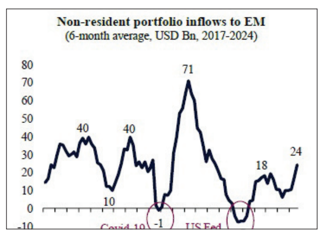

QNB REPORT | Page 8

'Emerging markets resiliency supports capital inflows'

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BUSINESS

CONFLICTING SIGNALS : Page 3

Inflation and Fed meeting to give clues for US market direction


British ambassador Neerav Patel and Dr Mohamed Althaf, director, LuLu Group International.
PICTURES: Shaji Kayamkulam

British firms poised to play key role in achieving Qatar's 2030 Vision: Envoy

By Peter Alagos
Business Reporter

British companies could play a vital role in helping Qatar succeed in its 'Third National Development Strategy' (NDS3), the final phase of the Qatar National Vision 2030, ambassador Neerav Patel has said.

Speaking on the sidelines of the recently launched 'British Food Week', which is currently running across LuLu Hypermarket outlets in Qatar, Patel emphasised Qatar's clear stance in building "a modern, knowledge-based, highly skilled economy," following the announcement of NDS3 in January this year.

"There are many British enterprises that are well-positioned to play a pivotal role in realising Qatar's vision. The breadth of the trade in both directions ranges across defence, education, health, advanced manufacturing, technology and AI, science, culture, and sport. We are looking to expand our footprint across these fields, while simultaneously enhancing our existing partnerships," the ambassador pointed out.

Similarly, while addressing a panel discussion with Dr Mohamed Althaf, director, LuLu Group International, held during the event, Patel noted that Qatar is in the top 10 destinations for British small and medium-sized enterprises (SMEs), citing LuLu Group's role in encouraging among British SMEs "a real appetite and desire to come to Qatar."

"There's a real match between supply and demand; British brands and businesses are emerging in sustainable, organic, and vegan spaces. There are so many new suppliers coming on stream in the UK and they're finding a real demand here," Patel explained.

On the broader Qatar-UK trade and economic ties, Patel said both nations share more than £7bn worth of trade in both directions.

"There's more than £40bn of country investments in the UK officially, covering several sectors, such as aerospace, manufacturing, health, and education, among others. We're also going into new areas, such as technology and AI and; of course, consumer and retail are at the heart of that.

"Most importantly, there are so many British businesses that want to come and trade with the country counterparts on those areas that are prioritised in the Third National Development Strategy and the Qatar National Vision 2030, including areas like logistics, data, AI, tech, and tourism," the ambassador pointed out.

For his part, Althaf emphasised that the UK has emerged as a centre of culinary innovation, particularly in terms of plant-based proteins, functional food, healthy food, and dairy products, as well as sectors that cater to modern health and sustainability concerns.

"There is a lot of innovation that has happened in the UK and our partnership with them continues to deepen and expand with various universities and other institutions, allowing opportunities for synergy between education, research, and industry," Althaf stressed.

Althaf also underscored LuLu's world-class distribution centre in Birmingham, citing its forensic testing centre and halal certification facility, and how it ensures food and cultural needs are aligned.

Since its establishment in the UK two years ago, Althaf said, LuLu's Birmingham distribution centre has been recognised with the Queen's Award for Best International Trade. "It is a remarkable achievement, so I believe this has contributed a lot to expanding cultural relationships," Althaf added.

QIIB promotes corporate solutions with Visa Business debit card

QIIB has announced the launch of its latest corporate and business solutions, the Visa Business debit card for small and medium enterprises (SMEs).

This card is the first of its kind issued by a bank in Qatar and offers advanced and convenient payment solutions with numerous value-added customer benefits.

The Business debit card has a wide range of benefits and can be used at any of Visa's more than 130mn merchant partner locations globally, ensuring round-the-clock access to the company's account.

It is also enabled for contactless payments, facilitating in-store and online purchases and transactions, domestically and internationally. All card transactions are supported by real-time SMS alerts. Customers can use it for making cash withdrawals, deposits, money transfers, as well as checking mini statements at QIIB ATMs.

QIIB's Business debit card also provides companies with exceptional benefits and options from Visa, including travel, insurance, entertainment, and discounts from reputable global partners.

Omar Abdulaziz al-Meer, chief of Corporate Sector at QIIB, said, "We are pleased to introduce this card, in collaboration with Visa, as a significant value addition that we offer to our small and mid-sized business customers, as part of our commitment to providing the best corporate services and payment solutions.

"Our steadfast commitment to providing integrated solutions to our corporate customers is expressed through the innovative services and products we offer. The launch of our Visa Business debit card for SMEs reflects our dedication to this customer segment, given its significance in entrepreneurship, as well as our commitment to support its contribution to development."

Al-Meer noted, "The launch of the Visa Business debit card is an extension of the card products and solutions that QIIB has previously introduced to large, medium, and small businesses, including the Visa Signature Business credit card and the Visa Signature Corporate credit card.

"We always strive to stay on top of the best trends and solutions vis-à-vis corporate payments, opening up renewed horizons for these businesses. All of our SME customers can apply for the Visa Business debit card by visiting any QIIB branch or directly contacting their respective relationship manager."

Omar Abdulaziz al-Meer, chief of Corporate Sector at QIIB.

Shashank Singh, Visa VP and GM for Qatar and Kuwait, said: "This is a significant step towards supporting the growth and digital transformation of SMEs in Qatar. The launch of the Visa Business debit card by QIIB not only provides these businesses with a convenient and secure method of transaction but also opens opportunities for them to participate in the global digital economy. This aligns well with the priorities of the Qatar government and reflects our commitment to support partners like QIIB in catering to the evolving needs of their customers."

Techno Q to begin QEVM trading on June 26

By Santhosh V Perumal
Business Reporter

Qatar Electronic Systems Company (Techno Q) – a leading systems integrator specialising in audiovisual, lighting systems and business solutions – is all set to start trading on the Qatar Stock Exchange's Venture Market (QEVM) from June 26.

The listing, which comes as part of the group's strategic growth plans and to enhance its brand and market position, has received confirmation from the QSE.

With the listing of Techno Q, the number of companies listed on the QEVM will become two. Since its inception, the junior bourse has seen listing of three entities, the two of which later got shifted to the main market.

"As a homegrown Qatari company, we are pleased to be a fixture on the country's dynamic and evolving economic landscape, one which embraces innovation and recognises the value of digitisation. Our core values and commitment to excellence remain steadfast and we look forward to strengthening our legacy right across the region," said Zeyad al-Jaidah, managing director and co-founder of Techno Q.

As many as 84.5mn shares will be listed through direct listing (without offering shares for public subscription). The shares of Techno Q will be listed with the symbol "TQES".

The reference price for the share has been set at QR2.9 (including premium of QR1.9), based on the documents submitted by the company. Market capitalisation is QR245.05mn at listing valuation.

On the first day of listing, the company's price will be floated, while from the second day, the price will be allowed to fluctuate by 10%, up or down, as is the case for other companies listed on the market.

On the date of listing and up to one year post listing, the founders are allowed to trade no more than 30% of their shares so that the tradable shares in the first year after listing shall not exceed 40% of the total issued and paid-up capital.

"As the country experiences rapid growth and digital transformation, Techno Q is also expanding and developing its offering as we look to serve world-class clients right across the Middle East and beyond. We are looking forward to a bright future as a publicly owned entity which operates with integrity and agility," said Abdulla al-Ansari, executive director and co-founder of Techno Q.

The listing adviser was Consulting Haus, the domestic legal adviser Sharq Law Firm, global legal adviser Eversheds Sutherland (International) and financial evaluator Deloitte and Touche, Qatar branch.

Techno Q was established in Qatar in 1996 operating in the AV, hospitality and lighting segment through its own operation and in the ELV and security systems segment through its fully owned subsidiary Techno Q Security Systems.

Sweden and Qatar foster entrepreneurial ties, says envoy

By Peter Alagos
Business Reporter

The Swedish embassy here is working on bolstering contacts between Qatar and Sweden's entrepreneurial and startup ecosystems to drive innovation, potential partnerships, and talent sourcing, according to top diplomat, Gautam Bhattacharyya.

The Swedish ambassador lauded institutions like Qatar Foundation and Education City, as well as its technology parks and incubation centres, including the country's infrastructure and transport systems, which provide a conducive ecosystem for startups and small and medium-sized enterprises (SMEs) to thrive.

"Everything is set. The next step is to stimulate innovation and entrepreneurship in Qatar and attract talented individuals and companies. Sweden boasts an abundance of such resources. Hitherto, neither Sweden nor Qatar have perhaps engaged so much that both their respective innovative ecosystems know each other, in-depth.

"Consequently, we are collaborating closely on initiatives that would establish more systematic connections between Swedish and Qatari institutions or organisations, such as incubators, software technology parks, and various innovation programmes and agencies," Bhattacharyya told *Gulf Times* in an exclusive interview.

