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GULF TIMES

BUSINESS

NEW OBSESSIONS: Page 3

SoftBank sells off Vision Fund assets as Son pivots to AI, chips

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QFZ and QNB officials, including Naif al-Suwaidi, chief of Regulatory Affairs at QFZ; Khalid Ahmed al-Sada, senior executive vice-president, QNB Group Corporate and Institutional Banking; and Adel Ali al-Malki, senior executive vice-president, QNB Retail Banking Group, are joined by other executives during the event.

QNB inaugurates new office in QFZ Business Innovation Park to promote FDI in Qatar

Qatar Free Zones Authority (QFZ) and QNB officially inaugurated the newest QNB office at the Business Innovation Park (BIP) in Ras Bufontas Free Zone.

The opening was attended by officials from QFZ and QNB, including Naif al-Suwaidi, chief of Regulatory Affairs at QFZ; Khalid Ahmed al-Sada, senior executive vice-president, QNB Group Corporate and Institutional Banking; and Adel Ali al-Malki, senior executive vice-president, QNB Retail Banking Group.

The opening of the new office stems from the signing of a memorandum of understanding (MoU) between QFZ and QNB, which affirmed cooperation between the two entities in efforts to attract FDI and support companies investing in QFZ by providing a range of banking services and benefits to these companies and investors.

As one of the primary banks providing services and banking products to investors wishing to establish or run their operations

from the free zones, the partnership goes hand in hand with QFZ's dedicated Investor Relation Centre in facilitating and accelerating the necessary processes for getting businesses up and running in Qatar.

Al-Suwaidi said: "The opening of a QNB office at the Business Innovation Park within Ras Bufontas Free Zone aligns with our ongoing efforts to promote foreign direct investment in Qatar and exemplifies our commitment to fostering relationships with other Qatari organisations to this end."

"The presence of QNB at our Business Innovation Park will mean investor needs can be met even more efficiently and seamlessly, further bolstering QFZ's position as a unique investment destination in the region and the world and supporting our plans for economic diversification in line with the Qatar National Vision 2030."

Al-Sada said: "Through our partnership with Qatar Free Zones Authority, we're committed to fostering investment in Qatar by offering dedicated banking services, en-

suring seamless support for businesses to thrive and grow." The partnership with QNB showcases QFZ's commitment to providing investors everything they need to thrive in Qatar's free zones. By working with QNB to facilitate banking services for local and international investors, the conducive business environment fostered within the free zones is further strengthened, and both entities can jointly contribute to economic development.

QFZ is an integrated platform offering outstanding opportunities for local private sector companies to grow and expand their businesses both regionally and locally through partnering with international investors.

QFZ is focused on offering a strong competitive advantage for businesses in the following key sectors: emerging tech, logistics and trading, industrial and consumer, mara maritime development, aerospace and defence, food and agritech, and biomedical sciences.

Toronto tech conference seen to forge robust Qatar-Canada ties, says CQBF executive

By Peter Alagos
 Business Reporter

The Canadian-Qatari Business Forum (CQBF) is looking to maximise its participation in Collision next month in Toronto to forge collaborations between Canadian companies specialising in high technology and artificial intelligence (AI) with their Qatari counterparts, an official has said.

Collision, Web Summit's event in North America, will run from June 17-20 at the Enercare Centre in Toronto, said CQBF executive director Yasser Dhouib, who added that the event is regarded by *Forbes* as "North America's fastest-growing tech conference".

Dhouib said Collision is expected to provide CQBF with a prominent platform to foster potential partnerships between Canadian hi-tech and AI businesses and their Qatari counterparts, making CQBF's participation more effective and prominent.

"We are anticipating fruitful partnerships to emerge from Collision this coming June in Toronto, Canada. This summit is the ideal platform for CQBF to organise and facilitate meaningful connections between Canadian hi-tech and AI companies and their Qatari counterparts," Dhouib told *Gulf Times*.

According to Dhouib, the "tremendous success" of CQBF's participation in Web Summit Qatar last February, Doha's first-ever Web Summit, created new momentum to foster stronger ties between Canada and Qatar.

During Web Summit Qatar, Dhouib said as many as 25 Canadian firms specialising in the fields of AI and hi-tech, among other industries, participated in the four-day event. He said the event served as a platform to Canadian companies to explore, exchange, and open opportunities for collaboration in different tech-related sectors.



Jeffrey Graham has been appointed as new board member of the Canadian-Qatari Business Forum.

At the same time, Dhouib emphasised that the recent appointment of Jeffrey Graham as a new board member of CQBF not only bodes well for the organisation, but his extensive experience and insights into the promising Qatari business opportunities will be invaluable for promoting Canadian investments in Qatar.

Graham is a senior executive trained in business and law. He is currently Senior Vice-President and General Counsel of SkyPower Global, he said. Dhouib emphasised that Graham's deep understanding of the potential for expanding Canadian investments and business interests in Qatar is one of the key focus areas for the organisation.

Dhouib said: "Mr Graham will be in charge of the senior business and legal portfolio of the CQBF. Jeffrey brings with him valuable experience with Borden Ladner Gervais (BLG) in general corporate regulatory and financial practice.

"He has also been a senior member of the firm's international practice involving the Middle East and, broadly, the GCC. In effect, Jeffrey has been behind the strategic creation of a business council involving Canadian companies and GCC countries. With his leadership, the Canadian-Qatari Business Forum will certainly attain the strategic objectives laid out by the board."

Benchmark bounces back on strong buy support from Gulf, domestic funds

By Santhosh V Perumal
 Business Reporter

QSE WEEKLY REVIEW

The geopolitical concerns notwithstanding, the Qatar Stock Exchange (QSE), which had touched a six-month low the previous week, bounced back this week on the back of strong buying support from the Gulf and domestic funds.

