



HIGHER DEMAND | Page 4

QSE crosses 10,100 level as Islamic equities outperform



Monday, July 8, 2024
Muharram 2, 1446 AH

GULF TIMES BUSINESS



TOWARDS MAINSTREAM: Page 4

“Nearly all governments are planning an official digital currency”

YOUR CAR. YOUR LOAN.
Benefit from our Vehicle Loan on all **NEW OR USED CARS** at a 3.64% p.a. flat rate
For more information, scan the QR Code

Domestic credit and investments gains lift Qatar banking sector assets to QR1.975tn in May, says QNBFS

By Pratap John
Business Editor

Gains in domestic credit and investments remained key drivers of Qatar's banking sector, whose assets scaled up to QR1.975tn in May, QNB Financial Services (QNBFS) said in its latest report.

Qatar banking sector total assets increased by 0.8% MoM (0.3% in five months up to May), QNBFS noted in its 'Qatar Monthly Key Banking Indicators'.

The assets gains in May was mainly due to a rise by 0.7% in domestic assets and 2.7% in foreign assets. Total assets were up by 0.3% in 2024, compared to a growth of 3.4% in 2023.

Assets grew by an average 6.8% over the past five years (2019-2023), the report said.

Liquid assets to total assets moved lower to 30.1% in May, compared to 30.3% in April this year, QNBFS said.

According to QNBFS, loans disbursed by banks went up by 0.7% during May to reach QR1,320.2bn. The loans increase in May was mainly due to gains by 0.7% in the private sector and 0.5% in the public sector.

Loans increased by 2.5% in 2024, compared to a growth of 2.5% in 2023. Loans grew by an average 6.5% over the past five years (2019-2023), QNBFS said and noted loan provisions to gross loans stood at 3.9% in both April and May.

In respect of deposits, QNBFS noted these moved up 0.7% during May to reach QR1,032.2bn.

The deposits increase in May was mainly due to a gain by 2.3% in non-resident deposits and by 0.8% in public sector deposits.

Deposits increased 4.7% in 2024, compared to a decline by 1.3% in 2023, growing by an average 4.1% over the past five years (2019-2023), QNBFS data revealed.

Loans to deposits ratio (LDR) stood at 127.9% as at May. Loans went up by 0.7% in May 2024 to

reach QR1,320.2bn, while deposits moved up by 0.7% in May 2024 to reach QR1,032.2bn.

The net interbank position remained negative at QR294bn (as of May), QNBFS said. "Due from banks" totalled QR171.7bn, while "due to banks" totalled QR465.3bn in May.

On the other hand, "due to banks" abroad had reached a high of QR421.4bn in June last year.

On the QNBFS banking indicators, an analyst said, "The key highlights for May are the increase in total assets by 0.8%, which went up by the gains in domestic credit and domestic investments on the domestic assets side and an uptick in due from banks abroad on the foreign assets side.

"The rise of 0.7% in the overall loan book resulted mainly from a 2.5% surge in May from the services segment signifying the buoyant tourism sector in the country. Overall deposits were pushed higher increasingly by non-resident deposits."

Qatar LNG liquefaction facilities clock 102% utilisation rate in 2023: IGU

By Pratap John
Business Editor

Qatar's LNG liquefaction facilities have clocked a 102% utilisation rate in 2023, the International Gas Union (IGU) has said in its latest report. Qatar announced the country will be doubling its LNG production in a few years with the operation of North Field development projects and commencement of production at QatarEnergy's LNG project in Texas, US.

The LNG expansion projects at Qatar's offshore North Field, the world's largest non-associated gas field, are moving ahead on track towards an increased production capacity of 142mn tonnes per year.

"Qatar's LNG expansion projects are designed to help meet growing demand for cleaner energy driven by economic growth and rising populations and living standards," QatarEnergy had said earlier. Recent studies have shown that the North Field contains huge additional gas quantities estimated at 240tn cubic feet, which raises Qatar's gas reserves from 1,760tn cubic

feet to more than 2,000tn cubic feet, and the condensates reserves from 70bn to more than 80bn barrels, in addition to large quantities of liquefied petroleum gas, ethane, and helium. Earlier QatarEnergy had said production capacity at the country's LNG expansion projects in the North Field will reach 142mn tonnes per year by 2030.