While Sweden has had several delegations in this field, Bhattacharyya also called for more traffic and engagement between Qatar and Nordic countries like Denmark, Sweden, Finland, Norway, and the Baltics.

"Our presence in the Gulf region, particularly in Qatar, is somewhat low-key. Given the advanced nature of the Swedish and Nordic economies, our engagement can be remedied by high-level visits in both directions, including deeper engagement on the political front, as well as in the business and academic spheres. That is precisely the dynamic we are trying to build. We see traction in that regard and are very optimistic for the future", he emphasised.

Bhattacharyya pointed out that Sweden's expertise in the field of sustainable green technologies, as well as digitalisation, machine learning, cybersecurity, and deep technology, also offers more potential avenues for cooperation with Qatar's private and public sectors.

"Sweden is a leader in green technologies and we also have a large number of startups and unicorns in this field. We have a huge ecosystem of companies in Sweden pioneering new technologies powered by artificial intelligence (AI) and quantum computing, with a particular focus on sustainability applications," the ambassador explained.

Similarly, he said Sweden is also a leader in transport and the electrification of buses, cars, and trucks. In the field of aerospace, the ambassador said a Swedish company is on its way to producing electric hybrid aeroplanes.

"After the summer, a regular ferry route of the Stockholm Public Transport Authority will be operated by an all-electric ferry for the first time," he noted.

Bhattacharyya also underscored Sweden's longstanding and growing footprint in Qatar, citing the presence of major engineering companies and large corporate firms in the telecom, oil and gas sectors and downstream industrial sectors, amongst others.

Gautam Bhattacharyya, Swedish ambassador.
PICTURE: Shaji Kayamkulam

BUSINESS

Saudi is said to hand about 60% of Aramco offer to foreign funds

Bloomberg
Riyadh

Foreign investors are set to be allocated about 60% of the shares on offer in Saudi Aramco's $11.2bn stock sale, people familiar with the matter said, marking a turnaround from the oil giant's 2019 listing that ended up as a largely local affair.

The deal generated strong demand from the US and Europe, according to the people, who declined to be identified as the information is private. Funds from the UK, Hong Kong and Japan also backed the share sale that drew orders worth more than $65bn in total, the people said.

During the oil giant's listing, overseas investors had largely balked at valuation expectations and left the government reliant on local buyers. The $29.4bn IPO drew orders worth $106bn, and just 23% of shares were allocated to foreign buyers.

Representatives for Aramco weren't immediately available to comment.

A key draw this time is the firm's dividend, which is one of the world's biggest. Investors willing to look past a steep valuation and the lack of buybacks would cash in on a $124bn annual payout that Bloomberg Intelligence estimates will give the company a yield of 6.6%.

Saudi Arabia drew enough bids to cover all shares within hours after it kicked off the deal. The offer closed on Thursday and the kingdom stands to net at least $11.2bn in proceeds, excluding over-allotments — cash that will help fund a multitrillion-dollar push to transform the economy.

The final pricing was towards the bottom half of a proposed range of 26.70 riyals to 29 riyals, though Aramco's stock has been trading below the top end since the deal was announced and closed at 28.30 riyals on Thursday.

The extent of foreign participation was closely watched, with Aramco's top executives holding a series of events in London and the US to drum up demand.

The Saudi government owns about 82% of Aramco, while the Public Investment Fund holds a further 16% stake. The kingdom will continue to be the main shareholder after the offering. Aramco shares have been under pressure recently, even dropping to their lowest levels in over a year in the days leading up to the massive offer that's drained liquidity from the Saudi market.

The offer closed on Thursday and the kingdom stands to net at least $11.2bn in proceeds, excluding over-allotments — cash that will help fund a multitrillion-dollar push to transform the economy

Bloomberg QuickTake Q&A

The AI chip behind Nvidia's supersonic stock rally

By Ian King Jun

When a new gadget sets the technology world alight, it's usually a consumer product like a smartphone or a gaming console. This year, tech watchers are fixating on an obscure computer component that most people will never even see. The H100 processor has enabled a new generation of artificial intelligence tools that promise to transform entire industries, propelling its developer Nvidia Corp past Apple Inc to make it the world's second-most valuable company. It's shown investors that the buzz around generative AI is translating into real revenue, at least for Nvidia and its most essential suppliers. Demand for the H100 is so great that some customers are having to wait as long as six months to receive it.

1. What is Nvidia's H100 chip?

The H100, whose name is a nod to computer science pioneer Grace Hopper, is a beefier version of a graphics processing unit that normally lives in PCs and helps video gamers get the most realistic visual experience. It includes technology that turns clusters of Nvidia chips into single units that can process vast volumes of data and make computations at high speeds. That makes it a perfect fit for the power-intensive task of training the neural networks that underpin generative AI. The company, founded in 1993, pioneered this market with investments dating back almost two decades, when it bet that the ability to do work in parallel would one day make its chips valuable in applications outside of gaming.

2. Why is the H100 so special?

Generative AI platforms learn to complete tasks such as translating text, summarising reports and synthesising images by ingesting vast quantities of preexisting material. The more they see, the better they become at things like recognising human speech or writing job cover letters. They develop through trial and error, making billions of attempts to achieve proficiency and sucking up huge amounts of computing power along the way. Nvidia says the H100 is four times faster than the chip's predecessor, the A100, at training so-called large language models, or LLMs, and is 30 times faster replying to user prompts. Since releasing the H100 in 2023, Nvidia has announced versions that it says are even faster — the H200 and the Blackwell B100 and B200. For companies racing to train LLMs to perform new tasks, that growing performance edge can be critical. Many of Nvidia's chips are seen as so key to developing AI that the US government has restricted the sale of the H200 and several less capable models to China.

3. How did Nvidia become a leader in AI?

The Santa Clara, California-based company is the world leader in graphics chips, the bits of a computer that generate the images you see on the screen. The most powerful of those are built with hundreds of processing cores that perform multiple simultaneous threads of computation, modelling complex 3D renderings like shadows and reflections. Nvidia's engineers realised in the early 2000s that they could retool these graphics accelerators for other applications, by dividing tasks up into smaller lumps and then working on them at the same time. AI researchers discovered that their work could finally be made practical by using this type of chip.

4. Does Nvidia have any real competitors?

Nvidia now controls about 92% of the market for data centre GPUs, according to market research firm IDC. Dominant cloud computing providers such as Amazon.com Inc.'s AWS, Alphabet Inc.'s Google Cloud and Microsoft Corp.'s Azure are trying to develop their own chips, as are Nvidia's rivals Advanced Micro Devices Inc and Intel Corp. Those efforts haven't made much headway in the AI accelerator market so far, and Nvidia's growing dominance has become a concern for industry regulators.

5. How does Nvidia stay ahead of its competitors?

Nvidia has updated its offerings, including software to support the hardware, at a pace that no other firm has yet been able to match. The company has also devised various cluster systems that help its customers buy H100s in bulk and deploy them quickly. Chips like Intel's Xeon processors are capable of more complex data crunching, but they have fewer cores and are much slower at working through the mountains of information typically used to train AI software.

6. How do AMD and Intel compare to Nvidia?

AMD, the second-largest maker of computer graphics chips, unveiled a version of its Instinct line last year aimed at the market that Nvidia's products dominate. At the Computex show in Taiwan in early June, AMD Chief Executive Officer Lisa Su announced an updated version of its MI300 AI processor would go on sale in the fourth quarter and outlined that further products will follow in 2025 and 2026, showing her company's commitment to the product. Intel is now designing chips geared for AI workloads but acknowledged that, for now, demand for data centre graphics chips is growing faster than for the processor units that were traditionally its strength. Nvidia's advantage isn't just in the performance of its hardware. The company invented something called CUDA, a language for its graphics chips that allows them to be programmed for the type of work that underpins AI programs.

7. What is Nvidia planning on releasing next?

The most anticipated release is the Blackwell, and Nvidia has said it expects to get "a lot" of revenue from the new product series this year. Meanwhile, demand for the H series hardware continues to grow. Chief Executive Officer Jensen Huang has acted as an ambassador for the technology and sought to entice governments, as well as private enterprise, to buy early or risk being left behind by those who embrace AI. Nvidia also knows that once customers choose its technology for their generative AI projects, it'll have a much easier time selling them upgrades than competitors hoping to draw users away.

Paxos debuts yield-bearing stablecoin issued by UAE unit

Bloomberg
New York

Paxos, the company behind PayPal Holdings Inc's stablecoin, introduced a similar token that will pay a roughly 5% yield, as crypto firms rush to take advantage of elevated interest rates.

The Lift Dollar, or USDL, is pegged to the greenback and issued by an affiliate Paxos set up in the United Arab Emirates, according to a statement on Wednesday. The unit, called Paxos International, will be regulated by Abu Dhabi's Financial Services Regulatory Authority, the firm said.

New York-based Paxos opted to issue the stablecoin from Abu Dhabi because it was uncertain how USDL "would be treated under US law," Chief Executive Officer Charles Cascarilla said in an interview.

The company wanted to make USDL "available in jurisdictions where we have a lot more confidence that it is able to comply with all the different rules and regulations and laws," he added.

