SELLING PRESSURE | Page 4

QSE index falls as US rate cut concerns weaken; M-cap melts QR1.87bn

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GULF TIMES
BUSINESS

SLOW PACE: Page 2

Productivity, Chinese consumer spending key to boosting global growth, says IMF chief

HIA chosen 'World's Best Airport' again by Skytrax in 2024

The Hamad International Airport has again secured its position as the 'World's Best Airport' by the prestigious 2024 Skytrax World Airport Awards held at the Passenger Terminal Expo 2024 in Frankfurt.

The airport also clinched the title of 'World's Best Airport Shopping' for the second time in a row and 'Best Airport in the Middle East' for the tenth consecutive year.

HIA's recognition is based on "meticulous assessments" conducted by air travellers, it said in a statement. They evaluated the airport's performance across key performance indicators and selected it as the best in the world amongst a group of over 500 global airport contenders.

Qatar Airways Group Chief Executive Officer, Badr Mohamed al-Meer, who spearheaded the development and growth of HIA over the past decade, said: "This is a remarkable achievement for Hamad International Airport, as it celebrates its 10th anniversary of operational excellence, connecting passengers seamlessly from all around the world.

"It is a testament to the dedication of our team and partners, who have contributed to providing passengers with the finest travel experience. Our continuous investment in our facilities and pioneering initiatives in retail and hospitality within a single expansive terminal has made this achievement possible."

He emphasised the importance of understanding passengers' needs and evolving travel trends: "At the heart of our growth strategy lies the passengers' journey, their evolving needs, and our commitment to meeting and exceeding their expectations. We have introduced a diverse range of experiences at the airport, including 'Souq Al Matar', which brings Qatari hospitality and culture closer to travellers; and 'Orchard', the ideal place for relaxation and rejuvenation between flights and an array of high-end lounges. We remain dedicated to pushing the boundaries of the industry to maintain our position as the world's premier airport."

HIA achieved a significant milestone in 2023, witnessing an exceptional surge in passenger traffic. Serving over 45mn passengers, the airport experienced a remarkable 31% increase compared to the previous year, surpassing the momentum established during the historic FIFA World Cup.

The airport also welcomed new airline partners including Vistara, Iberia, Xiamen Airlines, Garuda Indonesia, and Japan Airlines, and serves over 250 destinations, including passenger, cargo, and chartered flights.

As HIA approaches its milestone 10th year of operations, it anticipates a bustling 2024.

HIA's recognition is based on "meticulous assessments" conducted by air travellers. They evaluated the airport's performance across key performance indicators and selected it as the best in the world amongst a group of over 500 global contenders

Al-Kuwari meets IMF chief in Washington

HE the Minister of Finance Ali bin Ahmed al-Kuwari met with Kristalina Georgieva, managing director, International Monetary Fund on the sidelines of the meeting of finance ministers, central bank governors and heads of regional financial institutions in the Middle East, North Africa, Afghanistan and Pakistan (MENAP) region in Washington, DC. Topics pertaining to issues of mutual interest, particularly in finance and economy, as well as measures aimed at broadening the scope of joint co-operation, were discussed during the meeting. This event was held as part of al-Kuwari's participation in the annual Spring Meetings of the World Bank Group and the International Monetary Fund, being held in Washington, DC, on April 15-20.

Minister of Finance meets Turkish counterpart

HE the Minister of Finance Ali bin Ahmed al-Kuwari met with his Turkish counterpart Mehmet Simsek on the sidelines of the annual spring meetings of the International Monetary Fund and the World Bank Group, held on April 15-20 in Washington. During the meeting, they discussed bilateral relations between the two countries, especially in the economic and trade fields, and ways to develop them, in addition to aspects of joint co-operation, reports QNA.

Qatar participates in meeting of MENAP finance ministers, central bank governors

QNA
Washington

The State of Qatar, represented by the Ministry of Finance, participated in the meeting of finance ministers, central bank governors and heads of financial institutions in the Middle East, North Africa, Afghanistan, and Pakistan (MENAP) region. This took place on the sidelines of its participation in the Annual Spring Meetings of the World Bank Group and the International Monetary Fund (IMF), held on April 15-20 in Washington, DC.

HE the Minister of Finance Ali bin Ahmed al-Kuwari led the State of Qatar's delegation to the meeting, which was held under the chairmanship of IMF Managing Director Kristalina Georgieva.

During his participation, al-Kuwari emphasised the importance of the efforts exerted by the IMF to find suitable solutions to deal with the various challenges facing the world today.

He also underlined the State of Qatar's efforts to ensure financial sustainability through fiscal discipline that supports growth, which increases savings for intergenerational equity.

He also pointed out that among the important steps that have been taken to continue improving Qatar's economic performance is the launch of the third National Development Strategy (NDS3), which projects ambitious goals to enhance economic diversification, while striving to achieve the goals of the Qatar National Vision 2030.

The meeting discussed key strategic issues and economic growth in the region, as well as future prospects and fiscal policy requirements to combat inflation.

Regional and international challenges, and the risks posed by inflation rising and food insecurity were discussed during the meeting. The importance of continuing efforts to adapt to current financial and economic developments was also emphasised.

The meeting is part of the Annual Spring Meetings of the two international financial institutions, currently taking place in Washington, DC, to discuss the most important economic developments and challenges facing the world.

HE the Minister of Finance Ali bin Ahmed al-Kuwari led Qatar's delegation to the meeting, which was held under the chairmanship of IMF Managing Director Kristalina Georgieva.

BUSINESS

IMF chief says productivity, Chinese consumer spending key to boosting global growth

Reuters
Washington

International Monetary Fund Managing Director Kristalina Georgieva bemoaned the slow pace of global growth on Thursday, saying that Europe needed to do more to boost productivity and China should work to unleash greater consumer spending.

Georgieva told a news conference during the IMF and World Bank spring meetings in Washington that a number of factors are converging to hold back growth in Europe and China, from ageing populations to suboptimal allocations of capital, while the US has far outperformed expectations.

