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Al-Kuwari meets Egypt's Minister of Finance

HE the Minister of Finance Ali bin Ahmed al-Kuwari met Ahmed Kouchouk, Minister of Finance of Egypt on the sidelines of his participation in the Ministerial Meeting of the Arab Economic and Social Council in its 114th regular session held in Cairo. During the meeting, many topics related to common interests were discussed, especially in the fields of finance and economy as well as measures aimed at expanding these joint activities.

Minister of Finance meets Lebanon's Minister of Economy and Trade

HE the Minister of Finance Ali bin Ahmed al-Kuwari met with Amin Salam, Caretaker Minister of Economy and Trade of Lebanon on the sidelines of his participation in the Ministerial Meeting of the Arab Economic and Social Council in its 114th regular session held in Cairo. During the meeting, many topics related to common interests were discussed, especially in the fields of finance and economy as well as measures aimed at expanding these joint activities.

Qatar is looking at Finnish partnership in energy, renewables, digital, finance and logistics spheres

Qatar is increasingly looking at partnership with Finland's business sector, especially in the areas of energy, renewable energy, digital transformation, infrastructure, financial and logistics services as part of strengthening the bilateral trade and investment relations.

Addressing the Qatar-Finland Roundtable for Business in Helsinki, HE the Minister of Commerce and Industry Sheikh Mohammed bin Hamad bin Qassim al-Thani, said Qatari-Finnish relations have significantly developed recently, with trade and investment co-operation between the two countries reaching $107.6mn in 2023.

The roundtable served as an essential platform for discussing various topics of mutual interest and economic opportunities in the trade and investment sectors, to develop partnerships and open new horizons for co-operation between the business sectors of both countries, he highlighted in the presence of Ville Tavio, Minister for Foreign Trade and Development of Finland.

In this regard, he expressed optimism in achieving further significant contributions in bilateral trade relations, especially given the considerable opportunities available in Qatar's vital sectors, such as energy and renewable energy projects, infrastructure, digital transformation, financial and logistics services.

Sheikh Mohamed asked Finnish investors and companies to take advantage of Qatar's outstanding economic and investment environment, pointing to the incentives and legislation that encourage foreign investments and develop non-oil exports.

During the roundtable discussions, the advantages of the business environments of Qatar and Finland were highlighted, and ways to strengthen co-operation in several areas were discussed. Several bilateral meetings were held between Qatari private sector companies and several Finnish producers and exporters to explore co-operation opportunities, exchange expertise, and build new investment avenues in sectors of mutual interest.

The Qatar-Finland Roundtable aims to enhance trade, investment, and industrial co-operation between the two parties and open communication channels between representatives of the Qatari and Finnish private sectors to establish investment projects that serve the interests of both countries.

The roundtable concluded with the signing of several memoranda of understanding, aimed at increasing bilateral co-operation and trade exchange.

HE the Minister of Commerce and Industry Sheikh Mohammed bin Hamad bin Qassim al-Thani addresses Qatar-Finland Business Roundtable.

Qatar-Finland trade exchange reaches $112mn last year: Sheikh Khalifa

QNA
Helsinki

Chairperson of Qatar Chamber (QC) Sheikh Khalifa bin Jassim al-Thani underlined the advanced co-operation relations between the State of Qatar and the Republic of Finland, noting that the volume of trade exchange between the two countries achieved a growth of 8% during the past three years, reaching $112mn last year compared to $104mn in 2020.

This came during his speech at the Qatari-Finnish roundtable held yesterday in the Finnish capital, Helsinki, in the presence of HE the Minister of Commerce and Industry, Sheikh Mohammed bin Hamad bin Qassim al-Thani and Finnish Minister of Foreign Trade and Development Ville Tavio.

The roundtable, discussed prospects for co-operation between the Qatari and Finnish private sectors, and investment opportunities available on both sides. In addition, The Qatari side invited Finnish investors to forge commercial and industrial partnerships and alliances that benefit the economies of the two countries.

Sheikh Khalifa pointed out that there are many Finnish companies that have significant investments in Qatar, whether with Qatari partners or with full Finnish ownership in various fields such as technology, aviation, digitalisation and education.

He stressed Qatari investors' keenness and interest to explore investment opportunities available in Finland, calling on Finnish investors and companies to enhance co-operation with their Qatari counterparts in projects and investments that benefit the economies of the two friendly countries.

He noted that the State of Qatar is considered one of the most preferred destinations for business and investment in the world, as it enjoys world class infrastructure that provides a set of investment incentives and advanced economic legislation, allowing non-Qatari investors to own 100% of the capital in many sectors.

During the meeting, the two sides reviewed the investment opportunities available in many sectors, and the incentives provided by both countries to attract foreign investments.

Qatar Chamber signed a letter of intent with the Finnish Chamber, with the aim of increasing the volume of trade and investments between the two countries as well as diversifying trade exchange, economic co-operation, and trade and cultural relations between the two business communities. The letter was signed Sheikh Khalifa bin Jassim al-Thani, Chairman of Qatar Chamber, and Juho Romakkaniemi CEO of Finland Chamber of Commerce. An agreement was also signed between the Qatari company FAYN and the Finnish company HUR.

Qatar's electricity use grows faster than production in July; surge in reuse of treated wastewater for farming: NPC

By Santhosh V Perumal
Business Reporter

Qatar's electricity utilisation grew marginally higher than the generation on an annualised basis in July 2024, according to the official estimates.

