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Qatar's ports see robust growth in RORO and livestock handling

Monday, September 2, 2024
Safar 29, 1446 AH

GULF TIMES
BUSINESS

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US stock rally broadens as investors await Fed

QatarEnergy 'always ready' for expansion of urea production portfolio: Al-Kaabi

By Pratap John
Business Editor

QatarEnergy is "always ready for expansion" of its urea production portfolio, noted HE the Minister of State for Energy Affairs, Saad bin Sherida al-Kaabi.

Doubling Qatar's annual urea production capacity to 12.4mn tonnes, QatarEnergy announced a world-scale urea fertiliser complex at Mesaieed Industrial City, which will make Qatar the world's largest urea exporter by 2030.

Speaking to *Gulf Times* yesterday, al-Kaabi said, "QatarEnergy is always ready for this expansion…the market I hope will be ready. As part of the expansion, four trains will be sequentially added. We are confident that the market can withstand the volumes… and it needs that volume. That is why we are embarking on this project. By God's grace, we have been so far right in our prediction of the markets. Urea will not be any different in our view."

HE the Minister of State for Energy Affairs, Saad bin Sherida al-Kaabi at a media event at the QatarEnergy headquarters yesterday. **PICTURE:** Shaji Kayamkulam

"When we looked at the market for urea in the future, with the growth of humanity today, with 1.5 to 2bn people that will be joining us in the next 20-30 years, the urea requirement for food production will be exponentially increasing," al-Kaabi said.

Minister al-Kaabi said, "We have been producing ammonia and urea in Qatar for over 50 years. Today, we are expanding our experience and further solidifying our position by this unprecedented mega project that will make the State of Qatar the world's largest urea producer, playing a crucial role in ensuring food security for hundreds of millions of people around the globe, day after day."

He noted: "Developing this project in Mesaieed Industrial City will ensure the optimum utilisation of the excellent existing infrastructure for the petrochemical and fertiliser industries, including the city's export port, which is one of the largest fertiliser and petrochemical export facilities in the Mena region. It will also establish Mesaieed as the urea production capital of the world."

Al-Kaabi added the construction of four new production lines for urea, a key ingredient in fertilisers, would boost output by 106%. He said the first production line would begin before 2030.

QFC launches digital assets framework; provides legal recognition of smart contracts

By Santhosh V Perumal
Business Reporter

The Qatar Financial Centre (QFC) has launched its digital assets framework, a comprehensive and innovative regime for the creation and regulation of digital assets in the QFC, paving way for companies to offer token services.

The development of the framework, which is one of the important goals established by the Third Financial Sector Strategic Plan, provides not only legal recognition of smart contracts but also establishes legal and regulatory foundation for tokenisation, a key tool to protect sensitive data.

The digital assets framework was launched by the Qatar Financial Centre Authority (QFCA) and Qatar Financial Centre Regulatory Authority (QFCRA) in line with the Third Financial Sector Strategy issued by the Qatar Central Bank (QCB).

"This framework will create significant opportunities and support establishing a robust regulatory environment within the financial sector.

This will support Qatar's digital transformation goals, in line with the Third National Development Strategy, the final phase of the Qatar National Vision 2030," said HE Sheikh Bandar bin Mohamed bin Saoud al-Thani, QCB governor.

The QFC digital assets framework 2024 establishes the legal and regulatory foundation for digital assets, including the process of tokenisation, legal recognition of property rights in tokens and their underlying assets, custody arrangements, transfer, and exchange.

The framework will ensure a secure and transparent digital asset ecosystem in the QFC, in line with the highest international standards and best practices. It also sets high standards for the process of asset tokenisation and puts in place a trusted technology infrastructure that will ensure trust and confidence among consumers, service providers, and industry stakeholders.

"We are proud to set a blueprint for developing, applying, and operating digital assets that promotes market trust and confidence. We anticipate that this regulatory clarity will attract both domestic and international players, boosting Qatar's financial services sector competitiveness," according to Yousuf Mohamed al-Jaida, chief executive officer, QFC.

