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Weak oil prices drag Qatar bourse key index 62 points

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'Made in the Gulf' initiative to drive GCC integrated industrial growth, says Qatar Chamber chairman

By Peter Alagos
Business Reporter

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani has underscored the value of increasing efforts to strengthen economic and industrial co-operation amongst countries in the Gulf Co-operation Council (GCC).

This elevates the GCC as a vital economic bloc on a global scale considering that Gulf countries have the capacity and a "strong will" to realise this objective amid economic and geopolitical challenges in the international and regional arena, he pointed out.

Sheikh Khalifa made the statement in Al Moltaqa, the chamber's monthly economic magazine, where he underscored the significance of economic and industrial integration amongst GCC countries – a primary goal for all Gulf nations.

"Through it, we can form this regional economic bloc that can impose itself on the global economic arena, which witnesses many regional blocs. Moreover, economic integration, if it is achieved, will contribute to attracting more foreign capital to the countries of the region," Sheikh Khalifa emphasised, citing the launch of the 'Made in the Gulf' initiative during the Consultative Meeting between their Excellencies the GCC Ministers of Commerce and Industry and the Heads of the GCC Chambers of Commerce held in Doha last May.

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani.

"There is no doubt that the Gulf private sector plays an important role in enhancing the economic co-operation between the GCC countries by increasing its contribution to economic activity and reflecting this on intra-Gulf trade and raising it to higher levels, in addition to enhancing co-operation between business sectors in the Gulf countries," he said.

Sheikh Khalifa explained that 'Made in the Gulf' aims to promote economic integration of industrial development and maximise the benefit from the "positive mental image" of products from Gulf countries.

He said the initiative also supports increasing joint projects of the Gulf private sector and public and private partnerships, in addition to optimally utilising the more than 60 economic zones in the GCC.

Sheikh Khalifa also expressed confidence that 'Made in the Gulf' will usher in trends in the GCC that would realise economic citizenship, streamline customs procedures for Gulf products, encourage local and foreign investments in the industrial sector, and boost the efficiency of the special economic zones in GCC countries.

He added that the initiative will help promote industrial development in the GCC, maximise the volume of investments in the Gulf industrial sector, contribute to achieving Gulf industrial development on an integrated basis, and increase the industrial sector's contribution to the gross domestic product in GCC countries.

Amir's visit to Norway gives new impetus to bilateral relations in various fields: Sheikh Khalifa

QNA
Doha

Chairman of Qatar Chamber (QC) Sheikh Khalifa bin Jassim al-Thani stressed that His Highness the Amir Sheikh Tamim bin Hamad al-Thani's visit to the Kingdom of Norway will bolster the bilateral relations in various fields, which will positively reflect on the volume of trade and investment exchange, as well as on co-operation and partnership relations between the private sectors in the two countries.

Speaking to Qatar News Agency (QNA), Chairman of Qatar Chamber said that there is a common interest and mutual keenness from both sides to develop economic and trade co-operation relations and increase the volume of mutual investments between the two countries.

He affirmed that the State of Qatar welcomes Norwegian investments in all sectors, emphasising that it has a world-class infrastructure and a promising investment climate with investment opportunities in most sectors.

He also pointed out that Qatar Chamber encourages Qatari businessmen and investors to explore the investment opportunities available in Norway.

Sheikh Khalifa said that the close co-operation between the two countries, especially in the economic and commercial fields, led to a significant growth in trade exchange between them during the past two years, reaching about QR1.3bn in 2023.

He concluded his remarks with QNA by affirming that Qatar Chamber supports and encourages co-operation between the business sectors in the two countries, and works to facilitate the establishment of partnerships and alliances between Qatari and Norwegian companies, thereby enhancing trade and economic cooperation between them.

Mannai InfoTech implements Oracle Exadata for The Group Securities

Mannai InfoTech, an ICT (information, communication and technology) division under Mannai Trading Company, a leading systems integrator in Qatar, has implemented Oracle Exadata for The Group Securities. "This implementation has significantly enhanced the performance of The Group's database and its operational efficiency to meet the increasing data demand of more than 400,000 customers," Mannai InfoTech said. The Group Securities is a leading investment organisation, an accredited broker on the Qatar Stock Exchange (QSE), and a strategic customer of Mannai for the last 25 years.

Estithmar Holding rebrands subsidiary Elegancia Healthcare to Apex Health

Estithmar Holding has announced the rebranding of its healthcare subsidiary, Elegancia Healthcare, to Apex Health.

