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Amir's visit to Poland paves way for new co-operation prospects



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UK stock futures rise, pound steady as Labour secures victory







Danish envoy sees potential Qatar-Denmark ties in green solutions

By Peter Alagos Business Reporter

nders Bjorn Hansen, the ambassador of Denmark to the UAE and Qatar, has underscored potential collaboration between the Scandinavian country and Qatar in technology and both nations' robust ties in the healthcare sector.

The ambassador also underscored Denmark's expertise in sustainable practices, wherein Danish companies could play a role in Qatar's initiatives to transition into a green and knowledgebased economy.

"I think one of the areas where we have a lot of expertise can be within green transition and green solutions, so we are always engaged in assisting Danish companies who want to have a stronger presence in the Qatari market...I'm quite sure we already have other Danish companies involved in different sectors, as well," Hansen told Gulf Times.

Over the years, Oatar has aggressively rolled out a wide range of programmes, including international partnerships al tech giants and other o ganisations, to boost its digitalisation

The ambassador expressed optimism about Denmark's role in Qatar's push for digitalisation in key areas, including artificial intelligence (AI). Hansen said: "I'm quite sure we can: we have several leading companies in Denmark specialising in this field. Demark is a very high-



Anders Bjorn Hansen, the ambassador of Denmark to the UAE and Qatar. PICTURE: Thajudheen

ly digitalised country, so we have companies that could certainly contribute to this area in co-operation with the government and other companies in Qatar.

Similarly, the ambassador addressed the potential for collaboration in the startup sector between Qatar and Denmark, highlighting the need for entrepreneurs' will and determination, and the importance of access to financing

Hansen also elaborated on Denmark's biomedical landscape, describing it as

"thriving" and "characterised by innovation, collaboration, and strong emphasis on research and development."

"Denmark takes pride in a thriving biomedical landscape characterised by innovation, collaboration, and strong emphasis on research and development. The country's biomedical sector is vibrant with a focus on biopharmaceutical diagnostics and therapeutic development and the country hosts numerous biotech companies engaged in drug discovery, critical development and commercialisation of novel thera-

pies," Hansen said. Emphasising the longstanding interest between Denmark and Qatar in healthcare collaboration, Hansen said: "Both countries have unique strengths that can contribute various aspects of healthcare, including medical research, technology, and healthcare delivery. This collaboration involves sharing best practices, strategies and resources to improve the overall health and wellbeing of their populations."

Hansen also expressed optimism about the future, citing a recent signing ceremony renewing the strategic contract between Oatar-based Medical and Novo Nordisk: "We all believe in the positive impact that this collaboration will have on the healthcare sector in Qatar and the beginning of a new era of cooperation, innovation, and growth as the partners work together to navigate challenges, seize opportunities and deliver value to stakeholders across the healthcare value chain."

Bilateral relations between Qatar, Poland are historic and strong: QBA chairman

QNA

The Chairman of the Qatari Businessmen Association (OBA) HE Sheikh Faisal bin Oassim al-Thani praised the relations between the State of Qatar and Poland, regarding them as historic and strong. In a statement to Qatar News Agency (QNA), His Excellency said that the visit of His Highness the Amir Sheikh Tamim bin Hamad al-Thani to Poland is very important to advance joint co-operation in many sectors, and it is considered an opportunity to discuss areas of co-operation in sectors that provide added value to the two countries in the coming period. While describing the relations between the two countries as strong and distinguished, His Excellency noted that an agreement

to supply gas to Warsaw was signed in

2017, with Oatar covering one third of

Poland's needs for liquefied natural gas. The volume of trade exchange between the two countries reached QR9.3bn in 2022 because of an increase in Qatar's gas exports, he added.

He also stressed the importance of enhancing partnership opportunities between the private sectors in the two countries and building co-operation relations that are not limited to the two countries but extend beyond that to their regional and international spheres. Considering Poland as the gateway to Eastern Europe, HE Sheikh Faisal bin Qassim al-Thani said that Poland is an important country overlooking the Baltic Sea and will contribute to diversifying Qatar's foreign investments. Therefore, the Qatar-Poland Business Council works to exchange information and study available investment opportunities. especially in the fields of technology, agriculture, and health care.



Chairman of Qatari Businessmen Association:

Bilateral Relations between Qatar and Poland Are Historic and Strong

Exclusive statements to Qatar News Agency





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Turkiye's current account deficit seen at \$1.5bn in May

Reuters Istanbul

urkiye's current account balance is expected to show a sharply lower of deficit of \$1.5bn in May, with the deficit in 2024 as a whole forecast to narrow to \$26.5bn, a Reuters poll showed yesterday. In April, the current account deficit was \$5.285bn. Economists expect the current account deficit to continue to improve this year as monetary and fiscal policy remains tight. The May current account deficit forecasts by nine economists polled ranged from \$1.0bn to \$2.1bn.

The central bank, pledging to fight inflation, has gradually hiked its policy interest rate to 50% from 8.5% since June last year. The government has introduced tax and fee hikes to boost its budget income. Turkiye also introduced measures to cap strong domestic demand, one of the main reasons for higher imports, and to boost investments and exports to im-

prove the current account balance. The foreign trade deficit, which constitutes a major part of the current account balance, narrowed 48% year-on-year in May to \$6.5bn. The January-May deficit fell 34% to \$36.8bn.

