Monday, February 3, 2025
Sha'ban 4, 1446 AH

GULF TIMES
BUSINESS

MWANI QATAR DATA : Page 8

Qatar's maritime sector begins 2025 on a solid note with robust growth

IQ posts QR4.5bn profit in 2024

Market heavyweight Industries Qatar (IQ) - a holding entity of Qatar Petrochemicals, Qatar Fertiliser, Qatar Steel and Qatar Fuel Additives - has reported net profit of QR4.5bn on net revenues of QR16.8bn in 2024.

Given the liquidity required for current and future capital projects, along with the current short- and medium-term macroeconomic outlook, the board has proposed dividend of QR2.6bn (equating to QR0.43 per share) for the second half. It brings the total annual dividend to QR4.5bn, equivalent to a payout of QR0.74 per share for the full year, subject to necessary approval in the annual general assembly meeting.

"In the face of a dynamic and often unpredictable economic landscape, IQ has remained steadfast in its pursuit of excellence. Our dedication to sustainable value creation and strategic investments has allowed us to deliver commendable financial results and reinforce our commitment to maximise shareholder value," said HE Saad bin Sherida al-Kaabi, chairman and managing director of IQ.

However, net profit and revenues were down 5% and 1% respectively on an annualised basis.

The reduction in revenue was due to an overall marginal decline in average selling prices, that was almost offset by improved sales volumes.

Earnings per share (EPS) stood at QR0.74 for the year compared to QR0.78 previous year.

During 2024, the global economy faced challenges stemming from difficult conditions faced by many global economies in late 2022 and 2023.

Elevated energy prices, geo-political uncertainty, stricter regulatory requirements led policymakers to maintain tight monetary and fiscal policies to combat inflation. This approach, especially in the first half of 2024, prolonged the economic recovery and affected various segments differently.

Sales volumes improved marginally on a yearly basis, owing to broadly improved production and stabilisation of demand, resulting from gradual easing of macro-economic challenges and supply-bottlenecks.

The group's financial position continues to remain strong, with proportionately accounted cash and bank balances remaining robust, after accounting for a dividend payout relating to 2023 dividend and 2024 interim dividend. Currently, the group has no long-term debt obligations.

Total assets stood at QR42.4bn, with cash and bank balances at QR11.4bn at the end of 2024.

The petrochemicals segment reported a 1% rise in net profit to QR1.4bn, primarily attributed to higher segment revenue driven by improved sales volumes, while prices continued to recover and stabilise. Despite challenging macroeconomic conditions, the segment witnessed signs of recovery during the year.

Effective navigation of market conditions, capitalising on improved macroeconomic factors, and maintaining operational efficiency contributed in maintaining the segment's profit. This recovery was reflected in moderately improved sales volumes, although average selling prices were slightly lower than last year.

Production improved as fuel additive operations, which were on planned maintenance in fourth quarter of last year, reached a milestone by producing the highest volume of MTBE since inception. This segmental achievement was partially offset by a few planned and unplanned shutdowns within other polyethylene facilities during the year.

The fertiliser segment reported a 4% increase in net profit to about QR2bn, driven by reduced operating costs associated with reduced raw material (feedstock) costs and favourable inventory changes.

Despite an improvement in profits, the segment's revenue decreased marginally during 2024 compared with the previous year. This decline was due to a slight decrease in selling prices, partially offset by marginally increased sales volumes. Selling prices declined marginally, as nitrogen fertiliser prices stabilised to their long-term averages since peaking during second half of 2022.

Sales volumes remained relatively stable as the macroeconomic conditions in the fertiliser segment started to strengthen further. Production also stabilised despite a few unplanned outages during the year in addition to the routine planned facility maintenance in the fourth quarter of 2024.

The steel segment saw a 45% decline in net profit to QR565mn, primarily driven by lower gross margin together with comparatively lower one-off other non-operating income.

The segment's gross margin was affected due to lower revenue driven by lower price together with a marginal decline in the sales volumes.

Steel prices declined broadly on account of higher supply and softening of demand in both domestic and international demand.

Simultaneously, sales volumes were also down due to challenging demand conditions.

Construction demand continued to remain a key constraint due to macro-economic environment prevailed mostly during the year with most central banks continued to persist with their hawkish monetary policies, although conditions started to improve since the second half of 2024 as result of gradual global recovery.

Al-Kaabi meets Croatia's minister of economy

HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi met Ante Susnjar, Minister of Economy of Croatia, in Doha yesterday. Discussions dealt with energy relations and co-operation between Qatar and Croatia and means to enhance them. Page 8

Turkish inflation likely to ease in boost for central bank path

Turkiye's annual inflation probably eased to 41.2% at the start of the year, giving policymakers reassurance as they push forward with interest-rate cuts.

