BULLISH MOMENTUM | Page 8

Domestic and foreign funds lift QSE; Islamic equities continue to outperform

Tuesday, July 9, 2024
Muharram 3, 1446 AH

GULF TIMES
BUSINESS

EU TARIFFS: Page 2

China's BYD signs $1bn deal to open electric vehicle plant in Turkiye

QNB's H1 net profit scales up 7% to QR8.2bn

QNB has posted a half-yearly net profit of QR8.2bn, up 7% on the same period in 2023.

QNB, which is the largest financial institution in the Middle East and Africa (MEA) region, announced its results for the six-month period ended on June 30 yesterday.

The Board of Directors of QNB authorised an interim cash dividend distribution of 33% of the nominal share value (QR0.33 per share), payable to eligible shareholders as at the close of trading on July 17.

The proposed interim cash dividend distribution is subject to approval by the Qatar Central Bank (QCB). The proposal is the first ever in QNB's 60-year history and primarily aims to reward QNB's long-term shareholders.

Operating income increased by 9% to reach QR20.1bn, which reflects the group's ability to maintain growth across a range of revenue sources.

Total assets (as on June 30) reached QR1,261bn, an increase of 5% from June 30, 2023, mainly driven by good growth in loans and advances (by 7%) to reach QR879bn.

Diversified customer deposits generation helped to increase customer deposits by 6% to reach QR891bn from June 30, 2023.

QNB's loans to deposits ratio stood at 98.7% (as on June 30 this year).

QNB Group's efficiency (cost to income) ratio stood at 22.4%, which is considered one of the "best ratios" among large financial institutions in the MEA region.

The ratio of non-performing loans to gross loans stood at 3% (as on June 30), one of the lowest amongst financial institutions in the MEA region, reflecting the high quality of the Group's loan book and the effective management of credit risk.

In addition, loan loss coverage ratio reached 100%, which reflects the prudent approach adopted by the Group towards non-performing loans.

QNB's Board of Directors has authorised an interim cash dividend distribution of 33% of the nominal share value (QR0.33 per share), payable to eligible shareholders as at the close of trading on July 17. The proposal, subject to approval by the QCB, is the first ever in QNB's 60-year history and primarily aims to reward long-term shareholders

Capital Adequacy Ratio (CAR) as on June 30 amounted to 19.2%. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as on June 30 amounted to 185% and 105% respectively. These ratios are higher than the regulatory minimum requirements of the Qatar Central Bank and Basel III requirements, QNB said.

Total equity increased to QR110bn, up 6% on June 2023. Earnings per share reached QR0.82.

QNB Group's presence spans some 28 countries across three continents operating from approximately 900 locations, 5,000 ATMs supported by 30,000 staff.

Qatar Aviation Services processes 59mn items of baggage in 2023-24

By Pratap John
Business Editor

Qatar Aviation Services (QAS), a subsidiary of the national airline, processed more than 59mn items of baggage (2023-24), with a low mishandling rate of only 0.59 file per 1,000 passenger.

In its cargo operations, QAS currently handles in excess of 2.4mn tonnes per year and has achieved an "efficient" on-time delivery (OTD) rate of 99.83% in fiscal 2023/24.

On the air-side, the QAS team managed more than 3,200 motorised and over 6,000 non-motorised items of equipment, maintaining 99% of the fleet available, Qatar Airways said in its latest annual report.

Using state-of-the art equipment and technology, QAS offered seamless 24x7 operations in 2023-24, with its multicultural team of employees from more than 54 countries handling over 251,000 flights – delivering an on-time performance (OTP) rate of more than 99% and meeting the special assistance needs of over 877,000 passengers.

A member of the IATA Ground Handling Partnership, QAS proactively participates in a variety of world leading technical groups, addressing ground handling issues and implementing industry best practices while promoting efficiency improvement initiatives.

QAS has been successfully enrolled in the International Air Transport Association Safety Audit for Ground Operations (ISAGO) Programme since 2014, and continues to maintain the highest safety standards, remaining compliant with the ISAGO standards and requirements.

In addition to being an ISO 9001 certified ground handler, QAS also takes pride in becoming the first ground handler in the world to have attained the complete suite of IATA CEIV certifications – CEIV Fresh, CEIV Lithium Batteries, CEIV Live Animals, CEIV Pharma, IEnvA registered and the United for Wildlife programme.

Its role as a sector leader was further cemented in May 2023, when the team received the IATA Environmental Assessment Programme (IEnvA) Certificate, enabling QAS to become the first ground handler to join the newly expanded programme.

This not only minimised the environmental impact of its operations globally, but also played an instrumental role in helping Hamad International Airport gain its world-class standing as environmental leader among airports globally.

Over the next five years QAS is committed to furthering its ongoing projects, both within and beyond Doha, focusing on its key strategic pillars - safe and secure operational delivery, customer experience, employee engagement, and financial performance and investments.

Qatari-Iraqi Joint Committee for Economic and Trade Co-operation discusses opportunities

HE the Minister of Commerce and Industry Sheikh Mohamed bin Hamad bin Qassim al-Thani and Iraq's Minister of Commerce Athir Daoud Salman al-Ghurairi co-chaired the seventh session of the two-day Qatari-Iraqi Joint Committee for Economic and Trade Co-operation, which concluded yesterday in Baghdad.

The session reflected the mutual commitment to enhancing bilateral co-operation, developing economic partnerships, and improving joint mechanisms between the two sides.

HE Sheikh Mohamed praised the close fraternal relations between Qatar and Iraq in his opening remarks. He noted that these relations serve as an incentive to strengthen and deepen co-operation in the economic, trade, and investment sectors.

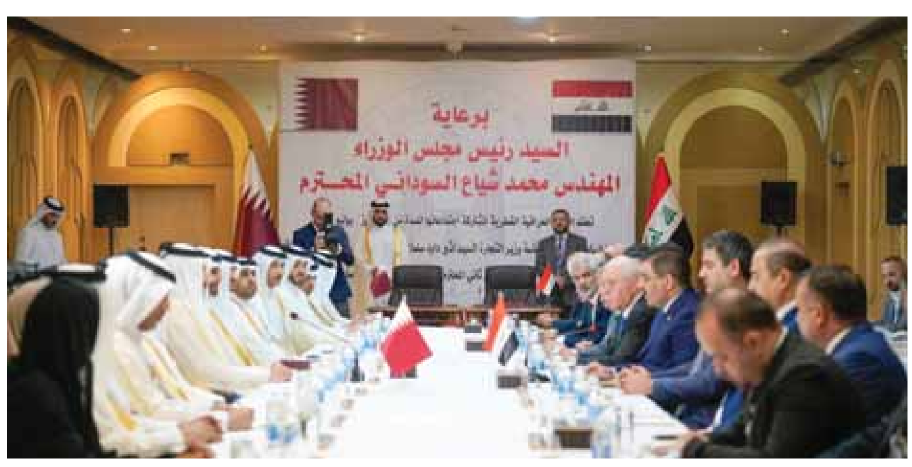
He highlighted the historic and solid relationships built on mutual trust and fruitful co-operation between Qatar and Iraq. These relationships have evolved over the years, creating positive momentum to advance and diversify promising bilateral co-operation in sectors that are pivotal for development, considering both countries' unique potential, capabilities, and shared strategic and economic interests.

The committee also highlighted economic potentials and promising investment environments of both sides that represent significant opportunities for the Qatari and Iraqi private sectors to build partnerships.

The opportunities discussed exist in vital sectors such as industry, infrastructure, renewable energy projects, digital transformation, and financial and logistical services, among others, that are ripe for co-operation to develop relations and increase trade exchange.

After the seventh session of the Qatari-Iraqi Joint Committee, a joint protocol was signed, outlining more exhaustive areas of agreed co-operation between the two countries, which included trade, industry, investment, free zones, the private sector, energy, finance, taxation, customs, transport, civil aviation, telecommunications, information technology, reconstruction, housing, general municipalities, infrastructure, agriculture, water resources, education, higher education, scientific research, health, environment, culture, youth, sports, labour, social welfare and justice.

The joint protocol signing ceremony following the Qatari-Iraqi Joint Committee session.



The session reflected the mutual commitment to enhancing bilateral co-operation, developing economic partnerships, and improving joint mechanisms between the two sides.

BUSINESS

Gulf IPO pipeline 'extremely active,' says EFG Hermes official

Bloomberg
Dubai

An equity capital markets boom in the Gulf shows no signs of slowing down, with e-commerce and information technology companies among those expected to go public in the second half, according to the top ECM bank in the region this year.

"We've been very busy in terms of pitching to establish a second half pipeline, which is looking extremely active for us," said Ali Khalpey, the head of equity capital markets at EFG Hermes. "The demand picture remains intact mainly because the macro remains very constructive."

He expects his firm to work on five listings in Saudi Arabia by the end of the year, while at least two IPOs are brewing in Oman. IPOs in the United Arab Emirates will also continue — these will mostly be private sector-led, with the exception of one government-backed deal from Dubai and another from Abu Dhabi, he said.

Across the region, e-commerce, IT services, healthcare and consumer finance companies are likely to go public, Khalpey said, without naming any specific firms.

Private-sector deals are likely to be in the $300mn to $500mn range, while government listings will be larger, he said. The banker also expects more secondary offerings to come after Saudi Aramco and Adnoc Drilling Co's recent deals.

Khalpey's comments come after a hugely busy few years for ECM activity. Local investor appetite has soared as oil revenue buoys the region, while the Gulf's push to reduce reliance on the energy sector has meant governments are encouraging firms to go public to bolster their capital markets.

EFG Hermes, the investment banking arm of EFG Holding, has arranged the most equity offerings in the Middle East and North Africa so far this year, according to league table data compiled by Bloomberg. The Egyptian firm has 10% of the market share in arranging IPOs and secondary share sales, ranking above Wall Street giants like JPMorgan Chase & Co and overtaking HSBC Holding Plc, which topped the list in 2022 and 2023.