The digital assets framework was launched by the Qatar Financial Centre Authority and Qatar Financial Centre Regulatory Authority in line with the Third Financial Sector Strategy issued by the Qatar Central Bank

The QFC digital assets framework is the result of a process of extensive consultation and collaboration with industry stakeholders, which was co-ordinated through an advisory group comprised of thirty-seven domestic and international organisations from the financial, technology, and legal sectors.

"By introducing a comprehensive and robust framework for the regulation of digital assets, we are laying the groundwork for the development of a thriving and innovative financial services sector that can leverage the opportunities offered by new technologies and emerging market," said Michael Ryan, chief executive officer, QFCRA. Since the launch of the QFC Digital Assets Lab in October 2023, more than 20 start-ups and fintech firms have been accepted into the lab to develop, test, and commercialise their digital asset products and services.

The operation of the QFC digital assets lab took place in parallel with the QFC digital assets framework emphasising the important role that industry engagement and collaboration has played in the development of the framework.

Meeza in QR100mn deal for 1MW data centre capacity to global hyperscalers

Meeza QSTP, Qatar's leading managed IT (information technology) services and data centres provider, has entered into an agreement valued at QR100mn to deliver 1MW (megawatt) capacity in its M-VAULT4 data centre to global hyperscalers.

The project extends over the remaining contract period ending in 2036. It aligns with the government's recently announced "Digital Agenda 2030" strategic plans aimed at advancing digital transformation and AI (artificial intelligence) technology in Qatar.

This collaboration with global hyperscalers – which are large technology company that operates massive, global networks of data centres – to host cloud data centre region is a testament to Meeza's differentiated ability to deliver against its vision of becoming the preferred data centre and managed IT services provider in the Middle East and North Africa.

The Ministry of Communications and Information Technology (MCIT) plays a pivotal role in facilitating this strategic partnership, ensuring that the nation's digital infrastructure aligns with the highest global standards.

This initiative is in line with the MCIT's ongoing efforts to provide the best hosting services, reinforcing Qatar's commitment to becoming a global hub for cloud services. By expanding its data centre capacity, Meeza is poised to offer enhanced support and enabling businesses across the region to benefit from cutting-edge cloud solutions that meet the highest performance and security standards.

Meeza's M-VAULT4 data centre, now reaching full current capacity, sets the stage for its strategic plan to expand data centre capabilities to meet growing service demand. The initial capacity plan aims to more than triple the existing capacity to reach 50MW at home in Qatar. The additional planned data centre capacity will bolster the country's infrastructure, enabling more robust AI implementations and innovative solutions that will benefit various sectors, including cybersecurity, smart cities, and healthcare.

M-VAULT4 Data Centre achieved the maintenance and operations stamp of approval from Uptime Institute, the global digital infrastructure authority, in recognition of its operational excellence underscoring Meeza's commitment to maintaining the highest standards in data centre operations.

QSE introduces revised liquidity provider scheme; to cut costs

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) has introduced a revised liquidity provider (LP) scheme, a move that significantly lowers liquidity costs and provides more depth in the order book.

As part of revising the scheme, the QSE included the recent amendments and new criteria in the standardised and approved contracts for the LP activity, effective from September 1, 2024.

These criteria will be reviewed on a semi-annual basis to ensure their alignment with international best practices and market needs, a bourse spokesman said.

These amendments are part of a package of incentives offered by QSE to develop the LP activity in the Qatari market, contributing to increased liquidity and trading, attracting more investors, and enhancing the competitiveness of the Qatari market.

This development is part of the ongoing efforts of the Qatar Financial Markets Authority (QFMA) and QSE to improve market efficiency and increase its appeal to both local and international investors, thereby contributing to the sustainable growth of the Qatari market. A LP is a licensed financial services company authorised to engage in liquidity provision activities, which enhance the liquidity of listed securities by continuously offering buy or sell prices for a specific security, in accordance with terms and conditions outlined in the agreement between the liquidity provider and the listed company.

"The introduction of the revised LP scheme is set to significantly lower liquidity costs and provide more depth in the order book, ensuring a more efficient, stable and transparent trading environment," the QSE spokesman said.

As part of the incentive package, the QFMA recently introduced regulations for dividend distribution for listed joint-stock companies, allowing them to distribute interim dividends. In light of this step, some listed companies distributed semi-annual dividends in 2024.

