To advertise here
CONTACT:
444 666 21

MONETARY POLICY | Page 4
Lowest eurozone inflation in 3 years sets up ECB for rate cut

TO ADVERTISE HERE
Call: 444 11 300

Saturday, August 31, 2024
Safar 27, 1446 AH

GULF TIMES
BUSINESS

LONG-TERM BONDS : Page 2
Risky French debt draws bold buyers looking past political mess

COMMERCIAL BANK
Qatar's first and largest warehouse SALE with up to 50% discount!
Exclusive for Commercial Bank Cardholders!
29 August 2024 - 31 August 2024 · Abu Sidra Mall
Entry is exclusive for Commercial Bank Debit and Credit Cardholders!
For more information, scan the QR Code

Qatar's industrial producers' price index increases in July: NPC

By Santhosh V Perumal
Business Reporter

Qatar's producers' price index (PPI), which measures the average changes in prices received by domestic producers for their output, zoomed 7.19% year-on-year this July on surge in the index of hydrocarbons and certain manufactured products such as rubber and plastics, refined petroleum products, and cement, according to the official estimates.

The country's PPI was up 0.6% month-on-month in the review period, mainly due to increase in the indices of refined petroleum products and cement, said the figures released by the National Planning Council (NPC).

The PPI measures inflation from the perspective of costs to industry or producers of products as it measures price changes before they reach consumers. The NPC had released a new PPI series in late 2015. With a base of 2013, it draws on an updated sampling frame and new weights.

The previous sampling frame dates from 2006, when the Qatari economy was much smaller than today and the range of products made domestically much narrower.

The mining PPI, which carries the maximum weight of 82.46%, reported a 7.55% increase year-on-year in July 2024 owing to a 7.57% jump in the extraction of crude petroleum and natural gas and 0.04% in index of other mining and quarrying. The mining sector reported a 0.6% rise on a monthly basis in July 2024 on a 0.6% expansion in the extraction of crude petroleum and natural gas and 0.6% in other mining and quarrying.

The manufacturing sector PPI, which has a weight of 15.85% in the basket, shot up 5.52% year-on-year in July 2024 on account of 19.97% expansion in the index of rubber and plastics products, 7.3% in refined petroleum products, 5.97% in chemicals and chemical products, 5.15% in cement and other non-metallic mineral products, 2.37% in beverages and 2.17% in food products. Nevertheless, there was 1.51% shrinkage in the index of basic metals and 0.49% in printing and reproduction of recorded media in the review period.

The manufacturing sector had seen a 0.78% month-on-month growth this July on 2.08% increase in the index of refined petroleum products, 1.95% in cement and other non-metallic mineral products, 0.52% in rubber and plastics, 0.51% in basic metals and 0.36% in chemicals and chemical products; even as there was a 0.16% decline in the index of printing and reproduction of recorded media.

The index of electricity, gas, steam, and air conditioning supply reported 0.04% and 2.45% contraction year-on-year and month-on-month respectively in July 2024.

The index of water supply was seen gaining 10.12% and 3% on annualised and monthly basis respectively in the review period.

The Ras Laffan Industrial City. Qatar's producers' price index, which measures the average changes in prices received by domestic producers for their output, zoomed 7.19% year-on-year this July on surge in the index of hydrocarbons and certain manufactured products such as rubber and plastics, refined petroleum products, and cement, according to the official estimates.

Free Zones Authority CEO meets Kazakhstan's ambassador

QNA
Doha

CEO of the Free Zones Authority HE Sheikh Mohamed bin Hamad bin Faisal al-Thani, met with the ambassador of the Republic of Kazakhstan to the State of Qatar Arman Issagaliyev, during his visit to Ras Bufontas Free Zone.

The two sides discussed ways of co-operation between the two countries, and attracting companies wishing to expand their operations in Qatar, through investment opportunities in the country and co-operation with free zones and industrial zones in Kazakhstan.

The Authority said in a statement that the visit comes within the context of continuing co-operation between the two parties based on the CEOs participation in the roundtable business meeting between the State of Qatar and Kazakhstan, which was held in February of this year, in the presence of the President of the Republic of Kazakhstan Kassym-Jomart Tokayev.

Opec+ may proceed with planned production hike from October

Reuters
Moscow/London

Opec+ is set to proceed with a planned oil output hike from October, as Libyan outages and pledged cuts by some members to compensate for overproduction counter the impact of sluggish demand, six sources from the producer group told Reuters.

Eight Opec+ members are scheduled to boost output by 180,000 barrels per day (bpd) in October, as part of a plan to begin unwinding their most recent layer of output cuts of 2.2mn bpd while keeping other cuts in place until end-2025.

A slowdown in demand growth, notably in China, has weighed on oil prices and prompted some analysts to doubt whether the Organisation of the Petroleum Exporting Countries (Opec) and allies, known as Opec+, will go ahead with the October increase.

But the six Opec+ sources told Reuters the plan to increase production remains in place as the loss of Libyan output tightens the market and hopes build that the US Federal Reserve will cut interest rates in mid-September.

Opec, the Saudi government communications office and the office of Russian Deputy Prime Minister Alexander Novak didn't immediately respond to requests for comment.

"There are many uncertainties on demand but there is also the hope that the Fed's interest rate cut will boost economic growth," one of the sources said.

Opec had previously communicated that it could pause or reverse the production hikes if it decides the market is not strong enough.

Two of the sources said that future output hikes will be decided on a month by month basis.

Global oil strength lifts QSE 80 points; M-cap adds QR6.46bn

By Santhosh V Perumal
Business Reporter

WEEKLY REVIEW

The Qatar Stock Exchange (QSE) saw its key index gain more than 80 points and capitalisation add QR6.46bn this week, which recorded rising world oil prices on geopolitical tensions in the Middle East.

The foreign institutions were seen bullish as the 20-stock Qatar Index settled 0.79% higher this week which saw the global index compiler FTSE Russell include Baladna and Gulf Warehousing in its microcap indices.

The real estate, insurance, banking and transport counters witnessed higher than average demand in the main market this week which saw Qatar's trade surplus amount to QR20.13bn in June 2024.

The Arab individuals were seen increasingly net buyers in the main bourse this week which saw Estithmar Holding issue QR500mn sukuk, the first corporate Islamic bond in local currency.

About 83% of the traded constituents extended gains to investors in the main market this week which saw Lesha Bank acquired a residential building in the Pearl Qatar.