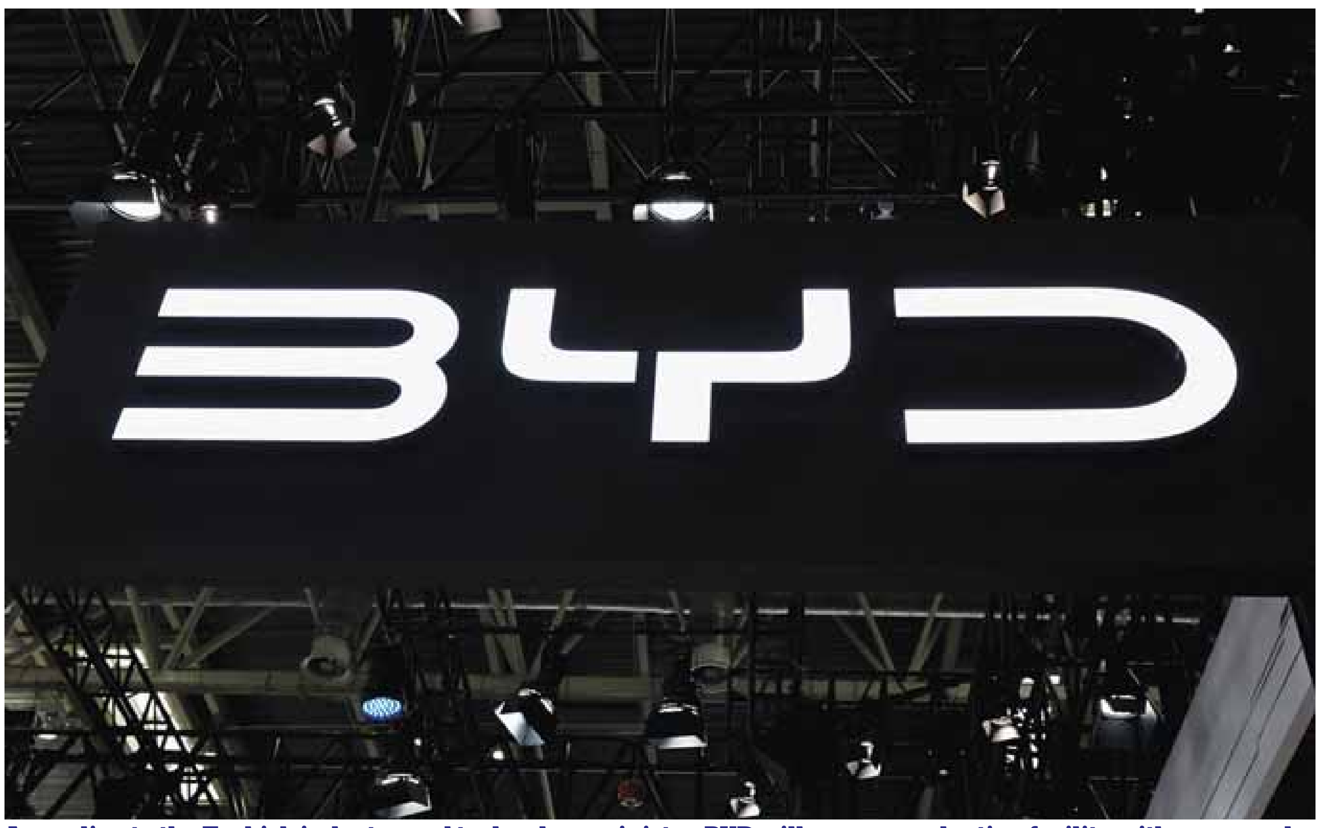
Khalpey's firm advised on the IPO of healthcare group Dr Soliman Abdel Kader Fakeeh Hospital Co — the biggest in Saudi Arabia so far in 2024 — as well as the listing of Riyadh-based water treatment firm Miahona. EFG Hermes also had a role in Aramco's $11.2bn secondary offering, and was joint global coordinator and joint bookrunner for Adnoc Drilling's $935mn secondary share sale.

Gulf-region IPOs have mostly been successful, with the average UAE and Saudi stock which listed between 2021 and 2024 up 44% since going public. Still, some have underperformed. Among those where EFG Hermes was involved, Alef Education Holding Plc is trading 13% lower than its debut price, while supermarket chain Spinneys 1961 Holding Plc is little changed since its May debut.

"We've definitely pushed the valuation boundaries when it came to both these IPOs," Khalpey said. "It takes time for people to appreciate the business models that these companies have."

IPOs in the region have mostly been dominated by local investors, with foreign investors often struggling to get large allocations. One notable exception was Aramco's jumbo share sale, in which foreign investors were allocated about 60% of the offering, Bloomberg News reported.

"We still continue to see the large emerging market investors struggle to participate in these deals," Khalpey said. "The only way we can resolve this scenario is larger deals."



According to the Turkish industry and technology ministry, BYD will open a production facility with an annual capacity of 150,000 vehicles as well as a research and development centre. The plant will provide direct employment for 5,000 people

China's BYD signs $1bn agreement to open electric vehicle plant in Turkiye

AFP
Istanbul

China's electric vehicle giant BYD on Monday signed a $1bn agreement with Turkiye to open a plant in the country in a move that would help it dodge new EU tariffs.

The signing ceremony in Istanbul between BYD's CEO Wang Chuanfu and Turkiye's Industry and Technology Minister Fatih Kacir was overseen by President Recep Tayyip Erdogan.

According to the Turkish industry and technology ministry, BYD will open a production facility with an annual capacity of 150,000 vehicles as well as a research and development centre.

The plant will provide direct employment for 5,000 people.

The news comes days after the European Union slapped additional provisional tariffs of up to 38% on Chinese EVs following an investigation that concluded state subsidies meant they were unfairly undermining European rivals.

Turkish-made cars enjoy beneficial access to the EU under a customs union that dates to 1995 and the Marmara region around Istanbul has become one of the leading centres of the world's automobile industry.

Major carmakers including Fiat and Renault opened plants there at the beginning of the 1970s, with others like Ford, Toyota and Hyundai following, taking advantage of Turkiye's position at the crossroads between Europe, Asia and the Middle East.

The land that was previously allocated for Volkswagen in Manisa in the north of the Western porty city of Izmir would be given to the Chinese company, the pro-government daily *Yeni Safak* reported.

"BYD is the world's largest manufacturer of electric vehicles and one of the most advanced in terms of technology and manufacturing quality," independent consultant Levent Taylan told AFP.

"Indeed, this will be an investment for the Turkish market but especially European market, by circumventing the customs tariffs imposed on vehicles of Chinese origin," he said.

He said BYD has a potential to sell around 25,000 vehicles per year on the Turkish market and export 75,000 to the EU.

Under new Turkish regulations on investment incentives, BYD will be able to circumvent a new 40% tariff that Turkiye imposed on electric vehicle imports.

China has led the global shift to electric vehicles, with almost one in three cars on its roads set to be electric by 2030, according to the International Energy Agency's annual Global EV Outlook.

Chinese EV manufacturers have also stepped up exports, prompting many nations to take measures to protect their automakers.

They have begun looking at manufacturing abroad, with BYD having already announced plans to open its first European factory in Hungary.

In July, BYD opened a factory in Thailand.

The plant in Rayong, an industrial area southeast of Bangkok, will be able to build up to 150,000 vehicles a year, according to the company, which dominates its domestic market.

Beijing has warned the EU tariff move could spark a trade war.

Boeing, Airbus delays bring older planes to DAE's repair shops

Bloomberg
Dubai

The Middle East's biggest aviation services firm said delayed deliveries of new jets by Boeing Co and Airbus SE have driven up demand for its maintenance and overhaul facilities as airlines make do with older planes.

"Demand is at an all-time high because there is a global shortage in capacity," Dubai Aerospace Enterprise Chief Executive Officer Firoz Tarapore said in an interview. "Airlines have intense pressure to make sure that every aircraft they own is up flying and making money for them because the supply of new aircraft is constrained," he said.

Without brand-new aircraft, airlines are signing up for more planned maintenance than in the past to ensure their fleet is available at all times as demand for travel continues to be strong, Tarapore said. That, coupled with a shortage of maintenance capacity, has meant lengthier waits for aircraft repairs.

DAE's maintenance facilities — operated by its Jordan-based Joramco unit — are booked up for the next 18 months, Tarapore said.

The firm, which is also the Middle East's largest plane-leasing company with more than 400 aircraft, said it, too, is facing long delays on its jet orders. DAE only expects to receive about half the number of Boeing 737 aircraft that it was previously scheduled to get.

Airbus last month warned that it won't be able to deliver the 800 aircraft it had previously predicted for 2024 as it struggles with shortages on components ranging from engines to structural parts to cabin interiors, while rival Boeing has also been forced to cap production to sort out its manufacturing after a near-fatal accident in January.

Dubai's high-end property sales undented by drop in listings, says consultancy

Reuters
Dubai

The number of homes worth $10mn or more that were sold in Dubai held steady in the first half of the year despite a drop in listings, an industry report showed on Monday, as demand from the international ultra-rich stayed strong.

A total of 190 homes worth an overall $3.2bn were sold in the six months to end June compared with 189 properties for $3.3bn in the same period of 2023, according to provisional data from property consultancy Knight Frank.

The total number of deals held up despite a 65.5% year-on-year drop in the number of such luxury homes available on the market in the second quarter, the report showed.

"This is a strong sign of the 'buy-to-hold' buyer profile that has taken root in the market," Faisal Durrani, Knight Frank's head of research for Middle East and North Africa (Mena), was quoted as saying in the report.

The trend suggests international high-net worth individuals "are largely focused on purchasing homes in the city for personal use, rather than to 'flip', which was a defining feature of the previous two market cycles," he added.

Home to the world's tallest tower, Dubai is a tourism and trade hub, attracting a record 17.15mn international overnight visitors last year.

The city-state was quick to reopen after the pandemic. That, together with massive infrastructure spending, generous income tax policies and relaxed visa rules, lured thousands of foreigners, including Russians amid war in Ukraine.

Under a 10-year plan known as D33, Dubai is seeking to grow its economy by investing in tourism, turning its local financial centre into one of the top four globally and by attracting foreign capital, including into real estate, with property purchase and rental prices showing no signs of fizzling out.

The Knight Frank report showed palm tree-shaped artificial island Palm Jumeirah was the most sought-after area, recording 21 sales of homes worth $10mn or more in the second quarter, accounting for 26% of sales in the period.

It was followed by Emirates Hills with 10% and the District One area with 7.8% of such deals.

Sales of properties worth $25mn or more jumped 25% in the second quarter compared with the first three months of the year to a total of 15 homes.

Last year Dubai ranked first globally for the number of home sales above $10mn, selling nearly 80% more such properties than second-placed London.

Opec+ production defaulters show little sign of making compensation cuts

Bloomberg
London

In its effort to shore up global oil markets, Opec+ is pushing members to atone for cheating on their supply quotas. Yet there's little indication that they're repenting.

Iraq and Kazakhstan — members of the Opec+ coalition that is paring crude output to defend prices — has pledged extra curbs to make up for failing to cut enough initially. The latest production estimates show they haven't even started yet.

Furthermore, internal Opec+ documents compiled for the group's monitoring committees, which were obtained by Bloomberg, show that members had a poor track record of compensating for overproduction in previous rounds of cuts in 2021.

These failings represents a headwind for crude prices, which have climbed to a two-month high near $87 a barrel in London. The excess production may offer some relief for consumers, but if it were to suppress prices it would threaten vital revenue for producers in the Organisation of Petroleum Exporting Countries, which is led by Saudi Arabia.

Compensation cuts are a "significant component" of the coalition's strategy, according to Standard Chartered Plc. "We need it, and we need it badly," Saudi Energy Minister Prince Abdulaziz bin Salman told reporters after the latest Opec+ meeting on June 2.