In the US, a stablecoin with a pre-programmed yield would potentially be viewed by regulators as a security, he said in an e-mailed response to questions.

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A proposed bill introducing new guardrails for stablecoins has stalled in the US, but calls to advance the package have picked up in recent months. House Financial Services Chairman Patrick McHenry in May put the onus on Senate Democrats to push forward with the legislation, while earlier this year Senate Banking Chairman Sherrod Brown floated the idea of tying a stablecoin package to a bipartisan marijuana banking bill.

Paxos Trust Company, an entity overseen by the New York Department of Financial Services, last year abruptly halted offering BUSD — a stablecoin linked to crypto exchange Binance — under orders from the regulator. The US Securities and Exchange Commission spent much of 2023 going after major US players including Coinbase Global Inc, which it accused of breaching securities rules through a staking service that paid yield to crypto holders. Around the same time, Coinbase began shifting parts of its business offshore through a new international exchange licensed in Bermuda.

The FSRA is responsible for overseeing entities that are licensed by and operate in the Abu Dhabi Global Market, like Paxos International.

Like many other stablecoins, Paxo's USDL is fully backed by a basket of US government securities and cash-like assets to help sustain its dollar peg.

Paxos has teamed up with Argentinian crypto firms Ripio, Buenbit and TiendaCrypto to boost USDL adoption in the South American country, where the company expects strong demand. Years of runaway inflation and financial instability have prompted many Argentines to adopt cryptocurrencies.

The stablecoin, which is already live, is underpinned by the Ethereum blockchain and is "permissionless," meaning anyone can use it. But efforts will be made to restrict access to the stablecoin in countries such as the US, UK and Japan due to prohibitive local rules, according to Ronak Daya, head of product at Paxos.

Holders will automatically receive yield in USDL into their wallets on a daily basis equal to about 5% annually, Daya said, with Paxos taking issuer fees.

Paxos's existing products include the $400mn stablecoin rolled out by PayPal in 2023, which is issued by the Paxos Trust Company. But the US is not Paxos's primary regulator, according to Cascarilla.

"The majority of our business is offshore," he said, pointing to its Abu Dhabi and Singapore operations. Customers find it "much more certain to operate offshore and not go through a US entity," he added.

US manufacturers emerge from slowdown, but diesel use tepid

By John Kemp
London

US manufacturers are gradually emerging from a prolonged but shallow slowdown over the last two years, but progress has been fitful, and their consumption of diesel remains tepid, which is weighing on oil prices.

The Institute for Supply Management's manufacturing index slipped to 48.7 (22nd percentile for all months since 1980) in May from 49.2 (26th percentile) in April and a recent high of 50.3 (34th percentile) in March.

The March reading was the first time the index had climbed above the 50-point threshold, signalling expansion, since October 2022, but it has since slipped back into contraction territory for the last two months.

The survey's production sub-index fell to 50.2 (21st percentile) in May from a recent high of 54.6 (45th percentile) in March, as activity rates faltered.

Indicating the expansion could remain desultory for a few more months, the new orders component slumped to 45.4 (9th percentile) in May from 51.4 (27th percentile) in March.

Manufacturers reported weaker conditions than their counterparts in services, real estate, construction, mining and farming.

The ISM non-manufacturing index actually rose to 53.8 (33rd percentile for all months since 1997) in May from 51.4 (14th percentile) in March.

Manufacturing provides fewer jobs and accounts for a smaller share of overall economic output but is much more energy-intensive.

By contrast, services account for a far larger share of value-added, employ more people but use relatively less fuel and electricity.

The manufacturing sector's sluggish performance has therefore dampened overall energy consumption — even as the faster growth in services has boosted the overall economy and employment.

Expectations at the beginning of the year that an acceleration in manufacturing in the US and the other major economies would lift diesel consumption and prices have not been realised. More than three-quarters of all diesel and other distillate fuel oils are used in freight transport, manufacturing and construction, so distillate consumption is normally correlated closely with the manufacturing cycle.

But consumption of distillates has been even more lacklustre than the slow and halting recovery in manufacturing activity over the last six months.

The volume of distillate fuel oil supplied to the domestic market, a proxy for consumption, was under 3.7mn barrels per day (b/d) in March 2024.

Volumes supplied were the lowest for the time of year since 1998, according to estimates prepared by the US Energy Information Administration.

Volumes were down by 10% compared with the same month last year and by the same percentage compared with the prior 10-year seasonal average.

Supply can be volatile from one month to the next. March may have been an outlier.

But distillate consumption has been lagging the upturn in manufacturing for several months. Some petroleum-derived distillate fuel oils are being replaced by biodiesel and renewable fuel oils, especially in California.

Even if biodiesel and renewable fuel oils are included, however, the volume of distillate supplied was down by 4-8% in March compared with last year and the 10-year average.

Total petroleum and non-petroleum distillates supplied were the lowest since the first wave of the pandemic in March 2020 and before that the mid-cycle slowdown in March 2016.

Total distillates supplied have been broadly flat over the past 12 months despite the reported improvement in manufacturing and freight activity.

Reflecting tepid consumption and strong refinery crude processing to make gasoline, distillate stocks have been trending higher for the last three months.

Inventories were still 10mn barrels (-8% or -0.52 standard deviations) below the prior 10-year seasonal average on May 31, according to data from the EIA.

But the seasonal deficit had narrowed from 18mn barrels (-13% or -1.09 standard deviations) at the start of March.

Stocks have been flat or increasing at a time of year when they would normally be depleting and have climbed to a four-year seasonal high.

In response, prices for diesel other distillates have been falling faster than for crude, narrowing the gross refinery margin or crack spread.

The crack spread for making diesel from Brent crude has narrowed to an average of just $19 per barrel so far in June 2024.

The inflation-adjusted spread has narrowed from $46 per barrel as recently as August 2023 and a record $63 in June 2022 after Russia's invasion of Ukraine.

In real terms, the spread has fallen back in line with the average for the five years between 2015 and 2019 before the pandemic and invasion.

Traders expect diesel supplies to remain plentiful for the next few months, which should help contain inflationary pressures within the supply chain and give the major central banks more scope to trim interest rates.

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

Inflation, Fed meeting set to give clues for US market direction

Reuters
New York

Investors will closely watch next week's inflation numbers and Federal Reserve meeting for clues on whether the soft landing hopes that drove stocks to record highs are still justified.

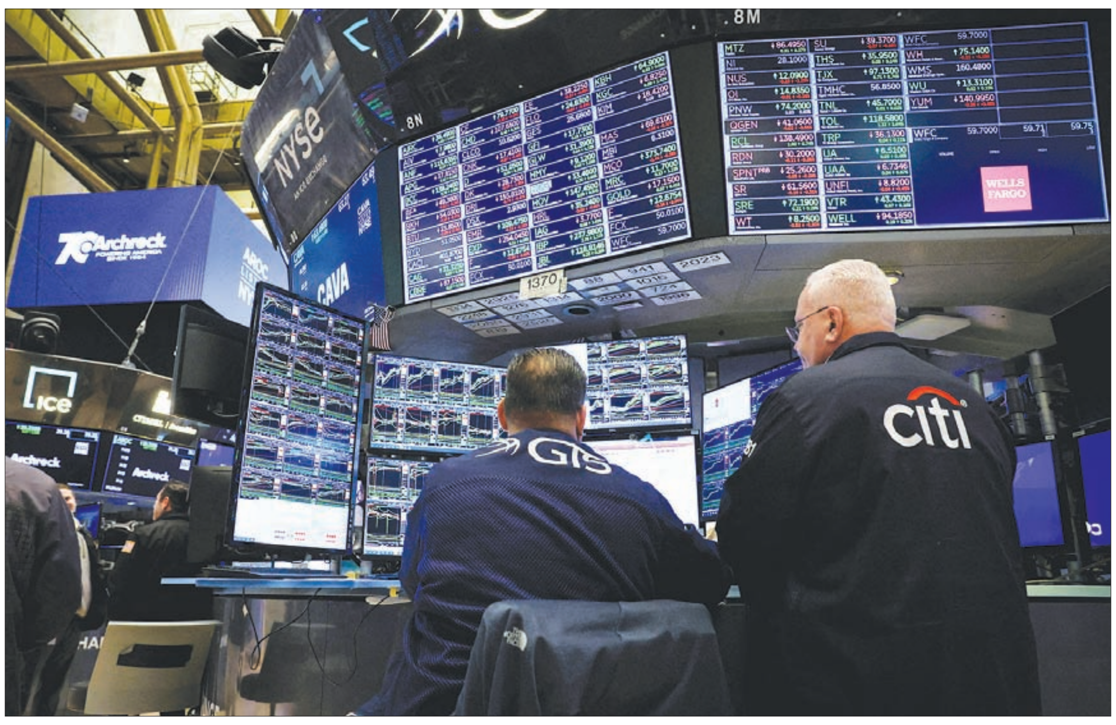
This year's rally has lifted the S&P 500 up more than 12% year-to-date, on expectations the Fed can cool inflation without hurting growth. Yet recent economic data have sent conflicting signals: US employment numbers released on Friday were far stronger than expected, while earlier reports showed a slowdown in manufacturing and a first-quarter growth rate revised lower.