The LNG expansion projects at Qatar's offshore North Field, the world's largest non-associated gas field, are moving ahead on track towards an increased production capacity of 142mn tonnes per year

Qatar will sequester 11mn tonnes of carbon from that project. Add to that the construction of 104 LNG ships, all of which will be powered by LNG.

The country is also building the largest blue ammonia plant in the world that has solar power and CO2 sequestration facilities. Qatar is also capturing CO2 from its production sites in the north and sending them via pipeline across the country to

be injected in the oil field of Dukhan as part of the enhanced oil recovery efforts. Meanwhile, IGU noted global operational liquefaction capacity totalled 483.1mn tonnes per year (MTPY) as of end-February, with the weighted average utilisation rate in 2023 averaging 88.7% of pro-rated capacity, similar to 89% in 2022.

It is notable that no major unplanned LNG outages occurred in 2023. However, maintenance, feedstock challenges and other factors impacted production at some plants.

Some export facilities have been running below average - for example, Equatorial Guinea LNG operated at below 80% of capacity due to a major triennial maintenance project in April and natural decline at its original feedstock field.

Feedstock challenges notably reduced LNG production at SEGAS LNG in Egypt, NLNG in Nigeria, Darwin LNG in Australia, as well as others.

"Despite outages and upstream supply disruptions, nine out of 20 LNG exporting markets achieved higher than global average utilisation rates in 2023," IGU noted.

QCB foreign reserves surge 3.88% in June

QNA
Doha

The foreign currency reserves and foreign currency liquidity of the Qatar Central Bank (QCB) increased by 3.88% year-on-year to reach QR250.091bn in June compared to QR240.742bn in the same period of 2023. The figures released on Sunday by the QCB showed an increase in its official reserves at the end of June 2024 compared to the same month in 2023, by roughly

QR8.704bn to reach QR191.110bn, owing to the increase in the bank's balances of foreign bonds and treasury bills by around QR4.386bn, to reach QR139.068bn in June 2024. The reserves consist of key categories: bonds and foreign treasury bills, balances with foreign banks, gold, and Special Drawing Rights (SDR), and Qatar's share at the International Monetary Fund (IMF).

In addition to the official reserves, there are other liquid assets (foreign currency deposits), so

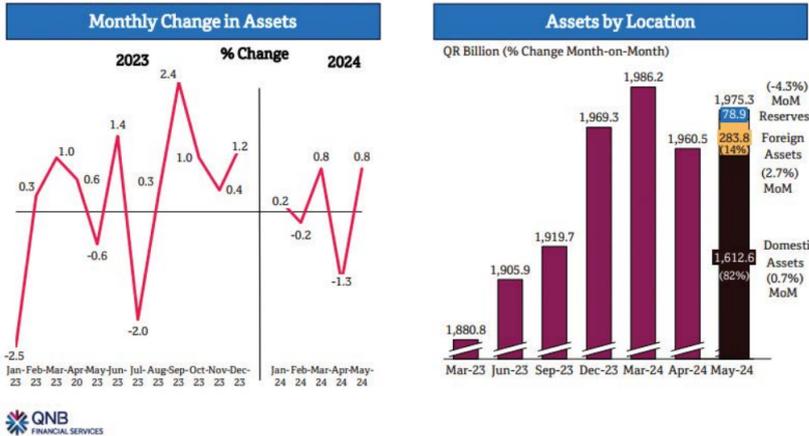
the two together constitute what is known as the total foreign reserves. Gold reserves increased, as of the end of June, by about QR8.124bn compared to June 2023 to reach QR28.977bn. Balances with foreign banks declined by nearly QR3.633bn to the level of QR17.950bn at the end of June compared to June last year, with the balance of SDR deposits from Qatar's share with the IMF decreasing by QR174mn by the end of June 2024, compared to June 2023, reaching QR5.113bn.

The foreign currency reserves and foreign currency liquidity of the Qatar Central Bank increased by 3.88% year-on-year to reach QR250.091bn in June compared to QR240.742bn in the same period of 2023



Commercial Banks Total Assets

As at May 2024



Startup Grind Qatar, Builder.ai strategic ties offer entrepreneurs access to digitisation

By Peter Alagos
Business Reporter

Startup Grind Qatar and Builder.ai have forged a strategic partnership to empower Qatar's startup community with innovative technology solutions.

According to a statement from Startup Grind Qatar, the strategic partnership is expected to drive growth and innovation within the country's startup ecosystem by leveraging Builder.ai's platform.

