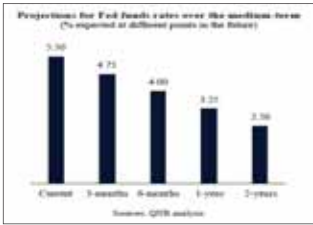


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BUSINESS



INVESTOR CONFIDENCE : Page 3

Once-in-lifetime Wall Street rally raises soft-landing stakes

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Qatar firms urged to join Halal expo in Malaysia

By Peter Alagos
Business Reporter

Companies in Qatar stand to gain from participating in the upcoming Malaysia International Halal Showcase (MIHAS 2024) slated from September 17 to 20 in Kuala Lumpur, an official of the Malaysia External Trade Development Corporation (MATRADE) has said.

Dubai-based MATRADE trade commissioner Megat Iskandar Ahmad Dassilah emphasised that Malaysia’s commitment to innovation and sustainability in the Halal industry will be strongly reflected in this year’s edition of MIHAS 2024.

Under the theme ‘Globalising Halal Innovations’, Dassilah said the event will be positioned as the leading platform for global Halal companies to showcase their most innovative Halal products, services and technologies through 14 curated clusters.

The event which is hosted by the Ministry of Investment, Trade and Industry (MITI) and organised by the Malaysia External Trade Development Corporation (MATRADE), will run from 17 to 20 September 2024 at the Malaysia International Trade & Exhibition Centre (MITEC), Kuala Lumpur, Malaysia.

Dassilah noted that as a globally recognised event, MIHAS stands as a testament to Malaysia’s pioneering role in the Halal industry, supported by its well-developed Halal ecosystem. He said the event symbolises two decades of dedication to fostering trade and innovation within the Halal sector, solidifying its position as a key platform for showcasing Halal products and services.

He urged Qatari companies looking for quality Halal products and services to visit MIHAS in Kuala Lumpur: “Our office in Doha is ready to assist Qatari companies to be connected with reliable Malaysian exporters of Halal



MATRADE trade commissioner Megat Iskandar Ahmad Dassilah.

products and services.” According to Dassilah, the latest edition of MIHAS, which pushes for greater innovation within the global Halal ecosystem, will not only solidify Malaysia’s position as the global hub for the Halal industry but is also in line with the objectives of the country’s ‘New Industrial Master Plan 2030’ (NIMP 2030) and the ‘Halal Industrial Master Plan 2030’ (HIMP 2030).

He stressed that the emphasis on innovation and sustainability leverages the NIMP’s focus on transforming Malaysia’s economy by fostering economic complexity, advancing technological innovation, pursuing net zero emissions, and ensuring economic security and inclusivity, which are pivotal in Malaysia’s drive towards sustaining its leadership within the dynamic global Halal ecosystem.

“Recognised as one of the high-impact industries in the ‘12th Malaysia Plan’ (12MP), Halal plays a

pivotal role in Malaysia’s overall development. The elements of innovation and sustainability will be showcased in the products and services promoted during MIHAS 2024. These product segments include pharmaceuticals, Islamic finance, fintech, lifestyle, modest fashion, food ingredients, and related services.

“The overall emphasis will be on the value-added component and the value chain integrity offered by the Halal ecosystem. Halal certification instils trust among global consumers and is often in line with Environmental, Social and Governance (ESG) expectations,” Dassilah explained.

Since its inception in 2004, Dassilah said MIHAS continues to attract numerous buyers, distributors, and investors worldwide. Serving as a comprehensive hub, it offers businesses a platform to showcase the latest trends and technologies in the Halal industry,

facilitating market expansion opportunities.

“By providing insights into market developments and consumer preferences, MIHAS is proven to be an enabler for businesses to stay abreast of industry advancements and maintain competitiveness in the global Halal market. This year, the showcase aims to attract over 40,000 trade visitors and feature 2,000 exhibition booths from 45 countries, including Malaysia,” Dassilah emphasised.

In addition, the MIHAS Knowledge Hub returns, offering a series of conferences, forums, and seminars which focus on providing insights into trends, market access and sourcing requirements with leading keynote speakers, industry experts, and thought leaders. This initiative aims to provide an invaluable platform for the global Halal business community to exchange experiences and insights relevant to the industry.

According to Dassilah, MATRADE’s collaboration with industry partners ensures the ongoing relevance and success of MIHAS. These initiatives highlight MIHAS’ commitment towards innovation, which has been recognised by the global trade community by awarding MATRADE with the World Trade Promotion Organisation (WTPO) Award for ‘Best Use of Information Technology’ in 2022.

As part of its internationalisation strategy, Dassilah said MIHAS will make its debut in the Middle East this year with MIHAS@Dubai, which will take place alongside the Middle East Organic and Natural Product Expo in Dubai from November 18 to 20.

“This landmark initiative is set to elevate the brand significantly and leverage the immense potential of the halal industry in the region. The inaugural event will feature 150 to 200 participants from small, medium, and large-scale companies, presenting a diverse array of Malaysian halal products and services,” Dassilah added.

Qatar median monthly rent for shopping centres declines in second quarter

By Pratap John
Business Editor

Median monthly rent for shopping centres in Qatar recorded a decline of 2% quarter-on-quarter and 5% in the second quarter (Q2) of 2024 compared to the same period last year, researcher ValuStrat has said in a report.

Retail outlets across Qatar experienced increased footfall as they participated in festivities leading up to Eid, ValuStrat noted.

Inside Doha, the monthly median asking rent for street retail declined to QR125 per sq m, reducing by 5% compared to last quarter and 18% year-on-year. For street retail outside Doha Municipality, the monthly median monthly rent remained unchanged on a quarterly basis at QR145 per sq m, while increasing by 2% annually.

The second quarter recorded in the region of 1,500 commercial lease contracts, declining by 9.3% year-on-year.

AI Wukair, Al Mashaf, and Al Thumama saw the highest concentration of rental activity with 189 contracts during the quarter, ValuStrat said quoting the Ministry of Municipality & Environment.

Retail stock remained unchanged at 2.5mn sq m gross leasable area (GLA) as there was no major addition during the quarter.

Public transport company Mowasalat (Karwa) has launched its second kiosk in Doha Festival City and plans to establish two new booths in City Centre Doha and LuLu Hypermarket on D Ring Road in Doha.

In terms of “industrial performance” in Qatar’s real estate market, ValuStrat said the maritime sector achieved a 51% yearly growth in container handling through Hamad, Doha, and Ruwais ports during June 2024.

Total port calls reached some 242 vessels and 144,000 containers. The monthly median asking rent for dry warehouses dropped by 2% quarter-on-quarter, and 6.3% yearly, reaching QR37 per sq m.

Alternatively, the monthly median asking rent for temperature-controlled warehouses increased by 3.1% quarterly but declined by 7.4% compared to last year, arriving at QR43 per sq m.

In the Industrial Area, rents for climate-controlled storage facilities increased by 3.7% quarter-on-quarter, while rates for ambient warehouses experienced a 2% decline over the same period, ValuStrat noted.

The Industrial Production Index (IPI) (base year 2018=100) reached 96.1 points, a decline of 7% compared to last quarter and 7.5% year-on-year as per the National Planning Council.

UDC wins 8 Green World awards and CSR excellence award

United Development Company (UDC), the master developer of The Pearl Island and Gewan Island, has won eight prestigious international awards in environment and sustainability during the Green World Awards 2024 by The Green Organisation.

Additionally, UDC was recognised as the Qatar National Gold Winner in the property and real estate management category at the International CSR Excellence Awards 2024, reflecting its unwavering commitment to the highest standards of environmental and social responsibility.

UDC was awarded gold, silver, and bronze accolades in categories, such as innovation, pollution and emission control, corporate social responsibility, sustainability, waste management, water management, and conservation and wildlife projects. These awards highlight UDC’s commitment to environmental improvement and sustainable development.

One of UDC’s notable achievements includes being honoured as a Green World Champion in the Energy Management category, underscoring its exceptional contribution to energy efficiency and conservation.

The awards were presented to UDC during a ceremony at the Houses of Parliament, London, UK, in recognition of UDC’s Environ-

ment and Sustainability Strategy 2026. This strategy demonstrates UDC’s leadership, innovation, and dedication to sustainable business practices at The Pearl Island.

UDC’s receipt of these awards also secures a feature in the World Green Book, acknowledging its commitment to Qatar National Vision 2030.

UDC’s commitment to energy efficiency and conservation has earned it the prestigious title of Green World Champion in Energy Management. The company has undertaken initiatives aligned with Qatar’s National Climate Change Action Plan to reduce carbon emissions associated with buildings and facilities on The Pearl Island. These efforts include transitioning to renewable energy sources, implementing energy-efficient practices, and reducing embodied carbon emissions.