Since its introduction in mid-2020, the Opec+ mechanism of compensation for over production has rarely been honoured. The Opec data from 2021 show that Iraq's backlog of overdue curbs barely changed that year, while the outstanding debt of Gabon ballooned so much it would have needed to shut down output completely for two months to offset it.

The deadline for these countries to complete their penance was repeatedly extended. By October 2021, more than a year after the compensation mechanism was launched, the backlog of additional curbs owed by Iraq and Kazakhstan had swelled rather than diminished, even though rising Opec+ quotas should have made it easier for them to whittle down the overhang.

There were a few examples of countries compensating for overproduction. Most notable is the United Arab Emirates, which swiftly offset excess volumes in the fall of 2020. Yet such instances weren't the norm, and the group's past performance feeds into scepticism about compensation cuts today.

"Hard evidence would be needed for the market to be convinced that amends have actually been made," said Tamas Varga, an analyst at brokers PVM Oil Associates Ltd Traders take the view that "I believe it when I see it."

Opec+ coalition that is paring crude output to defend prices has pledged extra curbs to make up for failing to cut enough initially. The latest production estimates show they haven't even started yet

The latest round is off to an inauspicious start.

From May, Iraq and Kazakhstan promised both to adhere to their assigned limits, and cut substantially below these levels each month to make up for overproduction since the beginning of the year. But neither country has so far hit their initial quota, let alone begun the work of compensation.

Baghdad pumped about 195,000 barrels above its target in May, at 4.195mn a day, while Astana produced an excess of 43,000 a day, at 1.511mn a day, according to Opec's latest monthly report. Data compiled by Bloomberg indicate that Iraq continued to overproduce at a similar level in June.

Both countries have a long history of chafing against Opec+ quotas, as Iraq seeks revenue to rebuild its war-shattered economy, while Kazakhstan rushes to monetise new capacity, such as the $48.5bn Tengiz oil field project led by Chevron Corp.

Neither country responded to requests for comment from Bloomberg. On June 12, Iraq's Oil Ministry issued a statement reaffirming its commitment to the compensation cuts, and Kazakhstan's Energy Ministry pledged to make up for its overproduction in the coming month.

Russia, which leads Opec+ alongside Saudi Arabia, has pledged compensation but not yet published the schedule of extra cuts it was due to submit to the organisation at the end of last month. Moscow curbed output substantially in May to 9.182mn a day, but still exceeded its regular quota by 133,000 barrels a day, according to Opec's data, which is compiled from a range of external sources. Moscow's own figures showed a different, higher level.

Russia's Energy Ministry declined to comment on whether Moscow had submitted the compensation plan to the Opec secretariat.

Even if the compensation curbs aren't enacted, the overall principle could still have uses for Opec+.

After the introduction of the compensation system in mid-2020, countries such as Iraq and Nigeria did demonstrate better discipline in adhering to their original quotas, even if they didn't perform the additional cuts.

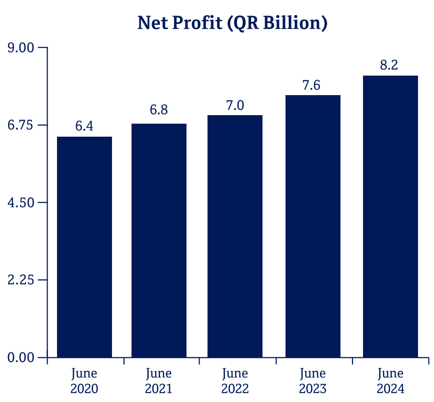
If the compensation schedules are transparent, it makes "overproduction, while not impossible, increasingly awkward diplomatically," said Paul Horsnell, head of commodities research at Standard Chartered.

At its meeting in early June, Opec+ outlined plans for managing supplies until the end of 2025, and agreed to extend the period for delivering compensation to the third quarter of that year. The group hasn't published details, but the longer timeframe could spread the extra reductions into smaller instalments that are easier for members to manage — though less noticeable to the wider oil market.

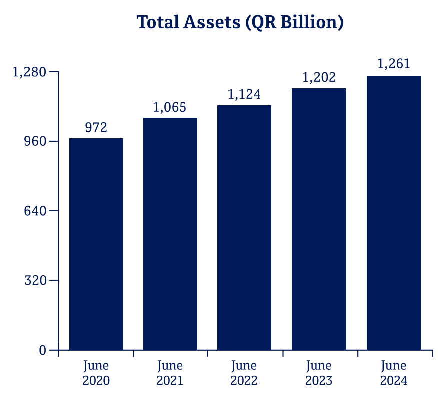
And if negligent countries aren't willing to cut deeper now, they might at least temper their increases if Opec+ goes ahead with its plans to begin reviving some supplies in the fourth quarter.

QNB Group's six months Net Profit increased by 7% to reach QR8.2 billion

Interim Cash Dividends of 33% of the nominal value of the share, payable to eligible shareholders as at the close of trading on 17 July 2024



Net Profit increased by 7% to QR8.2 billion



Total Assets increased by 5% to QR1,261 billion

QNB Group, the largest financial institution in the Middle East and Africa, celebrates its 60th anniversary this year, marking its establishment in 1964 as the first and oldest financial and banking institution in Qatar. This milestone crowns a continuous journey of success during which the group transformed from a local bank into one of the largest and most profitable financial institutions in the region.

QNB Group's Board of Directors in their meeting held today approved the financial results for the six months period ended 30 June 2024.

Further, the Board of Directors after considering QNB's strong record of retained earnings and sufficient regulatory reserves, authorised an interim cash dividend distribution of 33% of the nominal share value (QR0.33 per share), payable to eligible shareholders as at the close of trading on 17 July 2024. The proposed interim cash dividend distribution is subject to approval by the Qatar Central Bank (QCB). This interim dividend proposal is a first ever in QNB's 60 year history and primarily aims to reward QNB's long term shareholders.

Key indicators of the financial results for the six months period ended 30 June 2024 were as follows:

Financial Highlights

(QR billion)	June 2024	June 2023	Increase
Net Profit	8.2	7.6	7%
Operating Income	20.1	18.5	9%
Total Assets	1,261	1,202	5%
Loans and Advances	879	819	7%
Customer Deposits	891	836	6%
Total Equity	110	104	6%

Key Performance Indicators	June 2024	June 2023	December 2023
Earnings Per Share (QR)	0.82	0.76	1.55
Cost to Income Ratio	22.4%	20.4%	20.0%
Loans to Deposits Ratio	98.7%	97.9%	99.5%
NPL Ratio	3.0%	3.0%	3.0%
Coverage Ratio	100%	99%	100%
Capital Adequacy Ratio (CAR)	19.2%	19.0%	19.8%
Liquidity Coverage Ratio (LCR)	185%	146%	206%
Net Stable Funding Ratio (NSFR)	105%	106%	104%

Creating long-term shareholder value through sustainable and profitable growth

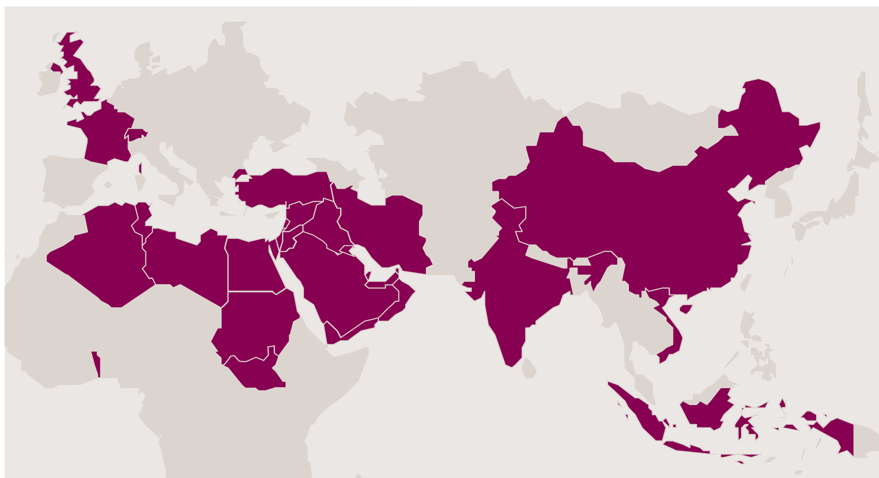
Income statement results: Net profit for the six months ended 30 June 2024 reached QR8.2 billion, an increase of 7% compared to same period last year. This demonstrates the resilience of QNB Group's financial results. Operating Income increased by 9% to reach QR20.1 billion which reflects the Group's ability to maintain growth across a range of revenue sources.

QNB Group's efficiency (cost to income) ratio stood at 22.4%, which is considered one of the best ratios among large financial institutions in the MEA region.

Balance sheet drivers: Total Assets as at 30 June 2024 reached QR1,261 billion, an increase of 5% from 30 June 2023, mainly driven by good growth in loans and advances by 7% to reach QR879 billion. Diversified customer deposits generation helped to increase customer deposits by 6% to reach QR891 billion from 30 June 2023. QNB's loans to deposits ratio stood at 98.7% as at 30 June 2024.

Credit quality: The ratio of non-performing loans to gross loans stood at 3% as at 30 June 2024, one of the lowest amongst financial institutions in the MEA region, reflecting the high quality of the Group's loan book and the effective management of credit risk. Also during the period, loan loss charge decreased to QR3.5 billion, representing a decrease of 26% compared to June 2023. Also, loan loss coverage ratio stood at 100%, which reflects the prudent approach adopted by the Group towards non-performing loans.

International Presence



Regulatory ratios: QNB Group's Capital Adequacy Ratio (CAR) as at 30 June 2024 amounted to 19.2%. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as at 30 June 2024 amounted to 185% and 105% respectively. These ratios are higher than the regulatory minimum requirements of the Qatar Central Bank and Basel III requirements.

Supporting Financial Sector Strategic Plan

QNB Financial Services (QNBFS) acted as the borrower for the first onshore securities lending & borrowing transaction in Qatar which was overseen by Qatar Stock Exchange (QSE) and Edaa Qatar as part of their market development efforts. This transaction marked a key milestone for the 3rd Financial Sector Strategic Plan (3FSS) launched by the Qatar Central Bank.

Top-tier credit ratings

During 2024, Moody's and Fitch upgraded QNB's credit ratings to Aa2 and A+ respectively, which reaffirms QNB's rating as the highest-rated bank in Qatar and one of the highest-rated banks in the world with ratings of Aa2 from Moody's, A+ from S&P and A+ from Fitch. These ratings are a testament to QNB Group's capital strength, governance, prudent risk management, business and operating model. This provides QNB Group with a competitive advantage when accessing global capital markets for wholesale funding and enables QNB to continue its growth and expansion plans.

QNB Group's financial strength reflects its top tier credit ratings, which demonstrates the confidence that institutional, corporate and individual customers have in QNB Group's performance and long-term strategy, providing assurances to investors and market participants.