The domestic institutions continued to be net buyers but with lesser intensity in the main bourse this week, which saw Mannai Infotech and Businessnext ink strategic agreement to digitally transform the country's banking sector. The Gulf funds were increasingly net sellers in the main market this week which saw a total of 0.05mn Masraf Al Rayan-sponsored exchange-traded fund QATR worth QR0.12mn trade across 12 deals.

The local retail investors were also increasingly net profit takers in the main bourse this week which saw as many as 0.01mn Doha Bank-sponsored exchange-traded fund QETF valued at QR0.05mn change hands across 10 transactions.

The foreign individuals were seen bearish in the main market this week which saw the banks and industrials sectors together constitute about 51% of the total trade volumes.

The Islamic index was seen gaining faster than the main barometer in the main bourse this week, which saw no trading of sovereign bonds.

Market capitalisation added 1.1% to QR591.64bn on the back of large and midcap segments this week, which saw no trading of treasury bills.

Trade turnover and volumes were on the rise in the main market, while in the venture market; both trade volumes and value were on the decline this week.

The foreign institutions were seen bullish as the 20-stock Qatar Index settled 0.79% higher this week

The Total Return Index rose 0.79%, the All Share Index by 1% and the All Islamic Index by 0.86% this week. The realty index shot up 3.1%, insurance (2.39%), banks and financial services (1.32%), transport (0.9%), industrials (0.41%) and telecom (0.4%); while consumer goods and services declined 0.63% this week.

Major gainers in the main bourse included Qatar General Insurance and Reinsurance, QLM, Mazaya Qatar, Gulf Warehousing, Barwa, QNB, Masraf Al Rayan, Lesha Bank, Alijarah Holding, Inma Holding, Salam International Investment, Mekdam Holding, Al Faleh Educational Holding, Aamal Company, Qamco, Ezdan and Milaha. In the venture market, Al Mahhar Holding saw its shares appreciate in value this week.

Nevertheless, Woqod, Doha Bank, Qatar Cinema and Film Distribution, Qatari Investors Group and Estithmar Holding were among the shakers in the market.

In the junior bourse, Techno Q saw its shares depreciate in value this week. The foreign funds turned net buyers to the tune of QR31.72mn against net sellers of QR18.43mn the week ended August 22.

The Arab individual investors' net buying increased noticeably to QR9.13mn compared to QR0.55mn a week ago.

The Gulf individuals were net buyers to the extent of QR0.09mn against net profit takers of QR3.19mn the previous week.

However, the Gulf funds' net selling strengthened substantially to QR29.01mn compared to QR4.25mn the week ended August 22.

The local individual investors' net profit booking grew marginally to QR25.12mn against QR24.5mn a week ago.

The foreign individual investors turned net sellers to the tune of QR3.2mn compared with net buyers of QR1.39mn the previous week.

The Arab institutions' net profit booking rose marginally to QR0.09mn against QR0.05mn the week ended August 22.

The domestic funds' net buying weakened substantially to QR16.49mn compared to QR48.48mn a week ago.

The main market witnessed 56% surge in trade volumes to 826.34mn shares, 53% in value to QR2.01bn and 32% in deals to 72,582 this week. In the venture market, trade volumes tanked 65% to 6.58mn equities, value by 61% to QR15.11mn and 6% in transactions to 674.

JPMorgan sticks to bullish Mexican peso call as rival banks exit

Bloomberg
Mexico City

The Mexican peso's three-month slide has made it a bargain for investors willing to stomach the market turbulence that likely lies ahead, according to JPMorgan Chase & Co.

The biggest US bank is sticking to a call to pile into the peso. That's even as soaring volatility and a roughly 14% rout versus the dollar since the end of May pushed rivals including Barclays Plc, Citigroup Inc and Goldman Sachs Group Inc to close bullish recommendations over the last few weeks.

The selloff shows no signs of abating. The currency is down more than 3% this week, hovering around 19.8 per dollar. If it ends the New York session at these levels, it will be the lowest since late 2022.

It's the latest leg of a drop that's made the peso by far the worst-performing currency in the developing world since June elections ushered in worries about Mexican President Andres Manuel Lopez Obrador's plans to overhaul the nation's judiciary. The concerns that the new rules could erode checks and balances have outweighed any sense of relief for emerging markets from expectations for easier Federal Reserve policy.

But Saad Siddiqui, an emerging-markets fixed-income strategist at JPMorgan, insists the slump spells opportunity.

Some of the forces that made the peso the world's strongest major currency for most of the past two years, such as rising remittances from the US and investment from companies looking to move production closer to the US, are intact, he argues.

"At 19, there's no question mark about the valuation of the peso," Siddiqui said in an interview. The broad backdrop has led the bank to pitch an overweight recommendation since November 2022. Since the initiation of that call the peso has weakened 1.1%, although the bank has had a hedge in place since May.

In May, the bank recommended a two-pronged hedge for the overweight peso position. It suggested selling a three-month dollar-peso digital call, betting the pair will be below 18.50 at the end of that period. It combined that with going long a six-month digital call at the same strike price.

This week underscores the volatility facing peso investors, who have already been hit hard by the unwinding of global carry trade positions, and now have to contend with a new government at home and elections in the US, Mexico's biggest trading partner. On Monday, the Mexican president's judicial overhaul got a nod from a key congressional committee, sparking fresh peso weakness. The fear around that is that it will erode limits on the ruling party's power.

On Wednesday, the currency rebounded after the incoming leader of the ruling party in the lower house, Ricardo Monreal, said lawmakers won't rush the proposal. It later trimmed the gains after President-elect Claudia Sheinbaum, who takes over in October, said two opposition senators had joined the ruling coalition, moving her government closer to the supermajority needed in both chambers to change the constitution. On Thursday, the peso resumed its slump.

Then there's the approaching US presidential election, which is contributing to higher volatility across currency markets. The outcome of the vote is particularly important for Mexico, given speculation around increased tariffs should former President Donald Trump win in November.

Oil bears focus on lacklustre demand and output boost

By John Kemp
London

Investors have remained resolutely bearish about the outlook for petroleum prices despite increasing confidence the US Federal Reserve will cut interest rates to stimulate consumer and business spending.

Fund managers reverting to selling oil futures and options last week as the short-covering rally the week before rapidly ran out of momentum and negative sentiment returned.

Hedge funds and other money managers sold the equivalent of 48mn barrels in the six most important futures and options contracts over the seven days ending on Aug 20.