By 2026, UDC aims to reduce carbon emissions by transitioning to renewable energy sources and implementing highly efficient energy practices, leading to substantial reductions in embodied carbon emissions. As a result of these efforts, UDC has achieved significant savings, equivalent to 142 gasoline-powered passenger vehicles, 124kWh homes’ electricity use, and 1,474 barrels of oil consumed in a year. In terms of waste and pollution, these savings translate to 221



The awards highlight UDC’s commitment to environmental improvement and sustainable development

tonnes of waste recycled instead of being sent to landfills, 27,594 trash bags recycled, and 714,086 pounds of coal saved from being burned.

UDC’s innovative practices extend beyond economic value generation to actively contribute to environmental preservation and social progress. The company prioritises re-

sponsible business practices and sustainable development in alignment with ESG (environment, sustainability, governance) principles and the UN Sustainable Development Goals, supporting local and regional businesses and promoting sustainable consumption and production. UDC’s efforts to control pollution and emissions encompass waste recycling and

management, plastic reduction, e-waste and battery management, and other environmentally conscious initiatives. The introduction of the Seabin project, aimed at promoting a cleaner marina and preventing pollution, has been a significant milestone.

UDC’s achievements in CSR are reflected in its international accreditations and prestigious awards. Notable accolades include The Gold Certification from CSR Accreditation and the ‘Best in Corporate Social Responsibility’ award for Real Estate at the Qatar CSR Summit, highlighting UDC’s dedication to sustainable practices and community engagement.

UDC’s Sustainability Strategy and island-wide sustainable development policy prioritise climate change mitigation and strategic planning aligned with Qatar National Vision 2030. UDC has released its second ESG Report to Qatar Stock Exchange, leading as the first listed real estate company in Qatar to officially disclose its sustainability and environmental strategies.

UDC’s waste management practices focus on recycling, waste reduction, and environmentally friendly processes. Initiatives such as the ENVAC smart waste disposal system and the CollecThor Sea Cleaners demonstrate the Company’s dedication to sustainable waste management. **To Page 8**

China’s empty office glut supercharges Hilton’s expansion plans

Bloomberg
Shanghai

Hilton Worldwide Holdings and its franchise partners have found a silver lining in China’s real estate crisis — converting empty and unused office buildings into hotels amid a domestic travel boom.

The group, which recently opened its 700th property in Greater China, is expanding briskly on the mainland, despite a meltdown in the country’s housing market that turned many investors off Asia’s biggest economy. Hilton, which owns brands such as Conrad, Waldorf Astoria and DoubleTree, aims to add about 100 hotels to its network there over the next few years and has a pipeline of nearly 900 locations, Clarence Tan, senior vice-president of Asia Pacific development, said in an interview.

About 25% of the Hilton hotels coming online within the next 18 months in China will be developed using empty office space

instead of being built from the ground up. That type of model — which Hilton terms “adaptive reuse” — has more than tripled on the mainland from around 5-8% prior to the pandemic, he said.

There’s an oversupply of office space in China and not a lot of demand for retail either, and that’s where there’s opportunity for hotels,” Tan said. “Landlords are saying, ‘If I can’t lease this space out, what alternate uses are there?’ A lot are leasing to entrepreneurs, who then come to us for the Hilton brand.”

China’s commercial real estate market is still contending with a huge amount of oversupply. Vacancies are near a two-decade high in some cities while rents continue to plummet. Landlords as well as institutional investors like BlackRock Inc are looking to cash out as the government seeks to redeploy dormant buildings.

In Shanghai, prime office rents have sunk to their lowest in more than a decade while office vacancies were nearly 15% in June, according to data from Colliers International

Group Inc. At the same time, new buildings are still coming to market. In April, Cushman & Wakefield said it expects vacancy rates to remain high over the coming 12 months.

“It’s a renter’s market,” Bloomberg Intelligence China property market analyst Kristy Hung said. “If you’ve got a hotel operator who wants to rent floors, can pay the rent and sign a long-term lease, it’s very desirable from a landlord’s perspective. Empty buildings are a burden now.”

Despite China’s property crunch and economic slowdown, the country’s hotel boom hasn’t stalled. Post Covid, many Chinese consumers have opted to travel more at home rather than holiday abroad. China has a record 3,815 hotels either planned or under construction, according to Lodging Econometrics, and now accounts for one quarter of the global hotel construction pipeline — behind only the US. Chengdu and Shanghai rank among the world’s top five cities with the largest hotel project pipelines, the group reported.

Tan said Hilton’s franchise partners are finding favourable terms, some with 15-year leases that come with a rent-free period. Some of the empty office buildings being turned into hotels are graded A- or B, meaning they command rents that aren’t quite as high as premium high rise buildings.

The 38-story building in Shanghai’s Pudong district was originally conceived as an office block but during the property crisis, its owner decided to convert part of it into a hotel, according to Hilton. After a six-month turnaround for design and fit-out, the 150-room property opened in June last year.

One advantage of redeploying office space is that quick turnaround. It generally takes about 18 months to knock down office walls and put in hotel rooms, much faster than the typical three years it would take to build a hotel in China from scratch, Tan said.

Still, the China hotel bet isn’t without risk. Although domestic tourism has rebounded, with local visitor spending estimated by the World Travel and Tourism Council to

increase 11% this year from 2019 levels to top 6.8 trillion yuan (\$953bn), international holidaymakers, and flights from overseas, haven’t sprung back. Hilton’s revenue per available room, a key hotel metric, increased 11% in Asia Pacific in the second quarter on the previous year, but dropped 5% in China.

“There’s not enough inbound travel yet into China,” Hilton Chief Executive Officer Christopher Nassetta said on an earnings call earlier this month. “There aren’t enough flights from Europe and the US and other parts of the world. That’s going to take time.”

Still, the number of hotel rooms per capita in China is about 10 times behind the US given the sheer size of China’s population, Tan said. Hilton, which entered mainland China in 1988, is holding firm.

“The big bet for China and Asia Pacific is the rising middle class and the untapped spend,” Tan said. “The race is on to get a share of the mind and a share of the wallet of this middle class. That growth is huge and complex, and we definitely have to win.”

Nippon Steel calls for Japanese tariffs on China’s exports

Bloomberg
Tokyo

The Japanese steel giant that helped China modernise its mills is worried that a glut of the metal in its neighbour could hurt its domestic market.

Nippon Steel Corp, the world’s fourth largest steelmaker, wants the Japanese government to impose an anti-dumping tariff on Chinese steel, according to Executive Vice-President Takahiro Mori. The company is lobbying Tokyo, along with other Japanese mills, to take protective measures due to concerns that exports from China will increase further, he said in an interview this week.

China’s steel exports surged this year to their highest since 2016 as local demand has slumped due to a protracted crisis in the property market. Fears that other countries are becoming a dumping ground for China’s excess product has led to increased trade measures against the world’s biggest producer.

A lot of other countries, including in Europe, the US and South Korea have introduced defensive measures, which means that “exports will pour into Japan if it’s the only one without them,” Mori said.

Steel mills globally, including those in China, are feeling the



Takahiro Mori, executive vice-president of Nippon Steel.

pressure of the market’s downturn. The world’s biggest steel producer, China Baowu Steel Group Corp, earlier this month cautioned that the Chinese steel sector is in a “harsh winter” that may be more challenging than the conditions seen in 2008 and 2015. Nippon Steel is also bracing for what it calls an “unprecedentedly harsh business environment.”

Nippon Steel helped kick-start China’s industry in the late-1970s by providing technology and expertise. The company assisted Baowu’s listed unit in building its first major coastal steel mill in Shanghai, completed in 1985, and their cooperation helped ease of-

ten difficult relations between the two nations, which reached their nadir with Japan’s occupation in the Second World War.

At a meeting with then-Chairman Yoshihiro Inayama, President Deng Xiaoping even called Nippon Steel the “teacher” and China the “student.” China has since replaced Japan as the world’s dominant producer and antagonism between the two countries continues to periodically flare. On a commercial level, that’s included a lawsuit filed in 2021 by Nippon Steel seeking compensation for patent infringements by Toyota Motor Corp and its supplier, Baowu’s unit Baoshan Iron

& Steel Co. Nippon Steel exited a joint venture with Baosteel last month as Japanese automakers struggle to maintain market share in Asia’s biggest economy. The company will make decisions on other joint ventures it has in China on a case-by-case basis, Mori said, adding that the firm’s strategy is to expand investment in the US, India and the Asean region instead.

Baosteel for its part is expecting to sell even more steel abroad. The company said on Thursday it aims to increase exports to more than 10mn tonnes by 2028, despite rising trade frictions, from as little as 6mn tonnes this year.

Mori also said that Nippon Steel remains positive it can close its acquisition of US Steel Corp, a \$14.1bn deal that has become politically sensitive during this year’s US presidential race.