Diversified funding sources

During the six months period ended 30 June 2024, QNB embarked on a public debt issuance under its EMTN programme, namely, a USD1.0 billion five-year public bond issuance in London Stock Exchange (LSE) in January 2024 and Formosa bond for USD1.0 billion in April 2024 with a dual listing in Taipei Exchange and LSE.

These deals attracted strong interest around the world from key global investors, reflecting investors' confidence in QNB Group's financial strength and its position as the largest financial institution in the Middle East and Africa region and demonstrates our standing as a high quality issuer.

Creating and delivering value

Based on QNB Group's continuous strong performance, driven by its strength and international footprint, the QNB brand remains the most valuable banking brand in the MEA region by Brand Finance, with a brand value of USD8.4 billion, placing the Group in the 39th position globally among the Top 50 most valuable banking brands in the world. This reflects the success of the QNB Group's continued efforts to serve its diverse customer base. QNB's Brand Strength Index (BSI) increased to 86, up from 85 in 2023.

QNB Group also received a number of prestigious awards during this period:

- Best Private Bank in Qatar by Euromoney
- Best Retail Bank for Digital Customer Experience in both Qatar and the Middle East by The Digital Banker
- Best Bank for Cash Management in Qatar by Global Finance

Sustainability

QNB Group continues to engage the market, clients and partners to raise awareness and drive collective action on sustainability. Enabled by the market leading QNB Group Sustainable Finance and Product Framework, we maintain our position as a pioneer in sustainable financing. As well as the first domestic interbank green deposit and inaugural green guarantee, QNB recently supported the State of Qatar as Global Coordinator for its inaugural USD2.5 billion green bond issuance.

During this quarter, QNB's subsidiary in Turkey successfully issued its first USD500 million sustainable Eurobond, marking another milestone for QNB Group.

QNB Group's latest annual Sustainability Report includes independent assurance on key ESG KPIs, including greenhouse gas (GHG) emissions, female employment rate, and female Board of Directors in subsidiaries. QNB Group remains the only bank amongst its regional peers to receive independent assurance on its preparation in accordance with the Global Reporting Initiative (GRI) Universal Standards.

Group statistics

QNB Group's presence spans more than 28 countries across three continents operating from approximately 900 locations, 5,000 ATMs supported by 30,000 staff.

Subsidiaries & Associates of QNB Group

QNB Group	Country	% Ownership
QNB Capital LLC	Qatar	100%
QNB Suisse S.A.	Switzerland	100%
QNB Financial Services	Qatar	100%
QNB Tunisia	Tunisia	99.99%
QNB Finansbank	Turkey	99.88%
QNB Indonesia	Indonesia	95.6%
QNB ALAHLI	Egypt	95%
Al-Mansour Investment Bank	Iraq	54%
QNB Syria	Syria	51%
Commercial Bank International	UAE	40%
Housing Bank for Trade and Finance	Jordan	38.6%
Al Jazeera Finance Company	Qatar	20%
Ecobank Transnational Incorporated	Togo	20%

QNB

Financial Highlights

Call +974 4425 2444 or visit qnb.com

Weak rupiah pushes Indonesia to widen budget deficit outlook

Bloomberg
Jakarta

Indonesia's fiscal deficit is set to come in much larger than expected in 2024 as a weak rupiah increased the government's financing and subsidy costs.

The budget shortfall is now estimated at 2.7% of gross domestic product, up from the initial forecast of 2.29% at the start of the year, Finance Minister Sri Mulyani Indrawati told a parliament hearing on this year's fiscal updates on Monday.

Excluding the pandemic years, that would be Indonesia's largest budget deficit ratio, based on data compiled by Bloomberg going back to 2005. The level still falls under the legal ceiling of 3%.

Despite the budget fallout of a weak rupiah, central bank Governor Perry Warjiyo told the same hearing that policymakers may weigh a pivot to monetary easing in the fourth quarter to support economic growth.

"Rupiah depreciation driven by Fed fund rate uncertainties and geopolitical tensions has been adding pressure on the state budget, especially on spending and budget financing," Indrawati said.

The wider budget deficit is driven by an 87tn rupiah ($5.4bn) jump in government spending, pushing it past the 3,325tn rupiah set in the 2024 budget. Meanwhile, estimates for tax revenue were trimmed as weaker commodity prices hit corporates' income tax payments.

A money changer holds stacks of Indonesian rupiah notes in Jakarta (file). Indonesia's fiscal deficit is set to come in much larger than expected in 2024 as a weak rupiah increased the government's financing and subsidy costs.

Ministries' spending sourced from domestic and foreign loans accelerated, while the upcoming regional elections added to costs, Indrawati said. Energy subsidies and compensation also rose to account for the depreciation of the rupiah that makes oil imports more expensive. The finance ministry expects the rupiah to trade within 16,000 to 16,200 per dollar in the second half.

Indonesia's situation underscores the economic fallout that emerging markets have to deal with in a year of higher-for-longer interest rates in the US that's propelled the dollar's strength. The rupiah has since clawed back gains in July after touching a four-year low of 16,450 last month. Year-to-date though, it is still down 5.3% against the greenback.

The central bank would probably keep the benchmark interest rate steady at 6.25% on the near-term, according to Governor Warjiyo, although the monetary authority may consider lowering borrowing costs next quarter once the currency stabilises.

He reiterated that rupiah stability remains the central bank's focus, and that the currency will strengthen as good economic growth prospects attract more inflows. He expects the rupiah to average 15,700 to 16,100 per dollar this year.

"The pressure on the rupiah has begun to ease, thanks to recent developments in global economic data, particularly from the US. The Fed's potential policy rate cuts could further increase opportunities for capital inflows in the second half of the year," said Josua Pardede, chief economist at PT Bank Permata.

Said Abdullah, the parliament's budget committee chairman, called for spending restraint during the hearing on Monday. "Projects that are not significant for boosting economic growth and job creation should be reconsidered," he said.

Despite the bigger deficit, Indonesia will reduce its government bond issuance target by 214.6tn rupiah this year, opting to use some 100tn rupiah of cash reserves for financing.

Vietnam's accelerating 2024 economic growth could hit 7%

Bloomberg
Hong Kong

Vietnam's economic growth is accelerating and could meet or exceed the government's 6.5% target this year, according to Planning and Investment Minister Nguyen Chi Dung.

The minister said economic expansion may even reach 7% this year as improving industrial and construction sectors drive growth, according to a statement on the government's website citing officials at Saturday meetings.

"If growth momentums continue to be maintained and accelerate, the growth rate in 2024 is likely to reach or even exceed the target set by the National Assembly," Dung said.

The International Monetary Fund has forecast Vietnam's gross domestic product to expand 6% this year, up from 5% in 2023 — a pace that would make it among Asia's fastest growing economies.

The economy is also benefiting from increasing exports and foreign direct investment, Dung said.

Pledged FDI for the year may reach $39bn-$40bn, up from last year, according to Tran Quoc Phuong, deputy minister of planning and investment. The country posted pledged FDI at $36.6bn as of December 2023.

One continuing drag on the economy, though, is the apparent reluctance of government officials to release infrastructure funds amid the anti-graft campaign that has frozen decision-making.

Disbursements of public investment funds in the first half of the year are lower than the same period last year, at about 29.4% of Prime Minister Pham Minh Chinh's plan versus about 30.5% in 2023. Chinh has repeatedly pushed officials to quicken expenditures of approved investment funds.

The ministry laid out two economic growth scenarios for the rest of the year. In the first, the third and fourth quarters could see GDP rise 6.5% and 6.6%, respectively, the post said.

For the second scenario, the last half of the year could unfold with third-quarter GDP growth at 7.4%, and the final period reaching 7.6%, it said.

Chinh urged officials to push for third-quarter economic growth of 6.5% to 7%. He also instructed the central bank to ensure adequate money supply and continued policies to reduce lending interest rates and keep borrowing costs low to support businesses.

Bloomberg QuickTake Q&A

Why China's Third Plenum matters for global investors

By Bloomberg News

Of the countless meetings that China's Communist Party holds regularly, the Third Plenum stands out for its potential impact on the world's second-largest economy. The typically once-in-five-years conclave of top officials usually deals with major economic and political policy changes. Paramount leader Deng Xiaoping famously used the 1978 event to announce China's opening up and pivot to allow market forces to play a role in what was then a Soviet model of central planning.

On July 15, President Xi Jinping will convene the closed-door meeting after a rare delay. Investors will be watching closely for any efforts to restart China's sputtering economic growth engine.

1. What is a third plenum?

A plenum is a full meeting of the Communist Party's Central Committee. This body officially announces the party's most important policies and personnel rosters, although in reality it rubber-stamps decisions made by a much smaller group of party elites, chief among them Xi.

The Central Committee typically meets seven times in its five-year tenure. The third of these plenums is particularly important as it represents the first chance for the new leadership to properly introduce its broad thinking on economic and political issues.

For example, Xi used the conclave in 2013, a year after he became the party's leader, to introduce plans to further relax the country's one-child policy, change the household registry system and emphasise national security.

2. Where does it take place? Who is invited?

The meeting, like most important party and state conferences, is typically held at Jingxi Hotel in the west of Beijing. The low-key, gray complex is trusted for its security because it's directly managed by the Central Military Commission.

Attendees of the third plenum include some 200 full members of the Central Committee, about 170 alternate members, and leaders from the party's anti-corruption agency. Some academic representatives and other members of the party congress could be invited as well.

The Central Committee members hold key posts not only in the party but across the provincial, municipal and central governments as well as the military and state-owned enterprises. In the current batch, 44 out of 205 are from the army.

3. What happens at the plenum? Will they vote on policies?

This year, over the course of four days, the officials will discuss policies at private meetings hosted by the Xi-led Politburo, though the real negotiations and decisions are believed to have been made way in advance. The outcome of the conference will usually be announced in a communique issued through state media, with details to be published later.

4. What policies have past plenums produced?

The landmark Third Plenum in 1978 put China on a path of economic development and allowed the private economy to grow after the devastating Cultural Revolution. Fifteen years later, top leaders at the same conclave fleshed out plans to build a "socialist market economy," putting forward policies such as modernising and revamping inefficient state-owned enterprises, establishing a social security system and reducing the government's direct intervention in the economy.

In 2013, the new leadership under Xi outlined ambitious reforms that included further loosening the one-child policy and encouraging private investment into state businesses, as the economy faced headwinds ranging from local government debt to a shrinking working-age population.

At the last meeting, in 2018, Beijing pledged to restructure the party, government, military and other public bodies and promised to balance the powers of central and local governments. Nominees for top government jobs were also approved at the confab.

5. What are people expecting from this plenum?

The upcoming session, from July 15 to 18, will review a "resolution on comprehensively deepening reform and advancing Chinese modernisation," according to the official Xinhua News Agency.

While expectations are low for groundbreaking structural reforms, investors are watching closely for any hints on policy direction to address a broad range of long-term issues including fiscal relations between central and local government, a downward spiral in the real estate market, the embattled private sector, the country's technology push, and its ageing population.