The real estate, transport and consumer goods counters experienced higher than average demand as the 20-stock Qatar Index gained 0.23% to 9,633 points this week, which saw the Qatar Financial Centre's purchasing manager's index reveal that Doha's non-energy private sector recorded stronger improvement in business conditions in April.

"If the market surpasses the resistance level of 9,700 points, it could further move towards 9,800 points and 10,000 points," Ahmad AKI, a financial and economic expert, said, adding the next week's MSCI quarterly review of the markets would play a key role.

The Arab retail investors were seen net buyers in the main market this week, which saw QatarEnergy and Nakilat sign long term agreement to charter and operate nine QC Max liquefied natural gas vessels. The agreement, according to AKI, had its

positive influence on the transport sector in the local bourse.

In the case of realty, the recent declines had made the sector "attractive" to buy, he added.

The foreign individuals were also seen bullish in the main bourse this week, which saw Aamal Medical enter into a teaming agreement with CCN Investment Holding, a Turkish firm specialising in improving operational efficiency of healthcare facilities.

The Arab institutions were seen net buyers, albeit at lower level, in the main market this week, which saw international insurance rating agency A M Best affirm the financial strength rating of 'A- (Excellent)' and the long-term issuer credit rating of "a-" (Excellent) of Beema.

The Gulf individuals turned net buyers in the main bourse this week, which saw a Cushman and Wakefield report reveal that Qatar's supply of organised retail malls is expected to jump to more than 1.7mn sq m of leaseable floor space with Doha Mall slated to open later this year.

About 52% of the traded constituents in the main market extended gains this week, which saw a total of 0.05mn Masraf Al Rayan-sponsored

exchange-traded fund QATR worth QO.12mn trade across 19 deals.

However, the foreign institutions were seen net profit takers in the main market, which saw as many as 0.01mn Doha Bank-sponsored exchange-traded fund QETF valued at QO.1mn change hands across 10 transactions.

The Islamic index was seen declining vis-à-vis gains in the other indices in the main market this week, which saw the banks and consumer goods sectors together constitute about 59% of the total trade volumes.

Market capitalisation added QO.19bn or 0.03% to QR560.31bn on the back of microcap segments this week, which saw no trading of sovereign bonds.

Trade turnover and volumes were on the increase in the main venture market this week, which saw no trading of treasury bills.

In the case of venture market, both trade turnover and volumes were on the rise this week, which saw PricewaterhouseCoopers report find that Qatar's fiscal position is expected to strengthen further in the medium term as the North Field expansion moves ahead.

The Total Return Index rose 0.23%

and the All Share Index by 0.27%, while the All Islamic Index was down 0.02% this week.

The realty sector index shot up 6.08%, transport (3.5%) and consumer goods and services (1.27%); while industrials declined 1.3%, insurance (1.08%), telecom (0.63%) and banks and financial services (0.08%) this week.

Major gainers in the main market include Qatar German Medical Devices, Inma Holding, Meeza, United Development Company, Barwa, Commercial Bank, QIIB, Lesha Bank, Widam Food, Gulf International Services, Qatar General Insurance and Reinsurance, QLM, Milaha and Gulf Warehousing.

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

Nevertheless, Estithmar Holding, Doha Insurance, Qatari Investors Group, Al Faleh Educational Holding, Masraf Al Rayan, Doha Bank and Industries Qatar were among the shakers in the main bourse.

The domestic institutions' net buying grew significantly to QR28.73mn compared to QR6.19mn the week ended May 2.

The Gulf institutions turned net buyers to the tune of QR26.8mn against net sellers of QR29.49mn the previous week.



The real estate, transport and consumer goods counters experienced higher than average demand as the 20-stock Qatar Index gained 0.23% to 9,633 points this week

The Qatari individuals were net buyers to the extent of QR15.78mn compared with net sellers of QR49.44mn a week ago.

The Arab individual investors turned net buyers to the tune of QR13.84mn against net sellers of QR7.39mn the week ended May 2.

The foreign individuals were net buyers to the tune of QR6.23mn compared with net profit takers of QR2.02mn the previous week.

The Gulf retail investors turned net buyers to the extent of QR0.49mn compared with sellers of QR4.68mn a week ago.

The Arab institutions were net buyers to the tune of QR0.15mn compared with no major net exposure the week ended May 2.

However, the foreign funds turned net sellers to the extent of QR92.03mn against net buyers of QR86.84mn the previous week.

The main market witnessed a 31% jump in trade volumes to 998.02mn shares, 24% in value to QR2.67bn and 18% in deals to 86,775 this week.

In the venture market, trade volumes tanked 98% to 0.06mn equities, value by 96% to QR0.22mn and transactions by 92% to 29.



Biden set to hit China EVs, strategic sectors with tariffs

Bloomberg
Washington

President Joe Biden's administration is poised to unveil a sweeping decision on China tariffs as soon as next week, one that's expected to target key strategic sectors with new levies while rejecting the across-the-board hikes sought by Donald Trump, people familiar with the matter said.

The decision is the culmination of a review of Section 301 tariffs first put into place under Trump starting in 2018. The US will impose new, elevated tariffs that focus on key industries including electric vehicles, batteries and solar cells. Other existing China levies are expected to largely be maintained.

An announcement is scheduled for Tuesday, two of the people said.

While a decision could be delayed, it nonetheless represents one of Biden's biggest moves in the economic race with China. It builds on his call last month to hike tariffs on Chinese steel and aluminium, and the formal launch of a fresh probe into China's shipbuilding industry.

The yuan weakened on the news, while the CSI 300 Index of Chinese shares fell as much as 0.6% in early trading before rallying.

"It'll definitely cause investors to pause on stocks that are potentially exposed," said Xin-Yao Ng, director of investment at abrdn, adding that many green-tech brands such as battery giant Contemporary Amperex Technology Co Ltd already have limited US exposure. "Everyone knows it's a risk."