Annual growth in consumer prices is projected to slow in January from a 44.4% reading the month before, according to the median forecast in a Bloomberg survey of analysts.

The data is scheduled to be released today.

The central bank lowered borrowing costs in January for the second straight month and signalled similar moves will follow. The one-week repo rate dropped 250 basis points to 45%.

Officials dropped a reference to "monthly" inflation — their preferred gauge until then — suggesting an easing bias. Market implied policy rates project another 5 percentage points being shaved off over the next three months, likely to be evenly split between the next two meetings in March and April.

QIIB looks to scale up technology, enhance product offerings and grow customer base in 2025: Al-Shaibei

By Pratap John
Business Editor

Prominent Islamic bank QIIB looks to scale up technology, enhance product and service offerings and grow its customer base, tapping into all segments of the society in 2025, according to Chief Executive Officer, Dr Abdulbasit Ahmad al-Shaibei.

"We believe in innovation, constantly upgrading technology and providing state-of-the-art product and services to our customers. This year, we wish to see more Qatar residents, Arabs and non-Arabs, signing up for QIIB product and services. This is our goal," Dr al-Shaibei said in an interview with *Gulf Times*.

QIIB, he said, has significantly enhanced its operational efficiency, leveraging the remarkable advancements in digital transformation achieved over the years.

"At QIIB, we believe in digital transformation. Investing in technology is investing in our future. We have seen how digital transformation can drive growth and contribute to our bottom line," the CEO noted.

In 2024, QIIB posted a net profit of QR1.26bn, achieving a growth rate of 8.2% compared to 2023, with earnings per share reaching QR0.77.

Total assets amounted to QR60bn, and financing assets had gone up by 7.7% compared to the year before, reaching QR39.33bn.

On the main drivers of QIIB's growth in 2024, Dr al-Shaibei noted: "2024 was marked by numerous achievements and progress in delivering exceptional products and services to our retail and corporate clients. We continued to implement our digital transformation plans, achieving tangible milestones that significantly enhanced our operations.

"Among these was the launch of a first-of-its-kind service in the local banking sector — personal financing rescheduling through our 'Mobile Banking App'. This service now allows customers to reschedule their personal financing instantly and

Dr Abdulbasit Ahmad al-Shaibei, QIIB Chief Executive Officer.

Gulf Times Exclusive

seamlessly through mobile banking.

"As part of advancing digital transformation efforts, QIIB launched its digital platform for issuing letters of credit, enabling clients to complete the process without the need to visit the bank.

"QIIB is the first bank in Qatar to introduce this service. The platform is distinguished by its high standards of efficiency, accuracy, and security, providing companies with the tools they need to seamlessly handle trade finance transactions, thereby enhancing productivity and competitiveness," Dr al-Shaibei pointed out.

Dr al-Shaibei specifically highlighted 'Joud' savings account, which significantly enhanced QIIB's product portfolio in 2024.

This innovative savings solution offers customers quarterly profit distributions and the chance to win some 141 prizes annually, including a grand prize of QR1mn.

'Joud' achieves two objectives, he pointed out.

First, customers get an opportunity to make profit out of the savings scheme. Second, they stand a chance to win many prizes including the mega prize through 'Joud' savings account.

The CEO said QIIB continues to be a "trusted partner" for the local business sector, SMEs and MSMEs in particular.

"We focus on the SME and MSME segment... it is very promising. Some of the small and micro businesses have seen facing challenges, adapting to the modern financial and banking system. So, we have taken up the responsibility of educating them, besides financing and help them manage their finance well. We help them grow," Dr al-Shaibei said.

On QIIB's engagement in the local market, the CEO said: "We remain steadfast in our commitment to the local economy. QIIB continues to be a trusted partner for the local business sector, having established extensive relationships across various industries and contributing to the financing of numerous projects that add value to the local business environment.

"We remain committed to this policy of focusing on the local market, recognising the growth opportunities it offers. We see it as our duty to serve our beloved nation."

Asked about rising competition in the local market, Dr al-Shaibei said: "Competition is good, as it leads to innovation. Without competition, there is no innovation. Competition is healthy. And we have reached a point, wherein, if you don't innovate, you are out of the market. This is why we invest heavily in technology and innovation."

On whether QIIB plans to raise debt from the market this year, the CEO said: "It is too early to get into the market. We are closely watching (the market) in terms of interest rate movement. We want to enter the market at the right time. When there is a good appetite, we will go...but the timing has to be right.