High on investors' watchlist is fiscal reform. Top leaders at a key economic meeting in December said they were contemplating a "new round of fiscal and tax reform," sparking hopes that more details could be unveiled at the Third Plenum. The division of spending responsibilities between central and local government could be restructured, with Beijing taking over more expenditure to drive economic growth, as regions grapple with mounting debt risks and dwindling income from land sales. Some economists expect an overhaul of consumption tax to broaden local authorities' sources of income, as well as further reforms of value-added tax — the largest source of tax revenue in China.

Property polices are another area of investor focus, as the real estate downturn remains the biggest threat to the Chinese economy. The State Council, the nation's cabinet, in June asked officials to keep formulating new policies that will absorb existing housing stock with an "open mind." That's stoked anticipation on new steps and additional funding to shore up the market after Beijing in May unveiled a package of measures to rescue the sector, including 300bn yuan ($41.3bn) in cheap loans provided by the central bank for local governments to purchase existing housing projects.

China watchers are also looking out for potential personnel changes. The expulsion of two former defence ministers, Li Shangfu and Wei Fenghe, will be confirmed at the plenum. Other disgraced officials expected to be ousted from the Central Committee include former Foreign Minister Qin Gang, former Agriculture Minister Tang Renjian and former Rocket Force Commander Li Yuchao. More signs of purges that have roiled China's defence establishment since last summer could emerge as well.

BUSINESS

BoE official warns of rising inflation, signals vote for rates hold

Bloomberg
London

Bank of England (BoE) policy maker Jonathan Haskel signalled that he will vote to leave interest rates at a 16-year high in his final meeting next month, warning that a "tight and impaired" labour market will keep inflation too high.

The official — who finishes his term on the Monetary Policy Committee at the end of August — said that he needs to see more evidence that underling price pressures are receding before backing cuts despite "encouraging signs" on inflation.

"The continued tight and impaired labour market means that inflation will remain above target for quite some time," Haskel said in the text of a speech released by the BoE yesterday. "I would rather hold rates until there is more certainty that underlying inflationary pressures have subsided sustainably."

The remarks set up a clash between the hawks and doves on the MPC at the next meeting on Aug. 1, with more policy makers considering a move to interest rate cuts. Haskel and other hawkish rate-setters could be outvoted after minutes from the previous meeting suggested that a decision not to loosen policy was "finely balanced" for some.

Haskel will leave the MPC on August 31 after six years. His yet-to-be-named replacement will be the first BoE appointment made by new Chancellor of the Exchequer Rachel Reeves, whose Labour Party swept to power last week in a landslide election victory. The new member could shift the balance at the BoE, since Haskel is one of the most hawkish of the nine members of the Monetary Policy Committee.

Bank of England building in the City of London. BoE policy maker Jonathan Haskel signalled that he will vote to leave interest rates at a 16-year high in his final meeting next month, warning that a "tight and impaired" labour market will keep inflation too high.

It was the first public speech from an MPC member since a blackout during the UK election campaign. Chief Economist Huw Pill and fellow rate-setter Catherine Mann are due to speak on Wednesday.

Investors have had few clues on how the rate-setters are viewing recent data after headline inflation fell to the BoE's 2% target for the first time in almost three years. While inflation has fallen further, underlying price pressures and signals from the labour market are still too high for comfort for the UK central bank.

However, markets increased bets on an interest rate cut in August after some policy makers hinted at an imminent pivot in meeting minutes for June. Currently investors see almost a 60% chance of a shift to looser policy next month.

There was little change to wagers on an August rate cut following Haskel's speech given he is known to be on the hawkish end of the committee.

Haskel said that an "impaired" labour market means that the BoE needs "to set a higher interest rate than they would otherwise have done" to keep inflation at its 2% target. While inflation is at the BoE's aim, it is expected to tick up later this year and wage growth remains uncomfortably high at 6%. Haskel said that a difficulty getting the right workers into the available vacancies — known as the "matching process" — has become impaired, meaning a need for a "more 'hawkish' outlook to rate setting." He also pointed out that a 10% increase in the minimum wage in April may also be feeding though to wage-setting more generally.

"There are considerable encouraging signs, most notably from normalising inflation expectations and a (spoiler: temporary) return of headline inflation to target in May 2024," he said.

"However, the wage-price system in the UK has been subject to a sequence of enormous shocks over recent years."

QSE MARKET WATCH

COMPANY NAME	Lt Price	% Chg	Volume
Zad Holding Co	13.41	0.45	44,332
Widam Food Co	2.86	-0.73	801,079
Vodafone Qatar	1.75	1.63	5,149,771
United Development Co	1.14	0.89	11,037,447
Salam International Investme	0.68	0.90	409,937
Qatar & Oman Investment Co	0.77	-0.39	969,936
Qatar Navigation	11.10	-1.68	1,834,183
Qatar National Cement Co	3.82	0.32	601,834
Qatar National Bank	14.94	0.27	6,246,929
Qlm Life & Medical Insurance	2.03	-0.25	914,236
Qatar Islamic Insurance Grou	8.03	-0.56	289,122
Qatar Industrial Manufactur	2.55	1.11	281,623
Qatar International Islamic	10.75	1.61	815,127
Qatari Investors Group	1.58	0.57	1,304,868
Qatar Islamic Bank	19.67	0.72	2,206,483
Qatar Gas Transport(Nakilat)	4.66	1.19	3,152,267
Qatar General Insurance & Re	0.90	0.00	-
Qatar German Co For Medical	1.89	0.91	7,234,897
Qatar Fuel Qsc	15.04	0.07	150,436
Lesha Bank Llc	1.29	-0.16	1,927,736
Qatar Electricity & Water Co	15.80	0.64	625,581
Qatar Exchange Index Etf	9.52	0.21	2,481
Qatar Cinema & Film Distrib	2.70	0.00	-
Al Rayan Qatar Etf	2.18	0.65	6,621
Qatar Insurance Co	2.11	-0.38	33,314
Qatar Aluminum Manufacturing	1.35	-0.44	14,781,191
Ooredoo Qpsc	10.38	0.78	782,847
Alijarah Holding Company Qps	0.72	0.98	10,659,438
Mazaya Real Estate Developme	0.63	-0.95	14,343,049
Mesaieed Petrochemical Holdi	1.69	-0.88	9,460,008
Mekdam Holding Group	3.67	-0.16	10,656
Al Meera Consumer Goods Co	14.59	0.97	129,775
Medicare Group	4.32	-0.51	1,563,679
Mannai Corporation Qpsc	3.91	1.35	1,023,186
Masraf Al Rayan	2.33	0.17	7,523,498
Industries Qatar	13.18	0.30	1,214,768
Inma Holding Company	4.38	-1.77	490,035
Estithmar Holding Qpsc	1.93	-0.05	3,330,678
Gulf Warehousing Company	3.34	0.51	1,058,640
Gulf International Services	3.30	-1.35	7,021,523
Al Faleh Education Holding	0.69	0.00	5,527
Ezdan Holding Group	0.77	0.13	5,128,202
Doha Insurance Co	2.42	0.50	238,107
Doha Bank Qpsc	1.45	0.07	5,694,719
Dlala Holding	1.24	-1.27	248,329
Commercial Bank Psqc	4.17	-0.26	4,992,600
Barwa Real Estate Co	2.77	0.95	3,840,480
Baladna	1.33	-0.45	6,207,626
Damaan Islamic Insurance Co	3.89	0.60	1,149
Al Khaleej Takaful Group	2.40	-0.42	1,622,596
Aamal Co	0.78	-0.13	944,598
Al Ahli Bank	3.70	-1.20	35,278

Euro slips, eurozone markets edge up after snap French election

AFP
Hong Kong

The euro slipped yesterday but eurozone stock markets edged up after early losses following snap French elections in which a hung parliament appeared the likeliest outcome.

In France, the left was set to emerge as the biggest group in a new parliament, beating out a resurgent far right in a vote called by President Emmanuel Macron three years ahead of schedule.

Macron's centrist alliance will have fewer seats in parliament, but held up better than expected.

The outcome, in which no bloc is expected to have an outright majority, has left the country in a "thick fog" of uncertainty, according to one pollster, with the euro dropping around 0.4% from Friday's levels before clawing back some of its losses.

"The best that can be said is that neither the (left-wing) NFP nor (far-right) National Rally will be able to implement their respective electoral manifestos in full, which would most worry investors fretful about France's fiscal situation," Alvin Tan of RBC capital markets said.

While "the worst outcome for the euro has been averted for now", Tan added, uncertainty remains "and the fiscal balance is unlikely to improve significantly as a result". Paris's CAC 40 benchmark stocks index sank at the open Monday, but recovered to post modest gains in morning trade, as did Frankfurt's DAX. The FTSE 100 index in London was more or less flat.

Asian markets were mostly down, with Hong Kong's Hang Seng Index dropping nearly 2%.

In Tokyo, the Nikkei 225 closed down 0.3% to 40,780.70 points; Hong Kong — Hang Seng Index ended down 1.7% to 17,497.32 points and Shanghai — Composite closed down 1% to 2922.45 points yesterday.

Tokyo's Nikkei index seesawed in and out the red throughout the day before finally ending slightly down, while the broader Topix shed more than 1% after hitting a new high last week. Taipei was a rare bright spot, posting solid gains on the back of a surge in shares of chipmaking giant TSMC, which added nearly 3% over the course of the day.

Sydney, Seoul, Mumbai, Jakarta and Singapore were down, while Manila rose. Thousands of workers in South Korea walked off the job at tech giant Samsung Monday morning as they kicked off a three-day general strike, according to a union rep, who warned key memory chip production would be affected.

Samsung Electronics is the world's largest memory chip maker and accounts for a significant chunk of global output.

Workers gathered outside the company's foundry and semiconductor factory in Hwaseong, Gyeonggi, an hour south of Seoul, with National Samsung Electronics Union head Son Woo-mok warning: "Today's general strike is just the beginning." However, the tech giant's shares were slightly up from Friday's price, which was buoyed by a company forecast that second-quarter profits would beat expectations by more than 25%.

On Wall Street, the Nasdaq and S&P 500 hit fresh highs on Friday, and the Dow Jones Industrial Average also ticked upwards after official data showed the US labour market cooling, raising expectations of a September interest rate cut.

Reforms driving biggest returns in EM bond markets

Bloomberg
London

Bond investors are signalling that good government counts for more than monetary policy in emerging markets.

Since the start of April, investors have started to more aggressively sell bonds from high-yielding countries where governments have loosened fiscal policies. They're also willing to buy debt with low or even negative yields, as long as the countries are pushing for fiscal vigilance.

This is showing up in the performance trend for the second quarter. Top performers — including Argentina, Turkiye and Egypt — are all undertaking fiscal reforms. At the opposite end of the scale are countries with growing deficits, like Mexico and Brazil.

