talent.

QUBF chairperson Dr Olga Revina.

Citing potential partnerships with startups in Qatar, Revina said Ukraine has developed an impressive startup ecosystem despite the ongoing war, producing several unicorn companies like People.ai, Grammarly, and Gitlab, among others, with massive global user bases.

UNIT.City plays a vital role in nurturing this ecosystem as the first innovation park in the country, Revina noted. "As QUBF founders, we were very confident in this collaboration because we believe that Ukrainians have a lot to offer and contribute. UNIT.City helps us select attractive Ukrainian startups to be introduced in Qatar," Revina emphasised.

Revina also pointed out that the Tech and Innovation Committee will leverage resources and expertise from both QUBF and UNIT.City, whose focus has been on supporting early-stage startups through funding, facilitating access to support services, and bolstering globally competitive incubation and acceleration programmes.

She also underscored the strategic partnership between Qatar and Ukraine in the technology domain holds immense potential, saying that by tapping into Ukraine's robust tech talent pool, the collaboration could open new avenues for innovation, entrepreneurship, and cross-border investments aligning with Qatar's economic diversification ambitions.

Ooredoo deputy Group CEO wins Gold Stevie at 2024 Mena Stevie Awards

Ooredoo deputy Group CEO Sheikh Mohamed bin Abdulla al-Thani was honoured with the Gold Stevie Award in the 'Most Innovative Leader of the Year' category during the '2024 Middle East & North Africa Stevie Awards' for his outstanding achievements during his tenure as Ooredoo Qatar CEO.

Sheikh Mohamed led Ooredoo Qatar from 2020 to 2023, steering the company through the unprecedented challenges of the global pandemic and achieving one of the operation's greatest successes, including record-breaking accomplishments during the first-ever 5G-connected football mega event held in Qatar in 2022.

Under his leadership, Ooredoo made significant strategic investments in network development and cutting-edge technologies. This included the deployment of Digital Twins, leveraging AI-enabled automated decision-making to enhance user experience and optimise network performance.

Additionally, outdoor radio sites were upgraded with the latest 5G technology, expanding network coverage and capacity across stadiums, airports, and fan zones. These initiatives collectively ensured seamless connectivity and delivered an unparalleled digital experience for fans and customers alike.

During Sheikh Mohamed's tenure, Ooredoo also completed recertification for ISO 22301:2019 and was certified as the 'Best Place to Work in Qatar'.

He said, "I am honoured to receive the Gold Stevie Award for Most Innovative Leader of the Year. This award is a testament to the dedication and hard work of the entire Ooredoo team. Together, we have achieved remarkable success and set new standards of innovation and excellence in the telecommunications industry."

Ooredoo deputy Group CEO Sheikh Mohamed bin Abdulla al-Thani.

Sheikh Mohamed currently serves as the chairman of the board of Ooredoo Kuwait and Ooredoo Oman, and vice-chairman of the board of Asiacell in Iraq. Previously, he was CEO of Ooredoo Kuwait and chairman of the board of Ooredoo Myanmar, Ooredoo Algeria, and president commissioner of Indosat Ooredoo, where he achieved great success.

The Middle East & North Africa Stevie Awards honour and recognise the achievements of organisations and business professionals in the Mena region. The Gold Stevie Award is the highest honour presented at the awards ceremony.

From left: Ministry of Labour assistant undersecretary for Migrant Labour Affairs Sheikha Najwa bint Abdulrahman al-Thani, Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani, and Qatar Chamber acting general manager Ali Saeed bu Sherbak al-Mansouri during the meeting.

Qatar Chamber and MoL examine businessmen's perspectives on mandatory health insurance system

Qatar Chamber recently held a joint meeting with the Ministry of Labour (MoL) to address the private sector's perspectives and viewpoints about the mandatory health insurance system for non-Qataris.

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani and Ministry of Labour assistant undersecretary for Migrant Labour Affairs Sheikha Najwa bint Abdulrahman al-Thani chaired the meeting. Also present at the meeting were several Qatar Chamber board members, the Qatar Chamber acting general manager Ali Saeed bu Sherbak al-Mansouri, representatives of insurance companies, and several Qatari businessmen.

In his remarks, Sheikh Khalifa lauded the MoL's interest to get acquainted with the perspectives and viewpoints of business owners regarding the mandatory health insurance system for migrant labour. He also stressed the chamber's keenness to convey the private sector's perspectives on the system to the relevant authorities.

Sheikh Khalifa emphasised the importance of addressing the challenges encountered by the Qatari private sector about the system with the MoL before finalising the system and commencing its implementation.

For her part, Sheikha Najwa emphasised that business owners are the most crucial stakeholders with a direct connection to the system. She stressed the ministry's keen interest in familiarising itself with their perspectives and proposals before finalising the system's draft.

Sheikha Najwa also emphasised the ministry's commitment to conducting necessary consultations with all concerned parties in the country, including business owners, stressing the aim is to formulate the best model that serves the national health strategy.

The meeting also addressed the private sector's concerns regarding the challenges it may encounter during the initial implementation of the system, such as the standards for calculating the insurance policies, managing chronic diseases, accrediting medical service providers, setting insurance coverage limits, defining the implementation stages, and other related viewpoints and challenges.