Funds have been sellers in six of the last seven weeks, reducing their position by a total of 346mn barrels since the start of July, according to records filed with exchanges and regulators.

The combined position had been reduced to just 178mn barrels, the fourth-lowest on record in weekly data going back to 2013, down from a recent high of 524mn on July 2 (40th percentile).

In the most recent week, managers sold European gas oil (-20mn barrels), NYMEX and ICE WTI (-18mn), Brent (-9mn) and US diesel (-4mn), and only purchased US gasoline (+3mn).

Positioning had become extremely bearish across the complex, with the limited exception of WTI, where it was just bearish.

Positions in middle distillates, the most sensitive to the business cycle, were the most negative since the mid-cycle slowdown in 2015/16.

Increasing confidence the Federal Reserve and other major central banks will cut interest rates to stoke consumer spending and business investment had not dispelled concerns about weak growth in oil consumption.

Traders were also concerned about pending output increases by Saudi Arabia and its Opec+ allies from the start of October, which if carried out might boost inventories and further depress prices. There was still considerable potential for short-covering and the rebuilding of bullish positions to help propel prices higher if sentiment becomes more bullish or at least less bearish.

For now, however, price increases have been capped by lingering doubts about the economic outlook and fear about Opec+ adding more oil to the market.

Portfolio investors lifted their position in US gas slightly as the combination of hotter-than-normal temperatures and ultra-low fuel prices for power generators continued to whittle away excess inventories.

Hedge funds and other money managers purchased the equivalent of 163bn cubic feet (bcf) of futures and options linked to the price of gas at Henry Hub in Louisiana.

Short-covering accounted for all the buying as funds repurchased 164 bcf of previous short positions over the week ending on August 20.

As a result, the combined position was boosted to a net long of 515 bcf (46th percentile for all weeks since 2010), the highest for seven weeks. Working gas inventories have accumulated by only 100 bcf over the last six weeks, the smallest seasonal increase since at least 2010.

Inventories were still +378 bcf (+13% or +1.21 standard deviations) above the prior 10-year seasonal average on Aug. 16.

But the surplus has narrowed from +538 bcf (+20% or +1.44 standard deviations) as recently as July 5 as generators maximised the opportunity to use cheap gas to meet strong airconditioning demand.

With airconditioning season more than half over, it is virtually certain inventories will still be above average when the winter heating season starts on November 1.

But the surplus is progressively eroding and is on course to be eliminated entirely before the end of winter 2024/25.

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

Risky French debt draws buyers looking past political mess

Bloomberg
Paris

A very small band of investors is starting to snap up French debt after three months of volatility turned off most funds.

Jupiter Asset Management and hedge fund Mount Lucas Management are among those looking past the country's recent political turmoil — it currently doesn't even have a prime minister — and swelling pile of public debt, to buy its long-term government bonds. That's a wager based on the view that a selloff has been overdone since surprise elections were called in June.

"We do like France," said Mark Nash, Jupiter Asset Management's head of fixed-income alternatives, pointing to an excessive risk premium versus neighbour Germany that now makes the bonds "cheap." He reckons the region's interest-rate cuts will end up taking the sting out of its debt burden.

The market is assigning a high level of risk to France, with this yield premium to haven German debt having soared in June to the highest since 2012, the time of the euro-area debt crisis. It's still elevated after the election as divergent parties vie to form a government, while the country's stocks are lagging peers.

French President Emmanuel Macron has prolonged discussions this week on appointing a prime minister after rejecting Lucie Castets, the candidate representing the New Popular Front leftist alliance, which won the largest number of seats in the election but not enough to govern alone. Its pledges for vast public spending and higher taxes have spooked investors.

For Nash, it's his latest punt on an unloved section of the market, following multiple bets on Greece and then two-year US Treasuries last year. He just increased his long position on 30-year French debt last week, seeing the recent downturn in global economic data helping drive further European Central Bank rate cuts. He expects the French premium on this tenor to fall to 60 basis points, from over 100 now.

"The debt credibility issue for France is a problem when you have an environment in which global real rates are rising and rising, which we had before," he said. "France will be bailed out by the ECB cutting eventually." Allianz Global Investors, one of Europe's biggest funds, also sees near-term opportunity in French bonds. It expects the situation in parliament, where no one party is able to act alone, will mean no extreme fiscal policies can be implemented.

City workers in the La Defense business district of Paris. A very small band of investors is starting to snap up French debt after three months of volatility turned off most funds.

Still, it's not clear Macron can easily find a prime minister who would have the cross-party support that he said the NPF and Castets lacked to withstand no-confidence votes in parliament. Some members of the left-wing alliance have indicated they could agree to not censure a more centrist figure, on the condition there is a clear shift away from Macron's pro-business policies.

There is no official deadline for a decision, but there is growing urgency for a new government to get to work in order to present a budget at the end of September. That's no bar for David Aspell, co-chief investment officer and partner at Mount Lucas Management, which purchased the bonds in the firm's quant strategy.

"The parliamentary things seem like they will work themselves out," he said.

Yet most of the market sees too much risk to make such a wager at the moment. More than 10 investment firms contacted by Bloomberg said they were not buying French bonds, including the likes of Vanguard Asset Management, Abrdn Plc and JPMorgan Asset Management.

Even once a new premier is in place, they will be under pressure on the budget from all sides. Lawmakers from the NPF alliance and Marine Le Pen's National Rally — the single party with the largest number of seats in the National Assembly — were elected on platforms to boost spending and undo some of Macron's key pro-business measures of recent years, including his decision to raise the retirement age in 2023.

"Budget discussions could create renewed tensions," said Ales Koutny, head of international rates at Vanguard, which is using short positions on French bonds to hedge its long bets on Spanish and Greek debt. "We think the current spread is fair. We need some resolution regarding the budget and no increase in the deficit to make us reassess our view."

The EU has already reprimanded France for running a big deficit. In April the government forecast debt would hit 113.1% of annual economic output next year, up from 112.3% in 2024. That's well above Spain and Portugal, traditionally considered more risky for bond investors.

"We don't own any French bonds. Should we?" said Jack McIntyre, portfolio manager at Brandywine Global Investment Management. "What we find unattractive about French bonds are valuation, uncertainty over politics, but most importantly better opportunity elsewhere."

