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Turkish central bank chief 'extremely determined' to curb enduring inflation

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Qatar's non-energy economy signals demand strengthening in June; sharpest growth in two years

By Santhosh V Perumal
Business Reporter

Doha's non-energy economy signalled demand strengthening in June as it registered sharpest growth in nearly two years, according to the Qatar Financial Centre's (QFC) purchasing managers index (PMI). The output increased at the fastest rate for a year-and-a-half with accelerating new businesses, while companies continued to expand employment and the 12-month outlook remained "strong", according to the PMI, which is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.



Yousuf Mohamed al-Jaida, QFC Authority CEO.

The latest PMI survey data from the QFC compiled by S&P Global said inflationary pressures remained muted, with input prices up only slightly since May and prices charged for goods and services falling.

"Growth has now accelerated five times in the first half (H1) of 2024 as the non-energy economy has rebounded from a moderation in the second half of 2023. Moreover, the latest results point to a more broad-based upturn as manufacturing and construction have caught up with the services, wholesale and retail sectors," said Yousuf Mohamed al-Jaida, QFC Authority chief executive officer.

The Qatar PMI indices are compiled from survey responses from a panel of around 450 private sector companies, which span manufacturing, construction, wholesale, retail, and services sectors and reflect the structure of the non-energy economy according to official national accounts data.

The PMI registered 55.9 in June, up from 53.6 in May and signalled the strongest improvement in business conditions in the non-energy private sector economy since July 2022. It was also above the long-run trend level of 52.3

(since April 2017). The headline figure has risen five times in 2024 so far, and the 2.3-point increase in the PMI was among the largest registered over the past three years.

"The June figure of 55.9 was higher than in all pre-pandemic months in the survey history, except for October 2017 (56.3)," al-Jaida said.

Signalling the demand strengthening in the Qatari non-energy economy, the QFC said the level of incoming new work expanded at the sharpest rate in 13 months.

The faster increase in new business in June resulted in the strongest growth in total business since December 2022. Growth accelerated notably in manufacturing and construction, and remained sharp in the other sectors. Despite rising demand for goods and services, companies were able to further reduce the volume of outstanding work.

Confidence regarding the next 12 months remained strong in June, it said, adding companies linked positive forecasts to new branch openings, new customers and marketing campaigns.

Faster growth of output and new

orders was reflected in another increase in employment, the 16th in a row. Companies reported new job opportunities due to business growth and the need to recruit highly skilled staff. Wholesalers and retailers and service providers drove recruitment.

Demand for inputs rose in June, as purchasing activity increased for the fourth successive month. Lead times continued to improve, however, as supplier relationships continued to be developed. Input stocks rose for only the second time in seven months, and at the fastest rate in a year as companies prepared for anticipated greater new workloads.

Cost pressures rose slightly in June as average purchase prices and staff costs both increased, albeit at marginal rates. Prices charged for goods and services fell for the sixth time in the past eight months, however, and at the second-fastest rate for a year, as firms reported making discounts to boost competitiveness and win new customers.

Qatari financial services companies recorded a further strengthening in growth of total business activity and new contracts in June. The seasonally adjusted financial services business activity and new business indexes rose to 13- and nine-month highs of 61.1 and 59.2, respectively, well above their long-run trend levels since 2017.

Companies were also increasingly optimistic regarding the 12-month outlook, with sentiment the highest since July 2023. Meanwhile, employment growth was maintained for the 15th successive month.

In terms of prices, average charges set by financial services companies rose at the strongest rate since April 2023, following a marginal rise in May and discounting during the first four months of 2024. Meanwhile, average input prices fell slightly for the third time in four months.

QFCRA proposes amendments to Governance and Controlled Functions Rules

By Santhosh V Perumal
Business Reporter



The Qatar Financial Centre Regulatory Authority (QFCRA) is proposing amendments to the Governance and Controlled Functions Rules 2020 (CTRL).

Seeking public comments on the proposed Governance and Controlled Functions (Amendment) Rules 2024, the QFCRA said the proposals support its commitment to the maintenance of high international regulatory standards for financial services, and the continued development of the QFC as a leading financial and business centre in the Middle East. The public comments can be made until July 29.

The amendments particularly pertain to Category B firm establishing one or more board committees; and requires Category A firms (and other firms at the QFCRA's discretion) to ensure material outsourcing arrangements include the right of the QFCRA to conduct onsite visits of the service provider.

Under CTRL, banks and insurers that are incorporated under the QFC Companies Regulations are Category A firms; all other firms incorporated in the QFC are

deemed to be Category B. Category A firms are required to meet additional governance requirements, including the board's size and composition, as well as mandated board committees.

While the QFCRA has the discretion to direct a Category B firm to meet higher governance standards in relation to the board's size and composition, this does not extend to board committees.

"The QFCRA therefore proposes to have the discretion to direct a Category B firm to establish one or more of the mandatory Category A board committees," the draft said.