"Fiscal dynamics are moving to the centre of investors' radars," said Adriaan du Toit, director of emerging-market credit research at AllianceBernstein. "It's partly due to surprising election outcomes and the fact that politics and fiscal dynamics are intertwined. It could also be a sense that monetary easing might not be as deep or helpful if higher-for-longer plays out." For two years through March, emerging-market bond investors were chasing high yields, and the countries with the most hawkish central banks delivered the best returns.

Mexico handed local-bond investors 37% over this period, Brazil returned 22% while Poland and Colombia yielded 18%.

The worst performers, including Turkiye, Argentina and South Africa, were penalised because their monetary policies were deemed as too dovish.

Since then, a resurfacing of currency volatility has prompted money managers to change tack. Risk premiums were deemed important once again as carry strategies unwound, with the extra yield on dollar-denominated government debt over Treasuries posting the biggest quarterly jump since 2022.

Now, governments which are making hard fiscal policy choices are getting rewarded the most.

Argentina, for instance, is the top local-currency bond performer for the quarter through June after President Javier Milei overcame setbacks to win approval for tax measures that would help the country reach fiscal targets and tame runaway inflation.

Similarly, Egypt's bonds are reaping the benefit of President Abdel Fattah al-Sisi's preparations for an economic overhaul. Investors are also rewarding Turkiye for a return to fiscal orthodoxy.

"This focus on fiscal reforms in emerging markets is certainly present," said Yvette Babb, a portfolio manager at William Blair Investment Management. "Market participants are in our view likely to continue to focus on the credibility of macro-economic policies."

Brazil has pared bond losses this week after Finance Minister Fernando Haddad announced spending cuts to shore up the country's finances. The country's debt was the worst performer in emerging markets last quarter.

Indonesian bonds have also initially sold off following reports that the incoming administration will raise debt levels, though it has since backtracked on this.

Elsewhere, Nigerian bonds fell after President Bola Tinubu's government didn't extend exchange rate reforms to the fiscal front.

"Investors will expect to see both fiscal restraint and monetary tightening," said Joseph Cuthbertson, an emerging-markets sovereign analyst at Pinebridge Investments. Still, recent weeks' riots in Kenya show just how difficult the implementation of fiscal reforms could be, with protests against the proposed tax increases by the administration of President William Ruto leaving at least 41 people dead.

The government has since announced additional borrowing to compensate for abandoning its tax plan.

"The problem with fiscal reforms is they are adding pain to populations who have already suffered," said Charles Robertson, the head of macro-strategy at FIM Partners. "Kenya's protests do signal there are limits on how fast these fiscal reforms can go. That is the key uncertainty investors have to wrestle with."

While the eventual start of monetary easing by the US Federal Reserve would help to push global borrowing costs costs lower, emerging markets need to find a way to stabilise debt without derailing economic growth, AllianceBernstein's Du Toit said.

"It's important for governments to not over-promise and under-deliver as the negative market reaction can be quite strong," said Nathalie Marshik, an emerging-market sovereign risk analyst at HSBC.

Global hydro rebound will curb fossil fuel growth in 2024

By John Kemp
London

Global hydroelectric generation slumped to a five-year low last year as a result of lower-than-average rainfall across China, North America and India, contributing to record fossil fuel combustion and emissions in 2023.

Global hydro generation amounted to 4,240bn kilowatt-hours (kWh) in 2023 down from a record 4,359bn kWh in 2020, according to the Statistical Review of World Energy published by the UK Energy Institute.

The slump over the last three years has been the largest on record, forcing the world's biggest producers to revert to coal and gas-fired power plants to replace lost generation, amplifying the upward trend in fossil fuel burning.

But hydro is set to rebound this year thanks to higher rainfall and snow melt in key areas, which will combine with rapid deployment of wind and solar power to curb growth in fossil fuel use in 2024.

Chartbook: Global hydroelectric generation Global hydro generation is highly concentrated, with two-thirds occurring in just seven countries — China (30%), Brazil (9%), Canada (9%), the US (6%), Russia (5%), India (4%) and Norway (3%).

China's generation fell by a massive 96bn kWh in 2023 compared with three years earlier, accounting for 80% of the generation lost worldwide, according to the Statistical Review.

Prolonged drought across south and central China cut water volumes down the Yangtze and other river systems, slashing power output even though the country brought new hydro dams and turbines into service.

But there were also sharp downturns compared with three years earlier in the US (-46bn kWh), Canada (-22bn kWh), India (-15bn kWh) and Russia (-15bn kWh).

In the US, hydro output fell to the lowest for 22 years, mostly as a result of an extended drought across the western part of the country, according to data from the US Energy Information Administration.

The outlook for hydro generators is looking more promising this year, with heavier rain and snowfall in most key producing areas, likely to drive a record one-year increase in output.

China's generation had already climbed by 57bn kWh (16%) in the first five months of 2024 compared with 2023, according to data from the National Bureau of Statistics.

Since then, southern and central regions have been inundated with heavier than normal monsoon rains, triggering multiple flood alerts on the Yangtze and other river systems.

With most of the main flood season still ahead in July and August, China's generation is on course to set new records as heavy river flows enable the country to make full use of newly installed turbines. By May 2024, China had installed 423mn kilowatts (kW) of generating capacity, up from 370mn kW when generation last peaked in 2020, so there is potential to increase output significant if river volumes are high enough. In Brazil, hydro has already set a new record of 206bn kWh in the first five months of the year, surpassing the previous high of 199bn kWh.

Reservoirs connected to the main Southeast and Midwest electricity transmission system, which account for most of the country's hydro potential, were storing enough water to generate 101bn kWh at the end of June.

Storage was down from 129bn kWh at this point last year but was otherwise the highest since 2012, according to data from the country's transmission operator.

US hydro generation has also started to recover from last year's low, with the government forecasting it will be 6% higher in 2024.

In China the main substitute for hydro is coal, while in Brazil and the US it is gas, so the rebound in hydro is likely to trim fossil fuel combustion and emissions.

If the hydro rebound is sufficiently large, and accompanied by continued rapid deployment of wind and solar farms, both of which seem likely, it could be enough to create a peak in coal burning and fossil fuel emissions, at least temporarily.

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

Canada puts its big miners off limits as M&A heating up

Bloomberg
Ottawa

Canada is making it harder for foreign firms to acquire its biggest mining companies, potentially taking some of the global industry's attractive takeover targets off the table.

The Canadian government will only approve foreign takeovers of large Canadian mining companies involved in critical minerals production "in the most exceptional of circumstances", according to the latest guidelines from Industry Minister Francois-Philippe Champagne.

The directive issued on Thursday is part of a sweeping effort by Prime Minister Justin Trudeau's government to protect Canada's critical minerals sector and national security interests.

The move appears to insulate domestic companies from takeovers when the world's biggest mining firms are hunting for metals that underpin the global transition away from fossil fuels. Industry giants such as Glencore Plc, BHP Group Ltd and Rio Tinto Plc have been seeking to boost exposure to metals like copper as the appetite for large, transformational deals returns across the industry.

Canadian mining firms, in turn, have become appealing targets. Teck Resources Ltd spent much of last year fending off Glencore's $23bn takeover attempt before the Swiss company opted instead to just buy the company's steelmaking-coal business. The federal government approved the $6.9bn deal, while also setting new criteria for future foreign mining deals.

Canada and its Western allies have become increasingly concerned about securing critical minerals needed for goods ranging from electric vehicle batteries to electronics, prompting them to push to develop supply chains to loosen China's global dominance over the industry.

"This high bar is reflective of the strategic importance of Canada's critical minerals sector and how important it is that we take decisive action to protect it," Champagne said in a statement. The government's list of 34 critical minerals includes copper, zinc, potash and uranium.

A spokesperson for the government declined to comment further on what might constitute exceptional circumstances for transactions. The Mining Association of Canada declined to comment on the new directive.

Foreign takeovers of mining companies have been a touchy topic in Canada ever since a wave of deals 18 years ago took out some of the country's biggest players, including nickel miner Inco Ltd and aluminium producer Alcan Inc. When BHP proposed a takeover of Potash Corp of Saskatchewan Inc in 2010, then-prime minister Stephen Harper's government blocked the deal on the grounds it wouldn't be of "net benefit" to the country.

Teck is one of the few large Canadian metals producers that survived a wave of industry takeovers, even though it has long been coveted by foreign competitors for its copper and zinc assets spread across the Americas. The Vancouver-based company is widely expected to become an acquisition target when founder and top investor Norman Keevil gives up control of the company in the coming years.

"Essentially they are saying to Glencore, don't bother coming back for the other half of Teck," said Canadian mining financier Pierre Lassonde, who launched a competing bid for Teck's coal assets last year. "It looks to me like Ottawa is prepared to ring-fence the Canadian critical metals industry with this new directive."

Bloomberg has reported previously that Rio Tinto had looked in the past at Canadian copper miner First Quantum Minerals Ltd, among other potential deals, although Rio Chief Executive Officer Jakob Stausholm had so far rejected the idea.

Other big Canadian miners include fertilizer producer Nutrien Ltd. and uranium giant Cameco Corp., in addition to Ivanhoe Mines Ltd, which has large copper and zinc operations in the Democratic Republic of Congo.

The new directives go even further than a crackdown on foreign takeovers from state-owned entities that began in October 2022. Champagne's ministry has thwarted several recent attempts by Chinese companies to make inroads in Canada's critical minerals sector through takeovers or major investments.

But Thursday's comments signal that the federal government is wary of foreign takeovers even from companies in friendly nations.

Canada's crackdown could also constrict access to capital for companies that rely on foreign investment to fund exploration and mining projects.

The government is "limiting" funding to the industry with their "more aggressive statements," said Shane Nagle, a metals and mining analyst with National Bank of Canada. "If that's going to be challenging to do, they'll just go elsewhere."

Banks' hedges are cheap before start of earnings season

Bloomberg
New York

JPMorgan Chase & Co, Wells Fargo & Co and Citigroup Inc. are kicking off the US banks' earnings season on Friday, and traders are feeling pretty relaxed about it.

The trio of stocks has surged more than 22% this year, yet the options market is showing little concern the rally may stumble. A measure of hedging costs for JPMorgan and Wells Fargo shares is hovering near its lowest level since 2021, while protection for Citigroup is below its one-year average, according to data compiled by Bloomberg.

The biggest US banks have sailed through the Federal Reserve's annual stress test, and many have increased their payouts to shareholders as the industry awaits a watered-down version of a proposal for stricter capital rules. Results in late June from Jefferies Financial Group Inc showed momentum building for investment banking, adding to optimism for a recovery after elevated interest rates throttled the pace of dealmaking.

For Morgan Stanley analyst Betsy Graseck, Citigroup, JPMorgan and Wells Fargo are the preferred names among large-cap banks into the earnings. She sees JPMorgan accelerating share repurchases over the coming quarters and potential upside in Wells Fargo's outlook for net interest income, while Citigroup's views on buybacks and revenue are likely to be a focus.