The full scope of the incoming tariffs – including rates and the total list of sectors that will be impacted – is not clear. The White House declined comment. It's also unclear what, if any, sectors might see tariff reductions on particular goods, though large-scale reductions aren't expected.

China's Foreign Ministry said the tariffs imposed by the previous US administration "seriously disrupted" economic and trade exchanges between the two countries. It called on Washington to cancel the restrictions, and added that China will take steps to defend its rights and interests.

"Instead of correcting its wrong practices, the US continued to politicize economic and trade issues," Lin Jian, a ministry spokesman, said at a regular briefing yesterday. "To further increase tariffs is to add insult to injury." President Xi Jinping's strategy of ramping up manufacturing to arrest an economic slowdown at home



US President Joe Biden.

has triggered alarm abroad. US and European Union leaders have scolded Beijing over state support that they say has fuelled a deluge of cheap exports that threaten jobs in their markets. The EU launched an EV subsidy investigation in October that may lead to additional tariffs by July.

The US is standing up to China's "unfair economic practices and industrial overcapacity," Biden said last month. "I'm not looking for a fight with China. I'm looking for competition, but fair competition."

The tariffs would likely have little immediate impact on Chinese firms, since its world-beating EV manufacturers have steered clear of the US market due to tariffs. Its solar companies mostly export to the US from third countries to avoid curbs, with US firms seeking higher tariffs on that trade, too.

Biden and Trump are jockeying to be seen as tough on China as they head toward an election rematch in November. Biden signed into law a bill last month that began a countdown for video-sharing platform TikTok to divest from its Chinese parent ByteDance Ltd, or quit the American market.

Trump has promised to hike tariffs on China across the board if re-elected, vowing a 60% tax on all Chinese imports. Many Democrats have dismissed that approach, in part because it would raise prices for US consumers grappling with inflation.

During Trump's last administration, Washington and Beijing became embroiled in a tit-for-tat trade war in which China retaliated with measures that aimed to exact pain in the American heartland by targeting agricultural exports.

US Senator Chuck Grassley, an Iowa Republican, expects Beijing to respond again. "We know how China reacted when Trump put tariffs on," he said. "They hit agriculture with it. I can't be sure that China would hit agriculture the same as they did in the Trump ones, but they're going to hit back."

Biden's announcement would be formally enacted by the office of US Trade Representative Katherine Tai, who last month said that she expected a conclusion to a review that began in 2022 to end soon. The administration had been looking at ways to make the tariffs more strategic and effective, she added.

The move comes after Biden last month proposed new 25% tariffs on Chinese steel and aluminium as part of a series of steps to shore up the American steel sector and woo its workers in an election year. That vow was viewed as largely symbolic, because China currently exports little of either metal to the US.

Beijing responded with restraint to the threat of metal curbs, imposing tariffs on US propionic acid, an export market worth \$7mn to America last year, according to customs

data. Still, ramping up tariffs on a broader spectrum of industries could prompt a stronger response from Chinese officials.

The full range of existing duties spans imports from industrial inputs, such as microchips and chemicals, to consumer merchandise including apparel and furniture. Trump imposed the first of the tariffs in 2018, citing section 301 of the Trade Act of 1974.

For years, internal divisions prevented Biden's team from arriving at a consensus on what to do about the tariffs. Some officials including Treasury Secretary Janet Yellen had argued that reducing curbs on household items could help ease US inflation.

While the Biden administration had considered the political implications of changes to the tariffs, USTR in late 2022 began a legally required formal review of their impact. In the absence of such an evaluation, the curbs would have started to automatically expire in mid-2022.

Under Trump, Washington and Beijing reached the so-called phase one agreement in early 2020. That reduced some duties in exchange for China pledging to address intellectual-property theft and increase its purchases of energy, farm and manufactured goods, along with services, by \$200bn in the two years through the end of 2021. China fell more than one third short of its promises.



Turkiye's Treasury and Finance Minister Mehmet Simsek.

Turkiye to unveil savings measures package next week, says Simsek

Reuters
Istanbul

Turkiye will announce a package of savings measures on Monday, Finance Minister Mehmet Simsek said yesterday, stressing that Ankara would do everything necessary to bring inflation down to single digits.

Speaking at an event in Istanbul, Simsek also said Turkiye's credit rating would rise further after ratings agency S&P last week upgraded its rating, citing improved co-ordination among policies and external rebalancing.

Simsek said Turkiye's economic programme was working very well and there were no issues with accessing global finance, adding that income tax

would not be raised. "Our most important goal is to reduce inflation to single digits, we will do whatever is necessary for this," he said.

Turkiye's central bank nudged up its year-end inflation forecast to 38% on Thursday and its governor said annual inflation – which climbed to 69.8% in April – will peak this month at 75-76%. Data on Friday showed Turkiye's unemployment rate fell 0.1 percentage points month-on-month to 8.6% in March, back to the decade low that it touched in October last year and down 1.4 percentage points from a year earlier.

Turkiye's industrial production fell by 0.3% month-on-month in March on a seasonal and calendar-adjusted basis, data also showed, with output up 4.3% year-on-year.

UAE's AI ambitions include making advanced semiconductors

Bloomberg
Dubai

The United Arab Emirates is seeking support from the US to become a producer of advanced semiconductors, a crucial component of the supply chain for artificial intelligence (AI), as part of its plans to be a leading hub for the technology.

"The only way this will work is if we're able to build sustainable and long-term partnerships with countries like the US where we are able to build cutting-edge chips," Omar al-Olama, the UAE's Minister of State for Artificial Intelligence, said in an interview, cautioning that the work is at an early stage.

The Gulf country has positioned itself to become a regional heavyweight in artificial intelligence, investing heavily in the sector and shifting away from China to assuage US government concerns.

The global surge in AI has fuelled demand for advanced semiconductors which are needed to support the huge amounts of data processed by the smart technology.