May inflation data, due next Wednesday, must walk a tightrope to satisfy expectations of a "Goldilocks economy": Satisfactory growth with prices under control. Later that day, investors will look to the Fed for signals on the central bank's rate cut plans.

"The market would like some clarity and not see the Fed have to wait until December or January to begin cutting rates," said Paul Christopher, head of global market strategy at the Wells Fargo Investment Institute, adding a long period of elevated borrowing costs could hurt the economy.

Non-farm payrolls increased by 272,000 jobs last month, the Labor Department's Bureau of Labor Statistics said on Friday, exceeding 185,000 jobs forecast by economists in a Reuters poll. After the data, futures markets showed investors trimming expectations for rate cuts, with chances of a September cut falling to about 55% from about 70% before the report.

Strong employment data countered earlier reports suggesting the economy was cooling, including a June 3 release showing US manufacturing activity in May slowed for a second straight month.



Traders work on the floor at the New York Stock Exchange. Investors will closely watch next week's inflation numbers and Federal Reserve meeting for clues on whether the soft landing hopes that drove stocks to record highs are still justified

Despite the S&P 500's march to new records, some investors worry the gains have concentrated in a few giant technology and growth names such as Nvidia, with the rest of the rest of the market far more tepid.

US stock valuations remain well above historic norms, noted Ed Clissold, chief US strategist at Ned Davis Research. The median price to earnings ratio of the S&P 500 would need to fall 31% to hit its long-term median, and 19% to reach its 20-year norm, he said. "People are concerned about how far and how high this market has risen and how narrow it has been," said Raul Diaz, senior investment officer at Northern Trust Wealth Management.

Plenty of investors believe strong corporate results and a relatively benign macroeconomic environment can keep supporting stocks. First quarter earnings came in about 8.1% above analyst expectations, according to LSEG data.

"We believe US stocks are likely to remain supported by favourable macro conditions, healthy earnings growth, AI tailwinds, and the potential for a Fed pivot before year-end," wrote Solita Marcelli, chief investment officer Americas at UBS Global Wealth Management, in a note this week.

The bank recently upgraded its year-end S&P 500 target to 5,500, up 3% from where the index trades today. Others believe political uncertainty, not economic data, will cause turbulence later this year. The first debate between President Joe Biden, a Democrat, and Republican challenger and former president Donald Trump will take place June 27, nearly three months earlier than the Sept. 16 date suggested by the nonpartisan Commission on Presidential Debates, which has managed them since 1988.

That could turn the market's attention to the 2024 presidential election earlier in the year than usual, said Grace Lee, senior portfolio manager at Columbia Threadneedle Investments.

"The market still on the surface looks like everything is fine, but I think there's a certain nervousness that may not even be about the economic data," said Lee. "People want to stick to what has been working and not go too far out on a limb into other areas that might see political ramifications, whether it's healthcare and drug prices or clean energy."

Banks say growing reliance on Big Tech for AI carries new risks

Reuters
Amsterdam

The boom in artificial intelligence will increase banks' dependence on big US tech firms, creating new risks for the industry, European banking executives said.

Excitement around using artificial intelligence (AI) in financial services — widely used already for detecting fraud and money-laundering — has soared since the launch of OpenAI's viral chatbot ChatGPT in late 2022 as banks examine ways to deploy generative AI.

But at a gathering of fintech executives in Amsterdam this week, some expressed concerns that the amount of computing power needed to develop AI capabilities would make banks rely even more on small number of tech providers.

ING's chief analytics officer, Bahadir Yilmaz, who is in charge of the Dutch bank's AI work, told Reuters he expected to rely on Big Tech companies "more and more going forward", for infrastructure and machinery.

"You will always need them because sometimes the machine power that is needed for these technologies is huge. It's also not really feasible for a bank to build this tech," he said.

Banks' dependency on a small number of tech companies was "one of the biggest risks", ING's Yilmaz said, emphasising that European banks in particular needed to ensure they could move between different tech providers and avoid what he called "vendor lock-in".

Britain last year proposed rules to regulate financial firms' heavy reliance on external technology companies, such as Microsoft, Google, IBM and Amazon. Regulators are worried that problems at a single cloud computing company could potentially bring down services across many financial institutions.

"AI requires huge amounts of compute and really the only way that you're going to be able to access that compute (computing power) sensibly is from Big Tech," Joanne Hannaford, who leads technology strategy at Deutsche Bank's corporate bank, told an audience at the Money20/20 conference earlier this week.

Hannaford said that there are requirements for the bank to notify regulators when they move data into the cloud, which could become much more complicated as the use of cloud computing increases.

Banks also need to communicate to regulators the risk of not leveraging cloud computing's power, which would be an opportunity cost, she added.

AI was top of the agenda at the Amsterdam conference.

The CEO of French AI startup Mistral AI, seen as France's answer to OpenAI, told attendees there were "synergies" between its GenAI products and financial services.

"We see a lot of opportunities in creating analysis and monitoring information... which is really something that bankers like to do," Arthur Mensch said.

ING is testing an AI chatbot currently used for 2.5% of incoming customer service chats. Asked how long it would be until the chatbot could handle half or more of customer service conversations, Yilmaz said within a year.

In its first statement on AI, the European Union's securities watchdog said last week that banks and investment firms cannot shirk boardroom responsibility and have a legal obligation to protect customers when using AI.

Norway wealth fund to vote against Musk's $56bn Tesla pay package

Reuters
Oslo

Norway's $1.7tn sovereign wealth fund said yesterday it will vote against ratifying Tesla CEO Elon Musk's $56bn pay package, which is up for a shareholder vote next week, after a Delaware judge invalidated it earlier this year.

The fund is Tesla's eighth-biggest shareholder, according to LSEG data.

Musk's pay, the largest for a chief executive in corporate America, was approved in 2018, but voided by a judge earlier this year, who said the amount was unfair to shareholders, calling it an "unfathomable sum".

The fund said it appreciated "the significant value generated under Musk's leadership since the grant date in 2018". Still, "we remain concerned about the total size of the award, the structure given performance triggers, dilution, and lack of mitigation of key person risk," Norges Bank Investment Management (NBIM), the operator of the fund said.

In 2018, the fund had voted against the package. "We will continue to seek constructive dialogue with Tesla on this and other topics," NBIM added. The fund, which holds a 0.98% stake worth $7.7bn according to fund data, has been critical of excessive CEO pay.

Last year it voted against more than half of US CEO pay packages above $20mn, warning they did not align with long-term value creation for shareholders.

The fund also said it would vote for a shareholder proposal calling on Tesla to adopt a freedom of association and collective bargaining policy, a win for labour unions seeking to assert their influence over the US carmaker. The vote comes as Tesla continues to face industrial action in Sweden, with its mechanics on strike since October 27, in one of the country's longest labour disputes.

Norway's wealth fund, which owns 1.5% of all the world's listed stocks, also in 2022 backed a shareholder proposal calling on Tesla to adopt a policy of respecting labour rights such as freedom of association and collective bargaining.

The electric vehicle producer faces a backlash in the Nordic region from unions and some pension funds over its refusal to accept the demand from its Swedish mechanics for collective bargaining rights covering wages and other conditions.

The wealth fund voted for transferring the EV maker's state of incorporation to Texas from Delaware, a vote Musk sought after the Delaware judge invalidated his pay.

JPMorgan, Citi scrap Fed rate-cut bets for July after jobs data

Bloomberg
New York

Economists at Citigroup Inc and JPMorgan Chase & Co, some of the last holdouts predicting a Federal Reserve interest-rate cut in July, have relented.

After Friday's release of stronger-than-anticipated May employment data, Citigroup now sees US policymakers making their first move in September, while JPMorgan looks for no change until November.

"We are shifting our base case for the first rate cut from July to September," Andrew Hollenhorst, Citigroup's chief US economist, said in a report on Friday. While the labour market and US economy both appear to be slowing, "surprisingly strong job growth" last month will probably stay the Fed's hand while "waiting for more data on slower activity and inflation."

JPMorgan's chief US economist Michael Feroli, also in a Friday report, said "the recent momentum in job growth" suggests that the "broader" labour-market weakening the Fed has said could warrant a rate cut may take more than three months to materialise.

Citi's new forecast is for three quarter-point rate cuts this year — in September, November and December. Previously the bank forecast four, with one at each Fed policy meeting from July to December. JPMorgan's changed from three cuts this year to just one, followed by one per quarter next year.

Yields surged and derivatives markets priced in a smaller total amount of Fed rate cuts this year after the employment report showed that job creation and wage growth exceeded economist estimates. The cumulative amount of easing expected by traders dropped by about 10 basis points to 38 basis points.

Among other major Wall Street banks, at least six were forecasting a Fed rate cut in September as of this week, and at least four looked for an initial cut in December.