The amendments require Category A firms to include the right of the QFCRA to conduct on-site visits to service providers in any material outsourcing arrangement they enter into, in recognition of their heightened prudential risks; and have the discretion to require this right

be included in any material outsourcing arrangement entered into by a Category B firm.

"This would be assessed on a case-by-case basis and would only be required where the arrangement gives rise to heightened supervisory risks," it said.

This assessment would normally occur during the 30-business day notification period that firms must provide the QFCRA prior to amending or entering into an arrangement, although the QFCRA may, if it thought it is necessary or appropriate to do so, give the direction at a later time.

To avoid disrupting current arrangements, material outsourcing arrangements in force at the time the new rules commence will be required to ensure on-site visitation rights for the QFCRA are included no later than 12 months from commencement.

QCB treasury bills, sukuk auction attracts bids worth QR6.6bn

The Qatar Central Bank's treasury bills and sukuk auction attracted bids worth QR6.6bn, the QCB revealed yesterday.

The total allocated amount was QR2.5bn with six issuances of different tenor, one of which is new. The tenor ranges from seven days to 353 days, the QCB noted. A new issuance (amount allocated QR300mn) with seven-day tenor carries a yield of 5.8067%.

A Tap Issuance of 28 days (amount allocated QR500mn) carries a yield of 5.8132%. A Tap Issuance of 91 days (amount allocated QR500mn) carries a yield of 5.8006%.

A Tap Issuance of 182 days (amount allocated QR500mn) carries a yield of 5.7335%.



The total allocated amount was QR2.5bn with six issuances of different tenor, one of which is new. The tenor ranges from seven days to 353 days, the QCB noted

A Tap Issuance of 238 days (amount allocated QR500mn) carries a yield of 5.6802%.

A Tap issuance of 353 days (amount allocated QR200mn) carries a yield of 5.5692%.

Domestic funds, foreign individuals lift QSE; Islamic equities outperform

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday gained more than 20 points on the back of buying interests, especially in the industrials, insurance and banking counters. The domestic institutions were seen increasingly into net buying as the 20-stock Qatar Index rose 0.2% to 10,073.18 points, recovering from an intraday low of 10,086 points. The foreign retail investors turned net bullish in the main market, whose year-to-date losses

truncated to 6.99%. The Arab individuals were also seen net buyers in the main bourse, whose capitalisation added QR1.07bn or 0.18% to QR581.08bn on the back of microcap segments.

However, the local retail investors were increasingly net sellers in the main market, which saw 0.06mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.23mn trade across 24 deals. The Gulf institutions were increasingly net profit takers in the main bourse, which saw no trading of treasury bills and sovereign bonds. The Islamic index was seen gaining

faster than the other indices in the main bourse, whose trade turnover and volumes were on the increase. The Total Return Index gained 0.2%, the All Share Index by 0.2% and the All Islamic Index by 0.39% in the main market.

The industrials sector index rose 0.47%, insurance (0.29%), banks and financial services (0.26%), consumer goods and services (0.18%) and telecom (0.06%); while transport declined 0.53% and real estate 0.25%. Major gainers in the main bourse included Widam Food, Zad Holding, Baladna, Qatar General Insurance and Reinsurance,

Mesaieed Petrochemical Holding, QIIB, Qatar Electricity and Water, Qamco, Doha Insurance and Al Khaleej Takaful.

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

Nevertheless, Inma Holding, Mannai Corporation, Mazaya Qatar, Woqod and Al Meera were among the losers in the main market. In the junior bourse, Techno Q saw its shares depreciate in value. The domestic institutions' net buying expanded significantly to QR42.19mn compared to QR18.57mn on July 3. The foreign retail investors

turned net buyers to the tune of QR16.29mn against net sellers of QR0.25mn on Wednesday.

The Arab individuals were net buyers to the extent of QR3.71mn compared with net sellers of QR5.25mn the previous day. However, the Qatari individual investors' net selling strengthened substantially to QR23.51mn against QR7.36mn on July 3.

The Gulf institutions' net profit booking increased noticeably to QR19.79mn compared to QR6.51mn on Wednesday. The foreign institutions turned net sellers to the tune of QR18.39mn against net buyers of QR1.22mn

the previous day. The Gulf individual investors' net profit booking grew marginally to QR0.5mn compared to QR0.43mn on July 3.

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

Trade volumes in the main market shot up 23% to 129.42mn shares and value by 22% to QR427.67mn, while transactions were down 15% to 12,515.

In the venture market, trade volumes doubled to 0.58mn equities and value more than doubled to QR1.15mn on more than tripled deals to 118.