The country's gross generated electricity stood at 6,530.8GWh (Giga watthours), which grew 8.7% and 6.7% year-on-year in July 2024, according to the National Planning Council (NPC) data.

Between July 2023 and July 2024, the electricity generated ebbed in February 2024, when it was 2,730GWh.

The electricity utilisation was 6,203GWh, which rose 9% and 6.8% on yearly and monthly basis respectively in the review period.

Accordingly, the surplus (gross electricity generated minus electricity utilised) amounted to 327.8GWh in July 2024, which reported 3.09% and 4.96% growth year-on-year and month-on-month respectively.

In the case of water, the utilisation saw higher growth on an annualised basis, while it was lower than production on a monthly basis in the review period.

The country's produced water stood at 60.02mn cubic metres, which grew 1% and 3.4% year-on-year and month-on-month respectively, while the utilisation was 58.47mn cubic metres, which was up 0.1% and 3.8% on yearly and monthly basis respectively in July 2024.

The water production peaked at 59.88mn cubic metres in August 2023 and ebbed at 50.48mn cubic metres in February 2024.

Qatar, which uses the most modern membrane ultra-filtration system to recycle the treated wastewater, has seen a robust year-on-year expansion in the reuse of treated wastewater in agriculture and irrigation of green spaces this July, according to NPC data.

The country's treated wastewater amounted to 23.53mn cubic metres, which was up 2.3% year-on-year but declined 0.9% month-on-month in July 2024.

Ashghal operates a number of wastewater treatment plants throughout the country and the improvement in wastewater treatment technologies were the reason behind the large increase in the wastewater treatment capacity.

Doha North Sewage Treatment Works, a significant sewage treatment project being undertaken by Ashghal, utilises treated wastewater from the project for irrigation and other non-potable purposes, while the sludge from the treatment plant is used as soil conditioner in the neighbouring agriculture fields and as a source of green energy, according to reports.

The treated wastewater reused in agriculture stood at 8.28mn cubic metres, which accounted for 35.19% of the total treated wastewater this July. Their reuse grew 21.4% and 8.1% on an annualised and monthly basis respectively in the review period; indicating the hydrocarbons-rich country's green initiatives, a key parameter of sustainable development.

The treated wastewater reused in irrigation of green spaces amounted to 13.38mn cubic metres, which constituted 56.86% of the total treated wastewater in July 2024. Their reuse shot up 3% and 1.9% year-on-year and month-on-month respectively in July 2024.

The treated wastewater reused in deep injection into aquifers amounted to 0.45mn cubic metres, which accounted for 1.93% of the total treated wastewater in July 2024. Such reuse, nevertheless, plummeted 76.7% and 58.3% respectively in the review period.

The treated wastewater discharged into lagoons in July this year stood at 1.02mn cubic metres or 4.33% of the total treated wastewater reused. The discharge saw 17.3% and 45.6% decline on yearly and monthly basis respectively.

Greek economy on rebound but many still struggling

AFP
Athens

Greek barista Kyriakos Giannichronis has seen the headlines about his country's newly booming economy after years of recession — but he does not feel the wealth.

The Athens resident only has about 150 euros ($170) to spare at the end of the month, and that is despite getting a good deal on rent and making a little more than minimum wage.

Many Greeks face similar challenges — which is why Prime Minister Kyriakos Mitsotakis is widely expected to announce new benefits in a keynote speech this weekend.

"I am responsible enough for what I make, but... everything is going up and up. And the amount we get paid is around the same each year," he said.

"Things look like they're getting better, but it doesn't seem like it," the 27-year-old told AFP. Living standards in Greece remain low despite the Mediterranean country's substantial rebound which has the economy growing at 2% — a higher rate than in much of Europe.

The reason for the two sides of the coin is that Greece has significant ground to make up after a near-decade economic crisis and pandemic recession.

The economy "is growing and all the right measures are improving, but starting from a very low basis," economist Nikos Vettas told AFP. "Even if you have an increase now, this improvement is not enough to catch up," said Vettas, who heads the Greek foundation for economic and industrial research IOBE think-tank.

To further complicate matters, housing and food prices had gone up because of inflation, which only now is on its way down.

"The cost of living actually neutralised part of the increase in the wages that we had, and as a result the real incomes of many households are suffering," Vettas said.

Mitsotakis' conservative government — which is dipping in the polls — has blamed the high cost of living on soaring energy prices that followed the war in Ukraine. His New Democracy party is currently polling at around 22%, a far cry from the 40.56% it won in national elections last year.

Mitsotakis is expected to announce a new round of benefits in the prime minister's annual economy speech in Thessaloniki this weekend. Last year, the country of just over 10mn people had the second lowest GDP per capita in purchasing power within the European Union. Only Bulgaria fared worst, according to EU data agency Eurostat.

It also found that average annual income in Greece was half the European average in 2023. And the Greek minimum wage is 830 euros, some 900 euros below that of France.

"So how are you supposed to live, if you have to rent a house with 500 euros?" asked Athens hairdresser Christina Massiou.

"Life is so expensive that you can't set aside money for emergencies," the 24-year-old added. She and her friend Alexandra Siouti, who works at a PR agency, spoke from under a palm tree at a beach near Athens.