Wall Street has been caught off guard all year by the resilience of the US economy after 11 Fed rate hikes from March 2022 to July 2023 brought the target range for the federal funds rate to 5.25% to 5.5%. At the start of the year, derivatives markets priced in at least six quarter-point rate cuts by December, and several banks had forecasts for at least five.

BUSINESS

Dollar rises to highest in a month as Fed cut bets stall

Bloomberg
New York

A Bloomberg gauge of dollar strength is on its longest weekly winning streak since February as the strength of the US economy crushed any remaining hopes of near-term Federal Reserve policy pivot.

The benchmark rose nearly 0.8%, to the highest level in more than a month, after an advance in non-farm payrolls on Friday. Odds of a Fed rate cut were pushed out after the report with the swaps market now pricing in the first full 25 basis point rate-cut from the Federal Reserve no earlier than December.

"July is absolutely out of the picture," Jayati Bharadwaj, foreign-exchange strategist at TD Securities, said of the Fed's first rate cut. The dollar gauge will continue rising if "the September cut looks less and less likely with incoming data," she added. US job growth jumped in May and wage growth accelerated.

With the labour market still going strong, the Fed is widely expected to keep its benchmark rate unchanged at its policy meeting next week, that's left the dollar on course for its third consecutive weekly gain. Economists at Citigroup Inc and JPMorgan Chase & Co, some of the last holdouts still predicting a Fed cut in July, threw in the towel Friday and pushed back their expectations. Citi now sees the first rate cut to take place in September while JPMorgan expects the reduction to happen in November, after US election.


A Bloomberg gauge of dollar strength is on its longest weekly winning streak since February as the strength of the US economy crushed any remaining hopes of near-term Federal Reserve policy pivot

Weakness outside the US has led a few major central banks to start lowering their borrowing costs ahead of the Fed. The European Central Bank and the Bank of Canada both delivered their first cuts this week.

The Canadian dollar underperformed currency peers this week after Governor Tiff Macklem said it's "reasonable to expect further cuts." Canada also reported on labour market on Friday. The unemployment rate rose, keeping more rate cuts on the table this year.

The greenback's climb has caught some investors wrong-footed. The latest report from Commodity Futures Trading Commission through the week ended on Tuesday, June 4, showed that non-commercial traders — a group that includes asset managers, hedge funds and other speculative market players — pared bullish US dollar bets for a sixth straight week, according to data compiled by Bloomberg.

Russia's high key rate hurts its oil industry: Rosneft CEO

Bloomberg
Moscow

Russia's "prohibitively high" borrowing costs are limiting development of the nation's oil industry, according to Rosneft PJSC Chief Executive Officer Igor Sechin. High deposit rates, now reaching as much as 18%-19% per year, are making investments in Russia's real economy less attractive, Sechin, one of the nation's most influential energy executives and a close ally of President Vladimir Putin, said yesterday at the St Petersburg International Economic Forum.

"Despite the record 103tn roubles of liquidity within the confines of the Russian banking system, the industry is deprived of the chance to attract financing," Sechin said. Russia's oil sector would still meet domestic demand and all obligations under its export contracts, he said.

The Bank of Russia left its key interest rate at 16% for the fourth consecutive time on Friday but said it "holds open the prospect" of a hike at next month's meeting, with inflation running at twice the 4% target. It has more than doubled the rate since June last year in response to inflationary risks amid a weaker rouble, international sanctions, massive government spending and labour shortages as Russia continues its war in Ukraine.

Central bank Governor Elvira Nabiullina warned of the possibility of a "significant" rate increase if inflationary pressures don't start to fade.

It's not the first time Sechin has criticised the bank's monetary policy. Commenting on Rosneft's first-quarter results last month, he said the company's "average quarterly debt service cost reached its maximum in the 21st century."

As a result, Rosneft has switched to borrowing in alternative currencies, he said.

Even with tight monetary policy, lending activity in Russia's retail and corporate sectors remains high, according to the central bank.

"Fiscal stimuli back up high corporate sector demand for loans," the regulator said in its key-rate statement on Friday, adding that overall growth in corporate lending is below the peak levels of autumn last year.

QNB FINANCIAL SERVICES

Weekly Market Report

The Qatar Stock Exchange (QSE) index rose by 213.31 points or 2.3% during the week to close at 9,532.41. Market capitalization rose 2.1% to QR553.0bn from QR541.8bn at the end of the previous trading week.

Of the 52 traded companies, 35 ended the week higher, 14 were lower and three were unchanged. Al Meera Consumer Goods Company (MERS) was the best performing stock for the week, rising 12.7%. Whereas, Qatar General Insurance & Reinsurance (QGRI) was the worst performing stock for the week, down 6.4%.

Qatar Fuel Company/Woqod (QFLS), Nakilat (QGTS) and Industries Qatar (IQCD) were the main contributors to the weekly index gain. QFLS and QGTS added 47.67 and 45.19 points to the index, respectively. Further, IQCD added another 41.93 points.

Traded value during the week declined 29.6% to reach QR2,197.4mn from QR3,120.9mn in the prior trading week. QNB Group (QNBK) was the top value traded stock during the week with total traded value of QR290.1mn.

Traded volume fell 17.4% to 728.4mn shares compared with 882.2mn shares in the prior trading week. The number of transactions decreased 15.1% to 78,572 vs. 92,526 in the prior week. Dukhan Bank (DUBK) was the top volume traded stock during the week with total traded volume of 80.0mn shares.

Foreign institutions remained bearish, ending the week with net selling of QR316.1mn vs. net selling of QR438.8mn in the prior week. Qatari institutions remained bullish with net buying of QR402.1mn vs. net buying of QR228.4mn in the week before. Foreign retail investors ended the week with net selling of QR37.7mn vs. net buying of QR42.1mn in the prior week. Qatari retail investors recorded net selling of QR48.3mn vs. net buying of QR168.3mn the week before.

YTD (as of Thursday's closing), global foreign institutions were net sellers by $14.3mn, while GCC institutions were net sellers of Qatari stocks by $197.1mn.

DISCLAIMER

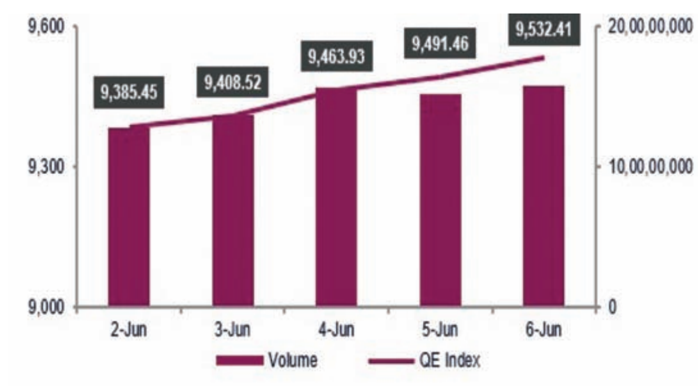
Market Indicators	Week ended. June 06, 2024	Week ended. May 30, 2024	Chg. %
Value Traded (QR mn)	2,197.4	3,120.9	(29.6)
Exch. Market Cap. (QR mn)	553,025.7	541,837.1	2.1
Volume (mn)	728.4	882.2	(17.4)
Number of Transactions	78,572	92,526	(15.1)
Companies Traded	52	52	0.0
Market Breadth	35:14	9:41	-

Source: Qatar Exchange (QE)

Market Indices	Close	WTD%	MTD%	YTD%
Total Return	20,960.53	(2.5)	(4.2)	(9.8)
ALL Share Index	3,274.35	(2.2)	(4.0)	(9.8)
Banks and Financial Services	3,858.85	(2.0)	(4.6)	(15.8)
Industrials	3,905.95	(1.3)	(4.4)	(5.1)
Transportation	4,960.98	(2.4)	0.6	15.8
Real Estate	1,576.21	(6.2)	1.3	5.0
Insurance	2,285.33	0.3	(5.2)	(13.2)
Telecoms	1,508.91	(0.6)	(5.6)	(11.5)
Consumer Goods & Services	6,975.93	(5.9)	(4.5)	(7.9)
Al Rayan Islamic Index	4,446.36	(3.2)	(4.7)	(6.7)

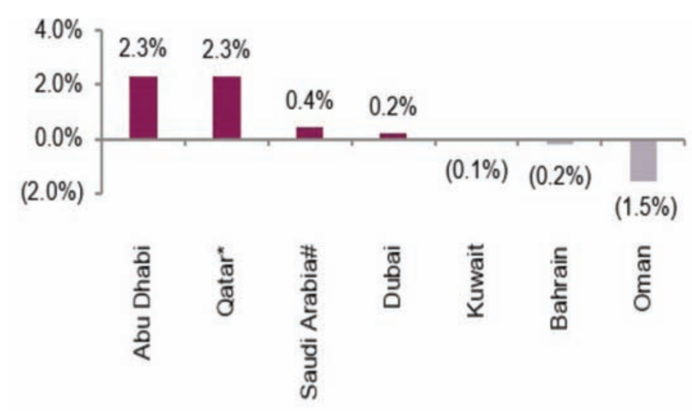
Source: Qatar Exchange (QE)