The UAE's plans have caught the attention of OpenAI's Sam Altman, who's approached Abu Dhabi to discuss funding for an advanced semiconductor venture, according to The



Omar al-Olama, the UAE's Minister of State for Artificial Intelligence.

Financial Times. The UAE's sovereign wealth fund has also backed chipmaker GlobalFoundries Inc.

Still, manufacturing advanced chips in the Gulf will probably face significant hurdles. It would likely require a nod from the US government to allow collaboration with US companies, and the UAE would also need to attract talent and expertise from overseas.

Al-Olama said the UAE is only interested in building the new generation of chips rather than competing with cheaper models.

"The UAE cannot compete with a larger country with a lot more labour that's able to provide these at par or sub-par chips for a cheaper price," he said.

CORPORATE RESULTS

Honda posts record profit, issues cautious forecasts for current year



Japanese auto giant Honda yesterday logged a record annual profit thanks to improving global vehicle sales, but issued a cautious outlook for the current fiscal year.

The company said net profit for the year to March soared 70% to ¥1.1tn (\$7.1bn) on sales of ¥20.4tn, up 20.8% from the previous year.

Honda has made big outlays as it aggressively pursues a target set three years ago of achieving 100% electric vehicle sales by 2040.

Its 2023-24 results come two weeks after it announced the largest automotive investment in Canada's history for a new

\$11bn EV battery and vehicle assembly plant.

The company already has a partnership in electric vehicles with Sony, and is exploring collaboration with arch-rival Nissan as they face a "once-in-a-century" upheaval in the car industry – a move analysts say is aimed at catching up with Chinese EV competitors.

On Friday, Honda said global vehicle sales were up, thanks largely to its vehicles' popularity in the US. Sales volume was down in China, however, while its motorcycle division's robust sales in India and Brazil offset falls in Vietnam. Price increases and the weak yen boosted

profits overall, Honda said. For the year to March 2025, the company expects net profit to fall 9.7% to ¥1.0tn on sales of ¥20.3tn, down 0.6%. Rising costs and changes to forex rates may put pressure on company results going forward, it said.

Vehicle sales in the US and the Japanese markets are expected to grow, Honda said, but it predicted sales in the rest of Asia would ease.

Nissan on Thursday said it had nearly doubled its 2023-24 net profit, weathering challenges in the Chinese market, but forecast a dip of around 10% for 2024-25. Toyota, the world's top-selling automaker, also posted a record annual net profit this week.

TSMC

Taiwanese semiconductor giant TSMC announced on Friday that its April earnings had jumped nearly 60% when compared to the same month a year ago. "On a consolidated basis, revenue for April 2024 was approximately NT\$236.02bn (\$7.2bn)...an increase of 59.6% from April 2023," it said in a statement.

Robinhood

Online brokerage Robinhood Markets beat estimates for first-quarter profit, thanks to robust crypto trading volumes and rate hikes that boosted its net interest revenue. The approval of the first spot bitcoin ETFs in the US in January boosted sentiment towards the crypto industry, which had

been bruised by several high-profile collapses over the past two years. The company however disclosed earlier this week that its US crypto trading arm received a so-called Wells notice from the SEC over tokens traded on its platform. The notice is issued when the regulator plans to bring enforcement action against a company.

"The Wells Notice clouds the future of this income stream," said Lauren Ashcraft, financial services analyst at Emarketer. But companies generally have an opportunity to respond to a Wells Notice and rectify situations, so Robinhood "still potentially has a chance to maintain this significant source of revenue," she added. Robinhood said it was disappointed with the notice but would contest the SEC's claims and, if necessary, fight the regulator in court.

"We've run our crypto business very carefully. We've been very selective about the coins we offer, and we've not offered services that have been criticized by the SEC," CFO Jason Warnick said. Trading in equities and options also held up, thanks to hopes of a soft landing that have encouraged retail traders to wade back into the market, allowing the Menlo Park, California-based company to rake in 59% higher transaction-based revenue. Net interest revenue jumped 22% to \$254mn, helped by the Federal Reserve's policy tightening that has allowed companies to earn more from their deposits and bond investments. The company reported a profit of \$157mn or 18 cents per share for the

three months ended March 31, compared with expectations of 6 cents per share, according to LSEG. It had reported a loss of \$511mn or 57 cents per share in the same quarter last year. Net revenues soared 40% to \$618mn. Shares climbed nearly 3% after the bell.

Enel

Italian energy utility Enel has said its profit surged in the first quarter despite falling gas and electricity prices.

The 87% jump in net profit to €1.93bn (\$2.1bn) beat the analyst consensus forecast of €1.77bn euros compiled by financial data provider FactSet.

"The increase is mainly attributable to the positive performance of ordinary operations, as well as to the optimization of financial management," the company said in a statement.

Excluding exceptional items, net profit was €2.18bn, up 44% from the January to March period last year.

But revenues slumped by just over a quarter, to €19.4bn, as both energy prices and volumes fell.

Enel Chief Financial Officer Stefano De Angelis said the "solid" first quarter results would help the firm meet its annual financial targets, including lowering its debt. The group, which also has operations in Spain and South America, aims for full-year net profit of €6.6bn-€6.8bn, and €22.1bn-€22.8bn of gross operating profit. Renewable energy now accounts for just over two-thirds of the firm's global production.

SoftBank sells off Vision Fund assets as Son pivots to AI, chips

Bloomberg
Tokyo

SoftBank Group Corp's flagship Vision Fund has quietly sold off or written down billions of dollars' worth of its publicly-listed holdings in recent years, a sign of founder Masayoshi Son's shift away from the venture capital deals that were once an obsession and toward strategic investments in semiconductors and artificial intelligence.