They had gone to relax and "escape from reality", Massiou said. "I have seen the older generations say that things are getting better. For them maybe," Siouti, also 24, told AFP.

"But younger people don't have many opportunities here to start their life and invest in their dreams." — No Switzerland or Sweden — Last month, the economy ministry said household net disposable income had risen in recent years, putting Greece in 16th place in the European Union.

The data confirmed the "significant progress our country has achieved in the last five years", the ministry said in a statement.

But the ministry acknowledged that it was not cause for celebration or a reason to "underestimate the real difficulties that many of our fellow citizens face". "It is obvious that Greece has not turned into Switzerland or Sweden," it said. Vettas, the economist, noted that some sectors have fared better than others.

"We have witnessed in the last three or four years a sharp increase in the salaries of professions where they have some speciality, some expertise," he said.

Germany's image as auto superpower hit by Volkswagen's slow decline

Bloomberg
Frankfurt

On a Monday afternoon in mid-August, workers at Volkswagen AG's electric vehicle factory in Zwickau shuttled stony-faced between car frames and platforms. The plant was eliminating night shifts after letting go of hundreds of temporary workers.

A sense of foreboding was already in the air.

"The mood is tense, I have to be honest," recalls Ronnie Zehe, the assembly manager at one of VW's newest and most efficient factories.

Three weeks later, the future of those men and women is at risk after the manufacturer that built the iconic Beetle issued a warning that it will need to shut plants for the first time in its 87-year history. Just before the corporate bombshell came a political wake-up call as the far-right notched big wins in two state elections in the former east, coming second in Saxony — where Zwickau is located.

Germany is confronting the most symbolic moment yet in its story of industrial decline as its biggest manufacturer is poised to cross the Rubicon of factory closures. VW's announcement is more than a belated acknowledgment of commercial reality. It's a body blow to the country's self-image as an automotive powerhouse and an economy that was the world's largest exporter earlier this century.

Volkswagen factory in Zwickau. Germany is confronting the most symbolic moment yet in its story of industrial decline as its biggest manufacturer is poised to cross the Rubicon of factory closures. VW's announcement is more than a belated acknowledgment of commercial reality.

The reverberations are cultural and economic too in a nation that was hastily sewn together after the fall of the Berlin Wall but faces the reality that the reunification project has come at a cost. The anti-immigration Alternative for Germany, known as AfD, and left-wing populists have thrived by preying on the east-west divide and the mainstream political establishment has been powerless to stop it.

In the short-term, their electoral gains are yet another knock on Chancellor Olaf Scholz's struggling coalition. In the long term, with federal elections on the horizon in 2025, the question becomes how to tackle the root cause of voter discontent. And a lot of that hinges on Germany being able to pull off another economic miracle of sorts: A rapid transition from export-led manufacturer of cars to a clean-energy power that is at the avant guard of chips and batteries.

The chronicle of VW's decline — a cautionary corporate tale about being caught behind the times — mirrors the flaws in what had been Germany's model for success and casts doubt on Europe's economic motor to keep leading the way in the continent.

"Volkswagen's problems are partly self-inflicted due to bad business decisions, but VW is also a good example of the enormous difficulties facing Germany as a business location," said Carsten Brzeski, head of macro at ING. "Germany has been losing competitiveness for years, and this is now also affecting the former crown jewels of the German economy."

In Zwickau, a mid-sized city in the east where VW made 247,000 fully-electric cars last year, along with 12,000 car bodies for Lamborghini and Bentley models, cost-cutting measures were already well under way before the prospect of wholesale plant closures came up.

The factory is fully exposed to the much slower uptake of EVs in the region as models remain too expensive and incentives fade. VW, though still very profitable, has had a bumpy ride in the transition by first clinging to diesel engines and then overshooting with a full blown offensive.

The company, with its Wolfsburg headquarters in the western state of Lower Saxony, was one of hundreds of businesses that jumped at the chance to take over eastern factories following reunification, including the Zwickau one. "Every other family is attached to this Volkswagen plant somehow, even if it's the butcher," said Thomas Knabel, the local official of the IG Metall union that represents workers at the facility. The closure of individual factories is devastating to such communities — and carries a political price for Scholz. Carmaking creates around 4% of total value added in the German economy, with a further 4% when taking into account associated areas such as metal or rubber manufacturing, according to Bloomberg Economics.

As Martin Ademmer, an economist at BE, puts it: "The car industry's importance for the German economy has declined in recent years but it still remains a very crucial sector."

Cars are an integral part of Germany's modern identity, a pop culture touchstone and political lighting rod: Whether it was Herbie, the Love Bug in the Walt Disney movies, or Janis Joplin in her 1960s psychedelic Porsche or Donald Trump complaining about the number of Mercedes-Benz and BMW cars driving along Fifth Avenue in New York.

Indeed, the story of VW is the story of postwar Germany, an ascendancy against the odds, associated with the post-war miracle that turned a land wrought by destruction into the region's greatest industrial power.

With the turn of the 21st century, the ability of VW to tap demand from a growing Chinese middle class helped it defy the fate of its rivals in Detroit. But then its reliance on Asian consumers became a problem.

Under the watch of successive governing coalitions in Berlin, the high point of its industrial output in 2017 has been eroded by the ascendancy of advanced Chinese manufacturing, and successive crises from the pandemic to the cut-off of cheap Russian gas imports in the wake of the invasion of Ukraine.