Last year, the current account deficit narrowed to \$45.2bn from \$48.8bn in 2022, but exceeded a \$42.5bn target in the government's medium-term programme.

Banking and industrials sectors lift QSE index; M-cap gains QR6.05bn

By Santhosh V Perumal Business Reporter

Strengthening global oil prices and expectations on early cut in interest rates by the US Federal Reserve had their reflection in the regional bourses, including the Qatar Stock Exchange (OSE), which closed this week on a higher note.

The banking and industrials counters experienced higher than average demand as the 20-stock Qatar Index shot up 1.12% this week which saw QNB and QIIB outline their strategies to offer semi-annual dividend to

The domestic institutions were seen increasingly into net buying in the main bourse this week which saw Kamal Naji, chief economist of Qatar Financial Centre, view that Doha's gross domestic product is projected to grow at 2% in 2024, with near-term outlook slated to remain

The semi-annual dividend policy of companies in which QatarEnergy is a shareholder and the announcement of QNB and QIIB as well as expectations on other entities to follow suit have had positive impact on the market this week

The foreign individuals turned net buyers in the main market this week which saw a global credit rating agency Standard and Poor's report that found QNB and Qatar Islamic Bank have seen their market capitalisation expand 2.7% and 1.4% respectively in the second guarter of 2024 against that in the first guarter of same year.

The Gulf institutions' weakened net profit booking had its influence in the main bourse this week which saw Qatar's ports achieve the second-highest monthly container handling rate in June 2024, registering a 51% jump over the same period last year.

The local retail investors' lower net selling had its say in the main market this week which saw the Qatar Financial Centre's purchasing managers' index that said Doha's non-energy economy signalled demand strengthening this June as it registered sharpest growth in nearly two years.

The local individuals' declining bearish grip played its part in the main bourse this week which saw Oatar's producers' price index. which measures the average changes in prices received by domestic producers for their output, rose 2.24% year-on-year this May

However, the foreign funds were seen net profit takers in the main market this week

WEEKLY REVIEW

which saw a total of 0.4mn Masraf Al Rayansponsored exchange-traded fund QATR worth QR0.84mn trade across 66 deals.

The Gulf individual investors were increasingly net sellers in the main bourse which saw as many as 0.06mn Doha Bank-sponsored exchange-traded fund QETF valued at QR0.53mn change hands across 44 transactions.

The Islamic index was seen gaining slower than the other indices in the main market this week which saw the banks and industrials sectors together constitute about 59% of the total

Market capitalisation shot up QR6.05bn or 1.05% to QR581.08bn on the back of large and midcap segments this week, which saw no trading of sovereign bonds.

Trade turnover and volumes were on the decline in the main market this week which saw no trading of treasury bills In the case of venture market, trade

turnover and volumes were seen expanding this week, which saw Edaa amends the foreign ownership limit in Aamal Company to 100% of the capital. The Total Return Index zoomed

1.12%, the All Share Index by 1.12% and the All Islamic Index by 0.93% this week which saw Fitch affirm the credit rating of Qatar Islamic Bank at 'A' with a "stable" outlook

The banks and financial services sector index soared 1.76%, industrials (1.68%) and consumer goods and services (0.9%); while transport declined 1.47%, real estate (0.65%) telecom (0.3%) and insurance (0.25%) this

Major gainers in the main market included Widam Food, Zad, QIIB, Inma Holding, Qatar Islamic Bank, QNB, Mannai Corporation, Baladna, Mekdam Holding, Al Faleh Educational Holding, Qatar National Cement, Industries Qatar, Gulf International Services, Mesaieed Petrochemical Holding, Qatar General Insurance and Reinsurance and Al Khaleej Takaful. In the venture market, Al Mahhar Holding saw its shares appreciate in value this week

Nevertheless, Qatar Cinema and Film Distribution, Mazaya Qatar, Qatari German Medical Devices, Oatar Oman Investment, Milaha. Masraf Al Ravan, OLM and Nakilat were among the shakers in the main bourse this week.

The domestic funds' net buying increased perceptibly to QR161.81mn compared to QR158.93mn the week ended June 27.

The foreign individuals turned net buyers to the tune of QR11.84mn against net sellers of QR12.89mn the previous week

The Gulf institutions' net profit booking declined substantially to QR62.37mn compared to QR99.65mn a week ago. The local individuals' net selling weakened

considerably to QR72.61mn against QR85mn

the week ended June 27. The Arab retail investors' net selling eased noticeably to QR5.76mn compared to

QR7.76mn the previous week. However, the foreign institutions were net sellers to the extent of QR29.09mn against net

buyers of QR46.86mn a week ago. The Gulf individuals' net profit booking grew markedly to QR3.49mn compared to

QRO.29mn the week ended June 27. The Arab institutions' net selling expanded marginally to QRO.34mn against QRO.18mn the

previous week. The main market witnessed 10% slump in trade volumes to 608.89mn shares, 14% in value to OR1.88bn and 10% in deals to 69.348

this week. In the venture market, trade volumes almost quadrupled to 11.38mn equities and value surged 67% to QR17.78mn, while transactions

shrank 58% to 298.