Saudi reserves jump to 18-month high thanks to Aramco dividends

Bloomberg
Riyadh

Saudi Arabia's foreign reserves rose to the highest in 18 months after state-controlled oil producer Aramco boosted dividend payments. Net foreign assets held by the kingdom's central bank jumped 5% to \$445bn, or 1.67tn riyals, at the end of May, the highest since November 2022, according to figures released on Sunday. That coincided with Aramco paying out more than \$25bn in dividends to the government the same month, up from about \$18bn a year earlier. SAMA, as the central bank of the world's biggest crude oil exporter is known, receives the government's dividends from Aramco. The country has shifted its investment strategy over the past few years. It's now

keeping a lower proportion of foreign reserves as relatively low yielding, liquid assets such as US Treasuries. Under Crown Prince Mohamed bin Salman, it's sought bigger returns and taken on more risk both internationally and domestically, through building up the Public Investment Fund to almost \$1tn. SAMA's reserves peaked at almost \$740bn in mid-2014, shortly before a big crash in oil prices. Aramco has been boosting shareholder payouts as it looks to use cash accumulated during 2022's period of high oil prices and production. The company said in May that it intended to hand shareholder's \$124bn in dividends this year. The vast majority of that goes to the central government, which owns 81.5% of Aramco stock even after the latest secondary offering and transferring a 16% stake to the PIF. Reserves are key to maintaining

confidence in the kingdom's dollar peg. Saudi officials have said that they would use a boom in petrodollar revenue in 2022 to rebuild foreign assets depleted when crude prices slumped during the Covid-19 pandemic. Before Aramco's 2019 initial public offering, the government changed the formula it used for getting money out of the company, in a move also intended to attract investors. Instead of monthly distributions based on higher levels of taxation and royalty on oil sales, it put in a policy of paying out \$75bn a year as a so called base dividend. It later added an additional 'performance dividend' to further increase payouts to the government, PIF and investors. Saudi Arabia's stockpile can now be expected to increase sharply around the dividend schedule — and fall over the months after it in a reflection of cash flow constraints.



SAMA, as the central bank of the world's biggest crude oil exporter is known, receives the government's dividends from Aramco



Turkish Central Bank Governor Fatih Karahan. "We will maintain tightness and wait for data and expectations to get in line with our disinflation path. We think we still have some way to go in this regard," he said in an interview late on Wednesday.

Turkish central bank chief is 'extremely determined' to combat enduring inflation

■ **In interview, Karahan sounds hawkish after inflation dip**
■ **"Still have some way to go" to disinflation expectations**
■ **Annual inflation below 72% in June from 75% in May**
■ **Comments push back on some expectations rate cut coming**

Reuters
Ankara

Turkiye's central bank is determined to combat soaring prices and will stick patiently to its tight policy stance, Governor Fatih Karahan told Reuters, as a series of aggressive rate hikes start to bring down sky-high inflation. "We will maintain tightness

and wait for data and expectations to get in line with our disinflation path. We think we still have some way to go in this regard," Karahan said in an interview late on Wednesday. "We want to see a significant and sustained fall in the underlying trend of monthly inflation. We are extremely determined to bring down inflation," Karahan said in the interview, his first with the media since becoming central bank chief in February. His hawkish tone comes after data on Wednesday showed Turkiye's annual inflation rate began what is expected to be a sustained fall in June, dipping more than expected to 71.6%. Monthly inflation also cooled markedly. The central bank has held policy steady, vowing to act if the

inflation outlook worsens, since raising rates by 500 basis points, or 5 percentage points, to 50% in March. It has tightened by 4,150 basis points since June 2023, reversing a years-long low-rates policy to boost economic growth. The lira weakened slightly to 32.5675 against the dollar and Istanbul's main share index was 0.5% firmer on Thursday. Annual inflation is down from 75.45% in May, the highest since November 2022. Last month's dip raised some expectations that the central bank would soon ease policy, with Goldman Sachs predicting a rate cut around September given building pressure on the lira. But Karahan, who was a deputy bank governor before President Recep Tayyip Erdogan named

him chief in February, appeared to push back on this. "We are seeing signs of demand rebalancing and its impact on prices. It is not healthy to draw conclusions from a single data point in this period of high volatility. We act with the determination and caution of a central bank," he said. QNB Finansbank said Karahan's comments emphasised it was too early to perceive the June inflation dip as a trend change and aimed "to prevent expectations of an early interest rate cut". The central bank expects disinflation to take hold in the second half of the year and forecasts an end-year rate of 38%, due to its tight policy stance. Economists polled by Reuters expect the inflation rate to fall to around 42% by year end.

Iranian central banker calls for closer financial ties with Russia

Bloomberg
Moscow

Iran's central bank governor called for more financial co-operation with Russia while speaking at a conference in St Petersburg organised by Russian monetary policymakers. The Russian and Iranian financial systems must "work together," Governor Mohamed-Reza Farzin said on Thursday at the Bank of Russia's Financial Congress. Russian central bank Governor Elvira Nabiullina, who invited Farzin to the forum, listened from the front row during his talk. Co-operation has been growing between the two countries' central banks since the Kremlin's February 2022 invasion of Ukraine. Last May, Nabiullina visited Tehran, wearing a headscarf during her meetings. Farzin also travelled to Moscow in December 2023, and was warmly welcomed by Nabiullina. During his talk, Farzin spoke about his country's struggle with high inflation and the effect it's having on Iran's economy. That mirrors similar efforts by Nabiullina to fight Russia's own price growth, which is accelerating due to high levels of state spending on defence and social programmes. In June, Russia's central bank kept the key rate at 16% for the