“If it wasn’t an election year, this deal would have closed long ago,” Mori said, adding that he is planning to visit the US and meet stakeholders next month.

The executive recalled that he spoke with Minnesota Governor Tim Walz before he was appointed as Kamala Harris’ vice-presidential candidate, at an opening ceremony for a pellet production facility in the state in May. The governor was “very positive” about Nippon Steel’s investment in US Steel, Mori said.

Japan FSA to examine bank risks in ‘world with interest rates’

Bloomberg
Tokyo

Japan’s financial regulator plans to examine how major banks manage risks tied to securities investment and foreign-currency liquidity as they adjust to “a world with interest rates.”

In its annual policy guidance released on Friday, the Financial Services Agency (FSA) pointed to uncertainty over the global economy and markets at a time when Japanese financial institutions are getting used to rising rates at home for the first time in years.

While the FSA didn’t directly mention risks stemming from higher rates in Japan, it said “there are changes in the financial environment such as the gradual rise in long-term interest rates and increase in volatility in the stock market.”

Japan got a taste of such volatility earlier this month when local equity indexes plunged after the central bank raised rates for the second time in 17 years. The effects of higher borrowing costs abroad have led to recent losses at Japanese firms including Aozora Bank Ltd and Norinchukin Bank, while also triggering the collapse of some US regional lenders last year.

The policy guidance is a list of the FSA’s priorities for supervising financial institutions including brokerages, insurers, asset managers and crypto exchanges in the coming year.

The agency said it will monitor how the banks screen and manage credit default risks, especially on loans to the real estate sector in Japan and overseas. The ex-

amination of risk management on credit, securities investment and non-yen liquidity were also on last year’s guidance, highlighting their continued importance on the regulator’s watch list.

The Bank of Japan ended its negative-rate policy in March and has pledged to continue to increase borrowing costs depending on the outlook for inflation and the economy.

While policy rates are unlikely to rise sharply, Japanese banks learned a hard lesson when the Federal Reserve launched an aggressive rate-hike campaign two years ago.

Norinchukin expects a net loss of about ¥1.5tn (\$10bn) for the year ending March 31 after making bad bets on US and European government bonds.

Aozora posted a loss of almost ¥50bn last fiscal year tied to soured US commercial real estate loans and sales of securities.


The Financial Services Agency will also:

Examine how companies are disclosing strategic shareholdings meant for business relationships with corporate clients, and consider additional disclosure requirements.

Consider “T+1” for stock trade settlement while closely monitoring developments in overseas markets.

Boost supervision of major financial institutions’ groupwide management as they expand beyond international borders and traditional business lines.

Urge asset management firms to enhance their capabilities and products as Japan pushes to shift household savings into investment.




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2.	QF/01/C/02/3620000161/59/24	Rectification of Façade Glass Nodes Water Ingress and Replacements Aluminium Frames, Claddings and Joints, Balconies leakages and associated cladding painting work at EYE OF QATAR Building	1000/-Non-refundable	50,000/-27-Apr-25	29-Sep-2024
3.	QF/01/P/1120029079/10/06/24	Supply of Hardware and Licenses with 5 Years Support for Network Upgrade at all FAHES Stations	1000/-Non-refundable	50,000/-30-Mar-25	22-Sep-2024
4.	QF/02/P/10/2620003313/24	Supply, Installation & Maintenance of Rugged Tablets on call-off basis for a period of 5 years (FAHES New Software Solution)	750/-Non-refundable	30,000/-30-Mar-25	18-Sep-2024

- Tender document for the above invitation can be obtained as per following details:
- Document Issue Date: **From 01-September-2024 until Bid Closing Date. No extension to Bid submission date due to late collection of Tender documents.**
- Tender Fee: Interested Parties shall first deposit the appropriate Tender Fee as mentioned above (non-refundable) into **Account Name – Qatar Fuel (WQOD), Account Number 4010-356788-201 with Commercial Bank and IBAN: QA22 CBQA 0000 0000 4010 356788 201.** Tenderer must mention their Company’s full name and specific Tender Number on the bank deposit slip.
- Tender Documents shall be sent from QATAR FUEL [WQOD] Procurement & Contracts Department e-mail, upon receipt of deposit slip in proof of the required payment if applicable, along with company letter and copy of Commercial Registration (CR) of the Company to sprocurement@wqod.com.qa
- Tenders shall be accompanied by a Tender Bond issued by one of the Qatari Banks or by a Bank operating in Qatar, in accordance with the terms of the tender documents and should be valid for **210 days** from the Tender Closing Date.
- Offer should be valid for **180 days** commencing from the Tender Closing Date.
- A valid **ICV certificate shall be mandatory** for companies with local CRs to participate in all tenders w.e.f. 01-July-2023. In case of extension of the bid closing date, the ICV score available on the original bid closing date will be used in the commercial evaluation.
- Exclusion for the mandatory ICV requirement for new companies that have been only established for less than 2 years.
- It is requested to all bidders to obtain ICV Certification at the earliest. For more information, please visit Tawteen’s ICV Digital Portal through this link: icv.tawteen.com.qa

Duly completed Tender should be delivered in sealed envelopes with the Tender Number and Bidders Company name clearly marked on the envelope, and should be deposited in **Tender Committee Office, P.O. Box: 7777, Ground Floor, WQOD Tower, West Bay, Doha, Qatar, not later than 10:00 AM on the Tender Closing Date** mentioned above. [visit our website www.wqod.com.qa for more information]

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Hunt for Fed-pivot winners sparks a rush to Indonesia, Malaysia

Bloomberg
Jakarta

Global investors are boosting exposure to Indonesia and Malaysia on bets the two markets will benefit more than their developing-nation peers as the Federal Reserve looks set to embark on monetary easing. Sound fiscal policies and focus on new technology sectors such as electric vehicles and data centres are among factors attracting funds to the two Southeast Asian markets, which have long been overshadowed by bigger rivals India and China. Conviction is growing that their relatively light foreign positioning and reasonable valuations will lure more flows from overseas.

“Indonesia and Malaysia will benefit more from their responsible fiscal behaviour, which is the thing you need because the Fed pivot in theory is a boon for the entire emerging-market universe,” said John Lin, a portfolio manager at AllianceBernstein in Singapore, whose emerging-market fund has added to both markets this year at the expense of India. For August, Indonesia, Malaysia and the Philippines have been the only countries in Asia to see overseas



A screen displays stock figures at the Indonesia Stock Exchange in Jakarta. Global investors are boosting exposure to Indonesia and Malaysia on bets the two markets will benefit more than their developing-nation peers as the Federal Reserve looks set to embark on monetary easing.

inflows into stocks on a net basis, according to the latest data compiled by Bloomberg. Global funds bought \$1.8bn of Indonesian shares, the most since April 2022, adding to purchases in July. That’s helped the benchmark Jakarta Stock Exchange Composite Index hit successive record highs in recent days. Bond flows into Indonesia were set to be the highest since Jan 2023, as per data through August 28. Expectations are growing that as concerns about the rupiah’s weakness abate,

Indonesia’s central bank will have the scope to ease monetary policy after a surprise interest-rate hike in April. The incoming government’s pledge to maintain fiscal discipline and the country’s role in the global electric vehicle and battery supply chains are also factors keeping traders interested. At \$491mn, foreign buying of Malaysian stocks this month through August 29 is set to be the highest since March 2022. The nation has seen two quarters of blowout

economic growth, aided by investments in the tech and artificial intelligence-driven data centres. The country’s position as a chip-testing hub has helped draw billions of dollars in infrastructure spending from the likes of Microsoft Corp, Nvidia Corp and Alphabet Inc.

“Malaysia is looking more interesting than it has in a long time,” said Vivian Lin Thurston, a fund manager at William Blair Investment Management in Chicago. “A couple of our EM strategies have started to invest in Malaysia in recent times in light of the country’s economic improvement and growth of data centres. We hope to broaden the exposure to other strategies.”

To be sure, there are risks too. Investors continue to scrutinise the leadership transition in Indonesia as they seek policy continuity under the incoming administration of President-elect Prabowo Subianto. For Malaysia, any rapid unwinding of the artificial intelligence trade — like the one seen in early August — could spark volatility. The US election also remains a broad overhang for Asian assets, with any escalation of geopolitical and trade tensions likely to weigh on sentiment.

Once-in-lifetime rally on Wall Street raises soft-landing stakes

Bloomberg
New York

It began badly. But four weeks on from the worst volatility blowup since the pandemic, August will go down as another grand gesture of confidence by Wall Street in its ability to suss out the future.

Levels of conviction are soaring across assets. In one example, exchange-traded funds tracking government debt, corporate credit and equities have now risen in unison for four straight months. It's the longest stretch of correlated gains since at least 2007. Up 25% in the past 12 months, the S&P 500 has never climbed this much in the run-up to the first interest-rate cut of an easing cycle, seven decades of data compiled by Ned Davis Research and Bloomberg show.