BUSINESS

Amir's visit affirms bilateral keenness to boost ties: **Chairman of Qatar-Poland Business Council**

liquefied natural gas (LNG), he said

"our relation with Qatar started on

serious level because we started

QNA Warsaw

Chairman of Qatar-Poland Business Council Pawel Kulaga said that His Highness the Amir Sheikh Tamim bin Hamad al-Thani's official visit to the Republic of Poland is very important and affirms the two countries' keenness to develop their bilateral relations and enhance their co-operation in various fields In a statement to Qatar News Agency (QNA), chairman of Oatar-Poland Business Council highlighted Qatari-Polish relations,

importing a lot of gas from Qatar, adding that this is very important for Poland because this makes it independent from other sources. Kulaga emphasised the importance of strengthening partnerships between Qatar and Poland with the aim of increasing the volume of trade exchange between the two countries in all sectors, particularly in oil, gas, and food products. "The statistics from 2022 showed that we imported more than \$2bn of Oatari gas and we exported something around \$150mn of describing them as strong and goods. So there is a lot to be done,' solid. He pointed out that President chairman of Qatar-Poland Business of the Republic of Poland Andrzej Council told QNA. Pawel Kulaga pointed out that Duda has visited Doha several times, the last time during the the Polish economy is now the sixth-largest in the European Qatar Economic Forum in May. Union and that Poland is the Regarding his country's imports of

fifth largest European country. calling on Qatari businessmen to invest in his country. He also said that Poland is keen to promote investments in logistics, cargo, new medical technologies, information technology, manufacturing, and agriculture.

There are many investment opportunities available in various sectors in the State of Qatar, he said, adding "we are also following the programs that are run by the Qatari government to promote joint ventures." "We are working closely with Oatar Financial Centre (OFC) and Oatar Free Zones (OFZ). So we always promote Qatar as a hub to the Middle East," he added. He noted the role of Qatar-Poland Business Council in enhancing economic co-operation between Qatar and Poland, saying that the council was responsible for organising the economical side

of the Polish president's visit to Doha in 2021, arranging meetings between Polish and Qatari companies, and organising four editions of Qatar-Poland New Tech Forum.

He also praised the rules for establishing companies in Qatar, saying "the rules for establishing a company are pretty easy, especially on the onshore platforms like the QFC." He noted that making business in Qatar "doesn't differ much from making business in Europe." In his statement to QNA, he expressed happiness with Oatar's successful organisation of the FIFA World Cup Qatar 2022. He said that hosting the World Cup is a testament to the development the State of Qatar has achieved in recent years, especially concerning infrastructure projects, noting that the tournament was so safe, and all



UK stock futures rise, pound steady as Labour secures victory

Bloomberg London

equity-index futures climbed and the pound held recent gains after the Labour Party won a majority of seats in Parliament, giving it a clear mandate to deliver on its pledge for greater economic stability.

Contracts on the FTSE 100 Index advanced 0.2%, while the pound was little changed around \$1.277. Labour passed 326 of the 650 seats in the House of Commons, securing its long-predicted landslide election victory. Rishi Sunak conceded defeat and Keir Starmer is now set to become prime minister.

Heading into the vote, investors were betting that a win for Starmer's centre-left platform would mean an end to policy-induced market meltdowns. While Labour's historic support for higher taxes and trade unions has traditionally put it at odds with markets, this time traders are confident that the spectre of the UK's gilt crisis two years ago will keep the next government in check.

"For the first time in years, the UK will be a relative island of political stability and this will favour moderating risk premia and asset market discounts," Evercore ISI's Krishna Guha and Marco Casiraghi wrote in a note.

According to the official exit poll. Labour is on course to win 410 of the 650 seats, the most since Tony Blair's 1997 landslide victory. Sunak's Tories are proiected to be reduced to 131 seats. compared with 365 in 2019, a result that would likely see some of the party's biggest names voted out. The Liberal Democrats are on course for 61, with Nigel Farage's Reform UK on 13.

The exit poll is based on a mass survey of tens of thousands of people after they cast their ballots. That has generally made it more accurate in predicting the outcome of UK elections than snapshot surveys of voters' intentions conducted during the campaign.

A large victory for the Labour



A pedestrian walks past the London Stock Exchange. UK equity-index futures climbed and the pound held recent gains after the Labour Party won a majority of seats in Parliament, giving it a clear mandate to deliver on its pledge for greater economic stability.

party "should imply an underlying bid tone for sterling," said Neil Iones, a foreign-exchange salesperson to financial institutions at TJM Europe

Before the vote, Labour placed economic stability at the top of its manifesto and pledged to stick to tough spending rules. Rachel Reeves, an ex-Bank of England (BoE) staffer who's set to become the UK's finance minister, said that the administration would not raise three of the UK's key taxes on wages and goods.

Other promises included building more houses, creating a publicly-owned energy company and moving to "reset the relationship" with the EU - though Labour's manifesto also ruled out a return to the single market or customs

Fiscal stability and any improvement in the UK's relationship with the EU would be supportive of gilts in the near term and have positive implications for the pound, strategists at TD Securities led by James Rossiter wrote in a note on July 4.

"If the ultimate results are in line with the exit poll prediction the pound is likely to be well-supported in the days to come," says

Ven Ram, cross-asset strategist at largely priced in the expectation." Bloomberg.

is inheriting a sluggish and fragile economy. While inflation has fallen back to the Bank of England's 2% target, prices for services remain sticky. And a rebound from last year's technical recession appears to be losing momentum, according to the most recent growth data. But expected interest-rate cuts by the BoE in the next few months give bond investors another reason to favour gilts.