"This important step enhances the attractiveness of the Qatari market by providing shareholders with more frequent returns on their investments, thereby increasing investor confidence and boosting trading activity in the market," the QSE spokesman said.

Interim dividends provide a steady return on investment before the company's final year-end dividend, offering investors regular income and a more predictable cash flow, he said, adding this approach not only boosts investor confidence but also encourages long-term commitment to the market, fostering greater market participation and liquidity.

The QSE is continuously working on developing investment tools by launching various initiatives that align with market needs and international best practices.

As part of its strategy, the exchange is committed to enhancing market efficiency, transparency, accessibility, and ensuring a better trading experience for all market participants.

Aftermath of stock markets crash in August

By Fahad Badar

Early August saw huge crashes in stock markets around the world, attributed to a combination of some soft US economic data and unwinding in the yen carry trade. The fundamentals haven't changed, but was the mispricing before the crash, rather than after?

In August stock markets have recorded huge crashes followed by a fairly rapid recovery. The turbulence has been linked to an unwinding of the yen carry trade, but there are other factors in the underlying dynamics.

The pro-cyclical nature of many systems in the financial markets mean that adjustments, which in principle may be necessary and rational, can overshoot. The unwinding of trades associated with borrowing in Japanese yen to invest elsewhere, contributing to a huge one-day drop of 12% in Japan's Topix index, was triggered by an interest rate rise of just 25 basis points by the Bank of Japan on July 31, from effectively zero. This occurred at a time when speculation grew that the Federal Reserve would cut interest rates. A reduction in the difference between the Japanese and US rates would send many carry trades into the red. In addition, the falls triggered sell signals in tracker funds.

For professionals, for example working for pension funds, putting the bulk of investment into passive, or tracker funds appears to be a safe option – it won't get you fired. Systems are primed to issue sell orders at certain data points, and these cascade through the system. There is a case for making such funds more sophisticated, with circuit breakers to prevent an unrestricted slide when just a few indicators turn negative. Passive funds are cheap to administer, and the amount of money going into them continues to grow. The US labour market data that unnerved investors was the news that 114,000 jobs had been added, compared with an expected 175,000 – a disappointment, perhaps, but hardly heralding a Great Depression on a par with the 1930s. The unemployment rate was registered at 4.3%, up from a low of 3.4% in April 2023.

For all that the financial world is awash with data, there seems to be no accurate figure indicating the scale that the yen carry trade reached by the end of July. Estimates ranged from $500bn, according to UBS, to a colossal $4tn, which was the estimate of JPMorgan Chase. Much of this trade has since been unwound, but the scale is difficult to quantify.

There is more than one type of investment that could fall under the heading of yen carry trade.

There is the borrowing in yen by hedge funds and other short-term investors to invest in assets internationally, many in the US but others such as the Mexican peso. In addition, there is investment by Japanese institutions and households internationally. A third category is purchase of Japanese equities by international investors as a currency hedge.

Since the crash in early August, asset prices have largely recovered. On August 19, Deutsche Bank reported that investments had been made particularly in index options, megacap technology stocks, cyclical stocks and defensives.

Another factor is that stocks were looking over-priced, such that many investors were looking for a signal to sell. The Magnificent Seven US tech stocks had been rising all year amid hopes that artificial intelligence (AI) technology was heading for a boom. This resulted in high price-earnings ratio that would be justifiable only under the more optimistic scenarios for the AI revolution.

Some earnings announcements from tech firms over the summer were disappointing – but as with the labour market statistics, hardly alarmingly so. Throughout the wild fluctuations in asset prices during August, many observed that the fundamentals haven't changed. But the complication is that some stock prices still appear overpriced.

Added to that is a US presidential election in November with policy offerings from both candidates that depart from IMF orthodoxy.

This is not new in the US, but there are concerns over Kamala Harris' indication that she would implement President Joe Biden's proposal for a capital gains tax of 40% for those earning over $1mn, and hinted at rental and price controls while Donald Trump openly boasts about increasing tariffs, which could hamper trade. The US public sector deficit looks set to continue rising irrespective of who moves into the White House.