This strategic rebranding reflects Estithmar Holding's commitment to expanding its investments in the healthcare sector and driving international growth, positioning Apex Health as a leading global healthcare provider.

Apex Health, formerly known as Elegancia Healthcare, is dedicated to developing and operating healthcare facilities that deliver exceptional patient care through adherence to international standards, collaboration with world-class medical institutions, and the integration of cutting-edge technologies.

With a focus on creating robust healthcare ecosystems, Apex Health aims to drive economic prosperity and improve community well-being across the regions it serves.

A subsidiary of Estithmar Holding, Apex Health currently manages and develops a substantial healthcare portfolio that includes six hospitals operating in three countries including Qatar, Algeria and Iraq in addition to another six upcoming projects in Asia and Africa.

The rebranding to Apex Health which will solidify its position as a key player in the global healthcare landscape aligns with Estithmar Holding's vision in creating a brighter future from Qatar to the World and its mission to add value to its shareholders.

Through strategic public-private partnerships (PPP) in the region, Apex Health plays a crucial role in shaping the future of local health systems.

The company works with renowned international medical partners through its portfolio which includes: The View Hospital in affiliation with Cedars-Sinai, The Korean Medical Center in affiliation with ASAN Medical Center, JK Medical Group, Limetree Dental and AHNKANG Hospital, Al Hasan Al Mujtaba Teaching Hospital, Karbalaa – Iraq, Al Nasiriya Teaching Hospital in Dhi Qar Governorate – Iraq and The Algerian Qatari German Hospital set to open in 2026.

Opec+ discussing delay to planned oil production hike in October

Reuters
London

Opec+ is discussing delaying an oil output increase scheduled to start in October after oil prices hit their lowest in nine months, four sources from the producer group told Reuters on Wednesday.

The move comes as oil prices have been falling together with other asset classes on concerns about a weak global economy and particularly soft data from China, the world's biggest oil importer.

Last week, the Organisation of the Petroleum Exporting Countries and allies led by Russia, or Opec+ as it is known, was set to proceed with a 180,000 barrels-per-day output hike in October, part of a plan to gradually unwind its most recent cuts. Still, fragile oil market sentiment over the prospect of more supply from Opec+ and an end to a dispute halting Libyan exports, coupled with a weakening demand outlook, have raised concern within the group, one of the sources said. A delay to the October output increase is looking "highly possible," another of the four Opec+ sources said. All of the sources declined to be identified by name.

Oil prices rose on the possible delay, with global benchmark Brent crude climbing by over $1 to a session high of $74.80 a barrel and later giving up its gains to fall to about $73, its lowest since December.

A dispute between Opec producer Libya over control of the central bank that led to a loss of at least 700,000 bpd of production has supported oil in recent weeks.

But prices slumped by about 5% on Tuesday on news that a possible deal to resolve the conflict was in the works. Weak Chinese demand and a slump in global refining margins which could prompt refiners to process less crude, have also weighed.

"China's underperformance has dented 2024 growth projections and has continued to trail both 2023 crude import and refinery throughput levels," RBC Capital analyst Helima Croft said in a note. It may be prudent for Opec+ to wait until December before returning extra barrels to the market, she added.

QSE key index falls 62 points; foreign funds turn net sellers

By Santhosh V Perumal
Business Reporter

Reflecting the regional concerns over weak oil prices, the Qatar Stock Exchange (QSE) yesterday lost more than 62 points and capitalisation melted QR3.19bn.

An across the board selling, particularly in the industrials, dragged the 20-stock Qatar Index 0.65% to 10,321.09 points, although it touched an intraday high of 10,352 points.

The foreign funds were seen net profit takers in the main market, whose year-to-date losses widened to 4.7%.

About 80% of the traded constituents were in the red in the main bourse, whose capitalisation melted 0.53% to QR596.08bn on the back of midcap segments.

The Gulf institutions were seen bearish in the main market, which saw 5,058 exchange traded funds (sponsored by Masraf Al Rayan) valued at QR0.01mn trade across four deals.

The foreign individuals continued to be net sellers but with lesser intensity in the main bourse, which saw no trading of treasury bills.

The domestic institutions turned net buyers in the main market, which saw no trading of sovereign bonds.

The Islamic index was seen declining slower than the main barometer in the main bourse, whose trade turnover and volumes were on the decline.

The Total Return Index shed 0.6%, the All Share Index by 0.54% and the All Islamic Index by 0.57% in the main market.