A Labour win has been widely priced in by markets, as the party held a commanding lead in polls for well over a year before Sunak called a snap election on May 22. That didn't change after the election date was set, leaving the pound steady, bond volatility low and stocks hovering just off a peak. The FTSE 100 even rallied 1.5% in the past two days, the most in nearly two months, while global

equities extended a record high. "Markets like certainty and so Labour winning decisively will be welcomed," Nigel Green, founder of wealth management firm de-Vere Group wrote in a note. "This boost is likely to be limited. however, as the markets have already

The calm in financial marets puts the UK in contra neighbouring France, where President Emmanuel Macron's decision to call a snap vote in early June ignited a selloff. The yield premium on French bonds over safer German debt at one point rose to levels last seen in the depths of the euro-area debt crisis. The move pared this week as polls show the far-right National Rally is unlikely to achieve an absolute majority in a vote Sunday.

"With political turmoil hitting other developed economies at the same time, this huge majority may present the UK to investors as somewhat of a political safe haven," said Lindsay James, a strategist at Ouilter Investors.

It's also a far cry from years where UK markets danced to the tune of political drama. Scotland's referendum on independence, the Brexit vote, and the years of fractious negotiations that followed caused gyrations in the pound and stocks. At the last general election in 2019, meanwhile, investors fretted over former Labour leader Jeremy Corbyn's left-wing policies including nationalisation and worker stakes in companies.

US-led rising debt across G7 stokes S&P and scope concerns

Relentlessly rising debt in the US and rich-world peers was highlighted by two credit-assessment compa-nies, with S&P Global Ratings warning that only acute market

pressure can alter the trajectory. The analyses of Group of Seven and equivalent economies intensify the spotlight on their borrowing in a week when two face elections, and after the Bank for International Settlements cautioned that governments are vulnerable to a precipitous loss of confidence.

In S&P's report on Thursday, it suggested the prospect that the US, Italy and France will manage to keep debt at already elevated current levels is remote.

"At the current stage in their electoral cycles, only a sharp step-up in market pressures could persuade these governments to implement a more resolute budgetary consolidation," analysts led by Frank Gill wrote. "That said, a sharp deterioration of borrowing conditions would also increase the size of the required fiscal adjustment."

Scope Ratings pointed pressure that persisting higher borrowing costs will heap on the budget positions of those countries and the UK - a shift that will "heighten the stakes for sovereign debt sustainability."

Both reports were released on a day when US markets are closed for July 4, with their observations arriving at a sensitive time in the electoral cycle there and elsewhere. Joe Biden faces mounting pressure to drop out of the 2024 presidential race, UK citizens go to the polls on Thursday, and their French peers will vote for a new parliament this weekend.

On Sunday, the BIS released a report accompanied by a warning from Chief Economist Claudio Borio that market experience shows that "things look sustainable until suddenly they no longer do."

The US, as the world's largest economy, remains a focal point of concern. Last week, the International Monetary Fund blasted the country for its borrowing. On Tuesday, Federal Reserve Chair Jerome Powell once again

acknowledged that "the level of debt that we have is not unsustainable, the path that we're on is unsustainable - that's completely non-controversial."

Both ratings companies honed in on the frequent Congressional arguments over the debt ceiling, where brinkmanship is followed by lawmaker agreement to raise or suspend that limit to avoid financial-market fallout. Scope analyst Dennis Shen said such debates showcase how hard it is to repair the public finances.

"If, at this stage, a looming threat of default is needed to compel comparatively moderate cuts of the Fiscal Responsibility Act of 2023, this underscores the pressures that might be needed to ensure a stable debt trajectory," he wrote.

Similarly, Gill at S&P highlighted the lack of consensus in the US on the need for fiscal re-

"Broad, bipartisan support on proactive measures to meaningfully reduce high fiscal deficits and curtail the rise in government debt has been elusive," he said. "This affects creditworthiness."

France, whose snap election prompted investors concerned about the country's fiscal resolve to demand a higher premium on its debt, also drew the ratings companies' scrutiny.

S&P noted that the outlook for its public finances is now more uncertain but said that there's a "silver lining" - if Sunday's election leads to a hung parliament that can't agree on a budget, the 2024 one would then apply.

Shen at Scope cautioned, however, that rising debt there could stoke more investor unease after a "material" widening in the country's bond spread over German equivalents.

"A new government needs to continue cooperative relations with France's neighbours and the European Union and pursue coherent fiscal consolidation," he said. "The spread could easily widen more if the sustainability of French debt is called into question."

While the UK did experience market turmoil in 2022 over its fiscal plans, that won't be enough to encourage public finance repair in the future, given the plans of the opposition Labour party that is poised to win the general election, he added.

BlackRock, BNP see plenty of AI fuel left to drive equity rally

Bloomberg New York

nowhere near finished driving global equities to record highs, according to money managers interviewed by Bloomberg News. Investors and market strategists at major firms including BlackRock Inc and BNP Paribas Asset Management said they expect all things AI to feature among the prominent themes in the second half of the year While most expect mega-caps such as Nvidia Corp to remain at the forefront, some others see secondary and tertiary benefactors of AI including utilities and infrastructure providers to take the lead. What's unanimous is that no one expects the Al buzz to fade.