There are still indicators of economic growth globally, and inflation has come down from the highs of

2022. It is possible, indeed probable, that the US economy will find its soft landing. But there is a precedent for stock markets to crash in the northern hemisphere autumn: the three big collapses of 1929, 1987 and 2008 occurred in September or October. It could be a nervy final quarter to 2024.

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

Qatar's ports see robust growth in RORO and livestock handling in August

By Santhosh V Perumal
Business Reporter

Qatar's ports recorded container volume of 114,912 TEUs with Hamad Port alone handling as much 99% of it in August, according to the data of Mwani Qatar

Qatar's maritime sector saw a robust double-digit year-on-year growth in the handling of vehicles (RORO) and livestock this August, according to the official estimates. The country's ports recorded container volume of 114,912 TEUs (twenty foot equivalent units) with Hamad Port alone handling as much 99% of it during the review period, according to the data of Mwani Qatar.

The number of ships calling on Hamad, Doha and Al Ruwais ports stood at 238 in August 2024, which saw 4.42% decrease year-on-year but was up 1.28% on a monthly basis.

Hamad Port, whose strategic geographical location offers opportunities to create cargo movement towards the upper Gulf, supporting countries such as Kuwait and Iraq and south towards Oman, saw as many as 115 vessels call (excluding military) in the review period. A total of 1,796 ships had called on the three ports during the first eight months of this year.

The three ports handled as many as 10,805 RORO in August 2024, which registered 37.21% growth year-on-year while it declined 11.54% month-on-month. Hamad Port alone handled 10,788 units this August. A total of 78,963 RORO units were handled by three ports during January-August 2024. Qatar's automobile sector has been witnessing stronger sales, especially in heavy equipment, private motorcycles and private vehicles, according to the latest data of The National Planning Council. The three ports were seen handling 24,066 livestock in August 2024, which zoomed 39.67% and 18.54% on annualised and monthly basis respectively. As many as 402,569 livestock heads were handled by three ports during the first eight months of this year.

The container handling through the three ports stood at 114,912 TEUs, which saw 4.19% and 21.7% year-on-year and month-on-month decline respectively in August this year.

The container terminals have been designed to address the increasing trade volume, enhance ease of doing business and support economic diversification, which is one of the most vital goals of the Qatar National Vision 2030. With a stacking area of 176,000 sqm, the container terminal 2 or CT2 is equipped with the latest advanced technology, including remote-operated ship-to-shore cranes, hybrid rubber-tyred gantries, and electric tractors.

Hamad Port, which recently celebrated a huge milestone of exceeding 10mn TEUs since beginning operations in 2016, has rapidly evolved into a critical hub for international shipping, catering to the needs of all major global shipping lines.

Hamad Port, which is the largest eco-friendly project in the region and internationally recognised as one of the largest green ports in the world, saw 113,693 TEUs this August. The container volume at the three ports totalled 968,647 TEUs during January-August 2024. The general and bulk cargo handled amounted to 111,208 freight tonnes through the three ports, which shrank 30.55% and 15.74% year-on-year and month-on-month respectively in August 2024.

Hamad Port – whose multi-use terminal is designed to serve the supply chains for the RORO, grains and livestock – handled 70,540 freight tonnes of break-bulk in August 2024. A total of 1.12mn freight tonnes of general and bulk cargoes were handled by the three ports during January-August 2024.

The building materials traffic through the three ports stood at 13,100 tonnes this August, which tanked 71.57% and 41% year-on-year and month-on-month respectively. As much as 264,719 tonnes of building materials were handled by Hamad, Doha and Al Ruwais ports during January-August this year.

ICAI Doha chapter to review foreign investment regulations in India

Investments from Qatar into India have steadily been increasing over the years and there is a great potential for further deepening of trade and investment relations between the two countries, according to The Institute of Chartered Accountants of India (ICAI).

In view of this, the ICAI Doha chapter is organising an exclusive event "Foreign Investments in India: Regulation and Protection" on September 4 from 6:30pm-8:30pm at the Radisson Blu, Doha, providing an in-depth analysis of the regulatory framework governing foreign investments in India, as well as the protection mechanisms in place for investors.