"This is what preoccupies us these days. How can we better stem the slowdown of productivity and growth, and what we can do to reverse it?" Georgieva said.

The IMF on Tuesday forecast global growth at 3.2% for 2024 — well below its 20-year pre-pandemic average of 3.8% — citing lacklustre performances in Europe and China and the impact of high interest rates and regional wars on developing economies. And asset managers are bracing for delays in rate cuts as the US Federal Reserve struggles with persistently high inflation.

The IMF boosted its US growth forecast by 0.6 percentage point to an above-potential 2.7% for 2024, while cutting the forecast for the euro zone by 0.1 percentage point to 0.8%.

Georgieva said the US has done a better job of harnessing technology innovation and turning it into scalable business activity. The US also has benefited from domestic energy production that has kept energy prices low and immigration that has created an ample supply of labour without too much wage inflation.

Technology has not brought similar gains to Europe, she said.

"We know that in Europe, there is still work to be done to unleash the power of innovation. Just comparing the cost of a patent in the US and the European Union tells you a story," Georgieva said, referring to higher EU costs and regulations.

More also can be done to raise investments in human capital to create more dynamic labour markets and better allocation of capital, she said.

Georgieva said China, where domestic demand is suffering because of a property crisis brought on by over-investment, was at a "fork in the road" and should pivot away from its decades-old investment- and export-led growth model to one led by consumer spending.

"The time has come to look at domestic sources for growth," she said of China.

This starts with resolving the property sector crisis to give consumers more confidence to spend, and expanding the social safety net, which would give Chinese people the "opportunity to save a bit less and spend a bit more," the IMF chief said.

US Treasury Secretary Janet Yellen on a recent trip to China made similar arguments that Beijing should work to boost domestic consumption, while warning that the US would not accept Chinese efforts to flood global markets with exports of electric vehicles and solar products as a way to revive growth.

Georgieva also called for more fiscal restraint among IMF member countries because fiscal capacity has been exhausted in most countries by the Covid-19 pandemic and the subsequent cost-of-living crisis, with heavy debt burdens more difficult to carry in a high interest rate environment. This message was echoed by the IMF's Fiscal Monitor on Wednesday, which said the US and other major economies were spending too much during election years.

"In a world where crisis keeps coming, countries must urgently build fiscal resilience to be prepared for the next shock," Georgieva said.

IMF Managing Director Kristalina Georgieva holds a press briefing on the Global Policy Agenda to open the IMF and World Bank's 2024 annual Spring Meetings in Washington on Thursday.

QSE MARKET WATCH

COMPANY NAME	Lt Price	% Chg	Volume
Zad Holding Co	13.67	0.22	12,239
Widam Food Co	2.12	-0.89	839,797
Vodafone Qatar	1.68	-0.06	6,488,605
United Development Co	1.15	3.24	6,806,771
Salam International Investment	0.64	0.63	688,467
Qatar & Oman Investment Co	0.93	-0.11	107,344
Qatar Navigation	10.65	0.85	755,215
Qatar National Cement Co	3.59	-0.36	114,057
Qatar National Bank	14.10	-1.05	5,439,702
Qlm Life & Medical Insurance	2.10	0.48	102,096
Qatar Islamic Insurance Group	8.00	-0.94	100,872
Qatar Industrial Manufacturing	2.70	0.04	24,550
Qatar International Islamic	10.45	0.19	489,419
Qatari Investors Group	1.60	-2.68	3,862,558
Qatar Islamic Bank	18.22	-1.30	1,658,206
Qatar Gas Transport (Nakilat)	3.95	0.77	5,804,846
Qatar General Insurance & Reinsurance	1.11	0.45	7,090
Qatar German Co For Medical	1.39	-0.64	3,217,182
Qatar Fuel Qsc	14.64	-1.41	671,595
Lesha Bank Llc	1.29	0.94	2,434,763
Qatar Electricity & Water Co	16.18	-0.25	833,946
Qatar Exchange Index Etf	9.67	0.00	1,200
Qatar Cinema & Film Distribution	2.91	0.00	-
Al Rayan Qatar Etf	2.31	-0.09	59,679
Qatar Insurance Co	2.23	0.90	60,265
Qatar Aluminum Manufacturing	1.44	0.28	31,935,221
Ooredoo Qpsc	10.25	0.59	1,184,931
Alijarah Holding Company Qps	0.70	0.00	4,076,466
Mazaya Real Estate Development	0.66	-0.30	1,389,193
Mesaieed Petrochemical Holding	1.90	-0.52	3,630,719
Mekdam Holding Group	3.96	-0.40	210,411
Al Meera Consumer Goods Co	13.98	0.65	261,843
Medicare Group	4.19	-1.90	720,832
Mannai Corporation Qpsc	3.90	-1.27	608,519
Masraf Al Rayan	2.53	0.00	9,187,132
Industries Qatar	12.30	0.41	2,505,749
Inma Holding Company	3.73	-1.17	279,470
Estithmar Holding Qpsc	1.99	0.00	3,404,168
Gulf Warehousing Company	3.43	-0.03	242,751
Gulf International Services	2.78	0.18	2,681,605
Al Faleh Education Holding	0.76	-0.26	96,216
Ezdan Holding Group	0.81	-0.37	4,165,136
Doha Insurance Co	2.30	0.00	-
Doha Bank Qpsc	1.51	0.47	8,243,356
Dlala Holding	1.25	1.72	804,161
Commercial Bank Psqc	4.25	0.00	9,219,847
Barwa Real Estate Co	2.90	-0.62	1,657,301
Baladna	1.24	2.07	12,374,946
Damaan Islamic Insurance Co	3.77	1.13	183,345
Al Khaleej Takaful Group	2.60	-1.52	1,098,825
Aamal Co	0.78	2.09	1,210,482
Al Ahli Bank	3.70	-2.71	1,237,979

'Abu Dhabi Islamic Bank in talks to buy $1.1bn stake in Indonesian lender'

Reuters
Singapore/Jakarta

Abu Dhabi's largest Islamic bank is in talks to buy a minority stake valued at around $1.1bn in Indonesia's top Islamic lender, Bank Syariah Indonesia, two sources told Reuters, with an aim to tap into a fast-growing market in Southeast Asia.