fourth time in a row, but an increase in borrowing costs is likely to come when policymakers meet this month. The central bank will discuss raising the key rate to 17-18% at that meeting, Deputy Governor Alexey Zabolotkin said on the Rossiya 24 TV channel. Farzin also proposed that the Brics group of economies, which Iran joined this year, create an alternative payment system to the SWIFT financial-messaging service. Banks in both Tehran and Moscow have been cut off from Swift as part of broader sanctions imposed by the US and its allies. Farzin suggested the group, which counts Russia, China and India as founding members, could even create its own version of the Financial Action Task Force, a global watchdog created to combat money laundering. "The FATF behaves quite strangely," Farzin said. "It would be possible to create an analogue within the framework of the Brics to combat money laundering." Last year, the FATF suspended Russia's membership in the group. Iran has been on the FATF's highest risk "black list" since 2020. North Korea and Myanmar are the only other countries with that designation. The Bank of Russia didn't immediately respond to a question about what agreements Farzin and Nabiullina plan to discuss during the Iranian official's visit.

Iran is exporting crude oil to 17 countries, says minister

Iran is selling crude oil to 17 countries, Oil Minister Javad Owji was quoted as saying by the semi-official Mehr News Agency on Tuesday, indicating some states may not be honouring US sanctions, reports Reuters. "We sell our oil wherever we want to. In fact, we export to 17 countries, including (countries in) Europe," Owji said in a video shared by Mehr News Agency when asked about foreign reports about European countries importing Iranian crude oil.

Owji said he could not provide additional detail regarding the amounts sold or the identity of buyers due to the sensitivity of the subject. Washington re-imposed sanctions on Tehran in 2018, after exiting a 2015 nuclear pact that allowed Iran to sell its oil in exchange for constraints on its nuclear programme. Subsequently, Iran's list of crude buyers fell sharply, with most of its exports then directed to China and smaller amounts to regional ally Syria.

Dubai to build three new office towers, sidestepping global slump

Bloomberg
Dubai

Dubai is building three new office towers in the heart of its financial district, expanding to catch up with rising demand in stark contrast to slumping occupancy rates for commercial property in cities around the world. The DIFC Square will be built within the Dubai International Financial Centre and span 1mn square feet — 60% of which will be dedicated to office space, according to the government communications office. The towers will feature 17,200 square feet of retail space and restaurants, and cost about \$270mn to build, DIFC Governor Essa Kazim said in a phone interview. The buildings are set to be completed in the first quarter of 2026, and will cater to a rush of businesses that continue to flock to Dubai. That influx has boosted the city's commercial real estate market, helping it rebound from a multi-year slump. City-wide office occupancy rates

have hit an all-time high of 91.3%, according to CBRE Group Inc, at a time when other hubs including London and New York are struggling. "The demand is there from both incumbent firms that want to upgrade or expand and new companies coming in to set up," said Taimur Khan, head of research at the global property advisory firm. That's partly due to reforms adopted by the United Arab Emirates — of which Dubai is a part — to make it easier for expatriates to work and live in the country. They include widening the eligibility net for long-term visas and abolishing a requirement for companies to have a majority local partner. In addition, firms have been drawn by a tax-free environment and a timezone that's conducive for trading with Asia, Europe and the US. Alongside Dubai, neighbouring Abu Dhabi also stands as one of the few bright spots in global commercial real estate. Office buildings in the Abu Dhabi Global Market (ADGM) in Abu Dhabi. Within the DIFC, there's been an

influx of asset management and insurance firms, as well as hedge funds. The number of entities registered there rose 34% in 2023 from a year earlier to over 5,500, the free-zone said in February. "The momentum is still very strong, which is a reflection of the growth in businesses licensed here and the development of the DIFC as an attractive place for hedge funds," Kazim said. "We have sectors that are growing very fast like wealth and asset management, family offices and fintech." Last year 1,500 companies set up in DIFC, Kazim said, adding that the momentum would likely continue. "We don't foresee a slowdown this year going by the indicative demand of the past six months." The DIFC expects to launch one more mixed-use development which will include residential and retail along with office space, possibly this year. Then, all plots designated as part of main business park would have been built. "After that we'll need to think about DIFC 2.0," Kazim said.



High-rise towers in Dubai. City-wide office occupancy rates have hit an all-time high of 91.3%, according to CBRE Group, at a time when other hubs including London and New York are struggling.

Global oil outlook faces test as softness in China surfaces

Bloomberg
London

The global oil market faces soft spots in the outlook for Chinese demand this half, potentially adding a headwind for crude prices.

Taken together, a slower-than-expected return of refineries from seasonal maintenance, softer purchases from some key suppliers in July, and a potential drop off in monthly import volumes suggest that there's a lack of vigour in the world's largest crude importer, offsetting strength elsewhere.

Global crude prices have advanced more than 12% this year as the Organisation of the Petroleum Exporting Countries and allies curtailed supply to shore up the market, and traders bet that US monetary policy would ease. Against that backdrop, key metrics suggest tightness in the near term, and US crude stockpiles just tumbled. Still, conditions in China — which accounts for one barrel in six of global oil consumption — remain a point of concern.