Since the end of 2021, the world's biggest startup fund has seen its US-listed portfolio shrink by almost \$29bn, as it sold down stakes in companies such as Coupang Inc, DoorDash Inc and Grab Holdings Ltd and share prices fell, regulatory filings show. That figure doesn't include the sale of the Vision Fund's stake in chip designer Arm Holdings Plc back to SoftBank last year. The one-time tech kingmaker is now a shadow of its former self, having laid off more than a hundred staff and slowed new investments to a fraction of its past pace. Son is selling off assets from the fund's portfolio as he prepares for possible forays into AI and related hardware, said people familiar with the billionaire's thinking.

SoftBank's equity capital market team — a group of traders from the likes of Goldman Sachs — has played a central role in monetising the Vision Fund's sizeable stakes with minimal market disruption, said the people, who asked not to be identified discussing matters that are private.

Many of the investments led by the SoftBank chairman now bypass the Vision Fund and are orchestrated by the holding company. While Son long teased the possibility of a series of Vision Funds launched every two to three years, the prospect of a third Vision Fund — let alone a fourth — no longer comes up, said the people.

Instead, the fund's reduced staff are mostly caretakers. The equity capital market team is instrumental in detecting the most opportune moments for assets sales, at times through block trades on secondary markets, the people said. They are concentrating on locking in investment gains and reversing any losses.

Son has moved on to new obsessions, inspired in part by the success of Arm. The chip designer's market value has soared to around \$106bn since its market debut last year, making SoftBank's 90% holding worth more than all of SoftBank.

One possible Son project on the horizon:

bankrolling a \$100bn chip venture to compete with Nvidia Corp and supply semiconductors to power the development of AI services.

The 66-year-old's plans remain in flux, the people said.

The SoftBank asset sale disclosures come from 13F filings to the US Securities and Exchange Commission, and represent only the fund's US-listed companies. That comprises about half of its publicly-listed portfolio firms by fair value. The Vision Fund also has been gradually selling down stakes in Indian startup Paytm and China's SenseTime Group Inc, with SoftBank now owning less than 5% of either firm.

In terms of SoftBank's overall net asset value, which subtracts liabilities, the Vision Fund contributed \$7.3tn (\$47bn) at the end of December compared with about \$9.5tn at the end of 2021. Arm's contribution by the same measure came to \$6.1tn at end-December.

A SoftBank representative declined to comment.

Strategy shift

Seven years from the Vision Fund's launch ceremony in Riyadh, the Tokyo-based investor has little to show from a push that directed billions of dollars' worth of Saudi and Abu Dhabi sovereign funds into young tech firms. The experiment helped fuel a global surge in valuations that burst when Son's exuberance met reality.

A series of high-profile implosions ensued, including those of WeWork Inc, Katerra Inc and Zume Pizza Inc, damaging Son's reputation and increasing his personal debts to the company.

SoftBank's shift in strategy also reflects a reset in the broader venture capital market. The two Vision Funds and the Latin America funds together managed committed capital of more than \$160bn, by far the largest pot of startup capital ever collected. Staff initially went on the hunt for promising companies requiring investments of a minimum \$100mn — more money than many young companies wanted or could spend effectively.

"SoftBank got fairly overextended into some early-stage companies where maybe they thought capital could be the real differentiator in the market," Matt Murphy, a partner at Menlo Ventures. "That often didn't work out well. Sometimes it did."

The startup field has grown more conservative in recent years. VCs and companies have recognized the dangers of too much money.

"I don't think there's as much demand for

that amount of capital in the market right now," he said.

Accelerating sales

Asset sales by the Vision Fund have been accelerating, according to SEC filings. Since the end of 2021, SoftBank divested sizeable stakes in Coupang, but more than a quarter of the transaction volume has taken place this year. It's also continued to sell down its stakes in Grab and DoorDash, and has fully exited from Uber Technologies Inc and India's Zomato Ltd.

At the same time, the Vision Fund sold back to SoftBank the 25% stake in Arm it obtained in lieu of \$8.2bn of SoftBank's capital commitment. Cambridge, UK-based Arm, whose power-saving chip designs are used in virtually all mobile devices worldwide, went public in September. In recent months, SoftBank is directly investing in companies it sees as strategically important, in some cases, taking controlling stakes. The Japanese investment firm is in talks to acquire British semiconductor startup Graphcore Ltd, Bloomberg reported.

Earlier this week, SoftBank led a \$1.05bn funding round for UK self-driving startup Wayve Technologies Ltd, investing along with Nvidia and existing backer Microsoft Corp. In 2022, a SoftBank blank-check firm merged with robotics warehouse automation firm Symbotic Inc, and the two firms have since partnered on projects. Past deals have included acquisitions of US carrier Sprint, as well as Vodafone Group Plc's Japan operations and Yahoo Inc's stake in then-Yahoo Japan. The Sprint acquisition led to a boost in SoftBank's stake in T-Mobile last year, the result of an agreement struck when T-Mobile bought Sprint in 2020.