The artificial intelligence (AI) frenzy is

"We expect AI to be a key theme for the second half," said Wei Li, global chief investment strategist at the BlackRock

Investment Institute. "It's been a concentrated rally and that's a feature of the AI transformation rather than a bug in the market. Concentration by itself is not a reason for us to be concerned. The S&P 500 Index has surged over

40% since the end of 2022, with the tech behemoths – predominantly winners of the AI theme – driving more than 60% of the advance. Although for some market forecasters the meteoric rally has evoked memories of the dot-com bubble, most say it's been backed by a robust profit outlook. A resilient global economy coupled with wagers on lower interest rates from the world's biggest central banks is also boosting sentiment. However, a contentious US presidential election looming in November threatens to derail

For now, investors are betting that firms at the helm of AI are likely to keep surpassing already-high expectations around earnings and market share. They predict sectors

including materials, energy and industrials will also benefit. "Nvidia is the company that wins in this space, basically no matter what," said Saira Malik, chief investment officer at Nuveen Asset Management LLC. which has \$1.3tn in assets. Her fund counts Nvidia, Apple Inc and Amazon.com Inc among its biggest holdings. "Everyone who wants to shift into AI basically has to use Nvidia's products," Malik said. The majority of more than a dozen

investors interviewed by Bloomberg expect global stocks to gain as much as 9% over the next six months, with the US most likely to outperform. Against this backdrop, most said they would buy into equities even at these lofty levels.

"There's upside for stocks from current levels," said Ronald Temple, chief markets strategist at Lazard. "If you look back over the last few months, the dips have been pretty small, and that's partly because there's money on the sidelines waiting to be put to work. So waiting for the dip

might actually be the bad strategy." The focus will soon shift to corporate profits. Expectations are sky-high, with analysts forecasting record S&P 500 earnings per share over the next 12 months. The upcoming season begins on July 12, when JPMorgan Chase & Co reports secondquarter results.

"I'm positive on equities overall," said Sophie Huynh, senior cross-asset strategist at BNP Paribas Asset Management. "We're in a kind of last mile for global inflation and that should still be positive for equities, both on price-to-earnings multiples and earnings growth."

A highlight of the season will again be Nvidia's results - expected late-August as investors look for confirmation that the Al boom remains on track. The chipmaker has so far delivered, but elevated valuations for the sector puts it at risk of a wider selloff from any disappointment. A Goldman Sachs Group Inc. basket tracking AI stocks trades at about 32 times forward earnings, much higher than the S&P 500's multiple of 21, according to data compiled by Bloomberg News. Over the next couple of years, if Al firms excluding Nvidia "don't show they can monetise the Al opportunity by seeing those earnings upgrades turning more positive, then you could have a potential down pressure on share prices," said Zehrid Osmani, a Martin Currie fund manager. "Our view is to stick with companies that visibly are able to monetise" and are seeing earnings upgrades, he said

Still, investors are broadly in agreement that the AI benefit to profits will continue supporting the market, coupled with looming interest rate cuts and a solid economy. "We're witnessing a surge of innovation that's likely to drive economic upside relative to market expectations over the next several years," said Dan Kim, portfolio manager and senior investment analyst at Saturna Capital.



Japan's consumer stocks to get boost as wage increases kick in

Bloomberg Tokvo

apan's lagging consumption stocks will likely get a boost in the second half of the year, as signs of recovery in spending due to wage hikes kick in, according to some investors.

That's expected to be a tail-wind for domestic demand-focused sectors including food and retail, said Nozomi Moriya, Japan equity strategist at UBS Securities. Those sectors are among the smallest gainers on the Topix index so far this year, with the Topix retail gauge rising 8.8% and food firms climbing 7.9% at a time when the broad market advanced 22%.

"The recovery in consumption is really what we are waiting for," said Moriya. "When consumption finally recovers, sectors that are lagging behind will catch up with the rest, and it will have an upside impact on the market."

Japan's annual wage negotiations earlier this year concluded with strong gains, but expectations of higher spending haven't been priced in yet. Furthermore, companies that haven't raised paychecks in a long time are taking time to do so, according to Tomo Kinoshita, global market strategist at Invesco Asset Management Japan.

A recovery in consumer stocks will provide another boost to



Shoppers walk along stores in the Ofuna district of Kamakura. Japan's lagging consumption stocks will likely get a boost in the second half of the year, as signs of recovery in spending due to wage hikes kick in, according to some investors.

the broad-gauge Topix, which is trading at a record, led by financials on prospects of the Bank of Japan (BoJ) raising interest rates. Strength in domestic demand will be one of the next drivers for the market, which "could materialize in late July to early August or later," Citigroup Inc strategists wrote in a report last month.

However, the weakness of the yen — which slumped to a 38-year low this week — remains a risk that could prolong inflation and undermine the upside potential of consumption stocks.

The BoJ's latest Tankan sur-

intelligence.

vey showed confidence among retailing firms sank, even as sentiment among large manufacturers improved. Household spending in May edged down 0.3% from the previous month, missing the consensus forecast of a 0.3% increase.

Consumer spending at this point in time is still below expectations, said Christy Tan, investment strategist at Franklin Templeton Institute, "but that shouldn't be a huge deterrent." Tan said on top of real wage increases, valuations of consumer discretionary and staples stocks

are below the 10-year average, providing an attractive entry for investors. The continued strong inflow of tourists could also spur sales. In the first quarter of the year, tourists spent a record ¥1.75tn (\$10.8bn).