Qatar-based startups stand to gain from this collaboration by getting access to Builder.ai's platform and expertise, enabling entrepreneurs to streamline their development processes, accelerate time-to-market, and scale their businesses efficiently.

Startup Grind Qatar has been leading the country's startup community by providing cutting-edge technology solutions and support to startups in the region. Builder.ai, on the other hand, is a London-based next-gen app development platform charting an ambitious expansion strategy in Qatar.

Last year, Builder.ai announced an investment of over \$250mn in a Series D funding led by the Qatar Investment Authority (QIA). Speaking at Gulf Times during the Web Summit Qatar, Builder.ai CEO and co-founder Sachin Dev Duggal said the company's expansion plan here "promises to revolutionise Qatar's entrepreneurial landscape and drive digital transformation across various sectors in the country."

Varghese Cherian, chief revenue officer at Builder.ai, said: "We are excited to join forces

with Startup Grind Qatar to empower local startups with the tools and resources they need to succeed in today's competitive market.

"At Builder.ai, we are committed to supporting entrepreneurship and fostering innovation, and this partnership exemplifies our dedication to driving digital transformation and growth within the Qatar startup community." The partnership stipulates that Builder.ai will offer exclusive benefits and tailored support to startups in Qatar through workshops, 'appathons', and advisory, including access to Builder.ai's AI-powered software development platform, personalised consultations, and educational resources to help startups build, launch, and scale their digital products effectively.

Startup Grind Qatar's statement further

noted, "We are thrilled to partner with Builder.ai to provide our community of entrepreneurs with state-of-the-art technology solutions that will empower them to bring their ideas to life and drive business success. Through this collaboration, we aim to create a thriving ecosystem where startups in Qatar can thrive, innovate, and achieve their full potential."

The statement added: "The partnership between Builder.ai and Startup Grind Qatar signifies a shared commitment to fostering entrepreneurship, technological advancement, and economic growth in Qatar by transforming the way software is created. Builder.ai's platform allows entrepreneurs and businesses of all sizes to adopt a software-first approach and empower the next generation of Qatari entrepreneurs."



Varghese Cherian, chief revenue officer at Builder.ai.

Digital currencies become mainstream

By Fahad Badar

Even if you are a sceptic about digital currencies, you may still be using one before long - millions already are, and nearly all governments are planning an official digital currency. This article outlines the reasons for this inexorable rise

What is a currency? Essentially, it is a medium of exchange. Early trade was in the form of barter: You may exchange wheat for goats, for example. With the rise of ancient civilisations there was the development of metal coins, which were a widely recognised medium of exchange and as such possessed value and they became widely used. The fall of the Roman Empire as a political entity in the fifth century was linked to the gradual debasement of its coins in preceding centuries and the ultimate collapse in its value.

In 1971, when the dollar was taken off the gold standard by the Nixon administration, the world's currencies became unmoored from tangible assets. They consequently became fiat currencies, fiat being the Latin for 'let it be done', and they are issued by a national central bank. With the spread of computerisation from the 1960s onwards, more and more transactions have involved no paper or coins. In more recent years autonomous digital currencies have been established, designed to enable transactions directly from device to device, without an intermediary such as a bank.

The differences between digital currencies and conventional currencies are less than one may think. More than 90% of financial transactions now take place electronically. It would be a strange request if you were to go into a branch of your bank and ask to see the pile of cash, or equivalent in gold, that represent the \$x,000

in your savings account. You take it on trust that you can use the balance you see on your online account to purchase goods and services, and that the bank's system will arrange this. A digital wallet, showing your account balance of digital currency on a smartphone, is similar. At a technological level, the unit of a digital currency is coding, typically a distributed ledger operated by the provider. There are three types of digital currency: Cryptocurrencies such as Bitcoin, which are unregulated and which have attracted widespread publicity owing to the degree of speculation and in some cases fraud associated with their use, but which appear to be growing in use. The second category is a stablecoin, which is a form of digital currency pegged to a currency, commodity or financial instrument. The third category is a digital currency set up and controlled by a

central bank, typically linked to the national currency at parity. Three nations - the Bahamas, Nigeria and Jamaica - have fully set up a digital currency, but in total 134 countries, representing 98% of global GDP, are exploring the option, according to the Atlantic Council. SMS-based digital financial transactions, such as the M-PESA system popular in much of sub-Saharan Africa, are already widely used by people with a mobile phone but no bank account. The main difference between digital currencies and digital transactions involving conventional currencies is that banks are not involved. So if the provider of goods or services accepts the digital currency, you can purchase directly from them. The transactions are in real-time - including for international transactions; the system operates 24/7, and there is no monitoring by a bank or government institution. This, of course, has plus sides and downsides.