"If (at all) we go this year, we will probably go in for the local currency, based in Qatari riyal. Our last issuance was in dollar."

Dr al-Shaibei said QIIB is focused on reaching out to a huge base of non-Arab customers in Qatar, such as expatriates from India, Pakistan and The Philippines this year.

"QIIB is everyone's bank. We want all segments of our society to try our products and services. We want to serve and deliver them an exceptional banking experience," the CEO emphasised.

Qatar compares with itself, constantly raises performance bar, says QIIB CEO

By Pratap John
Business Editor

Qatar does not compare itself with other countries including its neighbours, noted QIIB Chief Executive Officer, Dr Abdulbasit Ahmad al-Shaibei.

"If you ask me who we compare ourselves with, I will say: "In Qatar, we don't compare ourselves with others. We compare Qatar with its past, present and future. We don't want to compare ourselves with others. Our leadership has a very clear vision in all aspects: social, economy, sport. We constantly raise our performance bar... and work hard to improve our performance."

Dr al-Shaibei said QIIB and other Qatari banks are big beneficiaries of the top-rated and thriving Qatari economy, which continues to grow and prosper under the leadership of His Highness Sheikh Tamim bin Hamad al-Thani, the Amir of the State of Qatar.

"We are also committed to the Third Strategic Plan for the Financial Sector launched by the Qatar Central Bank, which prioritises environmental, social, and governance (ESG) and sustainability. We are well-regulated, guided and supported by Qatar Central Bank led by Governor HE Sheikh Bandar

bin Mohammed bin Saoud al-Thani."

Asked whether the expected fall in global interest rates this year will provide opportunities to banks, he said: "Of course, rate cut will enhance business. When rates drop, our costs will come down because the cost of our deposits will decline."

In the last two or three years, many customers have put projects on hold because of higher rates.

"The way the rates go down will encourage customers to be more involved with banks rather than depending on their cash for financing needs. When rates come down, people will also go for refinancing. Refinancing makes sense when rates come down," Dr al-Shaibei noted.

Funding, he said, will not be an issue for Qatari banks. This is because local banks can secure long-term funding at attractive rates due to the strength of the national economy (sovereign).

Asked what the impact will be on local banks because of mega projects like the North Field LNG expansion (of QatarEnergy), he said: "While the main contractors for the North Field LNG expansion project are international, they engage sub (local) contractors for project implementation. We have been supporting local contractors. North Field expansion and other mega projects will definitely feed into the local banking system."

Dr al-Shaibei expects many local infrastructure projects to get accelerated since the General Budget for the current fiscal has made adequate provisions for these.

On QIIB's plans to expand further in Qatar, he said: "While we have closed some branches in the past, we believe there is tremendous scope for opening newer ones in malls, especially in those facilities that see good footfall.

"We will also look at the Doha Metro system," the QIIB CEO said without elaborating.

Dr al-Shaibei also sees good prospects for tapping artificial intelligence (AI) in the banking ecosystem.

"At QIIB, this is something, which we already make use of. We use AI in specific areas such as in risk. We have a dedicated team in that area as well."

BUSINESS

Qatar hosts FATF, MENAFATF joint assessor training

QNA
Doha

The Financial Action Task Force (FATF) and the Middle East and North Africa Financial Action Task Force (MENAFATF) joint assessor training kicked off in Doha on Sunday.
The event is hosted by the State of Qatar, represented by the National Anti-Money Laundering and Terrorism Financing Committee (NAMLC), in collaboration with MENAFAT, FATF and the General Secretariat of the Gulf Co-operation Council (GCC) states.
The five-day workshop brings together experts representing over 26 countries from MENAFATF, alongside the counterpart groups. It intends to qualify cadres and prepare a host of assessors with diverse expertise in anti-money laundering, counter-terrorism financing, and proliferation financing, assembled for the third round of the mutual assessment process of the group.
Hosting this training stems from Qatar's steadfast belief in the importance of capacity-building, strengthening exchange of expertise and underscoring its unwavering regional and global support for combating money laundering and terrorism financing, while fostering enhanced co-operation with international partners to establish a more transparent financial system.
In his opening remarks, Secretary of NAMLC Issa Mohammed al-Hardan stressed that the process of qualifying assessors is beneficial for MENAFATF through having qualified assessors to conduct the assessment process for the coming round. He highlighted that it is beneficial for the participating countries through the strategic preparation of their teams to be ready for assessment operations, by leveraging the specialised training provided by a contingent of MENAFATF experts.


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Sheikh Ali bin Jabor al-Thani, CEO of Ooredoo Qatar, shaking hands with Kevin Murphy, vice-president and head of Customer Unit, North Middle East and Africa, Ericsson, after signing the agreement.