The industrials sector index lost 0.86%, banks and financial services (0.57%), telecom (0.27%), real estate (0.25%), insurance (0.25%), consumer goods and services (0.24%) and transport (0.18%).

An across the board selling, particularly in the industrials, dragged the 20-stock Qatar Index 0.65% to 10,321.09 points, although it touched an intraday high of 10,352 points

Major shakers in the main market included Commercial Bank, Qamco, Gulf International Services, Mesaieed Petrochemical Holding, Qatar German Medical Devices, Qatar Industrial Manufacturing, Industries Qatar, Aamal Company and Ezdan.

Nevertheless, QLM, Lesha Bank, Medicare Group, Meeza and Milaha were among the gainers in the main bourse. In the venture market, Al Mahhar Holding saw its shares appreciate in value.

The foreign institutions turned net sellers to the tune of QR11.57mn compared with net buyers of QR46.37mn on September 3.

The Gulf institutions were net profit takers to the extent of QR3.67mn against net buyers of QR6.8mn the previous day.

However, the domestic institutions turned net buyers to the tune of QR9.58mn compared with net sellers of QR21.27mn on Tuesday.

The local retail investors were net buyers to the extent of QR8.29mn against net sellers of QR15.65mn on September 3.

The foreign individual investors' net selling declined noticeably to QR0.02mn compared to QR12.19mn the previous day.

The Gulf retail investors' net profit booking weakened perceptibly to QR0.32mn against QR1.53mn on Tuesday.

The Arab individual investors' net selling eased marginally to QR2.29mn compared to QR2.51mn on September 3.

The Arab institutions had no major net exposure for the fourth straight session.

Trade volumes in the main market declined 21% to 122.28mn shares, value by 28% and transactions by 14% to 12,565.

The venture market saw 53% surge in trade volumes to 1.58mn equities, 56% in value to QR3.73mn and 9% in deals to 94.

GCC banks might lose 12% from net earnings on likely 150bps Fed rate cut: S&P

By Santhosh V Perumal
Business Reporter

The Gulf Co-operation Council (GCC) banks could likely lose as much as 12% from their net earnings on an expected 150 basis points (bps) rate cut by the US Federal Reserve between now and end-2025, according to Standard and Poor's (S&P), a global credit rating agency.

Nevertheless, the GCC banks' "good performance" should continue throughout in 2024 on increasing credit, higher fee income, stable margins and strong cost efficiency, S&P said, adding for 2025, the expected rate cuts would trim margins but could be supportive of asset quality.

Expecting the Fed to cut rates by 150bps between September 2024 and end-2025, it said "this will likely shave 12% from the bottom line of the GCC banks in our sample, based on 2023 disclosures; each 100-bps rate drop reduces net income by 8% for these banks."

Highlighting that "this clearly assumes static balance sheets but points to manageable risks", S&P said this is also likely to create some breathing space for highly leveraged corporates and retail clients, thereby supporting asset quality.

"In addition, we think banks' measures to control costs might mean that the overall impact may be lower than the suggested 12% decline," it said.

S&P said the GCC sovereigns and banks are relatively well positioned to navigate the adverse impacts of geopolitical risk absent extreme downside scenarios such as the closure of key export routes or threats to domestic security.

"A sharp increase in uncertainty could trigger detrimental capital outflows or prompt sovereigns to liquidate external assets and provide support, as we saw in previous episodes of heightened geopolitical risk," it said.

Although external debt has risen for Bahrain and Saudi Arabia, the risks are still in check, it said, adding the Saudi net external debt position remains small and owing to significant regional deposits at Bahrain's banks, which it expects to remain stable in most scenarios. The UAE and Kuwait remain in a net external asset position.

"Qatar's external debt has stabilised, and we assume that any unexpected outflows will prompt government support", as occurred during 2017, the agency said.

More broadly, the GCC banks remain exposed to potentially slower economic growth because of oil market dynamics (production and prices), the potential unwinding of imbalances in real estate and other cyclical sectors, and geopolitical risks that could shift investor sentiment, it said.

The non-oil sectors in Saudi Arabia and the UAE spurred 10.4% annualised lending growth for the top 45 GCC banks in the first half of 2024, up from 6.7% in 2023, it said.

Highlighting that for the same period, higher-for-longer interest rates kept margins stable at 2.7% despite the migration of deposits from non-interest bearing (NIBs) instruments to remunerated ones, it said NIBs reached 45% at end-2023, down from 48% at end-2022, and have since continued dropping.