Then there's the wider question of the country as a business location. With infrastructure creaking from decades of under-investment in the name of near-balanced budgets, and red tape a frequent complaint of businesses, a survey of 180 economists surveyed by the Munich-based Ifo institute concluded in May that Germany lacks appeal as a place for enterprise. The answer by Scholz's government, in a rushed bid to placate voters in the restless east, has largely been to dole out generous subsidies to companies opening up plants there.

That approach alone won't fix the country's waning competitiveness in the long run, said Jens Spahn, a lawmaker from the opposition CDU who serves on the economy committee in parliament. He warned this week that "VW is just the tip of a large iceberg."

Back in Zwickau, in a region already locked in political unrest, VW's announcement has at least brought some clarity, even if workers are struggling to see through the gloom. The factory has completely redone the roster for every single team, which was a stress point for workers with families, caregiving duties and health conditions.

"We have worked hard to achieve a very good standard of living here," Zwickau Mayor Constance Arndt said. "I see more light than shade, but people are now realising that it can quickly come to an end."

CVC Capital sees room for 'selective' M&A to expand offerings

Bloomberg
Luxembourg

CVC Capital Partners has room to pursue selective acquisitions as it looks to expand its offerings as a multistrategy private equity firm, according to Chief Executive Officer Rob Lucas.

In its first-half earnings report yesterday, CVC said it sees "significant opportunity" to scale existing strategies, citing growth potential in secondaries, credit and infrastructure in particular. It isn't ruling out expanding via acquisitions in other areas as well.

"Will we have our eyes open for other inorganic developments in other areas? Yes, we do," Lucas said on a call with reporters. "We do have eyes open, but we will be very selective." CVC would be open to opportunities that present the "right size, right cultural fit and the ability to really scale" across the firm's network, he said, adding it isn't in any rush.

The private equity firm has grown via acquisitions in recent years, buying Glendower Capital in 2021 to gain a foothold in the fast-growing market for secondaries. Last year it took a majority stake in DIF Capital Partners to expand its infrastructure offering.

This is CVC's first set of financial results since it started trading in Amsterdam in April, after a long-awaited initial public offering that saw it raise €2bn ($2.2bn) alongside its investors. The shares have climbed more than 30% since the listing, making CVC one of the most successful stocks to debut in Europe this year. It has also outperformed peers such as Sweden's EQT AB and London-listed Bridgepoint Group Plc on the stock market.

Higher interest rates and sluggish markets for new listings and M&A, combined with a tougher fundraising environment, have vastly complicated the private equity business of buying and selling firms. CVC has so far managed to hold onto its pole position.

It raised €26bn last year for the world's biggest-ever buyout fund — a sharp contrast to peers that had to delay fundraisings or adjust expectations. It added to its cash pile by raising €7.4bn in capital in the first six months of this year.

CVC has been busy putting that cash to work after a ramp-up in deal-making. It deployed €13.4bn in the January-June period, 63% more than the corresponding period last year.

The firm agreed last week to take a stake in Swedish property manager Odevo AB. That came weeks after a deal with a group of other investors to buy Hargreaves Lansdown, which valued the UK investment platform at £5.4bn ($7.1bn).

It generated €9.4bn from exiting investments in the first half, more than double the tally at this time last year. CVC listed German perfume retailer Douglas AG among one of its key exits this year. However, the firm isn't anticipating the same level of realisations in the second half as it had in the in the first half, Lucas said.

"We continue to actively look to realise, but equally know the timing of those can be can be quite uncertain," he said, noting that realisations can be "lumpy."

CVC's total revenue grew 27% year-on-year to about €638mn in the first half of the year, while fee-paying assets under management increased by 45% to €142bn from €98bn at the end of 2023.

Besides a mixed environment for M&A, private equity firms in the UK are also contending with a potential end of a key tax break. The new Labour government is considering changes that would see carried interest — fund managers' portion of profits on asset sales — taxed as as income rather than capital gains.

US yield curve turns positive as soft labour data fuels Fed cut bets

Bloomberg
New York

A key segment of the US Treasury yield curve briefly turned positive as weaker-than-anticipated labour-market data bolstered bets on steep interest-rate cuts by the Federal Reserve.

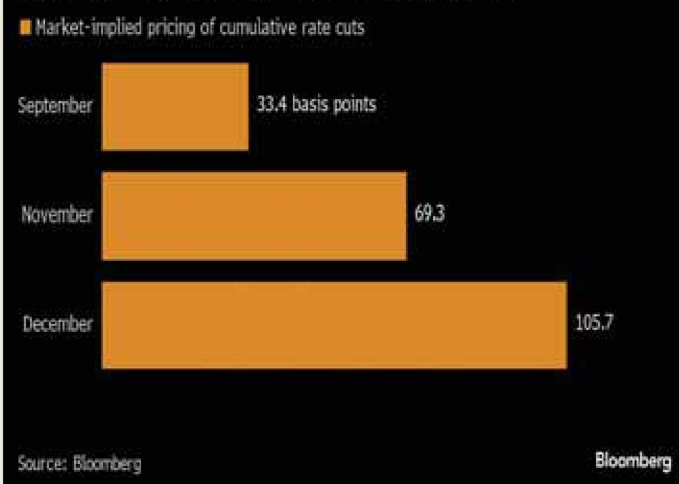
Treasuries jumped on Wednesday — led by shorter-maturity notes that are more sensitive to the Fed's monetary policy — after US job openings fell in July to the lowest since the start of 2021. That pushed the US two-year note's yield momentarily below the 10-year note's for only the second time since 2022 as traders built up wagers on a super-sized rate reduction this month.