Coming back from seasonal maintenance, state refiners are expected to raise their daily processing volumes by just 1.3% this month compared with June, according to data tracked by Mysteel OilChem based on a survey of 58 refineries affiliated with PetroChina Co and Sinopec and shared with clients. In the same period last year, the gain was about 3%.

“Rising crude prices could further dampen China's



Oil and gas tanks are seen at an oil warehouse at a port in Zhuhai, China. The global oil market faces soft spots in the outlook for Chinese demand this half, potentially adding a headwind for crude prices.

crude-buying appetite,” said Mia Geng, analyst at industry consultant FGE. “Although we expect China's crude imports to move sideways in the third quarter at around 11mn barrels a day, there is downside risk in the later part of the third and fourth quarters.” China's recovery has underwhelmed this year, with progress weighed down by a persistent property crisis and

falling consumer confidence that's blunted demand for diesel, a key transport and industrial fuel. As returns from making the product were crimped, processors have cut their operating rates, with a further bout of planned maintenance to come in the fourth quarter.

While nationwide crude imports from January to May kept pace with the volume

seen in the same period of 2023, there are signs a significant recovery may take longer. Contractual supplies of Saudi Arabian crude were reduced by 4mn barrels on-month in July, while trading was slower than usual for Russia's ESPO, according to traders who participate in the market.

That trend has been highlighted by watchers including Citigroup Inc, which has a less

sanguine view of the market's prospects than rivals including Goldman Sachs Group Inc and Standard Chartered Plc. Imports are seen at 9.5mn barrels a day in July, down 1.1mn barrels a day on-month and 800,000 barrels a day on-year, analysts including Eric Lee wrote in a note.

China's crude buying “has never been strong,” they said, citing cargo-tracking data.

China leading generative AI patents race, says UN report

Reuters
Geneva

China is far ahead of other countries in generative AI inventions like chatbots, filing six times more patents than its closest rival the US, UN data showed on Wednesday.

Generative AI, which produces text, images, computer code and even music from existing information, is exploding with more than 50,000 patent applications filed in the past decade, according to the World Intellectual Property Organisation (WIPO), which oversees a system for countries to share recognition of patents.

A quarter of them were filed in 2023 alone, it said. “This is a booming area this is an area that is growing at increasing speed. And it's somewhere that we expect to grow even more,” Christopher Harrison, WIPO Patent Analytics Manager, told reporters.

More than 38,000 GenAI inventions were filed by China between 2014-2023 versus 6,276 filed by the US over the same period, WIPO said.

Harrison said the Chinese patent applications covered a broad area of sectors from autonomous driving to publishing to document management. South Korea, Japan and India were ranked third, fourth and fifth respectively, with India growing at the fastest rate, the data showed.

Among the top applicants were China's ByteDance — which owns video app TikTok — Chinese e-commerce giant Alibaba Group, and Microsoft, a backer of startup OpenAI which created ChatGPT.

While chatbots with the ability to mimic human discourse are already being widely used by retailers and others to improve customer service, GenAI has the potential to transform many other economic sectors like science, publishing, transportation or security, WIPO's Harrison said.

“The patent data suggests this is an area that is going to have a profound impact across many different industrial sectors going forward,” said WIPO's Harrison, highlighting the scientific sector where GenAI-created molecules have the potential to expedite drug development.

WIPO said it expects a further wave of patents to be filed soon and plans to release a future update of the data, possibly using GenAI to illustrate the trend.

European IPOs seen struggling to sustain H1 rebound

Bloomberg
London

A strong first-half showing for European initial public offerings is unlikely to be sustained in the remainder of this year, as political uncertainty and turbulent stock markets shrink the group of issuers eyeing listings.

With Permira-backed sneaker maker Golden Goose Group SpA and Spanish bakery firm Europastry SA having shelved debut plans, the attractiveness of the European market is again in question — particularly as investors sidestep volatility arising from elections in France and the US.

“There is a more limited time window in the second half of the year, with the period between September and mid-December affected by the US election, so activity may be more muted than the first half,” said James Palmer, Bank of America Corp.'s head of equity capital markets in EMEA.

“We are still in a thawing period from what was a pretty long freeze in IPO land.” The turn in sentiment comes after more than \$14bn was raised on European stock exchanges so far this year, marking the best first-half for the region since the global IPO boom of 2021, according to data compiled by Bloomberg.

European firms that went public in that time made a bright start, outpacing the broader equity market with an average 10% gain for \$100mn-plus IPOs. Such gains are less certain now with European markets recording a tumultuous few weeks. The benchmark Stoxx Europe 600 Index has drifted in early July. Among large firms gearing up to go public in the second half are Springer Nature, the BC Partners-backed academic publisher mulling a renewed Frankfurt listing attempt that could give it a market value of as much as €7bn (\$7.6bn). CVC Capital Partners Plc's Zabka Polska SA is preparing for a Warsaw listing that is expected to value it at \$7.5bn to \$8bn. Both could

launch as soon as September. For London, which has largely missed out on this year's revival of European IPOs so far, a more tentative candidate is online fashion retailer Shein, which has confidentially filed papers with the UK authorities for a potential listing.