Traders are leaning into bets with zeal even as serious questions linger about the economy and inflation — and how central bankers will respond. Before the Federal Reserve has even begun to act, bond markets have priced in a slow rate cuts, measures of default risk are falling and surging equities reflect sure-thing bets the economy will boom.

Gains of 2.3% for the S&P 500 in August, 1.8% for an ETF tracking long-dated Treasuries and 1.5% for investment-grade bonds all amount to a big show of force by cross-asset bulls, who are convinced Fed Chair Jerome Powell will cut rates into a healthy economy. All told, the wagers are at the mercy of how economic data — capricious of late — plays out on the cusp of the central bank's meeting on September 18.

“Everything has to go right,” said Lindsay Rosner, head of multi-sector investing at Goldman Sachs Asset Management. “We need to continue to have trend or above trend economic growth. We need to have a labour market that's not too hot, not too cold. And that then would allow for the consumer to continue to consume. Those things all have to be in a perfect balance.”

While markets have righted themselves, the travails of early August demonstrate the delicacy of the present consensus, with a single government report — US hiring data for July — fuelling convulsions that briefly sent Wall Street's fear gauge, the VIX, above 65. August's employment update is just seven days away — with economist forecasts compiled by Bloomberg putting payroll additions anywhere from 100,000-



Traders work on the floor of the New York Stock Exchange. Gains of 2.3% for the S&P 500 in August, 1.8% for an ETF tracking long-dated Treasuries and 1.5% for investment-grade bonds all amount to a big show of force by cross-asset bulls, who are convinced Fed Chair Jerome Powell will cut rates into a healthy economy.

208,000. Data on US manufacturing, durable-goods orders and initial jobless claims are also due next week, each with the potential to influence sentiment at a time when growth has become a singular obsession of markets. At Jackson Hole, Wyoming, last week, Powell said “the direction of travel is clear” on future policy, but that “the timing and pace of rate cuts will depend on incoming data, the evolving outlook and the balance of risks.”

Fed dovishness was instrumental in pulling Wall Street's investment complex through its summer tantrum, with the flash crash in early August quickly consigned to history. All four major asset ETFs (tickers: SPY, TLT, LQD, HYG) rose at least 1% for the month while more than \$1tn was added to American equities alone.

Traders are pouncing on everything from small-cap stocks to speculative debt convinced that the world's largest economy will avoid a consumer-led downturn despite a weakening labour market. Funds focused on US stocks added \$5.8bn for a ninth straight week of inflows and those specialized in high yield attracted \$1.7bn, EPFR Global data compiled by Bank of America Corp show.

For now at least, nothing in economic data or corporate earnings is screaming danger. Yet if there is a lesson in August's rout, it's that consensus bets — going long artificial intelligence, exploiting the weakening yen — can backfire

suddenly. For a sense of the tenuousness, consider the path of rate cuts priced in Fed fund futures. Back in January, when inflation fears ebbed, bond traders wagered on roughly six rate reductions for all of 2024, with the first one arriving as early as March. When inflation proved stickier than forecast, those bets were pared and by April, only one cut was expected.

Now the consensus is, the Fed will kick off its easing cycle next month, with four quarter-point reductions by December.

“The reality is both the Fed's own guess in the dot plot and the market's expectations are always wrong,” said James St Aubin, chief investment officer at Ocean Park Asset Management. “I could see easily three cuts this year. Four might sound pretty extreme. It would probably only happen if the economy was really in bad shape.”

At the same time, caution has mostly proved a costly investment philosophy this year.

In the credit market, the much dreaded maturity wall — the threat of painful re-financings by corporate borrowers at higher rates — is collapsing as the amount of looming debt repayments in the junk bond market is poised for the biggest annual decline in at least a decade. Credit default swaps, or instruments designed to hedge exposure to credit risks, have retreated as the Markit CDX North American High Yield Index hovered near the lowest levels since early 2022.

Rather than taking a hit from higher borrowing costs as many had feared, corporate earnings may in fact have benefited from the jump in benchmark rates from 0% to over 5%. That allowed cash-rich firms, technology megacaps in particular, to enjoy a steady stream of income from their bond investments.

According to Kaixian Tan, an analyst at Gavikal Research, the entire increase in non-financial corporate income since 2022 can be attributed to a drop in interest payments on a net basis — a counter-intuitive situation where booming interest income broadly offset rising debt service costs as rates rose. Now with interest rates heading lower, that tailwind is under threat.

“Rate cuts will squeeze corporates' interest income, and therefore their profits,” Tan wrote in a note this week. “This will disproportionately hit big companies sitting on large cash mountains, and may lead to their relative underperformance.”

To Jack McIntyre, global bond portfolio manager at Brandywine Global Investment Management, predicting anything in the post-pandemic world is nearly futile. If he had to venture a guess, it's that economic resilience will dull in the coming year and in that environment, bonds will beat stocks.

“To me, a soft landing is just a hard landing postponed,” he said. “I don't think we go from soft landing back to a no landing.”

HSBC exit makes Matos one of Europe's most sought-after bankers

Bloomberg
London

As HSBC Holdings Plc's top executives queued up last month to publicly welcome the installation of Georges Elhedery as the bank's next chief executive officer, one prominent voice was notably absent from the social media toasts: Nuno Matos. His disappointment was understandable. Having reached the final round of the appointment process to replace Noel Quinn as CEO, HSBC's wealth and personal banking head was passed over for the role by the board in favour of the lender's chief financial officer, Elhedery. Now Matos is leaving Europe's largest bank.

Those who have worked with the men said that whoever missed out on the job was unlikely to have stayed much longer. One person familiar with the situation said it was obvious to senior colleagues that the two didn't get along and the loser would leave shortly thereafter.

With Matos' departure, HSBC's loss could soon be some rival lender's gain as he potentially becomes one of the world's most eligible bank CEO candidates.

“He is a pedigreed manager with strong international experience, who I am sure would be a good fit at a major wealth manager,” said Joseph Dickerson, head of European banks research at Jefferies in London.

During his nine years at the London-listed bank, Matos rapidly rose up the ranks to eventually head wealth and private banking, the largest division that accounted for about 40% of group revenues. On his watch, the unit's pretax profit more than tripled to \$11.5bn in 2023. The Portuguese native's earlier stints included leading retail businesses at HSBC and Banco Santander SA.

But any successful recruiter may have to wait until next year to get Matos on board for his next job because he will remain with HSBC in an advisory capacity through 2024, followed by gardening leave. Matos, 56, declined to comment for this story when contacted by phone, and didn't respond to a separate text message seeking comment. HSBC declined to comment. “I've decided that this is the right time for me to embrace new opportunities,” Matos said in a memo to staff, noting he plans to use “the experiences I have had, and the relationships I've built here and will carry them as I move forward.”

Matos and Elhedery offer a study in contrasts. Their

differing management styles were visible to HSBC employees during the months-long CEO search process.

While Elhedery was low key — the Lebanese-born banker doesn't even have a LinkedIn profile — Matos appeared at times to be running a quasi-presidential campaign for the job. In one LinkedIn post from May, he was pictured at a company event in India dressed in black, bathed in red light against a backdrop of flaming torches.

They are distinct in their personal approach as well. Elhedery is seen as collegial and collaborative, while Matos has a reputation of being more direct, people familiar with both said, asking not to be identified discussing the executives and internal matters.

Even back in 2021, Matos was attempting to make a strong pitch for the CEO job. That year, he uprooted his family and moved to Hong Kong as HSBC shifted much of the bank's senior management to its most important market. Having relocated to the former British colony, he quickly began to embrace and adapt to life in the vibrant, southern Chinese city. The past years also saw Matos at the heart of the bank's strategy to continue its pivot toward Asia, including working on several of the company's bolt-on acquisitions of wealth and insurance businesses in the region. During his tenure, the bank bought wealth operations in India and Singapore, and recently completed the takeover of Citigroup Inc's retail wealth portfolio in China.

Such moves mean Matos is one of the few executives up for grabs with the pedigree of working at a large, systemically-important bank in the fast-growing Asia region, making him well suited to take on a job at similarly-focused rivals including Standard Chartered Plc. A raft of other global banks - from UBS Group AG to Citigroup - have also long espoused plans to beef up their wealth business in Asia.

Matos also spearheaded a drive to take the fight to fintech rivals in the retail foreign-exchange market with the launch earlier this year of Zing, an FX platform open to non-HSBC customers.

One client who dealt with Matos said he was a jargon-averse straight shooter and had gained respect by building the bank's wealth business. “He'd been given quite a lot of airtime externally with the market and you tend to only give that to people you trust,” said Benjamin Toms, an analyst at RBC Capital Markets. “I wouldn't be surprised if he turned up at another European bank somewhere.”