"The Fed probably needs to move sooner and maybe even by 50" basis points, said John Fath, managing partner at BTG Pactual Asset Management US LLC. "If they do, then the curve should disinvert completely."

Interest-rate swaps showed traders have fully priced in a quarter-point rate cut at the Fed policy meeting this month — and a more than 30% chance of a half-point reduction. A total of 107 basis points of easing is expected for the remaining three meetings this year. Across Wall Street, economists and money managers have been scouring economic data for signs of weakness that would force the Fed to kick off an aggressive rate-cutting cycle.

The decline in openings seen in Wednesday's data adds to recent evidence the labour market is softening, which has raised concern among Fed officials. Job growth has been slowing, unemployment is rising and job seekers are having greater difficulty finding work, fuelling fears about a potential recession. To Earl Davis, head of fixed income at BMO Global Asset Management, evidence of softness in the US labour market is significant as it "lowers the bar for Fed" to slash rates by a half-point later this month. "Once they start with 50, it won't be one-off," he said. "There's ample room for them to cut."

A measure of expected volatility in US rates derived from options on swaps also has surged as traders see more scope for Fed interest-rate cuts. The Treasury yield curve also sent a brief signal about the risk of a US downturn. Historically, bond yield curves slope upward with investors seeking higher yield, or return, for the uncertainty of stashing their cash in longer-maturity Treasuries. But in March 2022, the yield curve inverted as the Fed kicked off what proved to be its most aggressive tightening cycle in decades. Two-year yields went on to exceed the 10-year by as much as 111 basis points in March 2023, the biggest inversion since the early 1980s.



A restoration of the normal upward slope of the yield curve following a long period of inversion has typically happened when the Fed starts to lower interest rates. Since the Fed tends to ease policy when the economy hits a snag, such disinversion has heightened investors' concern about recession. "I like to say that once the yield curve goes positive, it tends to start the clock on the recession," said Ryan Hayhurst, president of Oklahoma City-based The Baker Group, which advises over 1,000 community banks and credit unions across the country.

For decades, however, strategists and even some Fed officials have downplayed the predictive power of the yield curve.

Prior to the pandemic, many on Wall Street warned the inversion's recessionary signal was distorted as a result of the central bank keeping rates exceptionally low. And last year, a Bank of America strategist said the inversion was being driven by expectations for a hard landing for inflation as the Fed did its job to rein in price pressures through tight policy.

Now, though, disinversion of the curve is in focus, with two-year yields moving down closer to 10-year's for months. "It's a healthy thing that should be cheered," said Jerome Schneider, head of short-term portfolio management and funding at Pacific Investment Management Co. "A normal yield curve shape is indicative of a business and monetary-policy climate that is closer to normal and balanced."

On August 5, the curve also briefly normalised on an intraday basis. While two-year yields quickly moved back above 10-year yields on Wednesday, the remaining gap is less than a basis point.

"The unreliability of the signal from an inverted yield curve also means a disinversion doesn't necessarily mean – as it typically used to – a recession is imminent," says Simon White, macro strategist.

"The disinversion of the curve makes a lot of sense as we are on the eve of the Fed starting to cut rates," said Priya Misra, portfolio manager at JPMorgan Asset Management. The amount of easing priced in the market is "consistent with a Fed that wants to normalise rates to preserve the soft landing that we are currently in," she added.

China's bulging commodity stockpiles show depth of economic woes

Bloomberg
Beijing

Inventories of key raw materials are piling up in China, evidence that economic activity remains too feeble to clear a surplus that's crushing prices from steel to soybeans.

The government's growth target for the year looks increasingly out of reach, an unwelcome development for the drillers, miners and farmers that supply the world's biggest importer of commodities. The blowout in stockpiles might suggest that some traders were caught out by the economy's poor performance since the end of the pandemic. Others may have underestimated the extent of China's pivot from the old economy to the new.

But the stockpiling is also testimony to the premium placed by Beijing on making sure its factories and citizens never run short. Even when its economy is hot, China houses outsized quantities of raw materials. It holds more than 90% of the world's visible copper inventories, nearly a quarter of the world's crude oil, and over half of staple crops like corn and wheat, according to research from JPMorgan Chase & Co.

So, while consumption and industrial activity are surely weak, China's state-owned importers may be not be too fussed if they've mistimed their purchases, given their mission to guarantee that the country's reserves are sufficient come what may.

The power-shortage scares of 2021 and 2022 drew renewed scrutiny of China's energy security, especially around the availability of its mainstay fuel — coal. Beijing's response was to lift production and imports to record levels.

But those efforts have coincided with subdued industrial demand, and a dramatic surge in clean energy generation that now meets almost all of the country's growth in consumption. The upshot is that coal inventories rose to a unprecedented 635mn tonnes at the end of June, from less than 90mn in late 2021, according to an estimate from data provider China Coal Resource.