The potential acquisition of a 15% stake in Bank Syariah Indonesia (BSI) from Bank Rakyat Indonesia (BRI) is one of the options that Abu Dhabi Islamic Bank (ADIB) is considering, said the two sources.

The sources, who have knowledge of the matter, declined to be named as they were not authorised to speak to the media.

ADIB said after the publication of the Reuters report that it "strongly denies" being in any negotiations to acquire a stake in BSI. Before publication, it had declined to comment.

ADIB shares ended down 5.7% on Wednesday after the report.

BRI did not respond to a Reuters request for comment.

"What we can say is that the information above is in the domain of our shareholders," state-owned BSI's corporate secretary Gunawan Hartoyo said in a statement when asked whether ADIB was in discussions to explore the possibility of investing in BSI or buying BRI's 15% stake.

Talks and deliberations are in the early stages and there is no guarantee a deal will be finalised, the sources said.

Southeast Asia, a region of 11 countries with more than half a billion people, is a fast-growing market for Islamic banking. Indonesia, the region's biggest economy, has one of the world's biggest Muslim populations.

Indonesia's Shariah financial assets were worth $163bn in July last year, up 13% from the same period a year earlier, according to the Islamic Finance Development Report published by Indonesia's financial services authority (OJK) last year.

BSI has been expanding its presence in the Middle East, having opened a representative office in Dubai International Financial Center in early January 2022 and obtained approval in August last year to become a full branch.

IMF tells Asian central banks not to follow Fed too closely

Reuters
Washington

The International Monetary Fund urged Asian central banks to focus on domestic inflation and avoid tying their policy decisions too closely to anticipated moves by the US Federal Reserve.

Receding expectations for a near-term interest cut by the Fed have fed steady dollar gains that have pushed down some Asian currencies such as the Japanese yen and the South Korean won.

The IMF's staff analysis showed that US interest rates have a "strong and immediate" impact on Asian financial conditions and exchange rates, Krishna Srinivasan, director of the lender's Asia and Pacific department, said on Thursday.

"Expectations about Fed easing have fluctuated in recent months, driven by factors that are unrelated to Asian price stability needs," he said in a briefing on the region's outlook.

"We recommend Asian central banks to focus on domestic inflation, and avoid making their policy decisions overly dependent on anticipated moves by the Federal Reserve," he said.

"If central banks follow the Fed too closely, they could undermine price stability in their own countries."

The remarks underscore the dilemma some Asian central banks face as the recent Fed-driven currency market swings complicate their policy path.

Bank of Korea Governor Rhee Chang-yong told a separate IMF seminar on Wednesday that fading Fed rate-cut chances have caused headwinds for the won, and complicated his bank's decision on when to start cutting borrowing costs.

In its World Economic Outlook, the IMF expects Asia's economy to expand 4.5% this year, down from 5.0% last year but an upward revision of 0.3 percentage points compared to October. It expects the region to grow by 4.3% in 2025.

The outlook for China's economy was critical for Asia with a more protracted slowdown in the world's second-largest economy among key risks to the region's growth outlook, Srinivasan said.

While an increase in government spending could benefit China's economy, policies that boost its supply capacity would "reinforce deflationary pressures and could provoke frictions," he said.

Also among risks to Asia were trade curbs adopted at a rapid pace, he said.

"Few regions have benefited as much from trade integration as Asia," Srinivasan added. "Hence, geoeconomic fragmentation continues to be a large risk."

Bloomberg QuickTake

How climate change is intensifying dangerous diseases

By Jason Gale

As greenhouse gas emissions collect in the atmosphere and the Earth becomes a hotter place to live, it's expected to become more disease-stricken, too. Biting insects and waterborne bugs that spread dreaded illnesses such as malaria and cholera thrive in the warm, damp conditions often created by climate change. Episodes of extreme weather are likely to make things worse.

There's already some evidence of climate change impacting disease. Candida auris, a new type of yeast first seen in 2009, has spread globally in association with increasing temperatures, prompting some researchers to speculate that it's the first example of a new disease-causing fungus emerging from human-induced global warming. While C. auris isn't a danger to healthy people, it can threaten those who are sick or have invasive medical devices and is often resistant to commonly used antifungal medications. Cases in the US rose to 2,377 in 2022 from 173 in 2017. Severe cases can be deadly. An analysis of 192 hospitalised patients over the same timespan found that about a third requiring hospitalisation ended in death.

In early 2024, an unusually hot rainy season in South America helped fuel explosive outbreaks of two mosquito-borne diseases: dengue, which can be life-threatening, and Oropouche fever, which in severe cases can result in meningitis.

In a case of warmer temperatures making a pathogen more dangerous, some species of gastroenteritis-causing Vibrio bacteria not only grow faster but become more harmful in seawater above 27C (81F). Studies have linked warming waters to an increase in human infections in the US and parts of Canada.

The worry is that this is just the beginning. The World Health Organisation calls climate change "the single biggest health threat facing humanity." In the short-term, global warming may slightly reduce deaths related to temperature, given that currently 90% of the estimated 5mn of them yearly are due to cold rather than hot conditions, according to a 2021 study. But with heat-related deaths increasing, climate change is expected to increase mortality in the long run. The World Bank predicts that a warmer climate could produce at least 21mn additional deaths by 2050 just from extreme heat, stunting, diarrhoea, malaria, and dengue.