Latin American currencies post biggest weekly loss across EM

Bloomberg
Brasilia

Latin American currencies led losses in emerging markets this week on a mix of lower commodity prices and political turbulence in some of the region's major markets. The Colombian peso underperformed peers, weighed down by weakening oil prices, followed by the Brazilian real and the Mexican peso, which are tangled in domestic political risks.

Overall, Latin American currencies have been among the worst performing globally during a month when those from other regions largely appreciated against the US dollar, BBVA strategists led by Alejandro Cuadrado wrote in a report on Friday.

The broader MSCI emerging-market currency index posted its fifth consecutive weekly gain, aided by economic data supporting the case for US rate cuts in September.

On Friday, a fresh print of the Fed's preferred measure of underlying inflation reinforced the current outlook. Traders will now be turning to jobs data next week for more clues on the pace of monetary easing.

“If the report points to soft landing, we could see a recovery in Latam FX,” said Erick Martinez Magana, a strategist at Barclays Plc. “But if the report shows that July weakness was not a one-off, we could see a risk off in markets.”

The Brazilian real was particularly volatile on Friday, jumping briefly at the open after the central bank announced a currency intervention of \$1.5bn and then weakening as much as 1.1% following the publication of budget data that came in far worse than expected.

It picked up in the afternoon, following comments by central bank governor Roberto Campos Neto about Brazil's possible cycle of monetary tightening being gradual. “Authorities have been sending the correct signals by pausing the cycle and shifting to a more hawkish stance. But I think the market is waiting for hikes to materialise alongside clarity on the fiscal side before turning more constructive the BRL,” Martinez said.

Emerging stocks rebounded on Friday but still broke a three-week winning streak, as Asian tech companies took their cue from a US selloff following Nvidia Corp results.

On the credit side, emerging-market sovereign dollar bonds are heading for their biggest monthly gains of the year, driven by expectations that US interest-rate cuts will boost inflows into riskier assets.

A gauge of developing dollar bonds gained 2.6% so far in August, the most since last December, according to data compiled by Bloomberg. The index has risen for the past four months.

“There is still a strong case for EM credit,” Trang Nguyen, global head of emerging-market credit strategy at BNP Paribas, said on Bloomberg TV on Friday. “With Fed cuts, that means that inflows will probably come back.”

Emerging-markets are seeing more cash from investors.

Hard-currency bond funds saw small inflows this week after six weeks of outflows, according to a Barclays Plc research note on Friday. In equities, funds registered the largest inflow in five weeks, Bank of America said, citing EPFR Global data.

In Friday's trading, bonds from China, Colombia and Egypt were among the top performers.

Will gold's tailwinds be enough to overcome September curse?

Bloomberg
London

Gold investors returning from their summer holidays will be eager to see whether the precious metal can sustain its record-breaking rally, or if it will succumb to the curse of September.

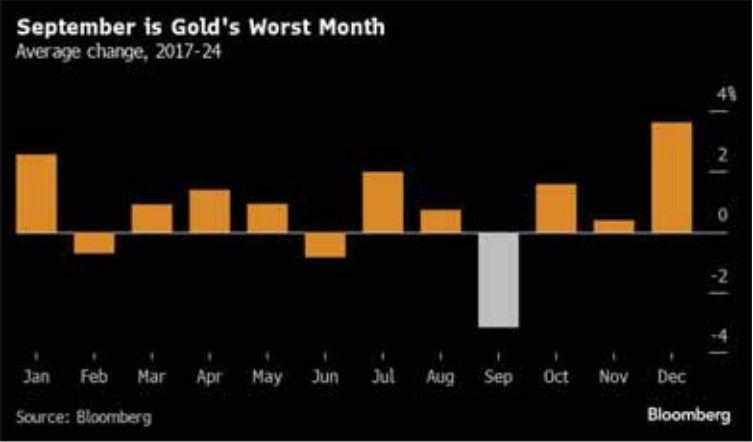
Bullion has dropped every September since 2017. Over that period, the average decline has been 3.2% in September — easily the worst month of the year, and far below the monthly average gain of 1%.

It's a phenomenon that's perplexed economists who believe markets should behave more efficiently, and it isn't limited to gold: September is also commonly the worst month for US stocks, with average declines of more than 1.5% in the S&P 500 over the past decade.

The dynamic is far from reliable — gold has actually risen in September over a three-decade horizon — but one explanation for the recent weakness is that traders are buying bullion to take a defensive position over the increasingly turbulent summer months, before selling on their return to the office in September.

“Before you go on vacation and get away from your screens, you want to hedge the risk that you have in the market, and one way you can do that is to buy gold,” said Boris Mikanikezai, an analyst at FastMarkets.

Academics have shown that some



investors do “switch off” over the summer, and adding safe-haven bullion to the portfolio might offer peace of mind during a period that's traditionally more volatile. Throughout history, conflicts and market melt-downs have broken out frequently over the summer, and volatility can be exacerbated when trading desks are understaffed and senior executives are away.

The flip side is that when September arrives, there's an inbuilt headwind for gold. September is also traditionally the dollar's strongest month, which means traders using other currencies can buy less gold with their money.

The precious metal has rallied 22% this year, including 8% since July. It has been supported by robust pur-

chases by central banks, increased haven demand amid geopolitical tensions, and healthy buying of physical bars in the over-the-counter market.

Gold's gains have also been driven by expectations the Federal Reserve will start to ease monetary policy next month.

Fed Chair Jerome Powell said last week that the “time has come” to lower interest rates, but the speed and magnitude of cuts may be key to determining whether bullion maintains its momentum.

Whether these tailwinds are enough to break the September curse is another question.

“Seasonality points to a potentially challenging month ahead,” said Ole Hansen, head of commodities strategy at Saxo Bank A/S.

The Qatar Stock Exchange (QSE) Index increased by 80.43 points or 0.79% during the week to close at 10,203.04. Market capitalisation went up by 1.1% to reach QR591.6bn from QR585.2bn at the end of the previous trading week. Of the 52 traded companies, 43 ended the week higher, 8 ended lower and one was unchanged. Qatar General Insurance & Reinsurance Company (QGRI) was the best performing stock for the week, going up by 15.1%. Meanwhile, Qatar Fuel Company (QFLS) was the worst performing stock for the week, evsding lower by 2.0%.

QNB Group (QNBK), Masraf Al Rayan (MARK) and Barwa Real Estate Company (BRES) were the main contributors to the weekly index gain. QNBK and MARK added 35.71 and 17.12 points to the index, respectively. Further, BRES added another 9.62 points.

Traded value during the week soared 53.3% to reach QR2,008.1mn from QR1,310.0mn in the prior trading week. QNB Group (QNBK) was the top value traded

stock during the week with total traded value of QR283.9mn.

Traded volume shot up by 56.6% to reach 826.3mn shares compared with 527.6mn shares in the prior trading week. The number of transactions climbed 31.7% to 72,582 vs 55,122 in the prior week. Mazaya Real Estate Development (MRDS) was the top volume traded stock during the week with total traded volume of 99.8mn shares.

Foreign institutions turned bullish, ending the week with net buying of QR2.6mn vs net selling of QR22.7mn in the prior week. Qatari institutions remained bullish with net buying of QR16.5mn vs net selling of QR48.5mn in the week before. Foreign retail investors ended the week with net buying of QR6.0mn vs net selling of QR1.2mn in the prior week. Qatari retail investors recorded net selling of QR25.1mn vs net selling of QR24.5mn the week before. YTD (as of Thursday's closing), global foreign institutions were net sellers by \$18.7mn, while GCC institutions were net sellers of Qatari stocks by \$315.7mn.