QSE Index and Volume



Source: Qatar Exchange (QE)

Weekly Index Performance



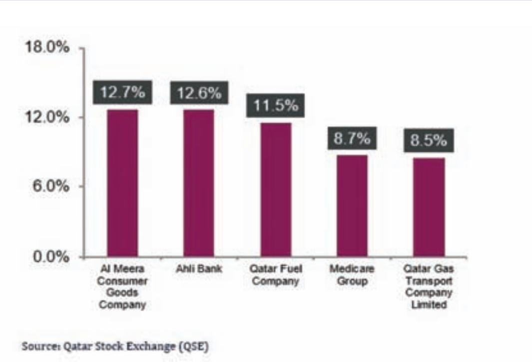
Source: Bloomberg

Regional Indices	Close	WTD%	MTD%	YTD%	Weekly Exchange Traded Value ($ mn)	Exchange Mkt. Cap. ($ mn)	TTM P/E**	P/B**	Dividend Yield
Qatar*	9,532.41	2.3	2.3	(12.0)	603.79	151,695.0	10.7	1.3	5.0
Dubai	3,978.75	0.2	0.0	(2.0)	398.21	182,946.4	7.8	1.2	6.0
Abu Dhabi	8,937.72	2.3	1.0	(6.5)	1,046.68	674,539.6	17.9	2.6	2.2
Saudi Arabia#	11,553.16	0.4	0.4	(3.5)	11,144.22	2,687,050.2	20.0	2.3	3.6
Kuwait	7,045.16	(0.1)	(0.1)	3.3	799.13	149,245.4	17.6	1.7	3.3
Oman	4,771.32	(1.5)	(1.5)	5.7	34.00	24,193.2	12.8	1.0	5.2
Bahrain	2,035.56	(0.2)	(0.2)	3.2	35.04	21,348.4	7.8	0.8	8.3

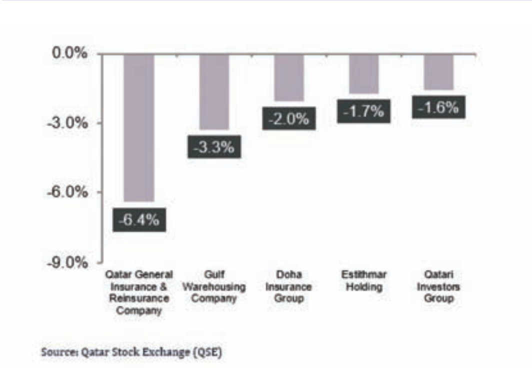
Source: Bloomberg

Qatar Stock Exchange

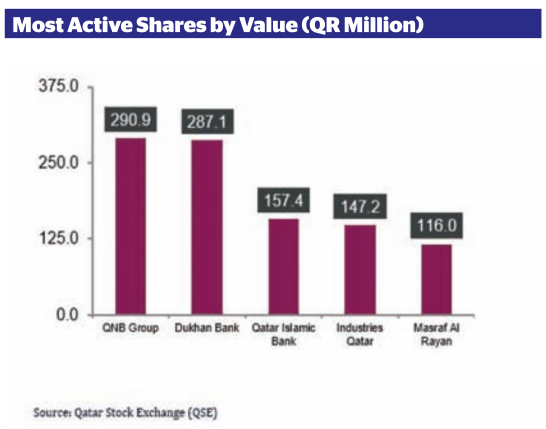
Top Five Gainers



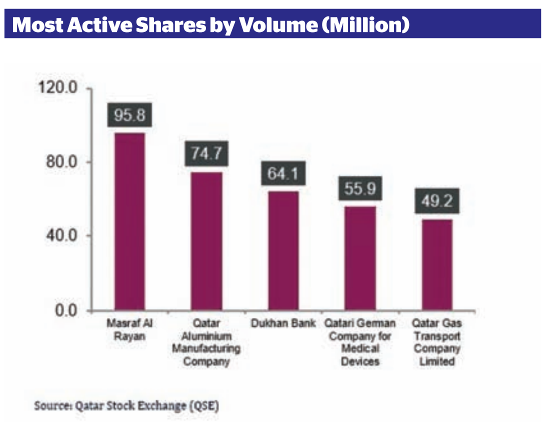
Top Five Decliners



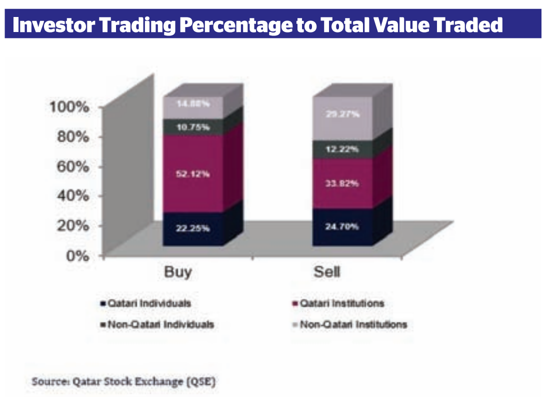
Most Active Shares by Value (QR Million)



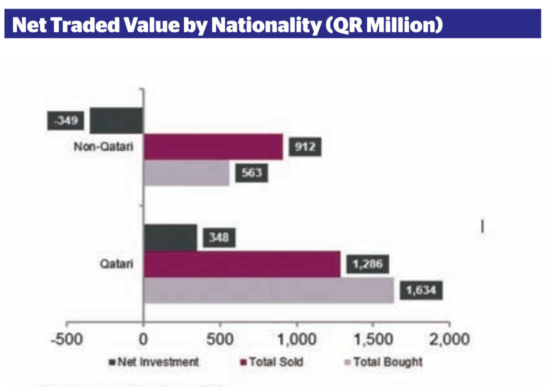
Most Active Shares by Volume (Million)



Investor Trading Percentage to Total Value Traded



Net Traded Value by Nationality (QR Million)



Company Name	Price June 06	% Change Weekly	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	13.67	1.26	(17.30)	126,262	8.6	1.5	4.8
Qatar Islamic Bank	17.68	2.79	(17.77)	41,777	10.1	1.7	4.1
Commercial Bank of Qatar	3.92	1.03	(36.77)	15,865	5.6	0.8	6.4
Doha Bank	1.39	1.61	(23.93)	4,316	5.4	0.4	5.4
Al Ahli Bank	3.91	12.63	8.06	9,985	12.4	1.5	6.5
Qatar International Islamic Bank	10.11	0.80	(5.43)	15,303	14.1	2.2	4.5
Masraf Al Rayan	2.33	1.17	(12.24)	21,669	15.2	0.9	4.3
Lesha Bank	1.32	1.69	(0.23)	1,478	13.6	1.2	N/A
National Leasing	0.71	0.14	(2.61)	351	21.8	0.6	4.2
Dlala Holding	1.25	3.06	(5.53)	237	N/A	1.3	N/A
Qatar & Oman Investment	0.80	(1.36)	(15.88)	252	N/A	1.1	N/A
Islamic Holding Group	4.31	0.05	3.81	244	19.2	1.5	1.2
Dukhan Bank	3.56	0.34	(10.57)	18,607	15.0	1.4	4.5
Banking and Financial Services				**256,347**			
Zad Holding	12.65	1.04	(6.30)	3,636	18.7	2.6	5.1
Qatar German Co. for Medical Devices	1.78	2.47	22.81	206	227.5	5.7	N/A
Salam International Investment	0.68	5.43	(0.44)	777	16.9	0.5	4.4
Baladna	1.30	(0.15)	6.45	2,477	17.9	1.1	5.3
Medicare Group	4.32	8.73	(21.28)	1,216	18.2	1.2	5.1
Qatar Cinema & Film Distribution	2.91	0.00	0.34	183	38.6	1.5	2.4
Qatar Fuel	15.00	11.52	(9.53)	14,914	14.9	1.7	6.0
Widam Food	2.53	(1.52)	7.20	455	N/A	2.8	N/A
Mannai Corp.	3.95	0.43	(5.93)	1,803	N/A	1.8	6.3
Al Meera Consumer Goods	14.76	12.67	7.03	3,041	16.2	1.8	5.8
Mekdam Holding Group	3.56	(1.11)	(11.35)	450	12.1	3.1	N/A
Meeza QSTP	3.59	0.96	25.06	2,329	N/A	3.4	2.3
Al Faleh Education Holding	0.70	0.00	(17.95)	167	13.9	0.6	4.5
Consumer Goods and Services				**31,653**			
Qatar Industrial Manufacturing	2.50	(0.40)	(16.60)	1,189	7.8	0.6	5.2
Qatar National Cement	3.52	0.03	(10.92)	2,298	11.9	0.8	8.5
Industries Qatar	11.93	3.29	(8.79)	72,177	14.9	2.0	6.5
Qatari Investors Group	1.51	(1.57)	(8.22)	1,875	10.7	0.6	9.9
Qatar Electricity and Water	15.10	1.14	(19.68)	16,610	11.1	1.2	5.7
Aamal	0.76	0.13	(10.06)	4,788	12.8	0.6	N/A
Gulf International Services	3.13	(0.63)	13.45	5,817	11.8	1.6	4.8
Mesaieed Petrochemical Holding	1.71	(0.87)	(4.64)	21,420	21.4	1.3	5.0
Estithmar Holding	1.92	(1.74)	(8.54)	6,522	18.2	1.3	N/A
Qatar Aluminum Manufacturing	1.38	2.52	(1.14)	7,723	17.7	1.2	5.1
Industrials				**140,418**			
Qatar Insurance	2.10	0.00	(18.92)	6,859	13.5	1.1	4.8
QLM Life & Medical Insurance	1.98	1.49	(20.81)	693	9.4	1.1	6.3
Doha Insurance	2.40	(2.04)	0.25	1,198	7.7	1.0	7.3
Qatar General Insurance & Reinsurance	1.00	(6.40)	(32.31)	871	N/A	0.3	N/A
Al Khaleej Takaful Insurance	2.33	(1.40)	(21.65)	594	9.2	1.0	5.2
Qatar Islamic Insurance	8.28	2.45	(7.01)	1,241	8.0	2.5	6.0
Damaan Islamic Insurance Company	3.79	2.02	(4.96)	758	10.4	1.6	4.7
Insurance				**12,213**			
United Development	1.16	0.43	8.45	4,090	10.6	0.4	4.8
Barwa Real Estate	2.86	1.52	(1.07)	11,141	9.0	0.5	6.3
Ezdan Real Estate	0.79	0.64	(7.81)	20,981	201.6	0.6	N/A
Mazaya Qatar Real Estate Development	0.65	0.31	(10.51)	647	25.1	0.6	3.9
Real Estate				**36,859**			
Ooredoo	9.53	1.11	(16.40)	30,526	10.3	1.2	5.8
Vodafone Qatar	1.69	0.54	(11.59)	7,127	12.8	1.5	6.5
Telecoms				**37,653**			
Qatar Navigation (Milaha)	10.65	(1.39)	9.79	12,100	11.7	0.7	3.5
Gulf Warehousing	3.30	(3.28)	5.36	193	9.4	0.8	3.3
Qatar Gas Transport (Nakilat)	4.30	8.51	22.13	23,818	15.1	2.0	3.3
Transportation				**36,111**			
Qatar Exchange				**553,026**			