Cross-border payments are quicker, although the banking system is moving towards real-time transactions. There are no transaction fees, it is less bureaucratic than setting up a bank account, there are benefits for low-income people who are unbanked. When migrant workers remit money home, they face transaction fees of around 6.25%, according to the World Bank, whereas a digital currency money transfer costs nothing. But of course the secrecy and lack of regulation means that unofficial digital currencies are used for illegal purposes, including by drug gangs and terrorist organisations. In Qatar, the use of cryptocurrencies or stablecoins is banned for this reason. Another problem with digital currencies is that there will not be an insurance scheme in the event of a security breach and theft from a wallet; with a conventional bank, your savings are typically



guaranteed in the event of the bank suffering a cyber-attack. It is likely, perhaps inevitable, that digital currencies will become an integrated part of the financial ecosystem. The speed and convenience of digital world extends to money, but as ever with new technology, there are risks as well as advantages, and a corresponding need for a regulatory response.

■ The author is a Qatari banker, with many years of experience in the banking sector in senior positions.



Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari held a meeting yesterday with a business delegation from Burundi led by Victor Ndabaniwe, chief of the board of the Teacher's Housing Foundation. Isidore Ntirampeba, ambassador of Burundi to Qatar, also attended the meeting.

Qatar Chamber receives a trade delegation from Burundi

Qatar Chamber first vice-chairman Mohamed bin Towar al-Kuwari held a meeting yesterday with a business delegation from Burundi led by Victor Ndabaniwe, chief of the board of the Teacher's Housing Foundation. Isidore Ntirampeba, ambassador of Burundi to Qatar, also attended the meeting, which focused on enhancing co-operation between both sides, reviewing the investment climate, encouraging Qatari investors to invest in Burundi, and the projects of the Teacher's Housing Foundation. Al-Kuwari affirmed that Qatari investors are keen to learn about the investment

opportunities available in Burundi, which is considered an attractive investment destination. He noted that Qatar Chamber will inform its members of the promising investment opportunities in Burundi. Ntirampeba lauded the efforts of Qatar Chamber in developing the economic relationships with Burundi, noting that the memorandum of understanding that Qatar Chamber signed with the Burundi Chamber of Commerce and Industry last year could enhance co-operation between both countries.

QSE index crosses 10,100 levels; Islamic equities outperform

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) yesterday opened the week on a stronger note with its key index gaining 50 points to surpass 10,100 levels.

The telecom, real estate, consumer goods and industrials counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.5% to 10,128.05 points, although it touched an intraday high of 10,134 points.

The Gulf institutions were seen net buyers in the main market, whose year-to-date losses truncated to 6.53%.

As much as 70% of the traded constituents extended gains to investors in the main bourse, whose capitalisation added QR3.07bn or 0.53% to QR584.15bn on the back of mid and small cap segments.

The local retail investors' weakened net profit booking had its influence in the main market, which saw 0.02mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.07mn trade across 12 deals.

The domestic funds continued to be net buyers but with lesser intensity in the main bourse, which saw no trading of treasury bills and sovereign bonds.

The Islamic index was seen outperforming the other indices in the main bourse, whose trade turnover fell amidst higher volumes. The Total Return



The telecom, real estate, consumer goods and industrials counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.5% to 10,128.05 points, although it touched an intraday high of 10,134 points

Index gained 0.5%, the All Share Index by 0.51% and the All Islamic Index by 0.83% in the main market.

The telecom sector index shot up 1.41%, realty (1.01%), consumer goods and services (0.82%), industrials (0.57%), banks and financial services (0.45%) and insurance (0.31%); while transport fell 0.17%.

Major gainers in the main bourse included Qatar National Cement, Mazaya Qatar, Mesaieed Petrochemical Holding, United Development Company, Medicare Group, Masraf Al Rayan, Woqod, Aamal Company, Qatari Investors Group, Qamco, QLM, Ezdan, Ooredoo and Vodafone Qatar. In the venture market, Al Mahhar Holding saw its shares appreciate in value.