"Expect both earnings and forward commentary to add further confirmation that we are still in the early stages of a multi-year global capital markets recovery off of multi-decade lows versus nominal GDP," Graseck wrote in a note, adding that banks don't have "heroic assumptions" for loan growth this year.

When it comes to volatility following the results, options are pricing in stock moves more or less in line with what was seen after past reports. The market is currently expecting the biggest swings from Wells Fargo and Morgan Stanley — 3.4% gains or drops that match their average move following the last eight earnings.

The expectations for muted swings in bank stocks come as the broader market has been generally serene, with the Cboe Volatility Index recording its lowest average reading since 2017 in the first half. What's more, July is known to be particularly calm for equities: In the past 15 years, the VIX has had its lowest average daily reading during this month.

Following the last expiration, the number of options outstanding on JPMorgan, Citigroup and Wells Fargo has slumped, another indication that positioning remains light before the results. The open interest on JPMorgan's options is near a five-year low, while for Citigroup it hit the lowest since the start of 2022 and for Wells Fargo it's near its lowest since January.

"The set up looks very good for the banks over the next 18 months," RBC Capital Markets analyst Gerard Cassidy wrote in a note.

The Federal Reserve is expected to cut interest rates and banks' funding costs could start to fall, while the US economic expansion will help boost loan growth. RBC also sees lenders returning excess capital via buybacks and dividends. "We continue to recommend investors overweight bank stocks in portfolios."

IMF to consider options to lower penalties on big borrowers

Bloomberg
Washington

The International Monetary Fund headquarters in Washington, DC. The IMF is set to discuss a review of the fees it charges its biggest borrowers after some nations raised concerns that costs are becoming unreasonable due to higher interest rates.

The International Monetary Fund (IMF) is set to discuss a review of the fees it charges its biggest borrowers after some nations raised concerns that costs are becoming unreasonable due to higher interest rates.

The IMF board, made up of a management official and 24 members representing the Washington-based crisis lender's 190 countries, is set to weigh options to give nations a break on surcharges, according to people familiar with the plans, who asked not to be identified without permission to speak publicly. The fees apply to nations that borrow more than their allotted share or take longer to repay loans under IMF programmes.

The IMF declined to comment.

In April the lender said that the executive board would start looking into the surcharge issue this summer, which "may present options for possible changes" and will take into account implications for borrowers and the fund's risk management. A change to the policy would require 70% of the board's voting power to approve.

The meeting will address initial considerations for a review of the fees, according to one of the people, and no final decision is expected this week.

The Washington-based fund has collected the fees for years as a way to discourage its biggest borrowers from becoming too reliant on the crisis lender. While the fees have filled up the fund's coffers, they've also added billions of dollars in extra costs for countries that are already hurting, according to data compiled by the Center for Economic and Policy Research.

Higher global interest rates, particularly from the US Federal Reserve and European Central Bank, mean that the total rate on some loans from the IMF is now higher than 8%. That's double the level before the Covid-19 pandemic. The burden is being carried mainly by a handful of countries including Argentina, Egypt and Ukraine topping $6bn.

The Fund charges a rate of 200 basis points, or 2 percentage point, on outstanding loans above 187.5% of a country's normal access — known as "quota" — to IMF financing. That rises to 300 basis points if a loan remains above this percentage after three years, according to the IMF's website. That's on top of the IMF's basic rate, which currently adds up to about 500 basis points.

The IMF meeting comes two weeks before Brazil is set to host meetings of the Group of 20 finance ministers and central bankers in Rio de Janeiro. Brazil's President Luiz Inacio Lula da Silva, as host of the forum this year, has promised to make the fees a top issue amid his calls to reform the international financial system.

The IMF has said the fees are a necessary part of its financial model, meant to discourage borrowing too much or taking too long to repay. Borrowers and their supporters say surcharges drain resources needed for essentials such as food and healthcare, and are increasingly punitive given faster inflation and higher interest rates.

The US, the IMF's biggest shareholder, has signalled a willingness to reconsider the fees.

US Treasury Secretary Janet Yellen is likely to be asked about lowering surcharges on Tuesday when she testifies on the state of the international financial system at a House committee hearing. Several Democrats on the committee, including Joyce Beatty, Ayanna Pressley and Rashida Tlaib, joined Representative Chuy Garcia earlier this year to introduce a bill for the US to support a review of lowering the fees and a pause during the review.

Rise of Telegram-friendly chain spurs talk of crypto super app

Bloomberg
New York

One of the top performers in crypto this year is a project with ties to Telegram Messenger LLP, a rival to WhatsApp whose blockchain plans have previously drawn the ire of US regulators.

The Open Network (TON) blockchain has seized the crypto spotlight even amid a broader rally in the sector that saw Bitcoin hit new heights before a recent selloff. With access to Telegram's 900mn monthly active users through a partnership, the value of assets locked on TON surged 1,400% this year to briefly top $1bn.

The blockchain's token has broken into the top 10 by market capitalisation after roughly tripling since January, according to data tracked by DeFiLlama and CoinGecko.

TON's performance has rekindled hopes that Telegram — long the messaging app of choice in crypto — may evolve into a "super-app" spanning social interactions, gaming and financial tools in the style of Chinese giants like WeChat.

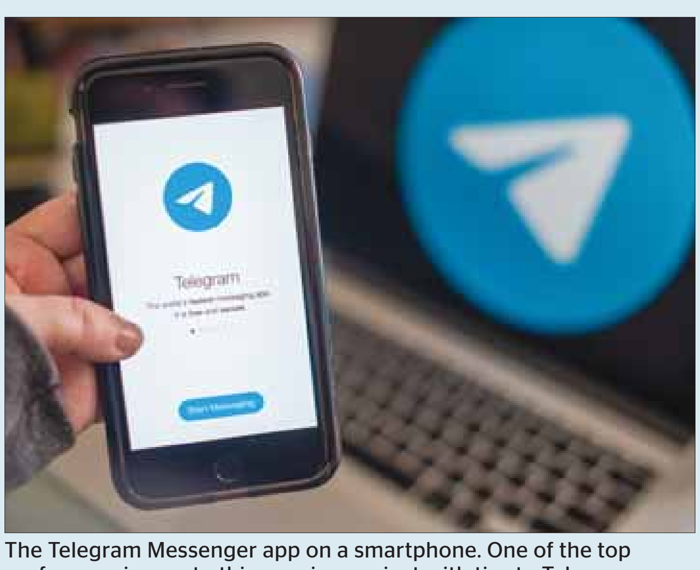
"Telegram is the only major platform that is free of regulatory hurdles to incorporate Web3 for an open blockchain network," said Pantera Capital Management LP, in a May statement announcing the firm's largest ever investment — a purchase of TON's tokens. Pantera didn't disclose the size of the deal.

Telegram was established in 2013 by Russian brothers Pavel and Nikolai Durov, who after gaining traction raised $1.7bn in 2018 in one of the largest initial coin offerings ever to launch what was then called the "Telegram Open Network."

The project quickly found itself in the crosshairs of the US Securities and Exchange Commission. By 2020, Telegram had settled with the regulator, agreeing to return the proceeds of the ICO alongside an $18.5mn penalty.

The TON Foundation, which a spokesperson described as a "fork" of the Telegram Open Network, emerged a year later, but is "completely separate" from both the Telegram Open Network and Telegram, they added.

Some are sceptical. While the two entities may be nominally independent, "TON is at this point almost entirely dependent on Telegram, and so practically speaking it seems very unlikely that the network's operators will make decisions that go against Telegram's interests," said crypto researcher Molly White in an emailed response to Bloomberg News.



The Telegram Messenger app on a smartphone. One of the top performers in crypto this year is a project with ties to Telegram Messenger, a rival to WhatsApp whose blockchain plans have previously drawn the ire of US regulators.

Telegram said in February this year that it would "exclusively use the TON blockchain" for payments related to a new ad-revenue sharing programme.

Soon after, key metrics for the blockchain veered dramatically upwards. The number of daily active users on TON recently exceeded 350,000, according to TonStat data.

As the world becomes more global and more digital, "these sort of payment solutions that are instant and have nothing to do with borders in terms of slowing things down just look like a killer app," said Richard Galvin, co-founder and CEO of the crypto investment firm DACM, which purchased TON tokens in a private round in early 2023.

One increasingly burdensome constraint on the growth of crypto apps is Know Your Customer and Anti-Money Laundering checks. Crypto exchange behemoth Binance's failure to adequately screen customers was a key focus of US authorities that brought wide-ranging charges against the company last year, a tussle that resulted in a historic $4.3bn settlement and jail time for former CEO Changpeng Zhao.

TON enforced new KYC and AML checks from June 3, requiring users to share their name, date of birth and phone number to continue accessing key wallet features. Before then, users had to provide a national ID for transactions above an unspecified threshold, according to a spokesperson.

The new tiered KYC system — with basic, extended and advanced bands — demands gradually more information from users based on how much they transact.

The service has also been restricted in the US among other jurisdictions since launch, Halil Mirakhmedov, CSO of The Open Platform and Wallet said.

There are signs that payments will soon come to the fore. After an April partnership with Tether, the $113bn stablecoin issuer, usage of USDT on TON has risen to over $550mn, according to DeFiLlama data.

While the early appeal of the blockchain was more centred on gaming and decentralised finance, "going forward we see more use cases around payments and remittance," said Cosmo Jiang, portfolio manager at Pantera.

DACM's Galvin sees consumer-facing platforms underpinned by blockchain software as the key growth area in crypto over the next three years. TON, which according to Mirakhmedov aims to capture a full third of Telegram's user base by 2028, may fit the bill.

Dr Talal Abdullah al-Emadi appointed as judge in Qatar International Court

The Qatar International Court and Dispute Resolution Centre (QICDRC) has announced the appointment of Dr Talal Abdullah al-Emadi as a judge.

Dr al-Emadi, currently the dean of the College of Law at Qatar University (QU), brings a wealth of experience and expertise to the QICDRC, enhancing its mission to provide world-class legal and dispute resolution services.

He is a distinguished legal scholar and practitioner with a notable career in both academia and the legal profession. As a founding faculty member of QU's College of Law and the founder of the Oil and Gas Law course, he has significantly contributed to legal education in Qatar.

Dr al-Emadi focused on the legal aspects of petroleum investment, particularly emphasising the importance of trust and long-term relationships between Qatar and international oil and gas companies. He also founded Qatar University Press, which achieved accreditation as a member of the Association of University Presses in less than four academic years.

Dr al-Emadi holds a doctorate in law (DPhil) from the University of Oxford and a master's degree in law (LLM) from Harvard University. His research addressed critical issues, such as joint venture agreements in the Qatari gas industry and the intersection of health, law, disability, and ethics.

He has also been instrumental in mentoring, coaching and training the first team to represent Qatar in the Jessup International Law Moot Court Competition and later serving as a judge in the same competition.