Technical analysis of the QSE index

The QSE index closed up 2.3% for the week at 9,532.4 points with a bullish-reversal candlestick on the weekly chart has been created. This candlestick suggests a bullish move in the coming weeks is expected, facing the 9,800 as a resistance in the short term. Our thesis remains intact, the 9,300 level is a crucial level to sustain; otherwise, we are looking at the 9,000 as a possible psychological support. Weekly resistance level remains at the 10,000 points level.

Definitions of key terms used in technical analysis

RSI (Relative Strength Index) indicator – RSI is a momentum oscillator that measures the speed and change of price movements. The RSI oscillates between 0 to 100. The index is deemed to be overbought once the RSI approaches the 70 level, indicating that a correction is likely. On the other hand, if the RSI approaches 30, it is an indication that the index may be getting oversold and therefore likely to bounce back.

MACD (Moving Average Convergence Divergence) indicator – The indicator consists of the MACD line and a signal line. The divergence or the convergence of the MACD line with the signal line indicates the strength in the momentum during the uptrend or downtrend, as the case may be. When the MACD crosses the signal line from below and trades above it, it gives a positive indication. The reverse is the situation for a bearish trend.

Candlestick chart – A candlestick chart is a price chart that displays the high, low, open, and close for a security. The 'body' of the chart is portion between the open and close price, while the high and low intraday movements form the 'shadow'. The candlestick may represent any time frame. We use a one-day candlestick chart (every candlestick represents one trading day) in our analysis.

WEEKLY ENERGY MARKET REVIEW

Oil dips on deflated US rate cut expectations, Opec+ decision

www.abhafoundation.org

Oil
Oil prices edged down on Friday and posted a third straight weekly loss as investors weighed Opec+ reassurances against the latest US jobs data that lowered expectations that the Federal Reserve will cut interest rates soon. Brent crude futures settled 25 cents lower at $79.62 a barrel, while US West Texas Intermediate crude (WTI) fell 2 cents to $75.53. Data showed US jobs growth accelerated far more than expected in May, keeping the Fed on track to hold off starting to cut interest rates until September at the earliest.
The European Central Bank went ahead with its first interest rate cut since 2019 on Thursday, despite an increasingly uncertain inflation outlook.
High borrowing costs can slow economic activity and dampen demand for oil. However, oil prices have been strengthened by support from Opec+ members Saudi Arabia and Russia, indicating readiness to pause or reverse oil output increases. Still, crude fell for a third straight week on demand concerns, with Brent down 2.5% and WTI off 1.9%.
Oil slipped earlier last week after analysts saw Sunday's Opec+ meeting as an indication of rising supply, which is bearish for prices.

An LNG carrier in Darwin, Australia. Asian spot liquefied natural gas prices were steady last week, holding near a six-month peak on higher gas-for-power demand due to heat wave in India and East Asia and expected above-normal temperatures for China in mid-June. *Picture supplied by the Abdullah Bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.*

In the US, active oil rig count fell by four this week to 492.

Gas
Asian spot liquefied natural gas (LNG) prices were steady last week, holding near a six-month peak on higher gas-for-power demand due to heat wave in India and East Asia and expected above-normal temperatures for China in mid-June.
The average LNG price for July delivery into north-east Asia was at $12.00 per million British thermal units (mmBtu), unchanged from the previous week and close to its highest levels since mid-December, industry sources estimated.
Asian markets were also supported initially by European gas supply concerns, but have largely retained their gains as additional interest has emerged from buyers, especially in Japan and South Korea, analysts said.
More Atlantic LNG was shipped to Asia, and the open inter-basin arbitrage suggests a firm incentive for this to continue. In Europe, gas prices hit a six-month high on Monday last week, on concerns over Norwegian supply due to unplanned outage at Gassco-operated Nyhamna processing plant.
However, for the week, the Dutch TTF contract was down 2.5% at $10.46 per mmBtu. This coincided with a rise in US prices as high temperatures in the Southwest boost gas-for-power demand.

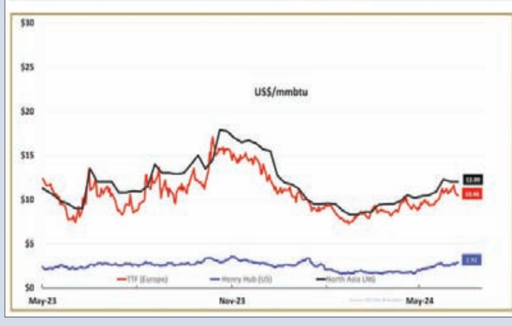
■ *This article was supplied by the Abdullah Bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.*

The closing price ($/Barrel) as of Friday 07 June 2024 – Front Month Futures

Benchmark Oil Prices

	Brent ICE	WTI NYMEX	DME Oman
Price	79.62	75.53	80.09
Weekly Change	▼ 2.5%	▼ 1.9%	▼ 2.4%
YTD Change	▼ 0.7%	▼ 0.3%	▼ 1.0%

The closing price ($/mmBtu) as of Friday 07 June 2024 – Front Month Futures



Benchmark Gas Prices

	NE Asia LNG	Europe TTF	US Henry Hub
Price	12.00	10.46	2.92
Weekly Change	▲ 0.0%	▼ 2.5%	▲ 12.8%
YTD Change	▲ 7.6%	▲ 9.0%	▲ 17.6%

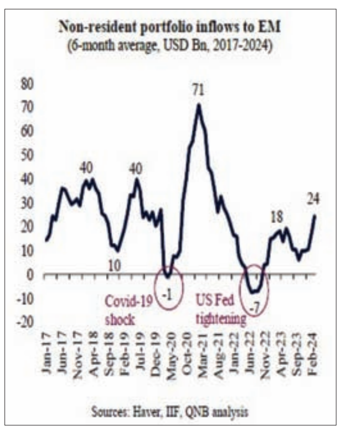
EM resiliency supports capital inflows: QNB

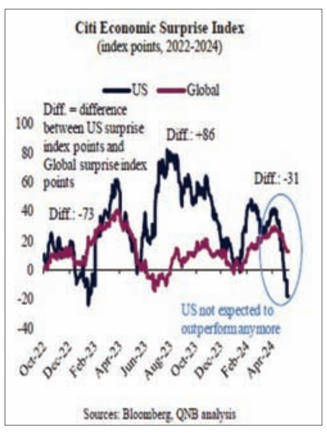
QNB has started the year with a constructive view for emerging markets (EM) in 2024. The US Federal Reserve's (Fed) "dovish pivot" late last year, when forward guidance for rate cuts was first introduced, created a bullish investor sentiment globally. This, alongside resilient global growth and rapid disinflation, triggered a reversal of the risk-off market sentiment that had been prevailing in 2022 and part of 2023.