Hiroshi Matsumoto, a senior client portfolio manager at Pictet Asset Management, said that the retail sector is "in the most challenging situation right now" due to rising costs from the weak yen. "But from here on there may be some encouraging signs in the sector in the second half of the year as real wages increase."

Most Asian equity markets decline

AFP

Hong Kong

A sian markets were largely down yesterday, a day after Tokyo's indexes hit record highs, with traders preparing for a key US jobs report.

In Tokyo, the Nikkei 225 ended flat to 40,912.37 points; Hong Kong — Hang Seng Index closed down 1.0% to 17,850.47 points and Shanghai — Composite ended down 0.3% to 2,949.93 points yesterday.

Japan's Nikkei 225 ended flat while the broader Topix index, which a day earlier surpassed its previous peak set in 1989, also shed some of its gains.

"The fact that the Topix, which indicates the overall performance of the Japanese market, has in turn broken its own record, is news of great importance," said analyst Takuma Ikemoto of the Tokai Tokyo Intelligence Lab.

The capitalisation of Japan's Prime market has also increased significantly, showing "that Japanese companies are constantly strengthening their ability to generate profits and...indicates that the Japanese stock market has entered a new phase", he said.

The yen continued strengthening against the dollar after hitting its lowest level in nearly four decades.

Samsung Electronics' forecast that second-quarter profits would beat expectations by more than 25%, due to rising chip prices and growing demand for generative AI, sent its share price higher and spurred the market in Seoul.

But shares in Hong Kong ended a four-day winning streak, while stocks in mainland China were trading lower after the European Union slapped extra provisional duties of up to 38% on Chinese electric car imports on Thursday.

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 transition from thermal to electric power.

Chinese markets have suffered losses for weeks, with the world's second-largest economy beset by a debt crisis in the property sector, persistently low consumption and high youth unemployment.

European markets built on gains yesterday after calming electoral news in the United Kingdom and France. London, Paris and Frankfurt all started higher.

Trading in Europe was dominated by polls in the UK and France.

The return of the main opposition Labour Party to power in Britain ended 14 years of Tory rule and strengthened the pound even before results were announced.

An expected period of stability has ushered in optimism for investors after a prime ministerial game of musical chairs in Downing Street.

In France, efforts to block the far-right from taking over the government have boosted the euro and breathed life into European markets.

But analysts remain wary that the second-biggest economy in the European Union could be headed for a period of political deadlock if there is no overall winner in the polls.

Investor sentiment was also lifted Thursday as softer US labour market data gave the Federal Reserve room to cut interest rates, with another key jobs report.

High-speed traders, short sellers face growing Asia crackdown

Bloomberg

Regulators in Asia have tightened the screws on trades popular among hedge funds as stocks slumped, an attempt to stabilise markets that some worry may end up stifling key strategies.

Thailand's plan to increase scrutiny on high-frequency trades — follows steps from China, where programmed trading will soon be subject to real-time monitoring. While authorities expect the moves to enhance transparency, the growing control over certain trades has raised concern that liquidity may tighten and make those markets overall less

"The current trend of regulators tightening the regulation of high frequency trading is somewhat understandable but also worrying," said Gary Dugan, chief executive officer of the Global CIO Office. "The activity of the HFT funds also brings liquidity to the

markets – better liquidity should lead to the improvement in the efficient pricing of assets."The controversial nature of such restrictions is on full display in South Korea, where a short-selling ban hurt its attempts to win an upgrade from MSCI Inc. These developments show the difficulties policymakers have in keeping up with increasingly sophisticated trading strategies and their impact on financial markets, a challenge that's only set to grow with the adoption of artificial

The restrictions, typically introduced when stock markets were under pressure, have managed to stop the bleeding but their longer-term impact is under debate given the growth of computer-aided trading.

Quantitative strategies are based off data science and systematic techniques, with some using big data to time markets, follow trends or execute arbitrage trades. China's clampdown on quant trading came in February when the stock market was at multi-year lows. With the added

support from purchases by state funds, shares staged a rebound but have started to fall again since late May.

Thailand's SET Index has fallen about 8% this year, turning it into one of the region's worst country benchmarks. The stock exchange said it will require high-frequency traders to register before they can place orders. The measures are part of a package of rules to restore calm amid concern over the impact of illegal short selling, program trading and corporate scandals.

"Policymakers in these markets might view volatility as the primary culprit for underperformance," said Hebe Chen, an analyst at IG Markets Ltd. "In smaller markets like Malaysia, where the combination of performance and volatility is more similar to China and Korea, the odds of creating their own safety net can't be ruled out."

Chen added that countries that are more closely connected to global investors, such as Japan and Singapore, are unlikely to apply such restrictions as they seek to align with the "universal rules of the

game." As restrictions look set to stay for now, market watchers warn of a chilling impact on trading activities and a potential blow to the governments' reputation.

China's quantitative hedge funds saw

their assets drop in the first quarter for the first time since late 2022, according to estimates by Citic Securities Co. In South Korea, quant funds are eyeing elsewhere as the government extended the short-sale ban through the end of March 2025

"As it became impossible to employ various strategies in South Korea, they are saying good-bye to the South Korean market and doing arbitrage trades instead in Japan and Hong Kong," said Jung In Yun, chief executive officer at Fibonacci Asset Management Global Pte.