Some funds pointed to Spain as a better option. For those willing to bet on a recovery in France, the trajectory of Italy may offer a positive model. Perennially seen as risky, given inflated debt and fractured coalition politics, right-wing populist leader Giorgia Meloni's government has pursued broad restraint since taking power in 2022. Now it's seeking cost cuts to fill a hole in the budget.

That's slashed the spread between Italian and German 10-year bonds by about 30 basis points this year to near a two-year low. This is the kind of juice buyers of France are looking for. Prospects for the French-German spread look "attractive" for Mount Lucas Management's Aspell.

Most-hated credit trade turns into a big winner for hedge funds

Bloomberg
New York

Chris Stansbury may have been the most hated person in the room as he made the rounds at one of Wall Street's biggest leveraged finance conferences late last year.

The Lumen CFO was in the process of carrying out one of the largest and most controversial distressed-debt exchanges ever, and creditors stuck on the outside looking in were furious.

For those at the gathering, nothing captured the tension more than the sight of a man in a buttoned-up suit, backpack slung over his shoulder, appearing to guard Stansbury as he worked the room. Some attendees joked that his presence brought to life the phrase buzzing through the market: "Creditor-on-creditor violence."

Fast forward to today, and the deal has become one of the most successful distressed trades of the year, even for those that got left behind.

Backing the transaction was the upstart Diameter Capital Partners, a growing force in credit markets with about $20bn in assets. The New York-based firm founded by Scott Goodwin and Jonathan Lewinsohn, like virtually everyone else, could tell that Lumen's debt situation was dire.

But inside the all-but-insolvent telecommunications company, Diameter saw an opportunity. Level 3 Communications, a struggling provider of high-bandwidth fibre connections for businesses that Lumen had bought in 2017, was turning the corner.

Diameter piled into Level 3's debt at deeply discounted prices. Then came a break. Lumen, another fund discovered, may have violated a clause in its debt documents which would put it in default.

Diameter paired up with the likes of Silver Point Capital, PGIM Fixed Income and BlackRock Inc to negotiate an out of court deal that extended Lumen's maturities and provided fresh financing. Ken Griffin's Citadel was one of the main organizers of the group and put in over 10% of the new money for the deal, while PGIM contributed more than 25%.

In exchange, they received priority claims on assets, stripping other debt holders of their collateral in the process.

The trade has racked up big profits. For Diameter, it was the firm's single largest wager at the start of the year. At Silver Point, it was one of their biggest positions as of the end of the first quarter.

Yet they haven't been the only winners. With its debt woes behind it for the time being, Lumen has repositioned itself as a player in the artificial intelligence boom, igniting a surge in its bonds and loans that's juiced returns for creditors across the board. Firms like Hamza Lemssouguer's Arini, which wasn't part of the initial negotiations, have notched double-digit gains after snapping up more of the notes in recent months.

Scott Goodwin, co-founder and managing partner of Diameter Capital Partners.

"The idea of pitting creditors against creditors is offensive. It becomes a giant game instead of priority of claims," said Bill Zox, a portfolio manager at Brandywine Global Investment Management. "It bought the company more time and they engineered some theoretical value at a time of euphoria around artificial intelligence."

Zox says he remains sceptical, but there's no denying that those who got in on the deal and stayed put have enjoyed big returns. A spokesperson for Lumen said in a statement that the company's role as an emerging trusted network for AI is validating the support of its debt-holders.

Representatives for Diameter, Silver Point, PGIM, BlackRock and Citadel declined to comment, while Arini didn't respond to requests seeking comment.

This story is based on conversations with conference attendees, people familiar with Diameter, Silver Point, Citadel, PGIM and Arini's positions, and investor letters seen by Bloomberg News.

It was May of last year when Diameter's Goodwin took the virtual stage and pitched Level 3 as a top trade idea at the Sohn Investment Conference. Its bonds, he argued, were undervalued largely because of the struggles of its parent company, which had about $20 billion in long-term debt. Level 3 had a manageable debt load and more favourable revenue mix than other communications firms.

It was a "solvent zombie inside an insolvent one," according to Diameter's first quarter investment letter, a copy of which was seen by Bloomberg.

Not long after, a hedge fund found a way to free it.

Buried inside the labyrinth of credit agreements governing all the subsidiaries of Lumen, Paloma Partners discovered an investor safeguard that had been breached due to a procedural misstep, according to people with knowledge of the matter, who asked not to be identified because they're not authorized to speak publicly.

This breakthrough gave the funds the leverage they needed to bring Lumen to the table and position themselves to get the best deal. A representative for Paloma didn't respond to requests seeking comment.

An initial restructuring proposal in early November infuriated investors who were left out of the transaction, in no small part because of Goodwin's recommendation just months earlier. Only holders of about $7bn of debt initially signed on to the transaction.

"It's really about jockeying to be one that gets the better deal versus the one that's getting the worse deal," said industry veteran Jason Mudrick, who oversees more than $3bn and wasn't involved in the trade. "People on the wrong side of the deal are losing. They're getting value extracted from them into the hands of the creditors on the other side of the deal."

Following the announcement, concerned creditors rushed to sell the company's debt. Several bank trading desks began separating bonds that were part of the new deal and notes that would be left behind in quotes sent to investors, people said at the time.

"It was a very dark period, people lost quite a bit of money and no one was too happy with what was going on," said Jeff Peskind, chief investment officer of Phoenix Investment Adviser.

Following months of prolonged negotiations, Lumen cut a deal in late January that allowed more creditors to participate in the new money raise tied to the Level 3 unit.

China considers allowing refinancing on $5.4tn in mortgages

Bloomberg
Beijing

China is considering allowing homeowners to refinance as much as $5.4tn of mortgages to lower borrowing costs for millions of families and boost consumption.

Under the plan, homeowners would be able to renegotiate terms with their current lenders before January, when banks typically reprice mortgages, people familiar with the matter said, asking not to be identified discussing private information.

They would also be allowed to refinance with a different bank for the first time since the global financial crisis, the people said.

Authorities are ramping up a push to reduce mortgage costs after the central bank encouraged such support last year and banks responded with a rare rate cut on outstanding mortgages of first homes. It wasn't immediately clear if the latest considerations apply to all homes.

While lower mortgage rates would hurt profitability at state-run Chinese banks, authorities are facing renewed pressure to stem a housing-led slowdown in Asia's largest economy.