Weekly Market Report

Market Indicators	Week ended, Aug 29, 2024	Week ended, Aug 22, 2024	Chg. %
Value Traded (QR mn)	2,008.1	1,310.0	53.3
Exch. Market Cap. (QR mn)	591,637.6	585,179.6	1.1
Volume (mn)	826.3	527.6	56.6
Number of Transactions	72,582	55,122	31.7
Companies Traded	52	51	2.0
Market Breadth	43:8	30:21	-

Source: Qatar Exchange (QE)

Market Indices	Close	WTD%	MTD%	YTD%
Total Return	23,233.54	0.8	1.0	(0.0)
ALL Share Index	3,625.74	1.0	1.2	(0.1)
Banks and Financial Services	4,391.84	1.3	1.6	(4.1)
Industrials	4,202.47	0.4	0.1	2.1
Transportation	5,475.84	0.9	(0.8)	27.8
Real Estate	1,531.47	3.1	(0.1)	2.0
Insurance	2,361.63	2.4	3.8	(10.3)
Telecoms	1,727.99	0.4	5.7	1.3
Consumer Goods & Services	7,590.66	(0.6)	0.0	0.2
Al Rayan Islamic Index	4,767.59	0.9	0.8	0.1

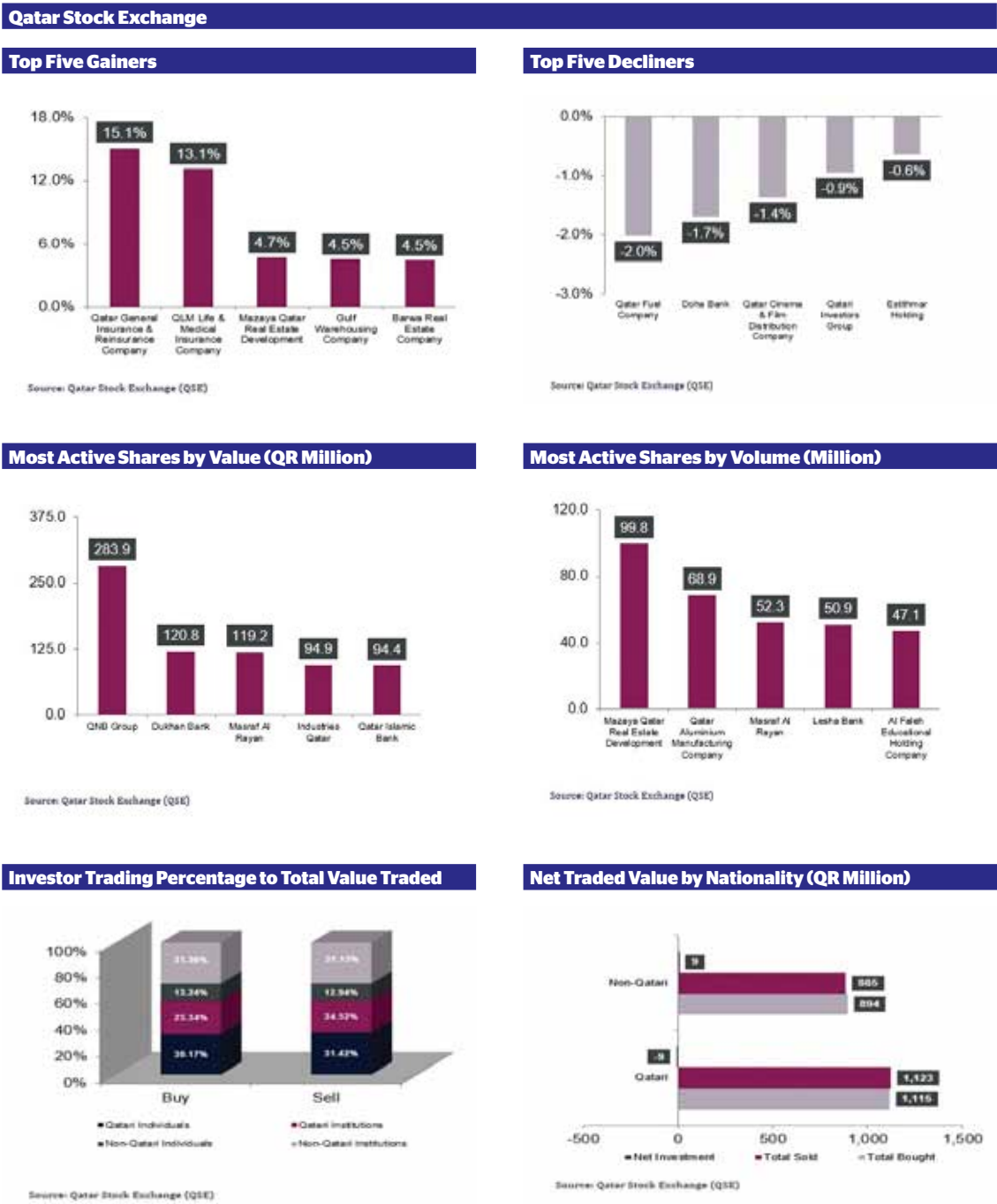
Source: Qatar Exchange (QE)

Regional Indices	Close	WTD%	MTD%	YTD%	Weekly Exchange Traded Value (\$ mn)	Exchange Mkt. Cap. (\$ mn)	TTM P/E**	P/B**	Dividend Yield
Qatar*	10,203.04	0.8	0.5	(5.8)	555.01	162,286.2	11.2	1.3	4.2
Dubai	4,334.26	0.6	1.6	6.8	391.92	197,370.2	8.4	1.3	5.5
Abu Dhabi	9,232.56	(1.5)	(1.1)	(3.6)	1,027.50	699,018.7	16.8	2.6	2.1
Saudi Arabia#	12,117.15	(0.6)	0.1	1.3	10,607.49	2,712,392.7	20.1	2.4	3.6
Kuwait	7,180.92	0.2	(0.8)	5.3	1,065.32	153,296.3	18.9	1.7	3.3
Oman	4,746.41	1.5	1.8	5.1	39.40	24,144.5	12.2	0.9	5.3
Bahrain	1,957.49	1.0	(0.6)	(0.7)	63.00	20,202.0	7.7	0.7	8.9

Source: Bloomberg

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Company Name	Price August 29	% Change Weekly	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	15.84	2.19	(4.17)	146,305	9.8	1.6	4.2
Qatar Islamic Bank	19.54	0.57	(9.12)	46,172	11.0	1.8	2.6
Commercial Bank of Qatar	4.09	(0.20)	(34.11)	16,533	5.8	0.9	6.1
Doha Bank	1.56	(1.70)	(14.59)	4,846	6.1	0.5	4.8
Al Ahli Bank	3.72	0.54	2.71	9,490	11.6	1.4	6.7
Qatar International Islamic Bank	10.90	(0.46)	1.96	16,499	16.1	2.3	4.2
Masraf Al Rayan	2.30	2.95	(13.37)	21,390	15.0	0.9	4.3
Leshia Bank	1.34	3.79	1.51	1,504	13.5	1.2	N/A
National Leasing	0.72	2.70	(0.69)	358	21.7	0.6	4.1
Diala Holding	1.19	1.28	(9.77)	227	465.6	1.2	N/A
Qatar & Oman Investment	0.74	1.37	(22.19)	233	N/A	1.1	N/A
Islamic Holding Group	4.20	2.67	1.25	238	14.8	1.5	1.2
Dukhan Bank	3.81	1.01	(4.15)	19,942	16.1	1.5	4.2
Banking and Financial Services				283,737			
Zad Holding	13.83	0.95	2.44	3,975	20.1	3.1	4.7
Qatar German Co. for Medical Devices	1.79	1.13	23.36	207	1092.1	5.6	N/A
Salam International Investment	0.70	2.49	2.49	800	12.6	0.5	4.3
Baladna	1.36	0.30	11.03	2,583	15.5	1.1	5.1
Medicare Group	4.23	0.38	(22.94)	1,190	15.9	1.2	5.2
Qatar Cinema & Film Distribution	2.66	(1.37)	(8.17)	167	39.6	1.3	2.6
Qatar Fuel	14.55	(2.02)	(12.24)	14,466	14.1	1.6	5.5
Widam Food	2.86	0.63	21.02	514	93.5	3.2	N/A
Mannai Corp.	3.84	1.16	(8.52)	1,753	N/A	1.9	6.5
Al Meera Consumer Goods	14.36	0.35	4.13	2,958	15.8	1.8	5.9
Mekdam Holding Group	3.68	3.72	(8.26)	608	13.0	2.4	N/A
Meeza QSTP	3.42	1.79	19.21	2,220	36.8	3.2	2.4
Al Faleh Education Holding	0.84	2.82	(0.83)	202	16.8	0.8	3.7
Consumer Goods and Services				31,644			
Qatar Industrial Manufacturing	2.55	0.67	(15.03)	1,211	8.8	0.6	5.1
QLM Life & Medical Insurance	2.31	13.12	(7.52)	809	11.3	1.3	5.4
Qatar National Cement	3.56	(0.31)	(9.80)	2,327	12.5	0.8	8.4
Industries Qatar	12.90	0.00	(1.36)	78,045	15.0	2.1	4.8
Qatari Investors Group	1.46	(0.95)	(11.14)	1,815	11.7	0.6	10.3
Qatar Electricity and Water	15.70	0.19	(16.49)	17,270	11.7	1.2	5.5
Aamal	0.79	1.67	(6.51)	4,977	12.8	0.6	N/A
Gulf International Services	3.27	1.43	18.67	6,084	12.3	1.5	4.6
Mesaieed Petrochemical Holding	1.65	1.48	(7.72)	20,729	23.3	1.3	3.3
Estithmar Holding	1.85	(0.64)	(11.69)	6,297	17.0	1.3	N/A
Qatar Aluminum Manufacturing	1.27	1.76	(9.07)	7,103	16.1	1.1	4.7
Industrials				145,860			
Qatar Insurance	2.15	0.65	(16.83)	7,035	11.4	1.1	4.6
QLM Life & Medical Insurance	2.31	13.12	(7.52)	809	11.3	1.3	5.4
Doha Insurance	2.52	1.20	5.44	1,260	7.0	1.0	6.9
Qatar General Insurance & Reinsurance	1.14	15.12	(22.31)	999	N/A	0.3	N/A
Al Khaleej Takaful Insurance	2.34	1.26	(21.35)	596	9.1	1.0	5.1
Qatar Islamic Insurance	8.04	0.07	(9.64)	1,206	7.7	2.3	6.2
Damaan Islamic Insurance Company	4.00	2.56	0.30	800	11.0	1.6	4.5
Insurance				12,706			
United Development	1.11	1.00	3.94	3,920	10.9	0.3	5.0
Barwa Real Estate	2.79	4.46	(3.65)	10,853	8.8	0.5	6.5
Ezdan Real Estate	0.73	2.95	(14.45)	19,469	169.6	0.6	N/A
Mazaya Qatar Real Estate Development	0.60	4.70	(16.74)	602	N/A	0.6	4.2
Real Estate				34,844			
Ooredoo	11.02	0.18	(3.33)	35,299	11.4	1.3	5.0
Vodafone Qatar	1.80	1.12	(5.66)	7,604	13.3	1.6	6.1
Telecoms				42,904			
Qatar Navigation (Milaha)	11.65	1.66	20.10	13,256	13.1	0.8	3.2
Gulf Warehousing	3.27	4.54	4.31	191	9.5	0.8	3.4
Qatar Gas Transport (Nakilat)	4.50	0.11	27.70	24,903	15.4	2.0	3.1
Transportation				38,331			
Qatar Exchange				591,638			