China's oil market is facing similar issues with a weak economy, rising domestic production, and a long-term decline in demand as decarbonisation gathers pace. Refiners have been forced to cut their cloth accordingly by reducing operating rates. Imports have dwindled.

Although onshore crude inventories swelled to a 10-month high of more than 1bn barrels in July, they're still below last year's summer peak, according to Vortexa Ltd. That could signal even fewer imports if firms are taking a cautious approach by drawing on ample supplies to meet any seasonal upturn in demand in the fall.

"Given the uncertain demand outlook, refineries may choose to destock commercial tanks rather than increase buying, if they need to raise runs as demand picks up seasonally," said Jianan Sun, an analyst at Energy Aspects. China's feed mills have been gorging on cheap Brazilian soybeans this year, only to find that downstream appetite for livestock rations isn't as robust as expected.

Bundles of steel tubes at a trading market in the outskirts of Shanghai. Inventories of key raw materials are piling up in China, evidence that economic activity remains too feeble to clear a surplus that's crushing prices from steel to soybeans.

Asian equity markets mixed after sell-off

AFP
Hong Kong

Asian and European markets were mixed yesterday after the turmoil of the previous day as traders assess the outlook for US interest rate cuts and another set of below-par data put extra focus on the upcoming jobs report.

In Tokyo, the Nikkei 225 closed down 1.1% to 36,657.09 points; Hong Kong — Hang Seng Index ended down 0.1% to 17,444.30 points and Shanghai — Composite closed up 0.1% to 2,788.31 points yesterday.

Equities endured on Wednesday the most tumultuous day since early August after a weak read on US factory activity combined with a collapse in tech firms to cause a rout across the board.

While some of the selling was put down to profit-taking, news that the manufacturing sector contracted for a fifth straight month revived worries that the world's top economy could tip into recession.

A big miss on labour creation in July was one of the catalysts for last month's bloodbath. Figures on Wednesday showed job openings fell to their lowest level since the start of 2021, stoking the sense that the economy and labour market are not as strong as thought.

With the Fed widely expected to cut rates at its meeting next month, observers said the recent figures are making a strong case for a 50-basis-point reduction, as opposed to the 25 points largely expected.

"Given that September historically claims the title of the worst month for stock returns — with August a close runner-up — this seasonal swoon could just be par for the course," said analyst Stephen Innes.

"And yet, there's always that lingering worry that the sharp pullback from near-record highs might signal something deeper. Enter this week's critical US employment report, coupled with (Wednesday's job openings) data, which threw another wrench into the mix." He pointed out that the job openings report also showed a downward revision for June, "adding to growing evidence that the US labour market is finally cooling." "While that's a positive in terms of easing wage pressures and keeping inflation in check, it also raises questions about the economy's underlying strength." While Wall Street struggled for a second day — only the Dow ended in positive territory — Asia mostly eked out gains though many markets drifted in and out through the morning.

Tokyo fell as exporters were weighed by a strengthening yen, while there were also losses in Hong Kong, Seoul, Singapore and Mumbai.

Shanghai, Sydney, Wellington, Taipei, Manila and Bangkok all rose.

Kelvin Wong at OANDA warned that "the hard-landing playbook narrative is back at the forefront as the market participants are 'fearful' that the US Federal Reserve has been late in enacting the interest rate cut cycle in the US.

Japan's firms lift outlays in sign of modest domestic demand

Bloomberg
Tokyo

Japanese businesses boosted investment in the second quarter of the year, reaffirming signs of confidence that the economy is recovering slowly with the help of an uptick in domestic demand-led activity.

Capital expenditure on goods excluding software rose 1.9% in the three months through June from the previous quarter, the finance ministry reported on Monday. The reading was stronger than the gauge for business investment in gross domestic product data released earlier by the Cabinet Office, which showed such spending increased 0.9% from the previous quarter.

Spending on equipment including software grew 7.4% from a year earlier, rising for a 13th consecutive quarter while missing economists' consensus estimate of a 10% gain. The figures will be factored into revised GDP figures for the second quarter due for release on September 9. Economists will parse the combination of stronger and weaker than expected results as they try to determine how economic growth figures might be revised.

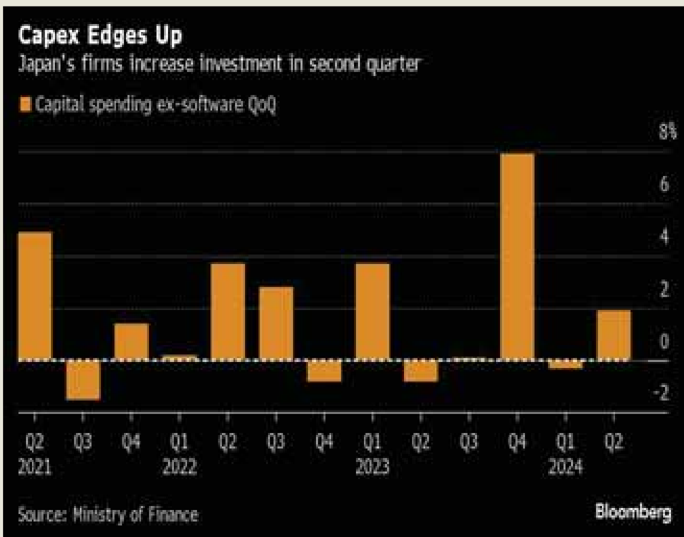
Overall, Monday's data are in line with earlier indications that the world's fourth largest economy continues on a path of mild recovery.