Dr Talal Abdullah al-Emadi.

Beyond academia, Dr al-Emadi has held various influential positions at national and international levels. He has chaired the Mediation Division at the Qatar Sports Arbitration Tribunal, participated in numerous committees related to climate change, international law, and public sector leadership and served as a legal counsellor to the Minister of State for the Council of Ministers Affairs at the Amiri Diwan.

His international engagements include serving on the Harvard University IGLP Academic Council, the International Association of Law Schools Board, and the Editorial Board of the Oxford University Press Journal of World Energy Law & Business.

Dr al-Emadi's extensive knowledge, leadership, and commitment to excellence will greatly benefit the Court and its stakeholders. His appointment represents a significant milestone in QICDRC's continued efforts to enhance its judicial capabilities and maintain the highest standards of legal and dispute resolution services.

IIQS Qatar hosts CPD session on construction litigation

The Indian Institute of Quantity Surveyors (IIQS) Qatar Chapter recently concluded a CPD session (CPD6/2024) on 'Construction Litigation in Qatar - QS Point of View - With Case Studies'.

The session's focus on real-life case studies provided practical insights for quantity surveyors dealing with such challenges.

The event provided valuable insights for quantity surveyors (QS) dealing with construction disputes in Qatar. Qatari arbitrator and mediator, Abduljabbar A Noor Saifaldeen, FCIArb, led the session, presenting real-life case studies to illustrate key points.

The CPD session on construction litigation highlights the IIQS Qatar Chapter's dedication to equipping its members with the knowledge and expertise necessary to navigate the complexities of construction disputes in Qatar. The session's focus on real-life case studies provided practical insights for quantity surveyors dealing with such challenges.

Established in December 1998, the IIQS is a professional body for quantity surveyors. Its members encompass professionals working in quantity surveying, cost management, commercial management, contract management, property development, engineering, and related fields.

Committed to its members' growth, the IIQS regularly organises CPD events and seminars, fostering academic and professional development. The IIQS Qatar Chapter, incorporated in India in 2011, has been affiliated with the Indian Business and Professionals Council (IBPC) under the embassy of India in Qatar since June 2013.

Global Finance recognises QDB as 'Qatar's Best SME Bank and Trade Finance Provider for 2024'

Qatar Development Bank (QDB) added to its list of prestigious awards two new accolades from *Global Finance* magazine.

The publication named QDB as 'Qatar's Best SME Bank and Trade Finance Provider for 2024' in recognition of its achievements in supporting Qatari small and medium-sized enterprises (SMEs) and offering diverse financing programs to foster the private sector. QDB CEO Abdulrahman Hesham al-Sowaidi said: "We are pleased with this international recognition, which represents the outcome of our efforts in developing services and financing solutions to empower SMEs and entrepreneurs. At QDB, we are committed to providing integrated services to entrepreneurs in terms of financing and development solutions both domestically and overseas through our general and specialized programmes."

He added: "Through these programmes, we ensure diversification in priority economic sectors, provide a pioneering and appropriate investment environment for businesses, and transform Qatar into an innovation and investment hub under Qatar's Third National Development Strategy."

Global Finance's Best SME Bank award is considered one of the most prestigious honours when evaluating the performance of financial institutions around the world. Participating institutions were assessed during the April 2022-March 2023 period in terms of knowledge of SME markets and their needs and the breadth of the bank's products and services, as well as its market position and innovative offerings.

Other secondary evaluation criteria covered the institution's international reach, its partnerships, its employees' expertise, the quality of its customer service, and how it managed risks and harnessed technology in its operations.

According to the magazine, QDB was able to serve SMEs through more than 40 financing programmes tailored to the needs of entrepreneurs, disbursing around QR1bn in direct loans between April 1, 2022 and March 31, 2023, raising QDB's total financing to SMEs to approximately QR6.7bn, in addition to investing QR74.84mn in SMEs during the same period. QDB was also recognised for its digital initiatives in support of Qatar's entrepreneurship ecosystem, including the launch of the QDB Digital Portal and the bank's various programmes to finance digitisation solutions.

The bank also launched several initiatives in the field of sustainability, including its Green Financing Programme to support companies with sustainable business models through local and international partnerships and established the National Guarantee Programme to help companies mitigate the negative repercussions of the Covid-19 pandemic.

These initiatives reflect the bank's commitment to accelerating the private sector's adoption of emerging technologies and supporting the digital transformation of SMEs per Qatar's National Development Strategy.

QDB was named as the Best Trade Finance Provider in Qatar in recognition of its excellence in supporting export-oriented businesses during the first nine months of 2023. The award underscores the bank's pivotal role in terms of providing access to financing solutions and international markets, its share of total outstanding loans, the volume of financed transactions and the extent of its commitment to expanding its technology investments, the scope of its operations, and its suite of products and financing solutions. The bank's efforts enabled over QR1.21bn in exports in the first nine months of 2023 with 215 companies benefiting from the bank's export development and promotion initiatives and programmes.

The bank also offered training programmes to equip businesses and entrepreneurs with the necessary skills and expertise to access global markets, leading to an increase in export-oriented businesses. Today, 70% of the bank's customers leverage its digital services. QDB continues to develop and diversify its services and financing solutions in co-operation with local financial institutions and is pursuing new initiatives in the field of digital transformation while expanding its operations to support the private sector.

Domestic, foreign funds lift QSE index 34 points; Islamic equities continue to outperform

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) yesterday gained about 34 points on buying interests, especially at the telecom, realty and banking counters.

The domestic funds were increasingly net buyers as the 20-stock Qatar Index rose 0.33% to 10,156.86 points, recovering from an intraday low of 10,100 points.

The foreign institutions turned bullish in the main market, whose year-to-date losses truncated further to 6.22%.

As much as 54% of the traded constituents extended gains to investors in the main bourse, whose capitalisation added QR1.67bn or 0.29% to QR585.82bn on the back of small cap segments.

The Arab retail investors' weakened net profit booking had its influence on the main market, which saw 9,102 exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.04mn trade across seven deals.

The Gulf individuals' lower net selling had its say 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 and volumes were on the rise.

The Total Return Index gained 0.33%, the All Share Index by 0.3% and the All Islamic Index by 0.36% in the main market.

The telecom sector index shot up 0.98%, realty (0.76%), banks and financial services (0.43%), consumer goods and services (0.14%) and industrials (0.05%); while insurance declined 0.26% and transport was flat.

Major gainers in the main bourse included Vodafone Qatar, QIIB, Mannai Corporation, Nakilat, Qatar Industrial Manufacturing and Industries Qatar. In the venture market, Al Mahhar Holding saw its shares appreciate in value.

Nevertheless, Inma Holding, Milaha, Gulf International Services, Dlala and Ahlibank Qatar 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 increased drastically to QR41.72mn compared to QR13.72mn on July 7.

The foreign institutions turned net buyers to the tune of QR5.53mn against net profit takers of QR9.03mn the previous day.

The Arab individual investors' net selling declined perceptibly to QR2mn compared to QR3.77mn on Sunday.

The Gulf retail investors' net profit booking weakened markedly to QR0.24mn against QR1.58mn on July 7.

The Arab institutions' net selling eased marginally to QR0.09mn compared to QR0.13mn the previous day.

However, the Qatari individual investors' net selling grew substantially to QR27.69mn against QR10.04mn on Sunday.

The Gulf institutions were net sellers to the tune of QR14.33mn compared with net buyers of QR8.41mn on July 7.

The foreign retail investors turned net sellers to the extent of QR2.98mn against net buyers of QR2.41mn the previous day.

Trade volumes in the main market expanded 7% to 153.03mn shares, value by 50% to QR460.15mn and transactions by 42% to 14,420.

The venture market saw 73% plunge in trade volumes to 0.67mn equities, 66% in value to QR1.58mn and 35% in deals to 149.

The domestic funds were increasingly net buyers as the 20-stock Qatar Index rose 0.33% to 10,156.86 points, recovering from an intraday low of 10,100 points

Nvidia dethrones Tesla as single-stock ETF king with 400% rally

Bloomberg
New York

There's a new stock reigning supreme in a speculative part of the ETF investment landscape.

Thanks to the relentless artificial-intelligence boom, Nvidia Corp now holds a commanding position in exchange-traded funds that track a single company — representing more than half of all assets across so-called single-stock ETFs, over $6bn in total. Meanwhile, Tesla Inc-centric funds represent just a fifth of all holdings in the sector, down from two-thirds last year, according to data from JPMorgan Chase & Co and Bloomberg Intelligence.

Even as the electric-car maker enjoys a stock rebound, its stature among day traders has diminished. These days, they're increasingly lured by the riches on offer trading the world's pre-eminent chip designer via the amped-up ETFs. All told, Nvidia-focused ETFs have taken in $4.4bn so far this year, roughly six times more than what they garnered during all of 2023, according to the BI data. Meanwhile, flows into funds tracking only Tesla amount to just over $1bn this year, compared with last year's $2.8bn haul.

"NVDA funds have become more popular given investors' focus on the AI theme and the stock's strong outperformance," a JPMorgan research team including Bram Kaplan wrote in a recent note.

Single-stock ETFs, which offer juiced-up or inverse returns on their underlying companies, launched two years ago. There are currently around 60 such funds listed in the US, with about $13bn in total assets. Besides Tesla and Nvidia, there are also funds tracking companies including Apple Inc, Amazon.com Inc and Microsoft Corp. When regulators allowed these types of funds to launch in 2022, they said they presented a "particular risk," as worries swirled about how retail traders might use them. Indeed, they've become so popular that one issuer is even looking to introduce a 2x MicroStrategy Inc. ETF that, if launched, would become the most volatile fund to debut in the US, according to Bloomberg Intelligence.

"As an industry, we should continue to be concerned that retail investors still do not fully understand how single-stock ETFs are designed to be utilized, namely for intraday use and not as part of a long-term investment strategy," said Amrita Nandakumar, president of Vident Asset Management. Last year, funds tied to Tesla held the majority of single-stock-ETF assets and also accounted for the vast bulk of the cohort's daily trading volumes. Its famous volatility likely drew a lot of traders in — it gained 102% in 2023, after a 65% drop the year prior.

But this year has been all about Nvidia and the AI craze it has sparked and continues to fuel. One of the single-stock ETF standouts among the bunch focused on the firm has been GraniteShares 2x Long NVDA Daily ETF (ticker NVDL), which gives investors two times the daily return of the underlying shares.

Amid the fund's 400% year-to-date rally, its assets have grown to nearly $5bn from around $210mn at the start of the year. It can now consistently be found among the most-traded ETFs on a daily basis.

"If you love Nvidia, you're going to love 2x Nvidia even more," GraniteShares founder and CEO Will Rhind said on Bloomberg TV's ETF IQ recently. "You've got to go where the enthusiasm is," he said, adding "the whole conversation is dominated by Nvidia, and that's why I think Nvidia is the most important stock in the world right now.