Technical analysis of the QSE index



The QE Index closed up (+0.8%) for the week; it closed at 10,203.0 points. It closed just above the 10,200 points; it is the highest close printed over the past five months. The current move signals further uptick to

be expected in the short term. From a longer-term perspective, the QE Index remains in a flat range. We keep the weekly resistance level to the 10,500 points level and the support remains at 9,300 points.

Definitions of key terms used in technical analysis

RSI (Relative Strength Index) indicator - RSI is a momentum oscillator that measures the speed and change of price movements. The RSI oscillates between 0 to 100. The index is deemed to be overbought once the RSI approaches the 70 level, indicating that a correction is likely. On the other hand, if the RSI approaches 30, it is an indication that the index may be getting oversold and therefore likely to bounce back.

MACD (Moving Average Convergence Divergence) indicator - The indicator consists of the MACD line and a signal line. The divergence or the convergence of the MACD line with the signal line indicates

the strength in the momentum during the uptrend or downtrend, as the case may be. When the MACD crosses the signal line from below and trades above it, it gives a positive indication. The reverse is the situation for a bearish trend.

Candlestick chart - A candlestick chart is a price chart that displays the high, low, open, and close for a security. The 'body' of the chart is portion between the open and close price, while the high and low intraday movements form the 'shadow'. The candlestick may represent any time frame. We use a one-day candlestick chart (every candlestick represents one trading day) in our analysis.

WEEKLY ENERGY MARKET REVIEW

Oil prices retreat as investors weigh expectations of rise in supply

www.abhafoundation.org

Oil
Oil prices retreated on Friday as investors weighed expectations of a rise in Opec+ supply starting in October, alongside dwindling hopes of a hefty US interest rate cut next month, following data showing strong consumer spending. Brent crude futures for October delivery settled \$1.14 lower at \$78.80 a barrel, marking a decline of 0.3% for the week. US West Texas Intermediate crude futures settled down \$2.36 to \$73.55, a drop of 1.7% in the week. Opec and allies set to proceed with a planned oil output hike from October, as the Libyan outages and pledged cuts by some members to compensate for overproduction counter the impact of sluggish demand. Libya's National Oil Corporation said recent oilfield closures have caused the loss of approximately 63% of the country's total oil production, as a conflict between rival eastern and western factions continued. Meanwhile, investors responded to new data that showed 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. Lower rates

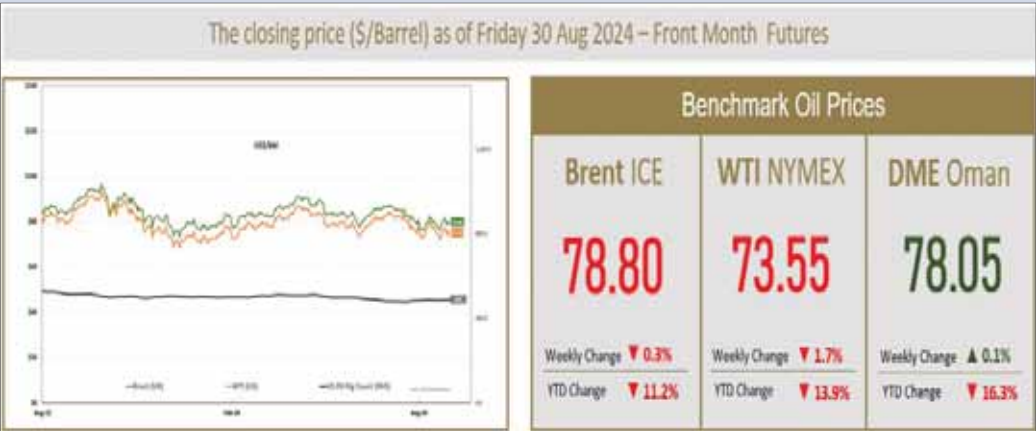


A liquefied natural gas tanker and small oil tanker in Strait of Singapore. Asian spot LNG prices rose last week as outages in LNG facilities in Australia and Malaysia sparked supply concerns, although buying interests from China remained limited due to higher price levels. Picture supplied by the Abdullah Bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.

can boost economic growth and demand for oil.

Gas
Asian spot liquefied natural gas (LNG) prices rose last week as outages in LNG facilities in Australia and Malaysia sparked supply concerns, although buying interests from China remained limited due to higher price levels. The average LNG price for October delivery into north-east Asia LNG-AS was at \$14.00 per

million mmBtu, industry sources estimated. The market was paying close attention to US Freeport LNG, which had a brief shutdown after a fire safety suppression system in the control room of the pretreatment facility unexpectedly activated during routine maintenance. Elsewhere in Asia, ongoing heatwaves have resulted in some interest for spot volumes from Japanese and Indian buyers for



September-October delivery over the past week. In Europe, gas prices rose most of the week as a ramp up in maintenance in Norway is curbing supplies to Europe and Britain, with some outages extended and risks

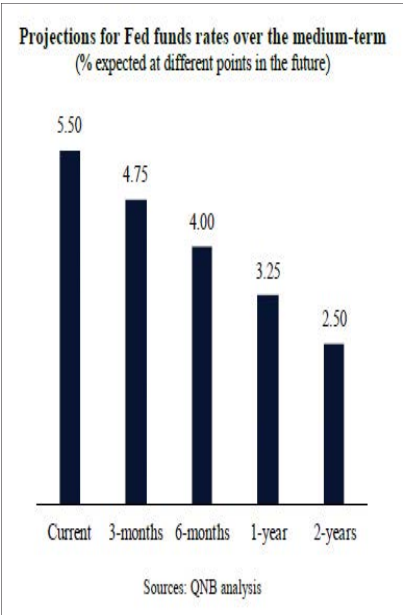
remain over Russian flows via Ukraine. In the US, natural gas futures eased about 1% on Friday on bearish forecasts for slightly less heat over the next two weeks than previously expected, which should reduce the amount of gas power

generators burn needed for cooling.