"If implemented, the move would send a signal that the central government is intensifying measures to support overall economy, protect household wealth and spur consumption," said Raymond Cheng, head of China property research at CGS International Securities Hong Kong. "It would also indirectly help the real estate sector." A Bloomberg index of Chinese developers jumped more than 8% yesterday, with Shimao Group Holdings Ltd surging as much as 28% and China Vanke Co jumping up to 17% in Hong Kong. China's offshore yuan currency also hit the strongest in over a year, amid optimism that further property stimulus would ease market concerns about the housing downturn and China's growth prospects.

Residential buildings in Chengdu. China is considering allowing homeowners to refinance as much as $5.4tn of mortgages to lower borrowing costs for millions of families and boost consumption.

Concerns about a deteriorating outlook intensified this week after a string of disappointing earnings reports from consumer companies and a cut to China's growth forecast by economists at UBS Group AG. The downgrade reflects an emerging consensus among global banks that the country might miss its growth target of around 5% in 2024. The nation last fell short in 2022, amid Covid lockdowns and abrupt policy changes.

The People's Bank of China and the National Financial Regulatory Administration didn't respond to requests for comment.

The new plan targets existing homeowners, who have been left out as new homebuyers have enjoyed sizeable cuts to key interest rates this year.

If approved, it may serve to ease mortgage burdens faster than expected. While China has pushed average mortgage costs to a record low this year, most households haven't benefited since banks won't reprice existing loans until next year.

Shujin Chen, China economist at Jefferies Financial Group, estimated the refinancing move could cut rates on existing mortgages by maximum 1 percentage point, saving homeowners about 300bn yuan ($42bn).

"The move is going in the right direction if homeowners are allowed to switch banks for lower rates in the long run, it's more market oriented and better than a one-off reduction," said Chen.

Asian markets rally on US data after Dow hits record on Wall Street

AFP
Hong Kong

Asian and European markets rose yesterday after a record day on Wall Street, boosted by a strong round of US data that reassured investors over the health of the world's top economy, while focus turns to the release of key inflation figures.

In Tokyo, the Nikkei 225 closed up 0.7% to 38,647.75 points; Hong Kong — Hang Seng Index ended up 1.1% to 17,989.07 points and Shanghai — Composite closed up 0.7% to 2,842.21 points yesterday.

With the much-hyped earnings report from bellwether chip titan Nvidia now in the rearview mirror, traders are once again able to concentrate on economic matters and the Federal Reserve's plans for interest rate cuts.

Thursday did not disappoint, with figures showing gross domestic product expanded more than initially thought in the second quarter, while jobless claims dipped.

The news indicated the central bank was achieving its goal of guiding the economy to a soft landing at the same time as it brings prices under control. Next up is the Fed's preferred gauge of inflation later Friday, followed by the closely watched non-farm payrolls report a week later, which will play a major role in whether the Fed cuts borrowing costs next month and, if so, by how much.

While bank chief Jerome Powell said last week that it was time to begin lowering rates, some decision-makers remain cautious.

Luca Santos at ACY Securities pointed out that after Powell's speech, Atlanta Fed boss Raphael Bostic "hinted at a cautious stance regarding a rate cut in September, stressing the need for more data to avoid making a move that could lead to more rate hikes down the line".

"His comments underscore how pivotal the upcoming jobs report will be in determining the Fed's next steps," he added.

US markets ended on a mixed note, with the Nasdaq and S&P 500 weighed by a 6.4% drop in Nvidia after it released what was considered a disappointing earnings report. However, the Dow bucked the trend and ended a fresh record high.

Asia ended the week on a high, with tech firms that took a hit Thursday as part of an Nvidia-fuelled retreat clawing back some of their losses.

Hong Kong climbed more than 1%, while there were also healthy gains in Tokyo, Shanghai, Sydney, Seoul, Singapore, Mumbai, Jakarta, Bangkok, Taipei, Wellington and Manila.

London advanced in the morning, with Paris also up after data showed French inflation hit a three-year low of 1.9% in August. However, separate figures showed the country's economy grew at a slower pace than previously estimated in the second quarter.

Frankfurt extended gains after ending at a record high on Thursday.

Actively managed Japan stock ETFs outperform in resilient market

Reuters
Tokyo

Less than a month after a Bank of Japan (BoJ) interest rate hike triggered the biggest selloff since 1987 of the bellwether Nikkei 225 Index, major market benchmarks have bounced back from their lows although they have yet to recover to the levels recorded in late July.

That may be good news for some actively managed exchange-traded-funds (ETFs), market analysts said.

Index-based products still dominate the universe of Japan-focused ETFs, both in number and assets under management.

But issuers of more recent and still-small actively managed ETFs say they used the selloff to do what index funds cannot: cherry pick for their portfolios at a discount the companies they believe will outperform long term.

"We think taking an active approach to investing in Japan works best," said Shuntaro Takeuchi, manager of the Matthews Japan Active ETF. "You can take advantage of the opportunities that exist when specific stocks vary dramatically from their intrinsic value," as happened during the selloff, he said.

The year-old fund with only $3.8mn in assets is the smallest US-listed Japan-focused ETF, yet it has returned 21.7% so far this year, according to LSEG. That compares to a year-to-date gain of 11.3% for its largest peer, the $15.9bn index-based iShares MSCI Japan ETF, and a return of 14.6% for the Nikkei 225 bellwether.

Japan is fertile ground for active stock picking because the largest Japanese stocks do not dominate major indexes the way the "Magnificent Seven" tech stocks do in the Standard & Poor's 500 index, Takeuchi told Reuters on the latest episode of Inside ETFs. "That leaves room for stock picking," Takeuchi said, including in areas like factory automation, construction, technology, conglomerates and retail companies.

In April, when Rayliant Global Advisors rolled out its new Japan ETF, the Rayliant SMDAM Japan Equity ETF in partnership with Sumitomo-Mitsui DS Asset Management, it also opted for an actively managed strategy. In the four months since launch, the fund has gained about 6%, according to data from VettaFi.

"This is a market with thousands of stocks, relatively shallow analyst coverage focusing on the biggest cap companies and lots of nuance, and all of that favours active stock-picking," said Philip Wool, one of the Rayliant portfolio managers for the new ETF.

A case in point: Japan Eyewear Holdings Co, one of many domestic companies that Wool and his colleagues believe could be poised to quietly grow in response to a strengthening yen and improved consumer sentiment. Analysts and market strategists agreed these factors could drive higher returns on Japanese stocks once more.