The positive global macro backdrop pushed global capital towards EM. According to the Institute of International Finance (IIF), non-resident portfolio inflows to EM, which represent allocations from foreign investors into local public assets, experienced a significant shift from negative territory to positive in late 2023. Such inflows led to a rally that is reflected in robust returns across different EM asset classes since their bottom in October 2023, including gains of 17.6% for equities (MSCI EM) and 13.9% for bonds (JP Morgan EMBI Global).

Despite negative inflation surprises, strong capital inflows and robust returns continued even after expectations about the Fed's "dovish pivot" were significantly revised. In fact, rate cut expectations for 2024 were downgraded from close to 200 basis points (bps) to less than 50 bps.

Traditionally, an aggressive re-pricing of US yields like this would "suck" capital outside EM back into the US or other mature markets. However, this time has so far been different. "In our view, three main factors sustain the relatively high capital inflows into EM even during a significant increase of US Treasury yields: the expected direction of growth differentials, the incipient global manufacturing recovery, and the overall improvement of EM macroeconomic imbalances, as well as their policy credibility," QNB stated.





QNB stated, "First, the period of unexpected US economic outperformance seems to be either moderating or turning around altogether.

This is reflected by the recent moves in the Citi Economic Surprise Index, a timely figure that measures the pace at which economic indicators are coming in above or below consensus forecasts. Since early this year, for the first time in months, data surprises have been getting more positive globally and less positive in the US, suggesting an incoming revision of growth projections that should favour EM versus the US. Stronger relative EM economic performance should drive additional foreign capital to EM.

"Second, manufacturing is expected to be more supportive to EM and the global economy excluding the US over the coming months. After an unusually deep and long 'global manufacturing recession,' which has been in place since 2022, a positive turn towards an expansion has already started."

The Global Manufacturing Purchasing Manager's Index (PMI), a timely indicator of whether activity is improving or deteriorating, has bottomed in July last year and improved thereafter. Activity has turned expansionary since February 2024. An expansion manufacturing cycle often gains momentum rapidly and lasts for about 1.5 years. This is expected to be supportive for EM, particularly in 'Factory Asia,' where manufacturing represents a more significant share of GDP. This should amplify the adjustment in expectations for EM-US growth differentials, as manufacturing represents only about 10% of the US economy, according to QNB. QNB stated, "Third, macroeconomic fundamentals are currently stronger in most EM. Several advanced economies have been accumulating acute imbalances from excessive policy stimulus following the pandemic and the Russo-Ukrainian conflict, leading to issues such as high public debt and high inflationary pressures. In contrast, most EM countries have been conservative with their fiscal policy space, in order to prevent too much debt accumulation or increasing external vulnerability.

"Furthermore, EM central banks in countries with a history of chronic inflation, like Brazil and Mexico, faced pressures to pre-emptively implement interest rate hikes early in the cycle.

This proactive approach was crucial in preventing inflation from spiralling out of control and maintaining macroeconomic stability. As a result, several EM countries have gained policy credibility, which increases the attractiveness of their markets."

All in all, capital inflows to EM have been resilient in the face of the aggressive re-pricing of US Treasury yields.

This has been supported by an expected turn in expectations for US-EM growth differentials, the beginning of an expansionary global manufacturing cycle, and overall strong fundamentals.

Rasmal Ventures launches 1st home-grown Qatari VC fund

Rasmal Ventures, Qatar's first independent venture capital (VC) company established in 2023, has announced the launch of its inaugural, home-grown venture capital fund, Rasmal Innovation Fund I LLC.
A new fund, and the first to be established in Qatar, will be managed by a highly experienced team of VC experts that have collectively managed more than 100 VC deals, alongside impressive exits.
The landmark initiative is aiming to reach $100mn in investment commitments. For its first closing of over $30mn, it includes a prestigious institutional investor, family offices, and individual high-net-worth investors from across Qatar and the rest of the world.
Rasmal Innovation Fund LLC is a Qatar-based entity registered under the Qatar Financial Centre Regulatory Authority (QFCRA) under the number 02532.
The fund will target investments in innovative and high-performance technology startups and scaleups across Qatar, the wider Middle East and North Africa (Mena) region, and internationally at pre-Series A, Series A, and Series B stages. While the fund will scout all technology sectors agnostically, it will have a strategic interest in climate and energy tech, fintech, supply chain logistics, B2B SaaS, and Artificial Intelligence (AI).
The launch of Rasmal Innovation Fund I LLC aligns firmly with the country's Third National Development Strategy (NDS3) as it aims to contribute to the creation of a buoyant tech ecosystem which is underpinned by easy access to a range of investment and funding opportunities.
The fund benefits from a team of seasoned VC professionals, including Alexander Wiedmer and Angus Paterson, previously partners at Iris Capital and STC Ventures – a GCC fund that was the first VC investor in Careem, the first unicorn in the Middle East, among other successful investments.
Both have over 20 years of individual VC experience and more than 10 years of experience in the GCC.
They are joined by the founding director of Doha Tech Angels and former executive at Ooredoo and Kahramaa Dr Shaikha al-Jabir and Soumaya Ben Beya Dridje, who has VC, fund investment, and entrepreneurship experience in Silicon Valley, Europe, and North Africa.
Wiedmer, who has had extensive experience advising entrepreneurs and investment institutions within Qatar's vibrant startup ecosystem over the past four years, said: "We have helped build the most successful unicorn in the region and many other successful companies in Europe and now we will do it again with Rasmal Ventures.
"As a private and commercially driven entity, we strategically selected Qatar as the domicile for the fund, to be the springboard to the region. Being a venture capitalist is the best job on the planet, empowering ambitious innovators and their great companies."
Meanwhile, Qatar Development Bank (QDB), which has long been a champion of the country's venture capitalist economy, hailed news of the fund's launch.
QDB CEO Abdulrahman Hesham al-Sowaidi said, "Qatar's emergence as a major VC hub for cutting-edge tech startups is very promising. QDB is proud to play a key role in fostering a robust VC ecosystem driven by independent private-sector leadership. This strongly aligns with our national development strategy, equipping the private sector to drive innovation and growth."

Mwani Qatar wins 'International Safety Award 2024'

Mwani Qatar has been honoured with the prestigious 'International Safety Award 2024' by the British Safety Council in recognition of its outstanding commitment and efforts in the field of health and safety at the workplace.
The 2024 awards saw fierce competition from 1,124 organisations from 49 countries across maritime, oil and gas, construction, manufacturing, and mining sectors.
The winners were revealed at a special ceremony held recently in London, attended by over 700 representatives from international institutions and organisations.
Now in its 66th year, the International Safety Awards honours organisations that have demonstrated a strong commitment to preventing workplace injuries and work-related ill health during the previous calendar year and organisations that have shown commitment to wellbeing and mental health at work.
The International Safety Award is a significant addition to Mwani Qatar's impressive list of achievements. It confirms the company's commitment to meeting its strategic objectives to enhance occupational health and safety and comply with international standards.
This includes the continuous development of health and safety systems and ensuring a safe working environment for all, contributing to the strategic goals of the Ministry of Transport.
It is worth mentioning that Mwani Qatar has recently passed a mandatory audit for one of the world's most crucial maritime certifications.
This certification requires the company's safety management system to adhere to the International Safety Management (ISM) Code.
Achieving this milestone indicates that the company fully meets the standards and regulations designed to promote the safe operation of ships and prevent marine pollution.

The International Safety Award is a significant addition to Mwani Qatar's impressive list of achievements.

Qatar Chamber committee discusses ways to develop insurance sector

Qatar Chamber's Insurance Committee recently held a meeting to discuss several topics and challenges facing insurance companies in the country.

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani, who is also chairman of the Insurance Committee, presided over the meeting in the presence of Sheikh Mohamed bin Ahmed bin Saif al-Thani, director of the Insurance Supervision Department at the Qatar Central Bank (QCB), and several QCB experts.

The meeting also discussed compulsory insurance, such as vehicle insurance; the role of insurance companies in compulsory health insurance for residents; the role of insurance brokerage companies in insurance work; and matters related to digital insurance, and electric car insurance, among other topics.

Sheikh Khalifa lauded the important role played by the QCB in regulating and developing the insurance sector in Qatar, pointing out the importance of dealing with the changes in the insurance sector post-FIFA World Cup 2022, and keeping pace with the future strategy of insurance companies to serve the direction of the Qatari market, especially the industrial and services sectors.

For his part, Sheikh Mohamed explained the QCB's intention, citing FSS3, which is to raise the insurance sector's contribution to the gross domestic product through the increase of the Gross Written Premium percentage to reach 3.5% of the non-hydrocarbon sector. He also explained the co-operative approach that the QCB adopted in the insurance sector, through conducting surveys for the insurance companies on several topics related to Qatar's insurance industry. However, the QCB is keen to consult with insurance companies and conduct the necessary studies to develop the insurance market, he said.

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