Steady non-oil growth supported asset quality metrics, with cost of risk at 60-70 basis points (bps). These developments enabled the banks to maintain strong profitability in the first half, with return on assets strengthening to 1.74%, from 1.65% at end-2023.

"We expect sustained strong performance over the remainder of the year will help GCC banks navigate potential turbulence. Alongside solid results, conservative dividend payouts will likely help maintain, or further strengthen, banks' capitalisation," S&P said.

The average Tier 1 ratio for banks in its sample stood at 17.1% at the end of June 2024 versus 17.3% at end-2023. Yet, still-muted real estate performance in Qatar and Kuwait – notably due to oversupply and subdued demand, respectively – could present risks for those banking sectors.

However, banks' strong provisions in Kuwait and the state's strong footprint in the Qatari economy will likely support banking sector resilience, according to the rating agency.

ECB policymakers at odds over downturn's impact

Reuters
Frankfurt

The headquarters of the European Central Bank in Frankfurt. The ECB policymakers increasingly at odds on the outlook for growth, a rift that could shape the rate cut debate for months with some fearing a recession and others focusing on lingering inflation pressures.

The European Central Bank (ECB) policymakers increasingly at odds on the outlook for growth, a rift that could shape the rate cut debate for months with some fearing a recession and others focusing on lingering inflation pressures, sources close to the debate said.

The ECB cut interest rates in June and is almost certain to ease again in September in a nod to slowing price growth. However, policy decisions further down the road are likely to be more complicated as the eurozone economy enters a more precarious state, conversations with close to a dozen sources suggest.

The core of the debate is over how weakness in economic growth and a potential recession will impact inflation — the bank's ultimate focus — as it tries to cut inflation to 2% by the end of 2025.

Although much of the discussion is private, conversations with sources with direct knowledge of it reveal diverging views.

Policy doves, who remain in the minority, argue the economy is weaker than thought, recession risks are on the rise and firms that have hoarded labour are starting to cut vacancies, leaving the jobs market softer.

Once employment declines, so does disposable income, quickly eroding consumption and leaving a self-reinforcing downturn.

"This would weaken price pressures quicker than we now forecast, so I think the risk of returning to below-target inflation is real," one of the sources, who asked not to be named, said.

This would suggest the central bank is behind the curve in cutting interest rates and buffering the economy, supporting the case for quicker interest rate cuts, they say.

Inflation, down to 2.2% in August, is now forecast to rise again towards the end of the year and coming back to 2% only in late 2025.

Conservatives, or hawks in central banking parlance, who have dominated the policy debate since the start of rapid rate hikes in 2022, argue that actual growth figures persistently outperform weak survey results and the economy is holding up.

Consumption is robust, the bloc just enjoyed a superb tourism season and construction is finally rebounding, so growth remains respectable.

Moreover, wage growth remains far above levels consistent with a 2% inflation target, so real incomes are rebounding quickly and should continue to insulate the economy.

While industry is in a deep downturn and could drag Germany into a recession, this is more a structural issue that could take years to resolve, so monetary policy has little role, many of the sources said.

All this builds the case for slow rate cuts, perhaps one every quarter, until the ECB is certain inflation is heading back to 2%.

Hawks are also likely to fight any policy easing that would push into 2026 the date the inflation target is met, since that could jeopardise the ECB's credibility, the sources said.

ECB board member Isabel Schnabel, a prominent policy conservative, argues that inflation concerns should trump growth. "Monetary policy should remain focused on bringing inflation back to our target in a timely manner," she said in a speech on Friday. "While risks to growth have increased, a soft landing still looks more likely than a recession."

The rift is unlikely to impact September's policy decision since there is already widespread consensus to cut rates, the sources said. But it could affect how ECB President Christine Lagarde communicates the decision, shifting expectations for the October meeting.

The bank is unlikely to discard its "meeting by meeting" approach to setting policy so there will be no commitment about October, but doves want Lagarde to highlight growth risks and signal that back-to-back cuts are not excluded. Hawks fear such a message would heighten market expectations too much, putting the ECB in a bind. Investors already see a 40-50% chance of an October cut and such a dovish message would only firm up those bets.

"I think quarterly cuts serve us well and the data just don't support picking up this pace," a third source said.

While governors will agree on the text of the policy statement, Lagarde enjoys some freedom in delivering the message and can choose to emphasize certain points. Economists also appear to take a mixed view on the outlook, even if most agree that it is far from bright.