For most of the last 18 months, Japan's indexes rocketed to new highs as the yen slid and corporate governance reforms drove up dividends and buybacks.

Daiki Hayashi, head of Japan sales and marketing at JP Morgan in Tokyo, said that now the focus is shifting to individual stocks instead of market indexes.

Managers are finding stocks they believe are poised to grow more rapidly and outperform benchmarks, typical behaviour in a prolonged bull market, investors and market analysts said.

"Active investors can thrive looking for those idiosyncratic growth opportunities," Wool added. "Smaller Japanese stocks have done particularly well in the last few weeks."

In one possible headache for investors, actively managed ETFs tend to carry higher fees than index-based funds.

Rayliant levies a fee of 0.72% on its fund, while the Matthews Asia ETF has a fee of 0.79%.

Meanwhile, the iShares Japan index-based fund has a fee of 0.50%.

WisdomTree Investments still prefers to offer index-based ETFs, but builds its own quantitative benchmarks that focus on value elements, said Jeremy Schwartz, the firm's global chief investment officer. That permits a degree of customisation without allowing subjective decision-making on the part of portfolio managers, he said.

The $83mn WisdomTree Japan Hedged SmallCap Equity Fund has drawn $23mn in inflows in the last six months and is up 11.23% so far this year.

"The recent currency volatility brought a lot of short-term uncertainty," said Schwartz. "Anytime a market goes straight up for two years or so, and then hits a bump, people worry about whether they have missed the opportunity. But this is a five- to seven-year opportunity and we're still early in the game."

AT YOUR SERVICE

ARCHITECTURAL CONSULTANCY
DESIGN / APPROVALS / SUPERVISIONS for your buildings in Kerala. M: 5568 4140, E: anila.vinod@yahoo.com

BUS RENTAL / HIRE
Q MASTER W.L.L. 15/26/30/65 Seater Buses with / W-out Driver
Contact # 55853618, 55861541 (24 Hours) F: 44425610 Em: qataroffice@yahoo.com
THOUSANDS TRANSPORT 60/67 Seated A/C non AC Buses w/ w-out driver
T: 4418 0042...F: 4418 0042...M: 5587 5266...Em: sales@thousandstransport.com
TRAVELLER TRANSPORT - 13/22/26/36/66 Seater Bus With & Without Driver.
Tel: 44513283 Mob: 30777432 / 55899097. Email: info@travellertransport.com
HIPOWER TRANSPORT: 13/22/26/66 Seater Buses & Pickups with & without driver.
Tel: 4468 1056, Mob: 5581 1381, 7049 5406, ... Em: hipower@safarigroup.net

BUSINESS SOLUTION
QATAR ASPECT WLL Business Setup, Local Sponsor, CR License, PRO Service
Call.............................. T: 77912119 ....Em: info@qataraspect.com

CARGO SERVICES
AMBASSADOR CARGO D2D worldwide, Intl frieght, packing, relocation storage & all logistic support...T: 4437 3338...M: 5500 8857...Em: info@ambassadorcargo.com
GOODWILL CARGO Air, Sea & Land Cargo Services Worldwide Door to Door
Packing & Moving T: 4462 6549, 4487 8448...M: 3318 8200, 3311 2400...Em: sales@goodwillcargoqatar.com

CAR HIRE
AL MUFTAH RENT-A-CAR Main office D-Ring Rd. T: 4463 4444, 4401 0700
Airport 4463 4433...Al khor 4411 3344...Leasing 5589 1334...Em: reservations@rentacardoha.com...www.rentacardoha.com
AL SAAD RENT A CAR Head Office-Bldg: 242, C-Ring Road T: 4444 9300
Branch-Barwa village, Bldg #17, shop #19........T: 4415 4414, ...M: 3301 3547
AVIS RENT A CAR Al Nasr Holding Co. Building, Bldg. 84, St. 820, Zone 40
T: 4466 7744 F: 4465 7626 Airport T: 4010 8887 Em:avis@qatar.net.qa, www.avisqatar.com
THOUSANDS RENT A CAR
Bldg No 3, Al Andalus Compound, D-ring Rd...T. 44423560, 44423562 M: 5551 4510 F: 44423561
BUDGET RENT A CAR Competitive rates for car rental & leasing
Main Office T: 4432 5500...M: 6697 1703. Toll Free: 800 4627, Em: info@budgetqatar.com

CARPENTRY & FABRICATION
PREMIER ENGINEERING & TRADING CO. W.L.L., Veneer pressing, cutting, plaining, etc... Doors, Furniture, Cubicles.... M: 3338 8017, E: premierqatar@gmail.com

CLEANING
CAPITAL CLEANING CO. W.L.L. All type of Cleaning Services-Reasonable Rates
T: 44582257, 44582546 F: 44582529 M: 33189899 Em: capitalcleaningwll@gmail.com

ISO / HACCP CONSULTANTS
QATAR DESIGN CONSORTIUM - ISO 9001, 14001, 45001, 39001, 27001, 22301, 41001, etc.
T: 4419 1777 F: 4443 3873 M: 5540 6516 ....Em: jenson@qdcqatar.net

PEST CONTROL & CLEANING
QATAR PEST CONTROL COMPANY
T: 44222888 M: 55517254, 66590617 F: 44368727, Em:qatarpest@qatar.net.qa
DOHA PEST CONTROL & CLEANING CO. W.L.L.
T: 4470 9777... M: 5551 3862, 5551 4709...F: 4436 0838....Em: sales@dohapest.com
NEW INDEX PEST CONTROL & CLEANING
M: 3346 8777 / 7771 3256 .... Em: info@newindexqatar.com

REAL ESTATE
AL MUFTAH GENERAL SERVICES www.rentacardoha.com
T: 4463 4444/ 4401 0700....M: 5554 2067, 5582 3100....Em:reservations@rentacardoha.com

TRANSLATION SERVICES
ASIA TRANSLATION SERVICES www.asiatranslationcenter.com
Sofitel Complex, 1st Floor...T: 44364555, 4029 1307, 44440943 Em:asiatranslation@gmail.com

Updated on
1st & 16th of Every Month

QRS. 1500/-

AT YOUR SERVICE
DAILY FOR THREE MONTHS

Solid US consumer spending pushes against hopes for hefty Fed cut

Reuters
Washington

US consumer spending increased solidly in July, suggesting the economy remained on firmer ground early in the third quarter and arguing against a half-percentage-point interest rate cut from the Federal Reserve next month.