The preliminary GDP figures indicated that the economy rebounded to growth in the three months through June, driven by a pickup in domestic demand, especially private consumption.

Monday's data may result in a downward revision to capex, according to Naoki Hattori, senior economist at Mizuho Research & Technologies.

"Business spending growth in the April-June quarter will remain positive quarter on quarter, but it will likely be revised slightly downward from the preliminary 2Q GDP figure," Hattori said.

Taro Saito, head of economic research at NLI Research Institute, sees a revision in the opposite direction. "Business spending will likely be revised slightly upward, but it won't be a big revision," he said.



A closer look at the figures pointed to stronger investment in the more domestic oriented service sector. On a quarter-on-quarter basis, manufacturing investment fell 3.3% compared with a 4.9% gain for services. "The non-manufacturing sector, especially the service sector, is the main driver of the increase," said Hattori. "Inbound demand is quite strong, and investment in lodging and food and beverage have driven growth."

The fresh sign of resilient internal demand offers support for the Bank of Japan (BoJ)'s July 31 decision to raise interest rates and cut bond purchases in a policy tightening step. Governor Kazuo Ueda said at a parliamentary hearing last month that the move was appropriate as economic data were aligning with forecasts.

In the latest outlook report released in July, the bank said "business fixed investment has been on a moderate increasing trend," as corporate earnings improve and business confidence remains at a favourable level.

In the April-June period, 64% of Topix companies beat earnings expectations while 33% missed, a better ratio than the previous quarter, according to Bloomberg-compiled data. Profit growth beat estimates despite weaker-than-expected growth in sales, the data showed.

The government also presented its view that business investment is showing signs of picking up in its August monthly economy report, maintaining the relatively positive view for a sixth month.

Businesses are expected to continue boosting investment in an effort to cope with a chronic labour shortage, according to Hattori. Japan's large service sector firms are facing the worst manpower constraints in 32 years, according to the BoJ's June Tankan report.

Atsushi Takeda, chief economist at Itochu Research Institute, said that while the data may result in a downward revision to capital spending in next week's revised GDP, he sees Japan's economy heading for a recovery in the third quarter, which may keep the BoJ on track for a rate hike in December.

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Finance Minister leads Qatar delegation to Arab Economic and Social Council meeting in Egypt

HE the Minister of Finance Ali bin Ahmed al-Kuwari led Qatar's delegation participating in the Ministerial Meeting of the Arab Economic and Social Council in its 114th regular session, which was held at the headquarters of the General Secretariat of the League of Arab States in Cairo, Egypt.

The agenda for this session included several important items, such as the Greater Arab Free Trade Area, developments in the Arab Customs Union, and follow-up on the decisions from the 113th session of the Arab Economic and Social Council. It also covered the Arab food security strategy, support for the Palestinian economy, and other economic and social topics.

Notably, the preparatory meetings for this session included senior officials' session, following two meetings held by the Social and Economic Committees of the Council. Qatar was represented at these meetings by a delegation from the Ministry of Finance.

Al-Kuwari meets Tunisia's Minister of Trade and Export Development

HE the Minister of Finance Ali bin Ahmed al-Kuwari met with Samir Abid, Minister of Trade and Export Development of Tunisia on the sidelines of his participation in the Ministerial Meeting of the Arab Economic and Social Council in its 114th regular session held in Cairo. During the meeting, many topics related to common interests were discussed, especially in the fields of finance and economy as well as measures aimed at expanding these joint activities.

Amir's visit to Finland opens new phase of bilateral ties

QNA
Helsinki

The Secretary-General of the International Chamber of Commerce in the Republic of Finland (ICC Finland) Paivi Pohjanheimo confirmed that the visit of His Highness the Amir Sheikh Tamim bin Hamad al-Thani to the Republic of Finland marks the beginning of a new phase of co-operation between the two countries, particularly in the fields of business, trade, and investment, in addition to its significance for exploring available opportunities and enhancing the existing economic relations between the two nations.

In an interview with the Qatar News Agency (QNA), she said that the visit of His Highness the Amir helps create important platforms for companies from both sides, by establishing connections and networks that will enhance the investment of numerous joint economic opportunities.

She noted that Finland has a clear understanding of Qatar National Vision 2030 and expressed her country's readiness to share its expertise in this context and contribute to working towards a carbon-neutral economy in line with this vision.

She highlighted the many opportunities for investment between the two countries across various sectors, including technology and innovation, renewable energy and sustainability, education and scientific research, health technology and care, life sciences, infrastructure, tourism, and more. She emphasised the importance of the visit in enhancing mutual understanding of business opportunities between the two countries.

Regarding the competitive advantages of the Finnish economy, she said that Finland has recently been ranked among the best investment environments in the world in international comparisons, due to its open business and governmental practices, the competitive advantage of its workforce, and the country's leading position in digital talents in Europe, particularly in key information technology services, engineering, health technology, and other fields. Additionally, Finland is renowned internationally for its innovative culture.

She added that Finland is a leader in innovation, which is particularly interesting for Qatari investors. Additionally, Finland offers reliable infrastructure and carbon-free energy, with around 90% of the available electricity being carbon-free.