"Even if the US is to avoid recession, Europe might not," Macquarie strategist Thierry Wizman said. Wizman argued that weak Chinese demand for European goods exacerbates the downturn, while the potential impact on political stability from the rise of the far right in France and Germany could also weigh on consumer sentiment.

European stocks' quest to outshine US markets is fading quickly

Bloomberg
Paris

The promise of European stocks gaining an edge over their US counterparts is fading after a brief spell of outperformance, as concerns of an economic slowdown weigh on the outlook for earnings.

Where Europe stood to gain from a shift away from big tech stocks, investors are instead turning to undervalued sectors of the US market. Their preference is driven by data showing the US economy's resilience and expectations that the Federal Reserve would cut rates sooner and more aggressively than previously anticipated.

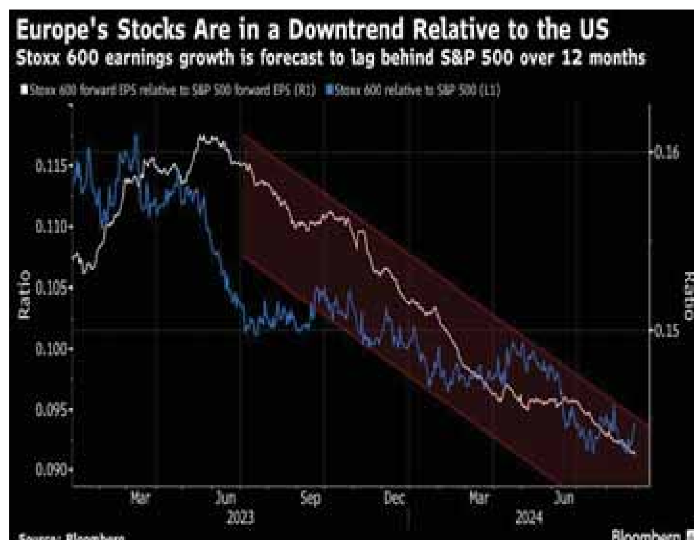
On its own, the picture in Europe looks robust with the Stoxx 600 at a record high. Still, the gauge underperformed the S&P 500 in August. On an annual basis, too, the index has lagged by nearly 9 percentage points so far in 2024, a second straight year of underperformance.

"US stocks remain more attractive even at higher valuations as the earnings growth potential is also higher," said Evgenia Molotova, a senior investment manager at Pictet Asset Management Ltd. Europe's greater reliance on Chinese imports also puts it at a disadvantage in the event of a global recession, she said.

Global stocks are rebounding after concerns about a potential economic contraction in the US triggered a selloff in early August, with tech stocks particularly hard-hit as investors questioned whether valuations had outpaced the benefits of heavy spending on artificial intelligence.

European stocks initially appeared to be among the biggest beneficiaries of the shift away from tech after underwhelming quarterly reports by some members of the Magnificent Seven such as Amazon.com Inc and Alphabet Inc.

Buoyed by the European Central Bank's first rate cut, a Bank of America Corp survey in July showed that a net 60% of fund managers expected European stocks to gain over the medium term, before turning more pessimistic in August.



Investors increasingly turned to previously overlooked areas of the US market instead. The S&P 500 equal-weighted index — which reduces the dominance of tech mega-caps — outperformed the Nasdaq 100 for a second consecutive month in August, marking its longest streak of outperformance since the end of 2022.

Similarly, a brief period of optimism for European stocks was reflected in two weeks of $500mn in inflows after 13 consecutive weeks of outflows.

However, the trend reversed with $800mn being redeemed in the seven-day period through August 28, according to BofA strategists citing EPFR Global data.

Europe's economic growth outlook is one of the biggest challenges. Germany's gross domestic product contracted in the second quarter, with sentiment particularly downbeat in the key industrial sector.

Additionally, an uneven recovery in China — a crucial market for European industries such as luxury goods and automakers — has weighed on earnings.

A Citigroup Inc. index shows that economic data across the euro area have been increasingly disappointing since June, in contrast to a recent pickup in the US.

"When you worry about growth, you go for the part of the market that provides growth," said Beata Manthey, an equity strategist at Citigroup, who prefers US stocks.

Manthey noted that she would need to see upgrades to corporate earnings estimates and reduced political uncertainty to become more optimistic about regional equities. Currently, data show analysts' estimates for Stoxx 600 profits over a 12-month horizon have remained relatively flat since June, while S&P 500 forecasts continue to rise.

Despite this, some investors see potential for European outperformance due to its continued valuation discount. The Stoxx 600 trades at about 14 times forward earnings, compared to 21 for the S&P 500, according to data compiled by Bloomberg.