The report from the Commerce Department yesterday also showed prices rising moderately last month, curbing inflation.

A jump in the unemployment rate to a near three-year high of 4.3% in July stoked fears of a recession, leading financial markets and some economists to put a 50-basis-points rate reduction on the table when the US central bank embarks on a widely anticipated policy easing in September.

Fed Chair Jerome Powell last week signalled that a rate cut was imminent, in a nod to the worries over the labour market.

"There is nothing here to push the Fed to a half-point cut," said Conrad DeQuadros, senior economic advisor at Brean Capital. "This is not the kind of spending growth associated with recession."

Consumer spending, which accounts for more than two-thirds of US economic activity, rose 0.5% last month after advancing by an unrevised 0.3% in June, the Commerce Department's Bureau of Economic Analysis reported. The increase was in line with economists' expectations.

After adjusting for inflation, consumer spending gained 0.4% after rising 0.3% in June, and implied that spending retained the momentum from the second quarter, when it helped to boost gross domestic product growth to a 3.0% annualized rate.

The economy grew at a 1.4% pace in the January-March quarter. The Atlanta Fed raised its third-quarter GDP growth estimate to a 2.5% rate from a 2.0% pace.

The increase in spending was across both goods and services, with outlays on motor vehicles and parts leading the charge. Consumers also spent more on housing and utilities, food and beverages, recreation services as well as financial services and insurance. They also boosted spending on healthcare, visited restaurants and bars and stayed at hotels. Consumers also bought more recreational goods and vehicles as well as furnishings and long-lasting household equipment.

While the labour market momentum has slowed, it continues to generate decent wage growth that is helping to underpin spending. The slowdown in the labour market is mostly driven by a step down in hiring rather than layoffs.

Personal income rose 0.3% last month after gaining 0.2% in June. Wages climbed 0.3% after increasing 0.2% in June.

The saving rate dropped to 2.9%, the lowest level since June 2022, from 3.1% in June. Economists were, however, not in agreement on the implications of the decline with some arguing that the government was not fully capturing income earned by undocumented immigrants.

Others argued that households were drawing down on savings to maintain spending, which could imperil future consumption. Yet another group was unperturbed by the decline in the saving rate, pointing to strong household balance sheets against the backdrop of higher house and stock prices.

Undocumented immigrants have also been cited as one of the factors behind the Labor Department's Bureau of Labor Statistics estimate last week that employment gains were overstated by 68,000 jobs per month in the 12 months through March.

The so-called benchmark revision estimate is based on a data set derived from reports by employers to the state unemployment insurance programmes. The data does not include undocumented immigrants, a group that economists believe contributed to strong job growth last year.

"The BEA could be undercounting income earned by recent immigrants, whose economic activity is harder to measure than workers who have been in the US longer," said Bill Adams, chief economist at Comerica Bank.

"That could mean the saving rate is higher than is currently reported, and would be revised higher when more accurate employment and earnings data become available." Stocks on Wall Street were trading higher. The dollar rose against a basket of currencies, while US Treasury prices fell. August's employment report scheduled to be released next Friday will likely determine the size of the September rate cut.

The personal consumption expenditures (PCE) price index rose 0.2% last month after an unrevised 0.1% gain in June, the report also showed. Goods prices were unchanged after falling for two straight months. Declines in the prices of motor vehicles and other long-lasting manufactured goods were offset by gains in take-out food and other nondurable goods.

The cost of services increased 0.2% for a third straight month, lifted by rises in housing and utilities, recreation services as well as financial services and insurance. Healthcare prices were unchanged while the cost of transportation services decreased for the fourth consecutive month. In the 12 months through July, the PCE price index increased 2.5%, matching June's gain. The increase in PCE inflation was in line with economists' expectations.

Lowest eurozone inflation in 3 years sets up ECB for rate cut

Reuters
Frankfurt

Inflation in the eurozone fell to its lowest level in three years in August, setting the stage for a further cut in the European Central Bank (ECB)'s interest rates next month despite an Olympics-driven surge in the price of services.

The ECB has started winding down a two-year campaign against high inflation that followed the brisk reopening of the economy after the Covid-19 pandemic and Russia's invasion of Ukraine.

Inflation in the 20 countries sharing the euro currency fell to 2.2% this month, the slowest pace since July 2021 and closing in on the ECB's 2% target, according to a flash reading by the European Union statistics office, Eurostat.

While the fall was mostly driven by lower energy prices and may even reverse later this year, it was still likely to seal the deal on a second ECB rate cut on Sept 12 after a first move in June.

"The significant drop in headline inflation in August makes the September cut a foregone conclusion," said Tomas Dvorak, a senior economist at Oxford Economics.

Even ECB board member and prominent policy 'hawk' Isabel Schnabel appeared to open the door to more easing on Friday, saying further gradual rate cuts might not derail the disinflation process as some policymakers had feared.

Still, the report showed price growth in the services sector — which is closely watched by policymakers because it better reflects domestic demand rather than external conditions — accelerated to 4.2% from an already high 4.0%.

This was the probable result of a boost from the Olympic Games in Paris, but also greater spending power by workers after some recent pay increases.

"This likely reflects a relatively tight job market, as the decrease in the unemployment rate in July shows," said Gian Luigi Mandruzzato, senior economist at EFG Asset Management.

For now, markets see about six rate cuts before the end of next year, roughly one more cut than is baked into the ECB's own economic projections, indicating that markets are more optimistic about the price outlook than the ECB. This is partly because market economists see a bigger dip than the ECB's own staff in inflation this autumn. Policymakers say they will not be confident in the inflation outlook until wage growth slows, with Germany's central bank especially vocal about this risk.

The headquarters of the European Central Bank in Frankfurt. Inflation in the eurozone fell to its lowest level in three years in August, setting the stage for a further cut in the ECB's interest rates next month despite an Olympics-driven surge in the price of services.

Still, with inflation now within a whisker of the ECB's target, the eurozone's central bankers were likely to broaden their debate from the single-minded focus on inflation to take into account signs of economic weakness.

Wage growth has slowed sharply and unemployment is already rising in around a quarter of the eurozone's 20 countries. Survey data among firms and households suggest there is further labour market deterioration in store. Lending has dwindled to a trickle since the ECB jacked up rates last year, causing investment to dry up and hampering sectors that rely on it, such as construction and manufacturing.