It's expected that people in countries without resilient health systems will carry the heaviest burden of climate-influenced disease. But people everywhere who have weakened immune systems or respiratory and cardiovascular diseases or seasonal allergies will be at higher risk. The WHO estimates that the additional illness and treatment needs resulting from climate change will add $2bn to $4bn to health-care costs annually as soon as 2030. Researchers behind a 2022 review of more than 77,000 studies concluded that of 375 infectious diseases confronting humanity, climate change can worsen 218, or 58% of them, in a variety of ways.

Pests are becoming more pestilent

Warmer temperatures can extend the life and territorial range of mosquitoes and other pests capable of carrying pathogens, as evidenced by this year's dengue outbreaks in countries including Brazil, Paraguay, Peru and Argentina. In the US, there's concern that the disfiguring disease known as leishmaniasis, which is spread by sand flies, is now endemic, or constantly present, in parts of the country.

Changing weather patterns in parts of Europe, particularly longer and more frequent warm spells, are enabling the persistence of biting ticks that spread Crimean-Congo haemorrhagic fever. The virus causes lethal bleeding and organ failure in 30% of cases and has infected dozens of people in Spain and Bulgaria over the past decade. It was detected for the first time in Italy in 2021 and on farms in the south of France in November 2023.

Increasing sea temperatures present parallel risks. Vibrio vulnificus, a cause of life-threatening wound infections, has become a greater worry as warming oceans over the past two decades spread the bacterium from the tropics to waters as far north as Maine.

Extreme weather breeds disease

Extreme episodes of weather, made more likely or severe by climate change, have health implications that go beyond immediate deaths and injuries. Flooding can spread leptospirosis, a kidney-damaging bacterium found in animal urine. Water pooling inside used car tires, buckets and other containers after heavy rain can create breeding grounds for mosquitoes, midges and other disease-spreading insects. On the other end of the spectrum, drought can spread hantaviruses — which can cause kidney and respiratory disease — by bringing the shrews, moles and other rodents that carry them into homes as they hunt for food.

Extreme weather can weaken the body's ability to cope with pathogens, as well. This can happen when wildfires, floods and other climatic disasters force displaced people into crowded conditions, where diarrhoeal, respiratory and skin diseases can flourish. Hazards that reduce water and food security can hamper nutrition, and cause acute physical stress that worsens health and increases vulnerability to disease.

Climate change can alter human behaviour in ways that increases sickness. For example, during heat waves, people often spend more time in water, which can lead to an increase in cases of waterborne diseases such as cholera, typhoid and E. coli.

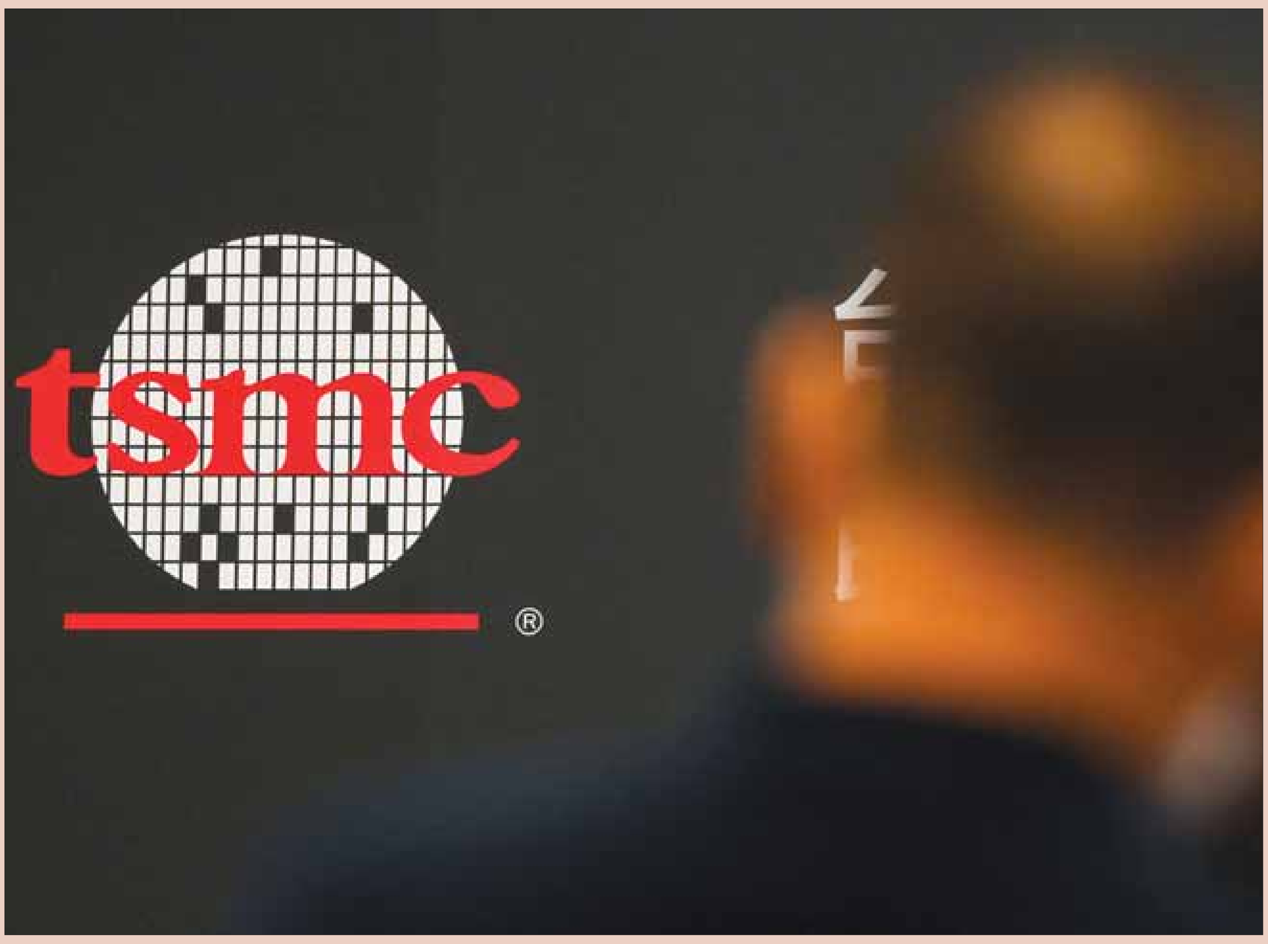
Ancient viruses may emerge

There's also the possibility of ancient "zombie" diseases being unearthed in melting permafrost, the frozen layer on or under about a quarter of the Earth's surface. It's not known what microbes trapped in permafrost might be dangerous to people, but a freak heatwave in 2016 that saw summer temperatures soar past 35°C (95°F) in the Russian Arctic showed that the threat isn't hypothetical.