"There are good reasons for saying the European performance should be less volatile and perhaps a bit stronger than the US because the starting point in valuations is very different," said Guy Stear, head of developed markets strategy at the Amundi Investment Institute.

However, Stear emphasised that sustained optimism on economic growth and corporate earnings into 2025 was needed to support continued investment in European equities. "Is there a catalyst immediately tomorrow? Possibly not," Stear said.

Cathay Pacific grounds A350-1000 jets in Hong Kong

By Alex Macheras

Cathay Pacific was forced to ground all A350-1000 jets to carry out inspections following the discovery of a potential issue with the fuel nozzle on the Rolls-Royce engines. The airline has 48 operational A350 aircraft — and identified 15 affected aircraft (A350-1000) that need replacement components. "The remaining aircraft will continue to be out of service until they have been repaired and cleared for operation. We expect that all affected aircraft will resume operations by Saturday", Cathay Pacific said.
The grounding was initiated after an incident that occurred on one of its 18 A350-1000 aircraft.
A problem unfolded several minutes after take-off on flight CX383 from Hong Kong to Zurich on Monday, according to flight tracking service FlightRadar24.
The five-year-old A350-1000 performed two holding circles and dumped fuel over the sea before returning to Hong Kong where it landed safely around 75 minutes after its departure. Cathay Pacific said it identified an engine component failure after the aircraft returned to Hong Kong.
Cathay Pacific has not specified which

engine component failed, but the carrier said it was the "first of its type to suffer such failure on any A350 aircraft worldwide".
The part involved is understood to be a fuel nozzle inside a XWB-97 engine (the Rolls-Royce engine used on the A350-1000). Engineers were asked to make specific checks to the flexible hoses supplying fuel to the engine for abnormalities, deformation, kinks, bulges or degradation.
It has since identified 15 aircraft with engine components that require replacement and three have already gone through repairs. Cathay Pacific has cancelled at least 34 round-trip flights between Hong Kong and Sydney, Osaka, Tokyo, Taipei, Bangkok and Singapore until the end of Wednesday.
Rolls-Royce on Tuesday noted the replacement could take place while the engine remained on-wing, which will significantly reduce the required maintenance time. It also said it was committed to working closely with Cathay Pacific, Airbus and authorities investigating of the incident. The Civil Aviation Administration of China had initiated its own investigation to determine whether any A350 aircraft operated by mainland airlines needed to be checked.
There are 88 A350-1000 jets in operation worldwide - the most with Qatar Airways, here in Doha. The top six operators are Qatar Airways with 24 of the variant, British Airways with 18, Cathay Pacific with 18, Virgin Atlantic with 12 and Etihad Airways and Japan Airlines with five each. Tokyo-based JAL, which has five A350-1000s that are all less than a year old, said it has asked Rolls-Royce for more information and had not suspended A350 flights in the meantime.
Thai Airways chief executive officer Chai Eamsiri spoke to local media about the matter, explaining the Thai national carrier had not ordered suspension of its 23 Airbus A350 aircraft.
He confirmed that the airline's maintenance department inspected all aircraft regularly in line with safety standards. "Currently, there are no abnormalities in the aircraft's engine," he said. Chai affirmed that the maintenance department would submit a report if any abnormalities were found in the aircraft. He said the reason behind the problems with Cathay Pacific's aircraft was still unclear, but he vowed to monitor this issue.
"Thai Airways would like to confirm that the Airbus A350 fleet is still operating flights as normal, and the airline would continue regular inspections of the aircraft condition regularly in line with safety standards," he said.
The A350-1000 and the A350 freighter use Trent XWB-97 engines, Rolls-Royce's largest civil jet engine. A350-900 uses its Trent XWB-84 engines, which is so far unaffected.
Prior to Cathay's discovery, the Rolls-Royce engine on the A350, particularly the larger -1000 variant, had already attracted criticism from some airlines. Emirates, for instance, scaled back its initial large order, with President Tim Clark labelling the engine's power plant as "defective" due to its demanding maintenance needs in harsh climates like the Middle East.
Rolls-Royce previously encountered significant challenges with its Trent 1000 engine, which powers the Boeing 787 Dreamliner. Despite Rolls-Royce's claims of substantial improvements, these issues severely impacted its market standing, allowing GE to secure a dominant position with that aircraft. British Airways recently opted for the American manufacturer's engines for its 787 fleet, highlighting how economic factors can outweigh any loyalty airlines might feel toward their suppliers.
Smaller, single-aisle Airbus A320neo jets, equipped with Pratt & Whitney engines, have experienced technical issues that have led to the temporary grounding of some aircraft within this critical fleet.
In recent years, supply chain constraints in the production of new jets have worsened, as aircraft already in operation require additional parts due to in-service problems. Airlines generally maintain limited spare parts inventories to minimise costs, further exacerbating the situation.