This has left eurozone economic growth barely humming along for over a year, with weakness in industrial powerhouse Germany only partly offset by strength in services-oriented countries such as Spain.

"We think the ECB is already behind the curve, fixated too much on current and narrow measures of inflation while not paying enough attention to weak growth, with potential long-term damaging impacts," Oxford Economics' Dvorak said.

Canada's growth stronger than expected, central bank still seen cutting rates

Reuters
Ottawa

Canada's economy grew faster than expected in the second quarter, data showed yesterday, but analysts said the central bank was still on track to cut rates for a third consecutive time next week.

Statistics Canada data showed second quarter annualised growth came in at 2.1%, above the 1.6% expected by markets and the 1.5% forecast by the Bank of Canada (BoC).

But in a sign of coming weakness, June growth was flat and Statscan said preliminary estimates showed there would also be no growth in July. "Weak momentum heading into the third quarter gives ample reason for the BoC to continue cutting interest rates," said Andrew Grantham, senior economist at CIBC Capital Markets.

The GDP figure is the last data set before the Bank of Canada's monetary policy decision next week when it is widely expected to cut its benchmark rate for the third time in a row.

Financial markets now see an 80% chance of another 25 basis point cut in rates on Sept 4, up from 77% before the data were released. They also forecast two more rate reductions this year after September.

"From the Bank of Canada's perspective it is roughly neutral report — I don't think it changes anything in terms of the bigger picture," said Doug Porter, chief economist at BMO Capital Markets. Second quarter growth was led by government expenditure, increased business investments and consumers spending higher on services, Statistics Canada data showed yesterday. But on a per capita basis, GDP continued to contract for a fifth consecutive quarter.

The Canadian dollar slightly extended its gains for the day, rising 0.1% to C$1.3467 to the US dollar, or 74.26 US cents. Economic growth for the first quarter was revised to 1.8% from 1.7% reported earlier in May, it said.

Most economic indicators point to an economy that is losing momentum under the burden of high interest rates, increasing bets for a rate cut.

Rising unemployment and a wave of mortgage renewals coming up next year have added more pressure on the central bank to reduce its policy rate.

BoC Governor Tiff Macklem hinted during his monetary policy announcement in July at shifting the bank's focus towards boosting the economy rather than suppressing inflation, which economists said was a marked shift in messaging showing concerns around weakening economy.

The bank has trimmed its benchmark rate twice since June to bring it down to 4.5%.

The quarterly increase in the economy was led by government expenditure which expanded by 1.5% on account of higher wages, and business investment on machinery and equipment which surged by 6.5%.

Intel weighs options including foundry split to stem losses

Bloomberg
California

Intel Corp is working with investment bankers to help navigate the most difficult period in its 56-year history, according to people familiar with the matter.

The company is discussing various scenarios, including a split of its product-design and manufacturing businesses, as well as which factory projects might potentially be scrapped, said the people, who asked not to be identified because the deliberations are private.

Morgan Stanley and Goldman Sachs Group Inc, Intel's long-time bankers, have been providing advice on the possibilities, which could also include potential M&A, the people said.

The discussions have only grown more urgent since the Santa Clara, California-based company delivered a grim earnings report this month, which sent the shares plunging to their lowest level since 2013.

The various options are expected to be presented during a board meeting in September, the people said.

Intel shares rose as much as 6.5% in New York yesterday. They have declined 60% this year, compared with a 20% gain for the Philadelphia Stock Exchange Semiconductor Index, a chip-industry benchmark.

No major move is imminent and discussions are still in early stages, the people cautioned. A representative for Intel declined to comment, while Morgan Stanley and Goldman Sachs didn't immediately respond to requests for comment.

A potential separation or sale of Intel's foundry division, which is aimed at manufacturing chips for outside customers, would be an about-face for Chief Executive Officer Pat Gelsinger.

Gelsinger has viewed the business as key to restoring Intel's standing among chipmakers and had hoped it would eventually compete with the likes of Taiwan Semiconductor Manufacturing Co, which pioneered the foundry industry.

But it's more likely that Intel takes a less dramatic step before it reaches that point, such as holding off on some of its expansion plans, the people said. The company has already done project financing deals with Brookfield Infrastructure Partners and Apollo Global Management.

An Intel logo in front of the Intel Museum in Santa Clara, California. The company is discussing various scenarios, including a split of its product-design and manufacturing businesses, as well as which factory projects might potentially be scrapped.

Intel's Gelsinger is running out of time to pull off a much-needed turnaround. He's been attempting to expand the chipmaker's factory network at the same time that sales are shrinking — a money-losing proposition. The company suffered a net loss of $1.61bn last quarter, and analysts are predicting more red ink for the next year.

"Expect big capex cuts from Intel over the next 12 months," said Amir Anvarzadeh, market strategist at Asymmetric Advisors. "Intel's model is effectively broken. It's fighting fires on too many fronts."

Gelsinger, an Intel veteran who left the company for more than a decade, took the helm in 2021 and promised to restore the company's technological edge. Under previous CEOs, the chip pioneer had lost market share and its long-vaunted reputation for innovation.

But his comeback plan proved overly ambitious, and the company has had to scale back. When it reported earnings earlier this month, Intel announced plans to cut about 15,000 jobs and slash capital spending. The company even suspended its long-prized dividend.

"It's been a difficult few weeks," Gelsinger told investors at the Deutsche Bank Technology Conference on Thursday. The company tried to lay out a "clear view" of its next steps during its earnings report, he said. "Obviously the market didn't respond positively. We understand that."

Adding to the upheaval, director Lip-Bu Tan abruptly stepped down from the board last week. The semiconductor veteran, who was brought in two years ago to help with the comeback effort, cited scheduling commitments. But his departure removed one of the few directors with industry knowledge and experience.

Gelsinger's comeback plan hinged on recasting Intel into two groups: one that designs chips and another that manufactures them. The production arm would then be free to seek business from other companies.

But the biggest client of Intel's factory network is still Intel. Until the foundry business has more outside customers, it's going to be challenged financially. It reported operating losses of $2.8bn in its most recent quarter and is now on course to have a worse year than projected.

With a market value of $86bn, Intel has fallen out of the top 10 largest chipmakers in the world ranked by that measure. It's the second-worst performer on the Philadelphia chip index this year and suffers in comparisons with the stratospheric gains of Nvidia Corp, a company that's on course to post double Intel's revenue in 2024. As recently as 2021, Intel was three times the size of Nvidia by revenue.