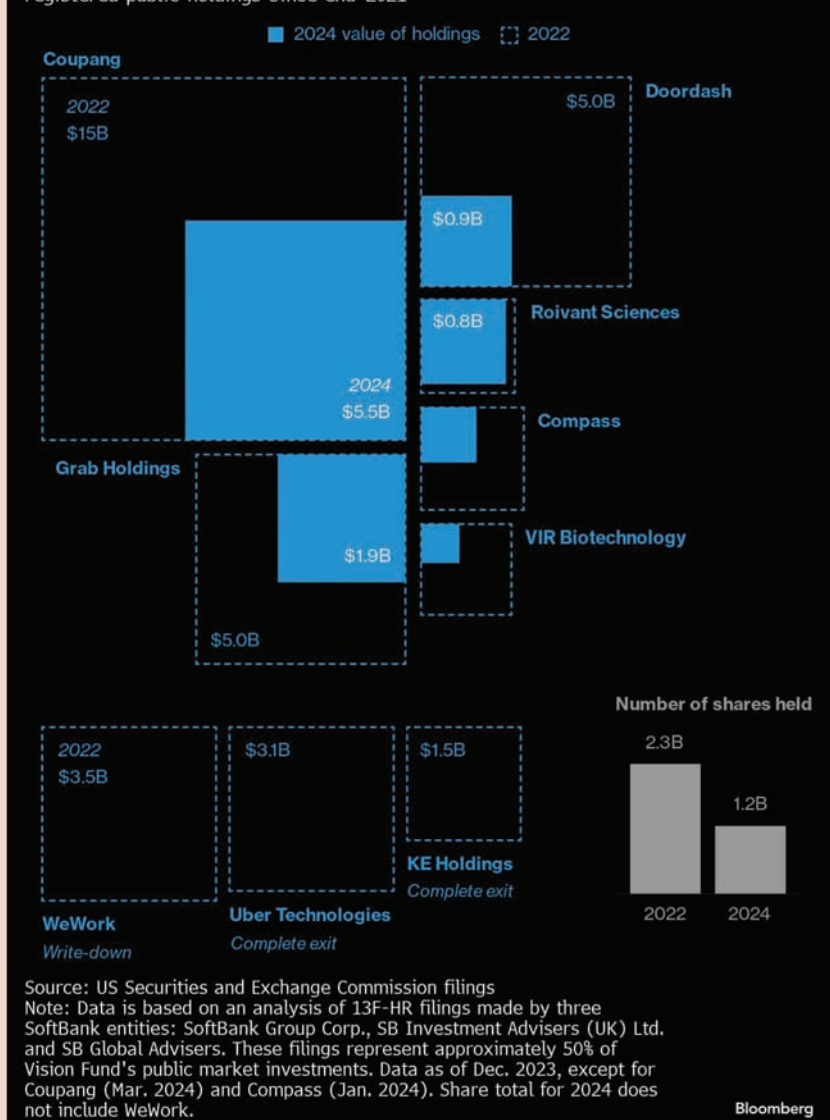
"The Vision Fund has been a prolific seller." For all but one of the past seven quarters, the total value of disposals at the Vision Fund has outweighed that of investments, the company's earnings reports show.

In the December quarter, the Vision Fund divested \$2.2bn of its assets while spending \$90mn on investments. That's helped lift SoftBank's cash pile to \$6.2tn, up from \$4.6tn at the end of 2021. The second Vision Fund still has around \$6bn to spend, but in practice, the money is Son's to direct as he pleases, since the second Vision Fund has no external partners, the people familiar with the fund's management said.

Kirk Boody, an analyst at Astris Advisory, estimates the two Vision Funds sold at least \$6bn worth of their holdings in

The Vision Fund Shrinks

SoftBank's venture capital arm has sold or written down many of its largest US-registered public holdings since end-2021



the fiscal year ended March. The first Vision Fund has sold at least \$5bn since September 24, he said. "The Vision Fund has been a prolific seller since September," he said. "A growing cash pile could point to a deeper pivot to generative AI."

The SEC filings also do not reflect sales or bankruptcies of unlisted companies in which SoftBank has invested. The Vision Funds together have invested in hundreds of startups, the majority of which remain

privately-held. The fund's withdrawal from big new startup investments and generous follow-ons is contributing to a drought in global venture capital.

Some of the Vision Fund portfolio companies that have gone under this year include window-maker View Inc and genetic-testing company Invitae Corp. "No doubt, Vision Fund had an impact on startup valuations in 2020-2021," Boody said. "Those days are not coming back."



SoftBank Group founder Masayoshi Son in 2019. Since the end of 2021, the world's biggest startup fund has seen its US-listed portfolio shrink by almost \$29bn, as it sold down stakes in companies such as Coupang, DoorDash and Grab Holdings and share prices fell, regulatory filings show. Son is selling off assets from the fund's portfolio as he prepares for possible forays into AI and related hardware, said people familiar with the billionaire's thinking.

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Updated on 1st & 16th of Every Month

UK exits recession with fastest growth in nearly three years

■ Britain's GDP +0.6% in Q1 vs Reuters poll of +0.4%
 ■ GDP in March +0.4% vs poll of +0.1%
 ■ Sunak says economy has turned a corner
 ■ GDP per person grows for first time since early 2022

Reuters
London

Britain's economy grew by the most in nearly three years in the first quarter of 2024, ending the shallow recession it entered in the second half of last year and delivering a boost to Prime Minister Rishi Sunak ahead of an election.

Gross domestic product expanded by 0.6% in the three months to March, the Office for National Statistics said, the strongest growth since the fourth quarter of 2021 when it rose by 1.5%.

The data was welcomed by Sunak who said the economy had "turned a corner", while the opposition Labour Party, which has a large lead in opinion polls, accused Sunak and finance minister Jeremy Hunt of being out of touch.

"There is no doubt it has been a difficult few years, but today's growth figures are proof that the economy is returning to full health for the first time since the pandemic," Hunt said.

Labour contested those claims. "This is no time for Conservative ministers to be doing a victory lap and telling the British people that they have never had it so good," said Rachel Reeves, who hopes to succeed Hunt as finance minister after an election expected later this year.

First-quarter economic growth was faster than the 0.3% in the euro zone and the 0.4% quarterly growth in the US.

However, Britain has still had one of the slowest recoveries from the effects of the coronavirus pandemic among major advanced economies,



A person rests on the grass near the banks of the River Thames, backdropped by Tower Bridge in London on Friday. Britain's economy grew by the most in nearly three years in the first quarter of 2024, ending the shallow recession it entered in the second half of last year and delivering a boost to Prime Minister Rishi Sunak ahead of an election.

exacerbated by a surge in European natural gas prices after Russia invaded Ukraine in 2022.

At the end of the first quarter of 2024, the country's economy was just 1.7% bigger than its level in late 2019, before the pandemic, with only Germany in the G7 faring worse.