■ *The author is an aviation analyst. X handle: @AlexInAir*

Qatar Airways unveils industry-first global 'AI Adventure' film

Qatar Airways has unveiled a new global 'AI Adventure' film, which utilises state-of-the-art technology to reinforce its commitment to developing incomparable, immersive experiences for everyone.
In an industry-first, the campaign offers the opportunity to be part of its emotive story, by utilising advanced AI capabilities so you can place yourself within the film and become the star. This reaffirms the airline's dedication to placing customers at its very heart.
As part of the innovative campaign, viewers can select from multiple scenes within the film to star as the leading roles.
Thanks to cutting-edge AI technology, the characters will be an accurate reflection of the viewer's appearance, adapting to their facial features and skin tone.
To be a part of the emotive AI adventure, visit: flyqatar.com and watch the film on the Qatar Airways YouTube channel.
Qatar Airways Group Chief Executive Officer Badr Mohamed al-Meer said: "At Qatar Airways, we go beyond simply meeting customer expectations - it's about anticipating their needs and crafting experiences that resonate on a personal level. The launch of this new brand campaign is a true testament to this and our ethos of providing incomparable superior customer experiences."
Qatar Airways Chief Commercial Officer Thierry Antinori said: "Featuring pioneering AI capabilities unseen elsewhere in the airline industry, our latest campaign not only showcases the innovative spirit driving our brand, but also encapsulates our customer-centric approach, helping to turn every journey into an adventure. After all, there's no limit to how far a dream can take you."
Qatar Airways senior vice-president, Global Marketing & Corporate Communications, Babar Rahman, said: "With this latest campaign, we have been able to encapsulate our vision as an industry leader in innovation. "Crafting an immersive brand experience where everyone can be the stars, has allowed us to create uniquely personalised connections with our audiences, ensuring every moment is truly unforgettable."

As part of the innovative campaign, viewers can select from multiple scenes within the film to star as the leading roles

Supply chain disruptions create ripple effects across global aviation industry

By Pratap John

Air passenger demand hit an all-time high for the industry, and in all regions except Africa in July, with clear signs that many markets are returning to long-term growth trends after the post-pandemic bounce back. Total demand, measured in revenue passenger kilometres (RPK), was up 8.0% compared to July 2023, data provided by the International Air Transport Association (IATA) reveal.
Total capacity, measured in available seat kilometres (ASK), was up 7.4% year-on-year. The July load factor was 86.0% (+0.5ppt compared to July 2023). There was no significant negative demand impact from the CrowdStrike IT outage in the third week of July.
International demand rose 10.1% compared to July 2023. Capacity was up 10.5% year-on-year and the load factor fell to 85.9% (-0.3ppt compared to July 2023).
Domestic demand rose 4.8% compared to July 2023. Capacity was up 2.8% year-on-year and the load factor was 86.1% (+1.7ppt compared to July 2023).
"But persistent supply chain bottlenecks have made deploying the capacity to meet the need to travel more challenging," noted IATA Director General Willie Walsh.
Industry analysts say the global airline industry has faced several challenges in deploying adequate capacity due to supply chain bottlenecks.
Aircraft manufacturers including heavyweights Boeing and Airbus have experienced significant delays in production due to shortages of key components, such as engines and avionics. These delays mean that their customers (airlines) cannot receive new aircraft on schedule, limiting their ability to expand or update their fleets.
Supply chain disruptions have also affected the availability of spare parts, leading to delays in aircraft maintenance and repairs. This results in longer ground times for aircraft,

Travellers at San Francisco International Airport. Supply chain disruptions have affected the availability of spare parts, leading to delays in aircraft maintenance and repairs. This results in longer ground times for aircraft, reducing the number of operational planes and the overall capacity airlines can offer.