Regarding attractive economic opportunities for Qatari private investment in the Finnish market in the future, she said that there are extensive opportunities for future investments, especially in sectors such as information and communications technology, energy, health technology, real estate, and tourism. She noted the potential for investment in Finland's innovation and emerging technology platforms, which are not only undergoing a green transition but also experiencing a comprehensive digital transformation.

She explained that there are many attractive advantages for Qatari partners to collaborate on implementing Qatar National Vision 2030 and other diverse projects and plans. She emphasised the importance of establishing a collaborative network at the levels of business, education, academic research, development, and innovation between the two countries.

She pointed out that there are six Finnish companies that have invested in Qatar in recent years, with Finnish companies' sales in Qatar reaching approximately $400mn, most of which is in commercial services.

She noted that Finnish expertise in clean energy aligns with Qatar's goals and vision for diversifying its energy economy, providing an opportunity for Finnish companies specialising in this field to operate in Qatar in the future. She commended Qatar's efforts to reduce carbon emissions in this regard.

She also pointed out the potential to enhance joint co-operation in education, noting that increased collaboration with Qatari universities and research centres could improve educational outcomes in both Qatar and Finland.

QSE index edges up amid buying support; Islamic equities outperform

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange (QSE) yesterday edged up marginally higher amidst strong buying interests, particularly in the insurance, telecom and real estate counters.

The domestic funds were seen increasingly net buyers as the 20-stock Qatar Index rose mere 0.02% to 10,323.32 points, recovering from an intraday low of 10,282 points.

The local retail investors were also increasingly bullish in the main market, whose year-to-date losses truncated to 4.68%.

About 57% of the traded constituents extended gains to investors in the main bourse, whose capitalisation added QR1.09bn or 0.18% to QR597.17bn on the back of small and microcap segments.

The Gulf individuals were net buyers, albeit at lower levels, in the main market, which saw 8,480 exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at QR0.05mn trade across four deals.

However, the foreign funds were increasingly net sellers in the main bourse, which saw no trading of treasury bills. The Gulf institutions were also increasingly net profit takers in the main market, which saw no trading of sovereign bonds.

The Islamic index was seen outperforming the other indices in the main bourse, whose trade turnover and volumes were on the decline.

The Total Return Index was up 0.02%, the All Share Index by 0.1% and the All Islamic Index by 0.19% in the main market.

The insurance sector index shot up 1.52%, telecom (1.35%), realty (0.53%), banks and financial services (0.09%) and industrials (0.02%); while transport declined 0.96% and consumer goods and services (0.02%).

Major gainers in the main bourse included Qatar General Insurance and Reinsurance, Dlala, Ooredoo, Medicare Group, Ezdan, Lesha Bank and Barwa. In the venture market, both Al Mahhar Holding and Techno Q saw their shares appreciate in value.

Nevertheless, Nakilat, Mekdam Holding, Al Faleh Educational Holding, QIIB and Gulf Warehousing were among the losers in the main market.

The domestic institutions' net buying increased substantially to QR16.02mn compared to QR9.58mn on September 4. The local retail investors' net buying strengthened noticeably to QR11.6mn against QR8.29mn the previous day.

The Gulf individuals turned net buyers to the tune of QR0.65mn compared with net sellers of QR0.32mn on Wednesday.

However, the foreign institutions' net selling expanded perceptibly to QR14.92mn against QR11.57mn on September 4.

The Gulf institutions' net profit booking grew markedly to QR7.87mn compared to QR3.67mn the previous day.

The Arab individual investors' net selling soared notably to QR4.98mn against QR2.29mn on Wednesday.

The foreign retail investors' net profit booking rose marginally to QR0.5mn compared to QR0.02mn on September 4.

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

Trade volumes in the main market declined 3% to 118.89mn shares, value by 10% to QR259.82mn and transactions by 14% to 10,836.

The venture market saw 60% plunge in trade volumes to 0.63mn equities, 58% in value to QR1.55mn and 16% in deals to 79.

The domestic funds were seen increasingly net buyers as the 20-stock Qatar Index rose mere 0.02% to 10,323.32 points, recovering from an intraday low of 10,282 points

Opec+ agrees to delay October oil output hike for two months

Reuters
London

Opec+ has agreed to delay a planned oil output increase for October and November after crude prices hit their lowest in nine months, three sources from the producers' group told Reuters yesterday.

Oil prices have been falling along with other asset classes on concerns about a weak global economy and soft data from China, the world's biggest oil importer.

"Two months delay," one of the sources said. The three sources declined to be identified by name.

The news lifted oil prices by over $1 a barrel, with Brent futures trading at $73.72 a barrel. It fell to its lowest this year on Wednesday.

Opec+'s planned hike was for 180,000 barrels per day (bpd), a fraction of the 5.86mn bpd of output it is holding back, equal to about 5.7% of global demand, to support the market due to uncertainty about demand and rising supply outside the group.

Last week, Opec+, which is made up of the Organisation of the Petroleum Exporting Countries and allies led by Russia, was set to proceed with the increase.

But 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.

Opec+ ministers hold a full meeting of the group to decide policy on December 1. A group of top Opec+ ministers called the Joint Ministerial Monitoring Committee that can recommend changes gathers on October 2.

A dispute between rival factions in 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.

Prices, however, 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.

RBC Capital analyst Helima Croft said in a note that it may be prudent for Opec+ to wait until December before returning extra barrels.