Thawing permafrost in northwest Siberia provoked a landslide near where thousands of reindeer began falling ill and dying. Later, two nomadic reindeer herders died. Further investigation identified an outbreak of anthrax in an area that had been declared anthrax-free for almost 50 years. Scientists indicated that the anthrax-causing bacteria might have emerged from a thawing animal corpse — one infected in the 13th century, when Mongol hordes were terrorising Eastern Europe.

CORPORATE RESULTS

Taiwan chip giant TSMC's profits surge on AI demand



Taiwanese semiconductor giant TSMC announced on Thursday a nearly 9% increase in net profits in the first quarter of 2024, buoyed by global demand for its microchips used to power everything from mobile phones to AI technology.

Taiwan Semiconductor Manufacturing Company — whose clients include Apple and Nvidia — controls more than half the world's output of silicon chips, which have been called the "lifeblood" of the modern world.

The company said Thursday its net profit increased 8.9% on-year in January-March to NT$225.4bn ($6.97bn) compared to NT$206.9bn in the same period last year.

First-quarter revenues also rose 13% year-on-year to $18.87bn, it said.

CFO Wendell Huang also said during an earnings call Thursday that TSMC expects its second-quarter revenues to increase by 27.6%.

TSMC, which produces some of the most advanced microchips in the world, dominates the chip-making industry, as well as its customer US-based Nvidia.

The bulk of its fabrication plants making its most high-tech products are based in Taiwan, a self-ruled island that is claimed by neighbouring China — which has in recent years ramped up political and military pressures on Taipei.

With a supply chain so vulnerable to shocks, customers — as well as governments concerned about critical supplies — have called for the firm to move more chip production lines off the island, which is also prone to natural disasters like earthquakes.

Earlier this month, a massive magnitude-7.4 quake hit Taiwan and "a certain number of wafers in process were impacted and had to be scrapped", Huang said.

"But we expect most of the lost production to be recovered in the second quarter and thus minimum impact to the second quarter revenue," he said.

The firm had also earlier this month announced plans to build a third semiconductor factory in Arizona — adding to the two fabrication units already in progress there.

The preliminary agreement with the US Commerce Department — tied to a major investment law called the Chips and Science Act — would see TSMC receiving up to $6.6bn in direct funding from the US government.

That would raise its total investment in the US to $65bn.

"In Arizona, we have received the strong commitment and support from our US customers and plan to build three fabs... We have made significant progress in our first fab, which has already entered engineering wafer production in April," said CC Wei, the company's CEO.

"We are well on track for volume production in first half of 2025."

He added that the second fab in Arizona has been upgraded "to utilise 2-nanometre technologies to support the strong AI-related demand in addition to the previously announced 3-nanometre" chips.

Nokia

Cost-cutting helped Finnish telecoms equipment maker Nokia on Thursday report a 52-percent rise in first-quarter net profit to €438mn even though sales plunged nearly 20%.

Nokia posted sales of €4.67bn, down by a fifth from a year ago in a "challenging environment". It mobile networks activity was hit by operators' declining investments in North America and India.

The firm announced in October it would cut up to 14,000 jobs out of 86,000 employees due to weakening demand for 5G equipment in the two key markets.

"As expected, the ongoing market weakness drove a 19% year-on-year constant currency decline in net sales in the first quarter", Nokia chief executive Pekka Lundmark said in a statement.

However, Nokia saw "continued improvement in order intake, meaning we remain confident in a stronger second half and achieving our full year outlook."

Atte Riikola, analyst with Finnish market research firm Inderes, told AFP Nokia's sales were a concern however.

"Nokia had expected that the start of the year would be bad, but it was a little bit worse than expected, especially in the mobile networks business", he said.

Riikola added that a substantial "turnaround in net sales" was required for a market recovery in the second half of 2024, but there were no "clear signs of the market improving" at present.

"On the network infrastructure side there are more concrete signs of improvement but the biggest question mark remains the mobile networks", he said.

Nokia reported a 6% fall in operating profit to €400mn.

However, comparable operating profit rose by 25% to €597mn, in line with analysts' expectations, according to Factset.

The difference primarily related to restructuring effects and higher sales of technology licences.

Volvo

Swedish truck maker Volvo Group on Wednesday announced a 9.9% rise in net profit in the first quarter despite lower sales volumes thanks to higher prices.

"Demand continued to normalise at good levels across many of the Volvo Group markets," chief executive Martin Lundstedt said in a statement that announced net profit of 14.1bn krona ($1.29bn).

Lundstedt said that after record demand in 2023, the company delivered 55,470 trucks in the first quarter this year, 10 % down on the same period last year. Orders fell 19 % to 48,701 trucks.

But net profit for the quarter was up from 12.9bn krona in the same period last year. Sales revenue was stable at 131.2bn krona ($12bn).

"Invoiced price continued to increase, mainly on the back of carry-over from the price increases we gradually implemented last year," Lundstedt said.

Adjusted operating profits came to 18.2bn krona, slightly down from 18.6bn last year, but above the predictions of analysts consulted by Bloomberg.

The group said it had reduced production capacity in Europe but that deliveries and orders had risen strongly in Brazil.

Volvo Group, the number two truck maker behind Germany's Daimler, warned in its annual report that demand was falling as the post-Covid 19 boom had ended and the world economy is weaker.