To be sure, some have welcomed the restrictions as they can reduce short-term speculative trades. George Molina, head of trading for Templeton Global Investments, said the rules are "needed to adjust for what were arguably loopholes

in the system." It's a view echoed by Wei Li, multi-asset quant solutions portfolio manager for BNP Paribas Asset Management, who said such measures can contribute to a more stable and transparent market environment and ultimately benefit all participants. Governments in advanced countries including the US and Europe have also resorted to temporary restrictions in times of financial stress, such as the 2008 ban on short selling of financial stocks in the US and various curbs at the onset of the pandemic.

The "ultimate impact" will depend on how well regulations are balanced to protect investors without stifling market efficiency and innovation, said Charu Chanana, a strategist at Saxo Markets. "Al can lead to more algorithmic trading that remain prone to sudden and extreme market movements.

Regulation in Asia will likely be slow

Regulation in Asia will likely be slow to respond to developments in AI, and precautionary measures may therefore remain more stringent."

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BUSINESS

Qatar-Poland New Tech Forum fosters trade, investment partnerships

QNA

The Qatar-Poland New Tech Forum marked a significant milestone in the evolution of relationship between the State of Qatar and the Republic of Poland and has been exploring trade and investment opportunities available, as well as the best avenues for promoting these opportunities by focusing on the technological field to create ironclad partnerships between the two countries.

Organised by the Qatari-Polish Business Council (QPBC), the forum has been looking forward to advancing bilateral relationship over the past four years. by focusing on exploring opportunities and lending fresh impetus to the shared cooperation areas, particularly in the fields of energy, aviation, and digital technology, as well as security and defence solutions. Given the prosperous Qatar-Poland relationship, His Highness the Amir Sheikh Tamim bin Hamad al-Thani is due to pay an official visit to the Republic of Poland during the upcoming week to discuss bilateral relations between the two countries and strengthening them in wideranging co-operation fields, in addition to salient regional and global issues of shared

The visit and talks His Highness the Amir will hold there will boost co-operation between the two countries, serve their shared interests and open new prospects for co-operation and co-ordination.

As per data of the Qatar's National Planning Council (NPC), the volume of trade exchange between the two countries reached roughly QR4.8bn in 2023. The



total Qatar's exports to Poland reached QR3.9bn, with Qatar's total imports from Poland reaching QR897mn and trade surplus roughly QR3bn in 2023. According to NPCs data seen by Qatar News Agency (QNA), Qatar's exports to Poland were primarily natural gas and other gaseous hydrocarbons, totalling QR3.892bn, in addition to other diverse exports such as primary forms of ethylene polymers et Al, with Qatar's imports from Poland basically including self-contained digital processing units, memory storage units, and other types of imports.

After concluding four successful editions in 2023, the Qatar-Poland New Tech Forum bolstered bilateral ties and joint action, as organisers of the forum aspire to lend positive impetus to the technology sector through laying out new partnerships that bring together Qatari businessmen and their outstanding Polish counterparts in this sector.

Throughout the past years, the forum has continued to host a contingent of speakers and decision-makers to explore future opportunities and prospects between the two nations by leveraging the innovative technology and its role in reinvigorating trade and investment exchange. The event succeeded in signing memorandums of understanding (MoUs) between the two countries, foremost among them was the MoU between Qatar Financial Centre (QFC) and DigitalPoland Foundation on reinforcing bilateral cooperation in digital sector and accelerating the pace of innovating new digital technologies as a primary step toward forging a longstanding co-operation with the Polish foundations.

As per MoU, the two parties will co-operate in conducting wide-ranging initiatives, such as holding webinars, organising networking events, arranging direct business meetings between companies, and other initiatives aimed at promoting digital activities and supporting the digital

business ecosystem in both countries. And this includes introducing relevant business opportunities, sharing information in the digital field, promoting technology companies, as well as joint events through social media platforms and digital channels. The new edition of the forum is projected to leverage more bilateral partnerships in technology and other fields where the two countries markets offer numerous opportunities. Additionally, the forum has succeeded in shining a spotlight on the technology sector, the guide to economic growth during the current period and a core pillar in bolstering multiple systems, either via digital transformation, fintech, or E-trade in commensurate with the Qatar National Vision 2030.

The forum is a new opportunity to beef up the existing bilateral co-operation frameworks, in terms of fostering investments in the two countries with promising sectors such as communications and IT. It facilitates the growth of trade and investment between the two sides. QPBC is primarily intended to strengthen financial, trade and cultural ties between Qatar and Poland. Moreover, QPBC operates in Qatar and various European Unions countries positioning as a primary and unified platform for bilateral trade interests and promotes shared understanding and relationship. It was officially launched on November 9, 2020, to facilitate trade and investment growth between the two countries.

The QPBCs key objective was to remain a unified platform to support the Qatari investments in Poland and the European-Polish investments in Qatar, in addition to advancing bilateral trade, scientific and corporate co-operation.

'Amir's visit to enhance economic co-operation'

QNA Warsaw

The President of the Polish Chamber of Commerce Marek Kloczko stressed that the visit of His Highness the Amir Sheikh Tamim bin Hamad al-Thani to Poland will enhance bilateral trade and economic cooperation between the two countries, and will have significant positive implications for investment flows between both sides.