"Despite the better near-term outlook, the improvement in GDP growth looks likely to be constrained by the ongoing weakness in productivity growth as well as reduced scope to increase employment levels," Yael Selin, chief economist at KPMG UK, said.

The first-quarter growth exceeded all forecasts in a Reuters poll of 39 economists which had pointed to a 0.4% expansion of gross domestic product in the January-March period, after GDP shrank by 0.3% in the final quarter of 2023.

Yesterday's data also showed that

GDP in March was 0.7% higher than a year earlier, above expectations of a 0.3% rise.

The Bank of England (BoE), which held interest rates at a 16-year high on Thursday, had forecast quarterly growth of 0.4% for the first quarter and a smaller 0.2% rise for the second quarter, and a weak expansion of just 0.5% for 2024 as a whole.

Officials on the BoE's Monetary Policy Committee signalled the central bank could shift to cutting rates as early as June, but some economists suggested on Friday that stronger GDP growth could delay the Bank's efforts and stoke inflation.

"This is likely to be a surprise to the MPC and may result in upward revisions to inflation at the next Monetary Policy Report," economists at Japanese bank Nomura said.

Sterling strengthened against the

US dollar after Friday's ONS figures were released.

On a monthly basis, the economy grew by 0.4% in March, much faster than the 0.1% growth forecast by economists in the Reuters poll, reflecting strength in retail, public transport, haulage and health — partly due to fewer public-sector strikes.

Car manufacturing also performed well, offset by continued weakness in construction, the ONS said.

GDP per head rose for the first time in two years in the first quarter, up 0.4%, but was still 0.7% lower than a year earlier, highlighting the ongoing squeeze on living standards and Britain's struggle to boost productivity.

"In per capita terms, it could be said that UK households have seen little meaningful improvement in living standards in the last two years," Gora Suri, economist at PwC, said.

GCC Commercial Arbitration Centre to strengthen collaboration to attract FDI

The GCC (Gulf Co-operation Council) Commercial Arbitration Centre is committed to strengthening collaboration with such centres across the region as part of efforts to settle commercial disputes and attract foreign direct investments (FDI), according to its top official.

"The centre aims to enhance its services in arbitration, and dispute resolution to attract increased investment and bolster the economic development of Gulf countries as a collective entity," said Dr Kamal al-Hamad, the Secretary-General of the GCC Commercial Arbitration Centre, as Bahrain-based celebrates 30th anniversary.

Disclosing that preparations are underway for the inaugural 'GCC International Week for Arbitration and Law', he said this initiative underscores the GCC Commercial Arbitration Centre's commitment to advancing the arbitration field.

It aims to serve as a significant gathering, both within the Gulf region and on a global scale, providing a global platform for all stakeholders involved in dispute settlement systems. It purpose is to explore industry and investment prospects in the Gulf region, facilitate the exchange of knowledge and experiences, foster relationships, and facilitate the signing of agreements.

He introduced the concept of 'GCC Arbitrator Day' and the creation of a specialised award to recognise excellence in Gulf arbitration within GCC states. The award aims to highlight innovative arbitration practices, honour exemplary contributions, and incentivise arbitrators to uphold principles of justice and fairness in the GCC region, thereby promoting a culture of excellence in arbitration.

"The GCC Commercial Arbitration Centre is committed to strengthening collaboration with arbitration Centres across GCC countries. This commitment is aimed at fostering communication and facilitating the exchange of knowledge and experiences among member states," Dr al-Hamad said.



Dr Kamal al-Hamad, Secretary-General of the GCC Commercial Arbitration Centre.

Doha to host 3rd Mena Insurtech Summit to explore AI opportunities and challenges

The third edition of Mena Insurtech Summit 2024 will be held here from today until May 13, bringing together insurance executives, startups, investors, regulators and technology providers to explore the opportunities and challenges of artificial intelligence (AI) on digitalisation, automation and personalisation in the sector.

The summit, powered by QIC Group, will showcase the latest trends, best practices, and case studies of how AI is reshaping the insurance value chain, from product development and distribution to underwriting and claims management.

This year's summit is organised by the Mena Insurtech Association, a membership-based association, established two years ago and spearheaded by Qatar Insurance Group through the Digital Partners Unit (QIC DVP) to build the regional insurtech ecosystem by connecting innovations and talent with partners and capital.

"AI is not only a technological innovation, but also a strategic imperative for the insurance industry as it undergoes rapid and profound changes driven by technology. We believe that this summit will provide a valuable platform for dialogue, collaboration, and learning among the key stakeholders of the insurtech ecosystem, and we look forward to welcoming this global assembly of innovators, experts, entrepreneurs and industry leaders to Doha to discuss the latest priorities and developments," said Salem al-Mannai, chief executive officer of QIC Group and chairman of the Mena Insurtech Association.

According to McKinsey report "The executive's AI playbook", AI technologies could add up to \$1.1tn in annual value for the global insurance industry; approximately \$400bn could come from pricing, underwriting, and promotion technology upgrades and \$300bn from AI-powered customer service and personalised offerings.

The summit will feature keynote speeches, panel discussions, workshops, and networking sessions, covering topics such as: How can generative AI accelerate the digital transformation of the insurance industry; from strategy to execution: cross border mergers and acquisitions and IPOs; the latest use cases and trends in embedded insurance; insurtech lifecycle idea to exit; AI's role in shaping careers; Banking and insurance regulators' perspective on AI; and leveraging AI in sales and distribution for the insurance industry.

The summit will also host the final stage of the 'Mena Insurtech Competition 2024' where nine outstanding startups that emerged from a rigorous selection process across multiple renowned events such as GITEX Global, the General Arab Insurance Federation conference in Oman (GAIF), Web Summit Qatar 2024, and a virtual showcase spanning eight countries will pitch their cutting-edge solutions to a panel of experts and investors at the summit. Additionally, the summit will also feature 'Insurtech Island', a unique opportunity for growth-stage startups to connect with potential investors and industry leaders.