Ooredoo selects Ericsson to elevate connectivity across Qatar with advanced 5G features

Ooredoo Qatar has selected Ericsson to supply and deploy the latest radio access network (RAN) and microwave backhaul solutions, marking a significant step in boosting network performance across Qatar.
The expansion reinforces Ooredoo's dedication to providing advanced connectivity solutions to its customers by deploying Ericsson's latest technologies to maximise network energy efficiency and optimise customer experience.
The partnership establishes a foundation for the future integration of 5G Advanced features, paving the way for enhanced capabilities. Key features of this deployment will include interference reduction, outdoor positioning capabilities, and AI-driven RAN solutions to ensure superior connectivity in challenging environments.
Under the new contract, Ericsson will bolster Ooredoo Qatar's vision to enhance its digital and agile capabilities. Ericsson will facilitate this transformation by supplying cutting-edge RAN products, including Massive MIMO radios and advanced microwave solutions, such as MINI-LINK with carrier aggregation.
The scope of the deal also covers a multiband microwave solution, which enables high-capacity backhaul of up to 25Gbps by combining E-band (70/80GHz) with traditional frequency bands, extending 5G coverage to remote areas where fibre is unavailable.
The contract includes nationwide deployment of a new 5G layer at 2.3GHz spectrum, annual addition of new sites to expand indoor and outdoor coverage and capacity, and modernisation of power systems, further boosting Qatar's journey in 5G innovation.
The partnership will also enable key advancements such as 3G spectrum refarming, ensuring improved network efficiency and capacity. Additional advancements will include the introduction of NR 700 for enhanced coverage and mmWave expansions for hotspot locations.
This technology investment aims to strengthen Ooredoo's network capabilities, enhance 5G consumer experiences, and unlock new enterprise revenue streams such as network sharing and mission-critical engagements.
Sheikh Ali bin Jabor al-Thani, CEO of Ooredoo Qatar, said: "Our partnership with Ericsson marks another significant step in our enduring commitment to delivering the latest and most efficient network solutions for our customers in Qatar. With Ericsson's support, we are confident in furthering Qatar's leadership in 5G connectivity, delivering world-class experiences to our customers, and opening up new possibilities in enterprise services."
Kevin Murphy, vice-president and head of Customer Unit North Middle East and Africa, Ericsson, said: "We are honoured to work alongside Ooredoo Qatar in realising the next generation of connectivity for Qatar. Through our latest radio access network and microwave solutions, we are contributing to the enhancement of the 5G experience in Qatar. This partnership is a testament to Ericsson's commitment to delivering high-performing, energy-efficient networks that enable our partners to drive connectivity and innovation."

Retail investors' buying lifts QSE 33 points; M-cap adds QR2.44bn

By Santhosh V Perumal
Business Reporter

The domestic institutions' buying support yesterday lifted the Qatar Stock Exchange by more than 33 points and its key index towards 10,700 levels.
The banking, telecom and industrials counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.31% to 10,699.76 points, recovering from an intraday low of 10,670 points.
The Arab individuals were seen net buyers in the main bourse, whose capitalisation added QR2.44bn or 0.39% to QR626.15bn on the back of small and microcap segments.
The Gulf retail investors were also seen bullish in the main bourse, which saw as many as 0.03mn exchange traded funds (sponsored by Masraf Al Rayan and Doha Bank) valued at mere QR0.07mn changed hands across 11 deals.
The domestic funds' weakened net selling had its influence on the main bourse, whose trade turnover and volumes were on the decline.
The Islamic index was seen gaining slower than the other indices of the main market, which saw no trading of treasury bills.
The foreign institutions continued to be bullish but with lesser intensity in the main bourse, which saw no trading of sovereign bonds.
The Total Return Index rose 0.31%, the All Share Index by 0.31% and the All Islamic Index by 0.18% in the main market.
The banks and financial services sector index grew 0.42%, telecom (0.42%), industrials (0.36%), transport (0.13%), consumer goods and services (0.1) and real estate (0.02%); while insurance declined 0.57%.


The banking, telecom and industrials counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.31% to 10,699.76 points, recovering from an intraday low of 10,670 points.