In an interview with Qatar News
Agency (QNA), the president of the
Polish Chamber of Commerce stated
that Poland and Qatar share historical
relations, adding that bilateral trade
increased by more than 55% in the past
year compared to the previous year.

He pointed out that trade exchange witnessed a decline during the Covid-19 pandemic, but it has rebounded after the pandemic ended. He expressed hope for increased investments between both

The president of the Polish Chamber of Commerce also explained that gas and various chemical products are among Qatar's major imports to Poland, emphasising the chamber's efforts to increase exports to Qatar, given its stra-

tegic importance to Poland, especially in energy where Poland imports significant amounts of gas.

Regarding mutual opportunities between the two countries and sectors where co-operation can be expanded, he noted that Qatar is a leading producer of liquefied natural gas (LNG) and Poland is a gas importer, making Qatar a crucial partner in this regard. He also highlighted other areas for co-operation such as food and agriculture industries, transportation, clean energy, and education where both countries can exchange knowledge.

He encouraged Qatari businessmen to explore opportunities available in Poland across various sectors, especially in stock market investment, clean energy, modern technology, and others. He stressed the importance of clarifying available investment facilitations in both countries.

The president of the Polish Chamber of Commerce concluded by emphasising the necessity of promoting investment in both countries and organising joint meetings between Qatari and Polish businessmen to explain available facilitations and understand the investment climate in both countries.



Amir's visit to Poland paves way for new co-operation prospects: Qatar Chamber chairman

QNA Doha

he Chairman of Qatar Chamber Sheikh Khalifa bin Jassim bin Mohamed al-Thani affirmed the close cooperation ties between the State of Qatar and the Republic of Poland across all sectors, especially in trade and economy, which are reflected in the mutual visits at the highest levels and the agreements and memoranda of understanding signed in various fields.

Speaking to Qatar News Agency (QNA), he said that His Highness the Amir Sheikh Tamim bin Hamad al-Thani's visit to the Republic of Poland would bolster the bilateral relations and pave the way for new cooperation prospects, especially in trade and economy, significantly driving the intra-trade between the two countries.

He indicated that trade exchange between Qatar and Poland has grown by 23% over the past five years, reaching about QR4.8bn in 2023, compared to QR3.9bn in 2018, noting that Poland is an important trading partner for the State of Qatar, and that there is a common desire to increase trade exchange to higher levels through mutual and joint investments, in light of the potentials of both countries.

He pointed to several Polish companies operating in the Qatari market in partnership with Qatari companies in various fields, such as contracting, trade, health and others, while Poland is considered an attractive destination for Qatari investments, mainly in the



hospitality and industry sectors. He stressed Qatar Chamber's keenness on bringing business owners in the two countries closer together and encouraging them to establish trade and investment alliances that enhance the economies of the two countries.

US labour market cooling as unemployment rate rises to 4.1%

ReutersWashington

S employment increased solidly in June, but government hiring accounted for more than a third of the payrolls gain and the unemployment rate hit a 2-1/2-year high of 4.1%, pointing to a slackening labour market that keeps the Federal Reserve on course to start cutting interest rates this year.

The Labor Department's closely watched employment report yesterday also showed the economy created 111,000 fewer jobs in April and May than previously estimated, suggesting the trend in payrolls growth was slowing.

Annual wages increased at the slowest pace in three years as the labour pool expanded, adding to the flashing warning signals in the jobs market. About 277,000 people entered the labour force last month, accounting for the increase in the jobless rate from 4.0% in May to the highest level since November 2021.

When added to the moderation in prices in May, the report could boost Fed policymakers' confidence in the inflation outlook after the disinflationary trend was disrupted in the first quarter. Financial markets expect the US central bank to start its easing cycle in September after it aggressively tightened monetary policy in 2022 and 2023.

022 and 2023. "We now have definitive evidence of labour market cooling with a somewhat alarming rise in the unemployment rate in recent months that should give policy-makers 'more confidence' that consumer inflation will soon return to the 2.0% target on a sustainable basis," said Scott Anderson, chief US economist at BMO Capi-

tal Markets.

Non-farm payrolls increased by 206,000 jobs last month, lifted by government hiring, the Labor Department's Bureau of Labor Statistics said. Economists polled by Reuters had forecast payrolls would increase by 190,000 last month, with the unemployment rate unchanged at 4.0%.

Job growth has averaged about 222,000 per month in the first half of the year.

A lagging measure of employment, the Quarterly Census of Employment and Wages (QCEW), has suggested a much slower pace of job growth through the fourth quarter of 2023 than that of the

payrolis data.

The QCEW data is derived from reports by employers to the state unemployment insurance (UI) programmes. While economists expect employment to be revised down when the BLS next month publishes its payrolls benchmark estimate for the 12 months through March of this year, they argued that the QCEW data does not include undocumented immigrants, a group that they believe contributed to strong job growth last year.

Though hiring in June continued to be

driven by acyclical sectors like healthcare and state and local governments, the share of industries reporting job growth jumped to 59.6% from 56.4% in May.

Government employment surged by 70,000 jobs, the most since December, boosted by local government, excluding education and state government.

Private payrolls increased by 136,000, with the healthcare sector adding 49,000 positions, lifted by increased hiring in ambulatory healthcare services and at hospitals.

There was also an increase in social assistance employment.

Construction payrolls increased by 27,000 jobs. But the retail sector shed jobs, as did manufacturing.