The truck firm was separated from Volvo Cars in 2000. In addition to the Volvo brand, it also Mack and Renault truck brands.

ASML

Dutch tech giant ASML, which supplies chip-making machines to the semiconductor industry, on Wednesday reported a drop in net profits and orders amid a high-tech trade spat between China and the West.

Net profits came in at €1.2bn ($1.3bn) in the first quarter, compared to €2.0bn the firm reported in the fourth quarter of last year.

Bookings slumped to €3.6bn, a sharp decline from the €9.2bn reported in the fourth quarter.

Company shares slumped more than 6% at the opening bell of the Amsterdam stock exchange, which was down 0.7% overall.

ASML is one of the leading manufacturers of equipment to make state-of-the-art semiconductor chips, which power everything from mobile phones to cars.

But the semiconductor industry has become a geopolitical battleground as the West seeks to restrict China's access over fears the chips could be used for advanced weaponry.

ASML announced this year that it had been blocked from exporting "a small number" of its advanced machines to China, amid reports of US pressure on the Dutch government.

Chief executive Peter Wennink said the firm was still upbeat for the second half of 2024, which ASML has identified as a "transition" year before a stronger 2025.

"Our outlook for the full year 2024 is unchanged, with the second half of the year expected to be stronger than the first half, in line with the industry's continued recovery from the downturn," Wennink said in a statement.

Overall sales in the first quarter came in at €5.3bn, lower than the €7.2bn from the fourth quarter but in the range the company had forecast.

In its annual report published in January, the firm had forecast first-quarter sales of between €5.0bn and €5.5bn.

For the second quarter, the firm said it expected total net sales between €5.7bn and €6.2bn.

Chief Financial Officer Roger Dassen said investors should bear in mind that combined orders over the past two quarters amounted to €13bn — "a pretty significant number."

He said orders were "typically quite lumpy", meaning wide variations can occur from quarter to quarter.

Despite the first quarter drop in sales, the percentage of sales to China actually rose — to 49% from 39% in the fourth quarter of last year.

ASML employs 42,000 people worldwide, more than half of whom are based at the firm's huge complex in Veldhoven, in the east of the Netherlands, with a significant proportion coming from abroad.

Infosys

Indian tech giant Infosys reported weaker-than-expected revenue growth for the March quarter on Thursday as a lingering client spending slowdown in the US tempered recovery hopes for the software services industry.

The Bengaluru-headquartered firm, which earns over 80% of its revenue from Western markets, has stumbled in the last year after a Covid-induced growth boom.

High interest rates and inflation have hurt tech spending by global companies, leading to fewer deal wins and the cancellation of existing contracts for the Indian software outsourcing sector.

Infosys reported revenue of 379.23bn rupees ($4.54bn) for the quarter, a 1.3% increase over the same period in the previous financial year.

The company's net profit jumped 30% to hit $954mn, but this was helped by a bump in other income.

Chief executive Salil Parekh said the macro environment had a "mixed outlook".

"On the US I think, as you've seen, we had slower outlook," he said.

Infosys's North American business, the largest market for the company, reported a revenue decline of 2.1%.

"There's been good traction with the cost and the efficiency and the consolidation nature of large deals. Whereas we see that digital programmes or some discretionary work is still not as visible within the work we are seeing," Parekh said.

Infosys has projected tepid sales growth for the 12months ahead, forecasting revenue to grow between 1%-3% on a constant-currency basis.

GCC insurers' top-line growth to range 5%-15% in 2024: S&P

By Santhosh V Perumal
Business Reporter

The Gulf Co-operation Council (GCC) insurers' top-line growth is expected to range between 5% and 15% in 2024, even as a key risk to GCC insurers' credit conditions consists of worsening geopolitical tensions in the region, according to Standard & Poor's (S&P), an international credit rating agency.

"The top-line growth of insurers in GCC countries will likely result from higher insurance demand in 2024 that will result from the ongoing economic expansion in the region and rate increases," S&P said in a report.

Although competition remains strong, S&P expects 2024 to be another profitable year for the industry because insurers maintain underwriting discipline, while relatively high interest rates support investment incomes.

"Favorable economic conditions and rate adjustments for motor and medical lines will remain key growth drivers," said S&P Global Ratings credit analyst Emir Mujkic.

Highlighting that economic conditions in the GCC region remain favourable, the rating agency forecasts an average Brent oil price of $85 per barrel for 2024 that will support robust economic growth in GCC oil and non-oil sectors.

"We project real GDP (gross domestic product) growth in the GCC region will range between 2% and 4% this year," it said.

At the same time, average inflation in the region will likely decline further to 1.5%-2.5% in 2024, from over 4% in 2022, it said, adding "we therefore expect a moderation in claims inflation for motor and other property/casualty lines that will help insurers preserve margins."

As insurance markets continue to grow, S&P noted that the gap between larger and smaller insurers will likely widen. The largest companies will expand at a faster pace than smaller companies, while generating a significant share of overall profits.

In contrast, some smaller companies could struggle to remain profitable and solvent due to high competition and operating costs.

Qatari insurers' net profits also increased significantly to QR1.1bn in 2023 compared with a net deficit of QR800mn in 2022. The latter mainly resulted from a Qatari insurer's loss of about QR1.2mn.

The rating agency expects credit conditions for rated insurers in GCC countries will remain "broadly stable" in 2024, supported by robust capital buffers and adequate growth and earnings prospects.

Most rated GCC insurers, many of whom are among the largest entities in the market, remain very well capitalised, which is reflected in strong financial strength ratings, it said.

The report said stricter regulations and strong competition have already led to several mergers and capital increases, which it expects to continue in 2024.

The banks and consumer goods sectors witnessed higher than average selling pressure as the 20-stock Qatar Index lost 0.24% to 9,829.27 points, having touched an intraday high of 9,903 points.