Salem al-Mannai, chief executive officer of QIC Group and chairman of the Mena Insurtech Association.

Fed urged to avoid 'regulatory distraction of tackling climate risk'

The Federal Reserve should stick to its current mandate and avoid the "regulatory distraction" of tackling climate risk, a senior official at the US central bank said yesterday, reports AFP.

The Fed has a dual mandate to maximise sustainable employment and ensure stable prices, and is also responsible for regulating banks in the US.

It should ensure that its focus on "traditional risks is not lost or diluted," Fed governor Michelle Bowman told a conference in Texas yesterday, according to prepared remarks.

"One example of a supervisory and regulatory distraction is from the Fed's recent focus on climate risk," she said, referring to a Fed pilot climate analysis of six US banking giants designed to see how resilient they were to climate-related financial risks.

The banks, including Goldman Sachs and Wells Fargo, reported having "significant" challenges when estimating the financial risks from climate change because of a lack of good data.

Bloomberg QuickTake Q&A

What is Fed's 'quantitative tightening' and what phasing it out would mean

By Christopher Anstey

The US Federal Reserve has begun the process of phasing out its effort to remove trillions of dollars of excess cash from the financial system — a leftover of its injection of emergency economic support during the pandemic. The effort, known as quantitative tightening (QT), has been under way for two years, and officials want to make sure to stop it before they cause the kind of financial disruptions caused by the last round of QT, in 2017-2019. There's no specific timeline yet, however, and market participants disagree on how much longer QT can last without causing more disturbances.

1. What's quantitative tightening?

The easy answer is that it's the opposite of quantitative easing, or QE. With QE, a central bank typically buys bonds, which helps to drive down longer-term interest rates — complementing the cuts to the policy rate, which is usually

an overnight benchmark. A central bank essentially creates money out of thin air to do that, with the purchases having the effect of increasing the supply of bank reserves in the financial system. That extra boost of reserves, in theory, supports banks' appetite to keep extending credit, which Aids the economy. When a central bank shifts to QT, it begins withdrawing that extra cash from bond markets.

2. How does that work?

In the Fed's case, it's allowing a chunk of the bonds it purchased to reach maturity without replacing them. That process, over time, has the effect of removing liquidity from the financial system that QE had injected. It happens in a series of operations. When a bond the Fed holds hits maturity, the Treasury Department "pays" the Fed by subtracting the requisite amount from the cash balance it keeps on deposit with the Fed. In order to replenish its cash — which is vital, because that's what the Treasury uses to pay the government's obligations — the Treasury needs to sell new

securities. As private-sector buyers purchase those new Treasuries, the process drains cash from the financial system, undoing the money creation of QE.

3. What's the scope of the Fed's current QT?

The Fed has been shrinking its asset holdings — mostly Treasuries and mortgage bonds backed by government agencies — since June 2022. As of May, the Fed was doing so at a pace that allowed a maximum of \$60bn in Treasuries and \$35bn in mortgage-backed securities to mature every month without replacement. That \$95bn a month is nearly double the peak rate of \$50bn the last time the Fed trimmed its balance sheet, ending in 2019. Starting in June, the Fed will reduce the Treasuries cap to \$25bn. QT has helped take the Fed's balance sheet down by about \$1.6tn as of May, from a record peak of near \$9tn reached in early 2022. The balance sheet more than doubled after Covid-19 struck and the Fed moved to snap up trillions of dollars' worth of securities.

4. Why did the Fed slow QT?

Was there a problem? So far, QT hasn't set off the kinds of problems seen in 2019, when the Fed ended up draining so much liquidity that it caused a near freeze-up in an important area of the money markets. Indeed, precisely to avoid a repeat of that mistake, policymakers said on May 1 that they would dial back the pace of QT. That's after bouts of volatility were seen in money markets at the end of November and into December that pushed up one benchmark — the Secured Overnight Financing Rate — to new all-time highs.

5. What's the worst that can happen?

The previous QT experience offers a hint. The first sign of trouble came in December 2018, when — during a time of year when demand for cash was seasonally high — a declaration by Fed Chair Jerome Powell that QT would keep going on "automatic pilot" contributed to a 7% tumble in the

stock market in a week. The next month, the Fed abandoned plans for a rate hike, and in March 2019, it announced the phasing out of QT. Despite that, by September 2019, borrowing costs spiked in an essential part of the economy's financial plumbing — the so-called repo market, where banks, money-market funds and others lend capital for short periods. That suggested there were insufficient bank reserves in the system — in other words, the Fed had taken out too much liquidity. Policymakers injected funds and then embarked on what some dubbed a "QE lite" program, snapping up Treasury bills.

6. How do policymakers think about things now?

Powell last year highlighted the Fed's determination to avoid the kind of disruption that happened with QT last time, and the central bank has decided to stop at a point when there's still an "ample" level of reserves in the financial system. As of the policy meeting that ended on March 20, policymakers viewed the level of

reserves as "abundant," according to minutes of that gathering. They also assessed that the QT process was "proceeding smoothly." But, in light of how they were taken by surprise the last time around, officials "broadly assessed it would be appropriate to take a cautious approach" going forward. Slowing the pace of QT would help the Fed make the transition from "abundant to ample" reserves, the minutes said.

7. So how much longer will QT last?

The Fed gave no indication in its May 1 announcement what the timeline might be. Minutes of that policy meeting are expected to be released May 22, and we may know more then. Roberto Perli, who oversees the Fed's securities portfolio at the New York Fed, said on May 8 that policymakers now have more time to evaluate changes to market conditions. The new pace of QT prompted Citigroup Inc to delay its projected timing for the end of QT, to the second quarter of 2025 — barring a recession.