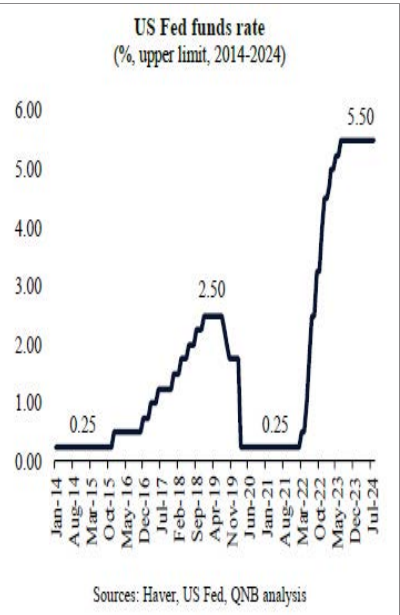
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Conditions are in place for Fed to start ‘significant’ easing cycle, says QNB

Conditions are in place for the US Federal Reserve (Fed) to start a significant easing cycle, according to QNB.
“Inflation is effectively on target, ‘full employment’ is at risk and overall macro conditions are aligned for a battery of policy rate cuts,” QNB said in an economic commentary.
Each summer, the US Federal Reserve (Fed) hosts a highly anticipated economic policy symposium in Jackson Hole, Wyoming. This gathering is among the most established central banking conferences globally, drawing leading economists, bankers, market participants, academics and policy makers to deliberate on long-term macroeconomic challenges.
Although the Jackson Hole Symposium consistently holds a significant place on the economic calendar for investors and policy makers, this year, its significance was particularly pronounced. For the first time in half a decade, Jackson Hole took place amid discussions of starting a cycle of meaningful monetary policy easing. This follows one of the most aggressive processes of monetary policy tightening in decades.
Importantly, the symposium took place in a period of speculation about how deep and how fast the Fed will enact its easing pivot, QNB noted.
After months of caution and maintaining rates higher for longer on the back of still above target inflation, investors were waiting to observe the tone of Fed officials for the next Federal Open Market Committee (FOMC) meetings. The prevalent view was that US inflation is set to gradually return to target.



Throughout the symposium, the overall tone from Fed officials was decisively “dovish”, ie, biased towards a more aggressive rate cutting cycle. According to Fed Chairman Jerome Powell: “The upside risks to inflation have diminished and the downside risks to employment have increased.” Moreover, Powell stressed that the direction of policy rates is clear, as the priority of monetary authorities are rapidly shifting from containing inflation to preventing further “labour market erosion and pain”.
In QNB’s view, the Fed will continue to lean “dovish”, cutting rates by an accumulated 75 basis points (bps) this year, before continuing with further



cuts in 2025. “In fact, we expect the upper limit of the Fed funds rate to be at 3% in late 2025, before bottoming for the cycle at 2.5% in 2026,” QNB said and noted that two main factors sustain its view.
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target. Throughout the symposium, the overall tone from Fed officials was decisively “dovish”, ie, biased First, while headline Consumer Price Index (CPI) inflation is still 90 bps above the 2% target, forward-looking indicators point to strong disinflationary trends ahead. “If we exclude shelter inflation, tracking housing costs and rent as the largest CPI component, the inflation rate is even below the 2% target.”
This suggests that inflation has been successfully controlled and that the time has come for the Fed to adjust interest rates and monetary policy,” QNB said. Second, the labour market has already adjusted significantly, with the unemployment rate increasing from 3.4% to 4.3% since January 2023, reaching the upper range limit of what the Fed considers “full employment”.
This has been sufficient to tame wage pressures to a level that is aligned with a 2% inflation target. However, there is a risk that negative job market trends gain further momentum, leading to unemployment levels and undue deflationary pressures.
Third, as both inflation and real GDP growth slowdown rapidly in the US, the effective monetary policy stance tightens, increasing the burden of higher rates on households and corporates.
Hence, in order not to be left too much “behind the curve”, ie, with an inappropriate policy rate, the Fed needs to act firmly.
The outlook suggests a neutral rate of 3%. Hence, in order to prevent a sharper slowdown and deliver the expected “soft landing”, the Fed is likely going to have to enter accommodative territory with below 3% policy rates, QNB added.

UDC wins 8 Green World awards and CSR excellence award

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UDC’s natural resources management focuses on conserving and diversifying water resources, including saltwater reverse osmosis, groundwater, and recycled water. Through sustainable water management practices, UDC has conserved billions of litres of freshwater and utilised treated sewage effluent water for landscape irrigation, contributing to Qatar’s water sustainability goals. UDC is dedicated to preserving Qatar’s natural environment through conservation and wildlife projects. Efforts include planting mature trees, conserving water resources, and promoting biodiversity, aligning with Qatar’s National Biodiversity Strategy and Action Plan.
UDC has equally achieved remarkable milestones in the field of Corporate Social Responsibility (CSR), establishing itself as a leader in the field. UDC’s CSR approach is anchored in four fundamental pillars: responsibility towards employees, the community, the environment, and a steadfast commitment to corporate governance. This holistic approach ensures that the company’s operations not only drive economic profitability but also positively impact society and the environment. UDC’s business model is a blueprint for integrating social and environmental concerns into every facet of its operations and interactions with stakeholders. By aligning its economic, social, and environmental goals with strategic operational initiatives, UDC has earned recognition for its dedication to CSR in Qatar. The company’s self-regulating framework tackles critical global challenges such as climate change, equality, diversity, and inclusion, all while maintaining ethical and fair business practices that benefit the communities in which it operates.
Certified for its Integrated Management System Policy and Environmental Management System (ISO 14001:2015), UDC consistently evaluates and minimises its CO2 emissions and environmental impact. Its partnership with the Public Works Authority (Ashghal) has led to the treatment and supply of over 19mn cubic metres of Treated Sewage Effluent (TSE) for irrigation, enhancing Qatar’s green spaces. Additionally, UDC’s tree-planting initiatives, which include 160 trees planted by employees and 9,500 trees on The Pearl Island, are further bolstered by the Green Organisation’s contribution of 629 trees as part of the UN’s Trillion Tree Campaign.

China’s troubled solar industry may be nearing a turning point

Bloomberg
Beijing

China’s solar manufacturers have just been through a bloodbath of an earnings season, but there are tentative signs the massive glut that’s plaguing the industry could be starting to ease.
Longi Green Energy Technology Co and five other leading solar firms racked up a combined \$2bn of losses in the first half after a frenzy of factory building over the last few years created excess capacity that’s driven prices to record lows. Some smaller companies have already been forced into restructuring, while rising trade tensions with the US and Europe may put exports at risk.
The financial pain looks to be planting the seeds for a turnaround, although a meaningful rebound is unlikely until next year. Goldman Sachs Group Inc sees an imminent wave of factory closures that

would help rebalance the market, while Morgan Stanley reckons equipment prices have already bottomed out. Longi said it hoped to “push the industry out of a quagmire of low price competition” as it raised solar wafer prices this week. TCL Zhonghuan Renewable Energy Technology Co also said this week it will increase prices of three types of wafers, according to a report in Chinese media.
“I don’t know if prices can fall beyond this point, it’s just too much for even the biggest players,” said Cosimo Ries, an analyst at Trivium China in Shanghai. “It’s still going to be a pretty painful year, and maybe longer before that capacity gets cleared.”
The Chinese solar industry’s predicament can be traced back three years ago, when a surge in demand for panels boosted prices and unlocked ambitious expansion plans that resulted in far too much supply. The sector ended 2023 with the ability to produce 1,154 gigawatts of solar modules

— more than double the capacity from two years earlier. Projected demand this year is just 593 gigawatts, according to BloombergNEF. The health of the Chinese solar industry, which accounts for around 80% of global production, is critical to the fight against climate change. Its travails highlight how hard it is to match production and demand in the many fast-growing sectors tied to the energy transition.
The growing US-China rivalry is also making life more difficult for Chinese manufacturers. Washington is planning to double import tariffs on the country’s solar equipment to 50%, and is also going after Chinese companies that have set up factories in Southeast Asia.
Trade relations between Beijing and the European Union, a major market for Chinese solar equipment, are also deteriorating. A growing tussle over subsidies has spurred a tit-for-tat dispute that started with electric vehicles, and has since spread to pork, dairy and brandy.

“Chinese manufacturers are responding to poor profitability and uncertainties around limitations to market access to the US and EU,” Goldman analysts including Trina Chen said in a note this month. “The China solar industry is heading into the final stage of a downcycle, with a cyclical bottom likely in 2025.”
Longi’s earnings suffered the most, as its net losses amounted to 5.2bn yuan (\$740mn) over the first six months of the year after earning profits of 9.3bn in the same period in 2023. Tongwei Co and TCL Zhonghuan Renewable Energy Technology Co each posted losses of more than 3bn yuan. JA Solar Technology Co, Xinjiang Daqo New Energy Co and GCL Technology Holdings Ltd were also in the red for the period.
“Facing the rapid expansion of industry production capacity in the past two years and the complex global trade environment, the industry has entered a period of deep adjustment,” Longi said in

its earnings filing. Several executives at top Chinese firms have resorted to asking the central government to intervene to help the industry get back on its feet. The menu of options presented included regulating which new factories can be built, cracking down on less-efficient facilities, capping price cuts, and promoting consolidation. Some of those actions are already taking place. Tongwei earlier this month bought Jiangsu Runergy New Energy Technology Co in the industry’s first major consolidation move during this downcycle, and expansion plans at several other firms have been delayed or cancelled. Still, it will likely take another six to 12 months for prices to rise back to break-even levels for solar firms, Morgan Stanley analysts including Eva Hou said in a note. “The industry will need to either further squeeze production costs or take capacity consolidation up a notch to bring supply-chain prices back to a sustainable level,” she said.