QSE index falls 24 points as US rate cut concerns weaken; M-cap melts QR1.87bn

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday fell about 24 points, reflecting the global concerns after the US Federal Reserve officials cited the need for monetary policy to be restrictive for longer.

The banks and consumer goods sectors witnessed higher than average selling pressure as the 20-stock Qatar Index lost 0.24% to 9,829.27 points, having touched an intraday high of 9,903 points.

The domestic funds were increasingly into net profit booking in the main market, whose year-to-date losses widened to 9.25%.

As much as 50% of the traded constituents were in the red in the main bourse, whose capitalisation melted QR1.87bn or 0.33% to QR570.64bn on account of mid and small cap segments.

The foreign funds were seen increasingly bearish in the main market, which saw as many as 0.06mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.15mn trade across eight deals.

The Gulf institutions' substantially lower net buying had its influence on the main bourse, which saw no trading of sovereign bonds.

However, the local retail investors were increasingly net buyers in the main market, which saw no trading of treasury bills.

The Total Return Index shrank 0.24% and the All Share Index by 0.26%; while the All Islamic Index was flat in the main bourse, whose trade turnover and volumes were on the increase.

The banks and financial services sector index declined 0.73% and consumer goods and services 0.7%; whereas transport gained 0.77%, real estate (0.71%), insurance (0.46%), telecom (0.44%) and industrials (0.12%).

Major losers in the main market included Ahlibank Qatar, Qatari Investors Group, Meeza, Al Khaleej Takaful, Qatar Islamic Bank, QNB, Woqod and Mannai Corporation. Nevertheless, United Development Company, Aamal Company, Baladna, Dlala and Beema were among the gainers in the main bourse. In the venture market, Al Mahhar Holding saw its shares appreciate in value.

The domestic institutions' net profit booking increased substantially to QR27.46mn compared to QR10.68mn on April 17.

The foreign institutions' net selling strengthened significantly to QR10.92mn against QR4.89mn the previous day.

The foreign retail investors turned net sellers to the tune of QR0.9mn compared with net buyers of QR1.38mn on Wednesday.

The Gulf institutions' net buying declined markedly to QR6.77mn against QR12.67mn on April 17.

However, the Qatari individual investors' net buying grew noticeably to QR25.58mn compared to QR2.94mn the previous day.

The Arab individuals were net buyers to the extent of QR7.46mn against net sellers of QR1.05mn on Wednesday.

The Gulf retail investors turned net buyers to the tune of QR0.48mn compared with net profit takers of QR0.38mn on April 17.

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

Trade volumes in the main market shot up 22% to 162.18mn shares, value by 40% to QR512.87mn and deals by 24% to 18,108.

US inflation may delay Fed rate cuts until H2, says report

By Pratap John
Business Editor

The US Federal Reserve (Fed) will keep patient on rates until inflation converges on target levels, Emirates NBD has said in a report.

Another hotter than expected inflation print in the US for March is providing more support for the Federal Reserve to take a patient stance on when it can ease policy rates and by how much.

Headline CPI rose by 3.5% year-on-year (y-o-y) in March, ahead of market estimates, and the fastest annual pace since September last year.

On a monthly basis, inflation rose by 0.4% for the second month running in March. Core price pressures also remain relatively hot with the annual core CPI index up by 3.8% y-o-y in March and maintaining a monthly pace of 0.4% for a third month in a row.

Higher shelter and gasoline prices accounted for more than half of the monthly increase in March according to the US Bureau of Labour Statistics, confounding expectations that shelter prices would start to drag the CPI index lower.

Rental inflation has moved materially lower from where it was in 2022 but the disinflation in rents looks to have stalled out around the 3.5% level according to data from Zillow, an online real-estate platform.

Energy prices look set to remain volatile but will be supported near their current levels in the immediate term by the fraught geopolitical environment, Emirates NBD said.

On an annual basis gasoline prices are presently about 1% lower y-o-y than they were in April 2023 but that base will start to fall out soon, meaning energy price inflation could be poised to rise in the coming months.

That creates a scenario where headline CPI could accelerate over the next few months and make rate cuts look out of kilter with the status of the economy.

While inflation has been running hotter than expected, other indicators from the US economy continue to show robust performance.

The labour market keeps beating expectations: the March non-farm payrolls report estimated 303,000 jobs were added, its strongest print since May last year, while the household survey of employment rose to 469,000 in March from 150,000 a month earlier.

Labour market numbers have been prone to downward revision in subsequent estimates and future prints could be distorted by seasonality adjustments but the overall momentum in the jobs market appears positive.

Activity data is softer — the ISM services index fell to 51.4 in March from 52.6 in February — but is nevertheless managing to avoid outright signs of contraction. Retail sales also reported a strong 1.1% month-on-month (m-o-m) increase in control group sales for March.