The session will feature a special address by Indian envoy Vipul and keynote address by Sreejith Kuniyil, managing partner at Capitaire. Participants can expect a comprehensive overview of India's investment landscape, focusing on the key regulations, compliance requirements, and opportunities for foreign investors.

India's bilateral trade with Qatar in 2023-24 stood at $14.08bn. In 2023, India was among the top three largest export destinations for Qatar and is also among the top four sources of Qatar's imports.

The ICAI chapter in Doha was established in 1981 and is registered under Qatar Financial Center laws. It is the oldest among the 44 overseas chapters of the ICAI.

US stock rally broadens as investors await Fed

Reuters
New York

A broadening rally in US stocks is offering an encouraging signal to investors worried about concentration in technology shares, as markets await key jobs data and the Federal Reserve's expected rate cuts in September.

As the market's fortunes keep rising and falling with big tech stocks such as Nvidia and Apple, investors are also putting money in less-loved value stocks and small caps, which are expected to benefit from lower interest rates. The Fed is expected to kick off a rate-cutting cycle at its monetary policy meeting on September 17-18.

Many investors view the broadening trend, which picked up steam last month before faltering during an early August sell-off, as a healthy development in a market rally led by a cluster of giant tech names. Chipmaker Nvidia, which has benefited from bets on artificial intelligence, alone has accounted for roughly a quarter of the S&P 500's year-to-date gain of 18.4%.

"No matter how you slice and dice it you have seen a pretty meaningful broadening out and I think that has legs," said Liz Ann Sonders, chief investment officer at Charles Schwab.

Value stocks are those of companies trading at a discount on metrics like book value or price-to-earnings and include sectors such as financials and industrials. Some investors believe rallies in these sectors and small caps could go further if the Fed cuts borrowing costs while the economy stays healthy.

The market's rotation has recently accelerated, with 61% of stocks in the S&P 500 outperforming the index in the past month, compared to 14% outperforming over the past year, Charles Schwab data showed. Meanwhile, the so-called

The front facade of the New York Stock Exchange. A broadening rally in US stocks is offering an encouraging signal to investors worried about concentration in technology shares, as markets await key jobs data and the Federal Reserve's expected rate cuts in September.

Magnificent Seven group of tech giants — which includes Nvidia, Tesla and Microsoft — have underperformed the other 493 stocks in the S&P 500 by 14 percentage points since the release of a weaker-than-expected US inflation report on July 11, according to an analysis by BofA Global Research.

Stocks have also held up after an Nvidia forecast failed to meet lofty investor expectations earlier this week, another sign that investors may be looking beyond tech. The equal weight S&P 500 index, a proxy for the average stock, hit a fresh record this week and is up around 10.5% year-to-date, narrowing its performance gap with the S&P 500.

"When market breadth is improving, the message is that an increasing number of stocks are rallying on expectations that economic conditions will support earnings growth and profitability," analysts at Ned David Research wrote.

Value stocks that have performed well this year include General Electric and midstream energy company Targa Resources, which are up 70% and 68%, respectively.

Steel industry leaders in US have high hopes for revival in 2025

Bloomberg
New York

American steel executives say they're optimistic that demand for the industrial material will rebound next year, recovering from the lacklustre demand and low prices that have hobbled the industry in 2024.

Many industry leaders who gathered at the SMU Steel Summit in Atlanta earlier this week said they have high hopes in 2025. They see a turnaround fuelled by an improving US economy, as large infrastructure projects get built and interest-rate cuts encourage consumer spending.

"If it's a good economy, if people are out buying washing machines, they're buying cars, they're buying houses and building commercial buildings," said Mike Barnett, president of Grand Steel Products Inc., a steel service centre based in Wixom, Michigan. "That's really good for us."

The US steel industry has been dominated this year by Nippon Steel Corp's proposed takeover of United States Steel Corp, the country's largest producer. The $14.1bn deal, which has become a hot political issue following opposition from President Joe Biden and union workers, is driven by the Japanese company's optimism of more growth within the US.

Yet despite the potential for more spending on major energy projects due to government incentives, higher borrowing costs have been a drag on manufacturing and economic growth. Steel demand in the first half of this year was 50.9mn tonnes, about 0.4% less than the same period a year ago, according to data from the American Iron and Steel Institute.