With Permira-backed sneaker maker Golden Goose Group and Spanish bakery firm Europastry having shelved debut plans, the attractiveness of the European market is again in question — particularly as investors sidestep volatility arising from elections in France and the US

While that could help the City claw back a chunk of the market value lost from companies shifting primary listings to New York, it would not be straightforward. Shein will also have to win over regulators and investors increasingly focused on environmental, social, and governance issues.

A more meaningful recovery in UK IPO market could be months out, with investors waiting for the dust to settle on the nation's own general election. “Under the surface, there is improving sentiment around the attraction of going public in the UK and issuers are now starting to plan for listings in a meaningful way,” said Philip Drake, head of UK Equity Capital Markets at Bank of America.

London has also remained Europe's top venue for sales of shares in listed companies, a sign of strong investor demand, according to bankers. National Grid Plc raised about £7bn (\$8.9bn) in fresh capital to help strengthen its electricity networks, while GSK Plc exited from Panadol painkiller maker Haleon Plc for gross proceeds of about £3.9bn. The European equity capital market's \$56bn offerings this year has been dominated by large deals. More than 55% of the proceeds came from \$1 billion-plus deals, the data showed. The three largest listings in the world this

year took place on European exchanges, namely: Spanish beauty group Puig Brands SA, EQT AB's skincare business Galderma Group AG and buyout giant CVC Capital Partners Plc.

“Looking back over the last six months, we have had a pretty good year,” said BofA's Palmer. “Leaving aside the IPO boom of 2021, the activity we are seeing now in Europe is inching toward a normalised year for the region's IPO market.”

This normalisation will pave the path for a much easier 2025, with issuers already beginning to ready plans for listings next year, bankers say. Listing is expected to be “more episodic,” in the second-half of this year but that will change into 2025, where there will be “a broader and busier IPO calendar,” said Lawrence Jamieson, co-head of equity capital markets for Europe, the Middle East and Africa business at Barclays Plc. “One reason to be optimistic is that there's no shortage of capital to put to work — for right assets at the right valuation,” he said.

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Bloomberg QuickTake Q&A

Why Hong Kong wants to be a hub for crypto sector

By Annabelle Droulers and Suvashree Ghosh

Hong Kong is seeking to become a crypto hub even as a history of volatility and scandal dogs the sector. The city has issued licenses under a new system to regulate virtual-asset exchanges and permitted exchange-traded funds for Bitcoin and Ether. The regime is part of Hong Kong's effort to attract capital and talent back to a city tarnished by a crackdown on dissent and years of harsh Covid-19 curbs. The push appears to have quiet backing from Beijing despite the mainland's crypto ban. Results are mixed: some major exchanges didn't seek permits, and the city's crypto ETFs are overshadowed by US rivals.

1. What are the regulations?

The rules allow retail investors to trade coins on exchanges licensed by the Securities and Futures Commission. Hong Kong says its approach is high on consumer protection: exchanges have to ensure investors understand risks, and allowed tokens must be sufficiently large and liquid while also featuring in at least two respected crypto indexes. Meanwhile, curbs loom for shops and

websites that swap cash for crypto, to encourage the use of authorised exchanges. The city is also working on a framework for stablecoins, which are usually pegged 1:1 to fiat currency and backed by reserves of cash and bonds.

2. Why is Hong Kong embracing virtual assets?

Political unrest and curbs on freedoms have undermined Hong Kong's status as a cutting-edge financial hub. Fostering a digital-asset centre is part of the city's effort to boost its allure. Financial Secretary Paul Chan has called virtual assets "unstoppable new financial innovations" that need to be embraced. The government has allowed ETFs investing in CME Group Bitcoin and Ether futures as well as the tokens themselves. It also sold inaugural digital green bonds, which use blockchain technology to speed up settlement and coupon payments.

3. Is this Hong Kong's first foray into crypto?

Hong Kong used to be a digital-asset centre in earlier years before taking a more sceptical stance. Exchanges including FTX and Crypto.com (previously known as Monaco) were

founded in the city. Prior to the new regime, the SFC had a voluntary licensing programme. Two exchanges — OSL and HashKey — opted into that legacy framework, and while they are the only platforms with full permits so far under the mandatory rules, officials aim to expand the roster.

4. How significant is mainland China's prohibition on crypto trading?

China banned crypto trading in 2021 on concerns about breaches of capital controls and environmental harm from energy-intensive Bitcoin mining. That backdrop leaves some uneasy about the durability of Hong Kong's crypto pivot. Others argue the city has become Beijing's testing ground for digital assets. Chinese citizens are thought to flout Beijing's ban because they covet digital assets as investments or as a means of skirting overseas transfer limits. But underground flows of Chinese wealth would likely avoid Hong Kong's regulated crypto hub to stay out of sight of the authorities.