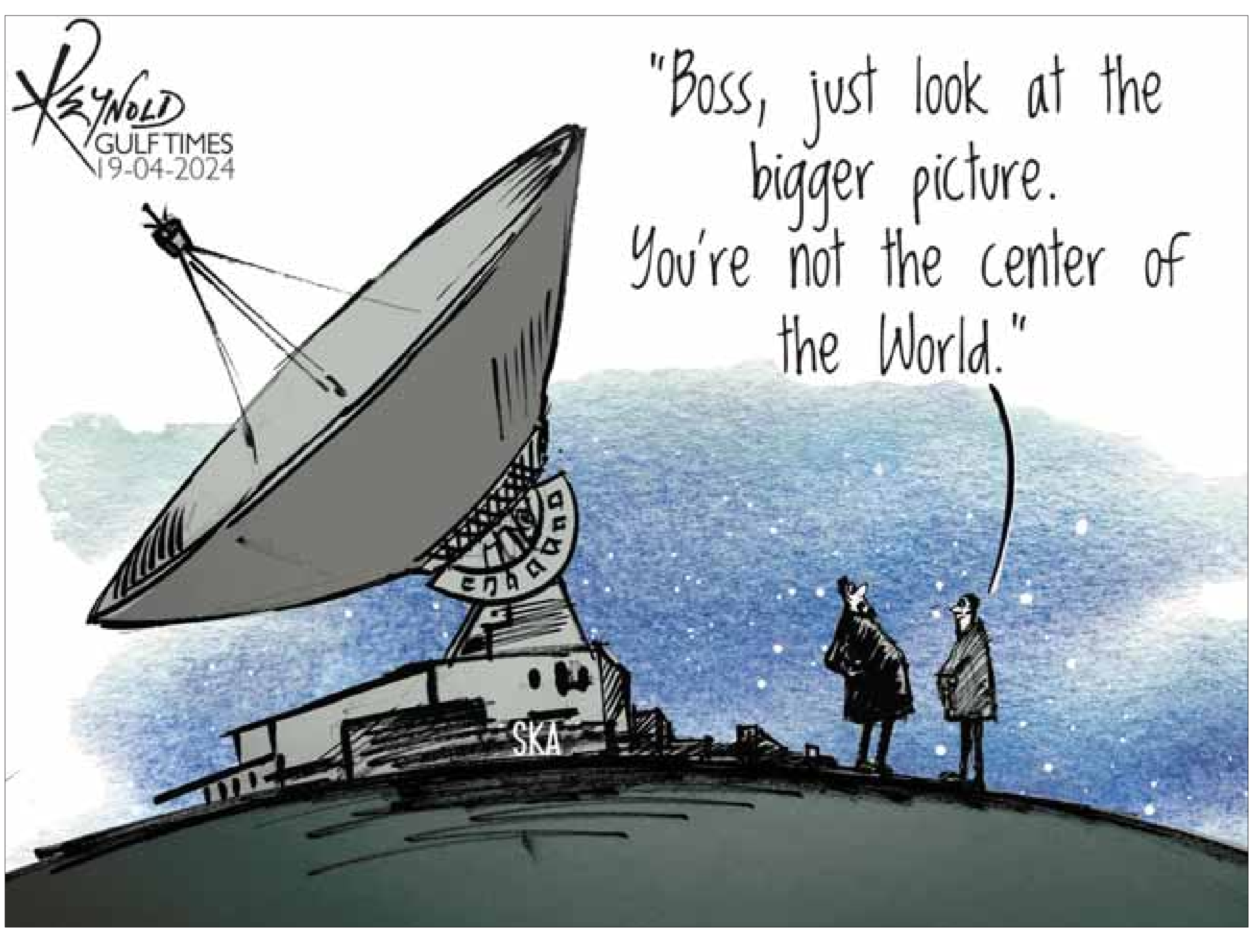
With that macro backdrop in place there looks to be little imminent need for the Federal Reserve to start easing policy. With an eye on how inflation develops in coming months we are revising our outlook for the Fed Funds rate this year to two 25bps cuts taking place in September and December. That is a later start and fewer cuts than Emirates NBD's initial projections for this year (three cuts starting in June).

'Northrop Grumman working with Musk's SpaceX on US spy satellite system'

Aerospace and defence company Northrop Grumman is working with SpaceX, the space venture of billionaire entrepreneur Elon Musk, on a classified spy satellite project already capturing high-resolution imagery of the Earth, according to people familiar with the programme.

The programme, details of which were first reported by Reuters last month, is meant to enhance the US government's ability to track military and intelligence targets from low-Earth orbits, providing high-resolution imagery of a kind that had traditionally been captured mostly by drones and reconnaissance aircraft.

The inclusion of Northrop Grumman, which has not been previously reported, reflects a desire among government officials to avoid putting too much control of a highly-sensitive intelligence programme in the hands of one contractor, four people familiar with the project told Reuters. "It is in the government's interest to not be totally invested in one company run by one person," one of the people said. It's unclear whether other contractors are involved at present or could join the project as it develops. Spokespeople at Northrop Grumman and SpaceX didn't respond to requests for comment.



ECB clear on June rate cut but views diverge on July

Reuters
Frankfurt/Washington

The European Central Bank made it clear on Thursday that an interest rate cut is coming in June but policymakers continued to differ on moves thereafter or how low interest rates can go before once again starting to stimulate the economy.

The ECB put a June rate cut on the table last week and has spent the past week reinforcing that guidance, despite rising oil prices, a weaker euro and bets that its biggest peer, the US Federal Reserve, would delay its own rate cuts.

"I think that we have been crystal clear: if things continue as they have been evolving lately, in June we'll be ready to reduce the restriction of our monetary policy stance," ECB Vice President Luis de Guindos said on Thursday.

French central bank chief Francois Villeroy de Galhau said there was "a very large consensus" for a cut in June and even Klaas Knot, the hawkish chief of the Dutch central bank and Joachim Nagel, the Bundesbank president, were on board.

The comments only reinforce market expectations of unanimity about this initial step and the focus has already shifted to what happens in subsequent meetings. This issue, however, continued to divide policymakers and Villeroy joined a small but growing group of governors explicitly arguing that July should not be off the table.

"When we say (we go) meeting by meeting, it can be at each following meeting ," Villeroy told CNBC. "I don't think for example that we should concentrate our rate cards on the quarterly meetings when we have a new forecast." ECB board member Piero Cipollone , Greece's Yannis Stournaras and Lithuania's Gediminas Simkus have all suggested one way or another that a cut in July could also be in play.

Knot, meanwhile, joined others in pushing back on talk about the summer and seemed to repeat his previous view that policy easing could coincide with quarterly projections.

Markets currently see rate cuts in June, September, and December, when new forecasts are published, and Knot cautiously backed those expectations.

"I'm not uncomfortable with such market pricing, but at the same time we don't pre-commit," Knot told Bloomberg TV. "We're data-dependent, we go meeting by meeting."

Villeroy argued that the ECB's 4% deposit rate has a long way to go before it stops restricting economic growth and reaches the so-called neutral rate.