Nevertheless, Qatar General Insurance and Reinsurance, Inma Holding,

Estithmar Holding, Doha Insurance and Mannai Corporation were among the losers in the main market. In the junior bourse, Techno Q saw its shares depreciate in value.

The Gulf institutions turned net buyers to the tune of QR8.41mn compared with net sellers of QR19.79mn on July 4.

The foreign institutions' net selling declined significantly to QR9.03mn against QR18.39mn the previous trading day.

The Qatari individual investors' net selling shrank substantially to QR10.04mn compared to QR23.51mn last Thursday.

However, the Arab individuals were net sellers to the extent of QR3.77mn against net buyers of QR3.71mn on July 4.

The Gulf retail investors' net profit booking grew per-

ceptibly to QR1.58mn compared to QR0.5mn the previous day.

The Arab institutions turned net sellers to the tune of QR0.13mn against no major net exposure last Thursday. The domestic institutions' net buying decreased drastically to QR13.72mn compared to QR42.19mn on July 4.

The foreign retail investors' net buying weakened markedly to QR2.41mn against QR16.29mn the previous trading day.

Trade volumes in the main market shot up 11% to 143.67mn shares, whereas value plummeted 28% to QR305.87mn and transactions by 19% to 10,137.

In the venture market, trade volumes more than quadrupled to 2.46mn equities and value almost quadrupled to QR4.58mn on almost doubled deals to 228.

China's central bank keeps gold buying on hold for second month in June

Bloomberg
Beijing

China's central bank didn't buy any gold for a second month in June, as the precious metal edged lower from a record high.

Bullion held by the People's Bank of China (PBoC) was unchanged at 72.8mn troy ounces at the end of last month, according to official data released yesterday. The central bank opted not to add to reserves in May, ending an 18-month buying spree that helped push gold prices to their highest ever.

Some analysts still believe that purchases

will resume as the world's second-biggest economy seeks to diversify its reserves and guard against currency depreciation. About 20 central banks still expect to raise their gold holdings in the coming year, spurred by heightened geopolitical and financial risks, according to a World Gold Council report.

It's possible that soaring gold prices have deterred purchases.

The precious metal hit an all-time high above \$2,400 an ounce in May, and has since edged lower as investors wound back bets on US rate cuts this year. When the PBoC published data on the May buying pause, gold suffered its biggest intraday fall in nearly three years.



Earnings season to test hopes for broader US stocks rally

Reuters
New York

Hopes that the US stocks rally will broaden beyond megacaps like Nvidia will be tested in coming weeks as investors learn whether profit growth from other companies is starting to catch up with that of the tech-related leaders. The S&P 500 has rallied 16% so far in 2024, driven by a handful of massive stocks poised to benefit from emerging artificial intelligence technology. Only 24% of stocks in the S&P 500 outperformed the index in the first half, the third-narrowest six-month period since 1986, according to BofA Global Research strategists. Meanwhile, the equal-weight S&P 500 - a proxy for the average stock - is only up around 4% this year. As of Tuesday, about 40% of S&P 500 components were down for the year.

Second-quarter earnings kick off next week with major banks including JPMorgan and Citigroup reporting on July 12. Investors will be watching whether profits from other companies are catching up with the "Magnificent 7": Nvidia, Microsoft, Apple, Alphabet, Amazon, Meta Platforms and Tesla, many of which rebounded from struggles in 2022.

Investors generally view a narrow rally as more fragile, because weakness in just a few big stocks could sink indexes, but some hope gains will spread during the second half. More companies are projected to post improved earnings as many investors expect the economy to navigate a soft landing, which could boost stocks trading at more moderate valuations than market leaders.

"If we're looking for a catalyst to have broader participation in this rally this year, the second-quarter earnings reporting season may well be the start of that," said Art Hogan, chief market strategist at B Riley Wealth. The S&P 500 is trading at about 21 times forward earnings estimates, but if the top 10 stocks by market value are excluded that figure drops to 16.5 on average for the rest of the index, Hogan said.

In a further sign of the narrow rally, the information technology and communication services sectors, which include most of the Magnificent 7, are the only two of 11 S&P 500 sectors to outperform the broader index this year. Earnings among the Magnificent 7 rose 51.8% year-on-year in the first quarter compared to 1.3% earnings growth for the rest of the S&P 500, according to Tajinder Dhillon, senior research analyst at LSEG.