5. What hurdles remain?

The licensing regime for crypto exchanges introduced in mid-2023

received a mixed response. Some exchanges with notable trading volumes globally, such as Crypto.com and Bullish, are on a path toward full permits. But Binance — the world's largest exchange — didn't apply, nor did the top US platform Coinbase, or Kraken, another popular venue. One view in the industry is that regulatory costs don't match the current opportunity. Other potential challenges include lingering regulatory ambiguity, talent recruitment and banking access. The city has urged sceptical lenders to support the sector.

6. What's the overall reception so far?

Digital-asset businesses have generally lauded Hong Kong for prioritising the creation of a crypto hub, but have yet to follow through with a flurry of big-ticket investments. The city's rules buttress investor protection and seek to prevent money laundering and terrorism financing, imposing compliance costs and reporting requirements that may deter some companies. Hong Kong is also vying with the likes of Dubai and Singapore to be a crypto centre, competition that leaves open the question of whether the city will succeed.

India's hopes for Tesla investment cool as Musk ceases contact

Bloomberg
New Delhi

India doesn't expect Tesla Inc to move forward with an investment in the country any time soon after executives at Elon Musk's electric carmaker stopped contacting them, according to people familiar with the matter.

Musk's team hasn't made any further inquiries with officials in New Delhi after the billionaire postponed a visit to India in late April, the people said, asking not to be identified because they're not authorised to speak publicly. The government is given to understand that Tesla has capital issues and doesn't plan on pledging fresh investment into India in the near future, they said.

The loss of interest in India comes as Tesla reported a second consecutive drop in quarterly deliveries globally and faces heightened competition in China. Musk announced major staff reductions in April, the EV maker's first new model in years, the Cybertruck, has been slow to ramp up while construction of a new plant in Mexico has been delayed.

Representatives from India's Ministry of Heavy Industries, which oversees the automobile sector, and the ministries of finance, and commerce and industry, didn't respond to requests for comment. Tesla also didn't respond to a request for comment.

Musk in April scrapped a planned visit to India that would have included a meeting with Prime Minister Narendra Modi, citing pressing issues at the company.

He had originally announced his visit just weeks after India lowered the import taxes on EVs from foreign carmakers that pledge to invest at least 41.5bn rupees (\$497mn) and start EV production from a local factory within three years.

Instead, India's government is pinning its hopes on domestic automakers like Tata Motors Ltd and Mahindra & Mahindra Ltd to boost EV production, the people said. Should Musk decide to re-engage, Tesla would still be welcome to avail itself of the new import tax policy, they added.

EU slaps Chinese electric cars with tariffs of up to 38%

AFP
Brussels, Belgium

The European Union on Thursday slapped extra provisional duties of up to 38% on Chinese electric car imports because of Beijing's "unfair" support, a move that risks escalating tensions with Beijing.

A European Commission probe launched last year concluded that state subsidies for Chinese EV manufacturers were unfairly undercutting European rivals — which Brussels wants to shield as they make the transition from thermal to electric power.

The Chinese Chamber of Commerce to the EU slammed the tariffs, coming on top of current import duties of 10%, as "politically-motivated" and "protectionist", while voicing hope the dispute could yet be resolved through dialogue.

Europeans are split on the move, with Germany and its homegrown auto champions, who do significant trade with China, fearing it will do more harm than good if it leads to a clampdown on EU exports as Beijing has already threatened.

German auto giant Volkswagen slammed the move as "detrimental" while the head of BMW said the tariff battle "leads to a dead end".

France and Italy have pushed for tariffs on Chinese EVs — whose EU market share has skyrocketed — but Sweden like Germany has expressed reservations, while Hungary is outright opposed.

The provisional tariffs kick in from Friday, with definitive duties to take effect in November for a five-year period, pending a vote by the EU's 27 states.

"Our investigation... concluded that the battery electric vehicles produced in China benefit from unfair subsidisation, which is causing a



People look at a Nio ET7 at the Beijing Auto Show in Beijing on May 3. The European Union on Thursday slapped extra provisional duties of up to 38% on Chinese electric car imports because of Beijing's "unfair" support, a move that risks escalating tensions with Beijing.

threat of economic injury to the EU's own electric car makers," the EU's trade chief Valdis Dombrovskis said.

In response, the commission imposed provisional duties on major Chinese manufacturers including 17.4% for market major BYD, 19.9% for Geely and 37.6% for SAIC.

Other producers in China that cooperated with Brussels will face a tariff of 20.8%, while those that did not would be subject to the maximum 37.6% duty.

US tech billionaire Elon Musk's Tesla — which manufactures in China — is the only electric automaker to have asked Brussels for its own duty rate, to be calculated based on evidence it has submitted.

The Tesla Model 3 would be affected as well as the electric Mini, the Vol-

vo EX40 and all other non-Chinese branded cars made in China.

A Tesla spokesperson suggested the Model 3's prices would increase "in the short term".

The move comes despite the opening of talks between Chinese and EU trade officials, and trade chief Dombrovskis said Brussels will continue "to engage intensively with China on a mutually acceptable solution".