Beyond the Tarmac

reducing the number of operational planes and the overall capacity airlines can offer.
The aviation industry has also been hit by labour shortages, particularly in skilled positions such as pilots, mechanics, and ground staff. These shortages, compounded by supply chain issues, further strain the industry's ability to deploy adequate capacity.
Airports and other critical infrastructure projects have also been hit due to shortages of materials and equipment. This has prevented many airlines from expanding their operations or adding new routes, limiting capacity.
Supply chain disruptions have also driven up the costs of aircraft parts, fuel, and other operational necessities. Higher costs make it difficult for airlines to afford expanding their capacity, particularly as they recover from the financial impact of the Covid-19 pandemic.
In some cases, supply chain issues have led to delays in regulatory approvals for new aircraft or modifications to existing ones.
This, market analysts say, prevent airlines from deploying new planes or configurations that would help increase capacity.
"The winding down of the peak northern summer season is a reminder of how much people depend on flying. As the mix of travellers shift from leisure to business, aviation's many roles are evident—reuniting families, enabling exploration, and powering commerce. People need and want to fly. And they are doing that in great numbers. "Load factors are at the practicable maximum. But persistent supply chain bottlenecks have made deploying the capacity to meet the need to travel more challenging.
As much of the world returns from vacation, there is an urgent call for manufacturers and suppliers to resolve their supply chain issues so that air travel remains accessible and affordable to all those who rely on it," Walsh remarked. The global nature of the aviation industry means that even small disruptions in the supply chain will have a ripple effect, causing delays in aircraft deliveries, maintenance, and other critical operations. This interconnectedness, obviously, exacerbate capacity challenges.
These challenges create a complex environment, where airlines must navigate not only their own operational limitations but also external factors beyond their control.

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Boeing steps up 737 deliveries to China in respite for new CEO

Bloomberg
New York

Boeing Co delivered the most 737 Max jets to China in almost six years, offering a glimmer of progress to new Chief Executive Officer Kelly Ortberg as he works to clear a stockpile of completed aircraft and bolster cash at the embattled planemaker.
The instituted nine handovers in August eclipsed every month since December 2018, based on data from Cirium. That was shortly before regulators grounded the Boeing narrowbody in response to two fatal crashes. Inventories swelled to about 450 undelivered Max jets by late 2020 due to the extended grounding and the Covid-19 pandemic.
"If Boeing can continue August's pace of delivery to customers in China then it will go a long way towards clearing inventory that can potentially be delivered," said Rob Morris, head of consultancy at Cirium, the aviation analytics firm.
A fresh crisis this year slowed Boeing's effort to pare down the backlog, and the recent progress could yet unravel with a potential strike looming at the company's Seattle-area plants. Handing over more aircraft to Boeing's biggest export market would unlock delivery payments, easing pressure on Boeing's battered balance sheet while Ortberg focuses on stabilising factory operations.
A Boeing spokeswoman declined to comment ahead of the August orders and deliveries report expected on September 10.
The new CEO, who started on August 8, has a long list of issues to address, the most urgent to

Boeing 737 Max airplanes outside the company's manufacturing facility in Renton, Washington. Boeing delivered the most 737 Max jets to China in almost six years, offering a glimmer of progress to new chief executive officer Kelly Ortberg as he works to clear a stockpile of completed aircraft and bolster cash at the embattled planemaker.

avoid the possible strike that could idle Boeing's Seattle-area factories starting late next week.
An extended walkout would also disrupt work on stored planes being prepared for delivery.
China was the first country to ground the 737 Max in March 2019, and one of the last to lift its ban. Its carriers have operated a steadily growing number of Max jets since deliveries restarted early this year.
Progress has been start-and-stop. Boeing said in May that a pause in Chinese shipments of the 737 and larger 787 model, tied to an issue with cockpit voice-recorder batteries, would worsen cash outflows. Authorities there lifted the latest halt for widebody deliveries in late June, and for the 737 in early July.
Boeing has about 64 more Max 8 models in inventory that are earmarked for Chinese airlines, Cirium's Morris said. (Two other variants, the Max 10 and Max 7, await certification, and there are no Max 9s listed on order with Chinese customers.) Morris added that the pace of Max handovers depends partly on how fast Chinese carriers can absorb the new aircraft into their fleets.
Boeing's overall backlog of undelivered 737 Max 8 jets built before 2023 stood at about 90 at the end of June. The company has set a goal of getting most of those to customers by year-end. Moving the aircraft off its premises, along with about 35 of the larger 787 Dreamliner, would help the company shut down its costly "shadow factory" of workers preparing the planes for delivery.
The company's most recent difficulties arose in January, when a panel blew off a 737 Max 9 midflight. While disaster was averted, regulators have capped 737 production as Boeing addresses manufacturing quality, and the board brought in the Ortberg, 64, as part of a management overhaul.