China's electric car maker Nio said it still hoped for a resolution with the EU, while fellow EV maker XPeng said it would "find ways to minimise the impact on consumers" without changing its international strategy.

EU officials have indicated that, should a negotiated solution emerge, they may not ultimately need to levy the tariffs.

But Dombrovskis cautioned that "any negotiated outcome to our investigation must clearly and fully address EU concerns and be in respect of WTO rules."

Cui Dongshu, secretary-general of the China Passenger Car Association, told AFP the move "would obviously have a negative impact on the development of China's EV industry, especially its development in the EU in the short term." Beijing has already signalled its readiness to retaliate by launching an anti-dumping probe, and Chinese media suggest further probes could be in the works.

Chinese officials have also railed against EU investigations targeting state subsidies in the green tech sector, including wind turbines.

The US has already hiked customs duties on Chinese electric cars to 100%, while Canada is considering similar action.

But Brussels faces a delicate balancing act as it seeks to defend Europe's auto industry — the jewel in its industrial crown — while both avoiding a damaging showdown with China and meeting its targets for slashing carbon emissions.

The EU aims for Europeans to switch massively to electric vehicles as it plans to outlaw the sale of new fossil fuel-powered cars from 2035.

Chinese-made EVs' market share in the EU climbed from around 3% to more than 20% in the past three years, according to the European Automobile Manufacturers' Association.

Chinese brands account for around eight % of that share, it said.

Germany's Kiel Institute for the World Economy, alongside Austrian institutes, predicted the provisional higher taxes would reduce vehicle imports from China by 42%.

Electric car prices could rise by an average of 0.3 to 0.9% in the EU, they added.

Swiss price regulator puts UBS under observation

Reuters
Zurich

Switzerland's consumer pricing watchdog has put UBS under observation following its takeover of Credit Suisse, the regulator said on Thursday, amid concerns that the market power of the enlarged lender could lead to higher loan charges.

The supervisor had met with financial market regulator FINMA, competition authority ComCo and the Swiss National Bank to discuss consequences of the takeover, it said in a statement.

The meeting laid down the groundwork for necessary cooperation between the different authorities in future, they said.

UBS on Monday said it had completed the merger of its domestic unit with Credit Suisse's operations in its home market.

UBS had no immediate comment on the decision but a spokesperson pointed to previous statements the bank had made noting that there was plenty of competition within the Swiss banking sector.

FINMA last month ruled that the takeover did not create any competition concerns, despite recommendations from ComCo that it merited further scrutiny.

"ComCo's analysis has shown that the merged UBS now has market power or dominance in some markets," the pricing supervisor's office said.

"This means that the price supervisor is directly responsible for monitoring price abuse in these markets," it added.

The supervisor said it was looking in particular at loan interest rates.

Oman's Asyad seen planning to float Asyad Shipping; hires advisers

Reuters
Dubai

Oman's state-owned logistics firm Asyad Group is planning an initial public offering (IPO) of its subsidiary Asyad Shipping Co by the end of the year and has selected Jefferies Group and EFG Hermes as advisers, sources familiar with the matter said.

Asyad Group, EFG Hermes and Jefferies declined to comment when contacted by Reuters on Thursday about the IPO plans. Details on the size of the offering were not immediately available.

Asyad Shipping focuses on transporting liquefied natural gas (LNG) to the international market, with a fleet that includes very large crude carriers, product and chemical tankers, and dry bulk carriers.

It lists Brazilian miner Vale and energy firms BP and Shell among its customers and partners.

Asyad Group, owned by Oman's wealth fund, has more than \$4bn of assets, focuses on logistics, transportation, port services, shipping and free zones.

Oman Investment Authority did not immediately respond to a request for comment.

Oman, a small non-Opec producer, is following its neighbours the United Arab Emirates and Saudi Arabia in pushing state-led listing

programmes in a bid to advance privatisation strategies.

That strategy, along with wide reforms that include fiscal discipline, has helped Oman pay down debt and turn its large fiscal deficit of recent years into a surplus since 2022.

The reforms and a shake-up of state entities are being driven by Sultan Haitham bin Tariq al-Said, who took the throne in early 2020 after the death of Sultan Qaboos, who ruled for nearly five decades.

Ratings agency Moody's raised Oman's credit rating from Ba2 to Ba1 in December, one level below investment grade, which was attributed to improvements in debt affordability metrics. Oman has been pitching to upgrade its classification to 'emerging market' from its frontier market status, which would put it on the radar of global asset managers and bring in foreign investment through passive funds.

Oman and Bahrain are the only countries within the six-member Gulf Co-operation Council that are not classified as an emerging market by index provider MSCI.

Reuters reported in 2021 that Asyad was weighing the sale of a strategic stake in its subsidiary Oman Shipping, which was re-branded as Asyad Shipping in 2022.

Asyad had asked banks to pitch for a mandate to help it review a potential deal in which Asyad could divest up to 40% of its ownership, Reuters reported at the time.