Major movers in the main market included Qatari Investors Group, QLM, Estithmar Holding, Industries Qatar, Inma Holding, QNB and Ezdan.
Nevertheless, about 53% of the traded constituents in the main bourse were in the red with major losers being Qatar Oman Investment, Mesaieed Petrochemical Holding, Qamco, Aamal Company, Qatar Insurance and Doha Bank.
In the venture market, both Al Mahhar Holding and Techno Q saw their shares depreciate in value.
The domestic institutions' net buying increased noticeably to QR11.07mn compared to QR0.78mn on January 30.
The Arab individual investors were net buyers to the tune of QR1.69mn against net profit takers of QR1.53mn last Thursday.
The Gulf individuals turned net buyers to the extent of QR0.59mn compared with net sellers of QR1.07mn the previous trading day.
The Qatari individual investors' net selling decreased markedly to QR10.83mn against QR24.26mn on January 30.
The foreign retail investors' net profit booking eased marginally to QR1.35mn compared to QR2.86mn last Thursday.
However, the Gulf institutions' net selling strengthened marginally to QR9.82mn against QR9.21mn the previous trading day.
The foreign institutions' net buying shrank substantially to QR8.65mn compared to QR38.15mn on January 30.
The Arab institutions had no major net exposure for the fourth straight session.
Trade volumes in the main market fell 38% to 133.8mn shares, value by 33% to QR293.36mn and deals by 41% to 9,380.

Adnoc aims to buy Nova Chemicals and roll into deal with OMV

Bloomberg
Abu Dhabi

Abu Dhabi National Oil Co and energy producer OMV AG are considering buying Canada's Nova Chemicals Corp and rolling it into an industry giant they're seeking to create by merging two companies in which they have cross shareholdings.
The government-owned company in the United Arab Emirates and the Austrian energy producer are in "constructive and positive" talks about a merger of of two chemical units in which they're both partners, Adnoc said in a statement on Saturday. The deal would create a chemical producer potentially valued at more than $30bn.
Adnoc and OMV said they're in talks with the Abu Dhabi sovereign fund Mubadala Investment Co, which owns Nova Chemicals, about buying that company. Adnoc and OMV said in separate statements that they would then roll Nova Chemicals into a combined entity created from the merger of their two other businesses.
Adnoc and OMV have been in talks for at least 18 months to combine UAE-listed Borouge Plc with European chemicals producer Borealis AG and create a player in the polyolefin industry. The transaction would create a €30bn ($31bn) chemicals and plastics entity with access to technology and cheap feedstock.
A deal to buy Nova Chemicals would likely run into the billions of dollars. Adding the company's plants in Canada and the US, including one in Louisiana on the Gulf Coast, would give the combined Borouge-Borealis business a greater North American footprint and access to plentiful natural gas.
Both Adnoc and OMV are pursuing expansion in chemicals and natural gas to feed future energy demand and supply plastics for consumer products amid the energy transition.

How things stand in China-US trade tensions with Trump 2.0

AFP
Beijing

Donald Trump has followed through on his promise to wield the United States's vast economic weight to hit back at China for its alleged unfair trade practices and role in America's deadly fentanyl crisis.
The president said on Saturday that Chinese exports to the US would be subject to an additional 10% tariff in addition to the various rates of duties they already face.
China hit back on Sunday, saying it "firmly opposes" the move and would take "corresponding countermeasures to resolutely safeguard" its interests.
Here's where the China-US trade relationship stands:

How much trade is at stake?
Trade between China and the US — the world's two largest economies — is vast, totalling more than $530bn in the first 11 months of 2024, according to Washington.
Over that same period, sales of Chinese goods to the US totalled more than $400bn, second only to Mexico.
According to the Peterson Institute of International Economics (PIIE), China is the dominant supplier of goods from electronics and electrical machinery to textiles and clothing.
But a yawning trade imbalance — $270.4bn for January to November last year — has long raised hackles in Washington.
So has China's vast state support for its industries, sparking accusations of dumping, as well as its perceived mistreatment of US firms operating in its territory.
But China's economy remains heavily reliant on exports to drive growth despite official efforts to raise domestic consumption — making its leaders reluctant to change the status quo.

What happened during Trump's first term?
Trump stormed into the White House in 2016 vowing to get even with China, launching a trade war that slapped significant tariffs on hundreds of billions of dollars of Chinese goods.
China responded with retaliatory tariffs on US products — particularly affecting American farmers.
Key US demands were greater access to China's markets, broad reform of a business playing field that heavily favours Chinese firms, and a loosening of heavy state control by Beijing. After long, fraught negotiations the two sides agreed what became known as the "phase one" trade deal — a ceasefire in the nearly two-year-old trade war.
Under that agreement, Beijing agreed to import $200bn worth of US goods, including $32bn in farm products and seafood.
But in the face of the Covid-19 pandemic and a US recession, analysts say Beijing fell well short of that commitment.
"In the end, China bought only 58% of the US exports it had committed to purchase under the agreement, not even enough to reach its import levels from before the trade war," PIIE'S Chad P Brown wrote.
"Put differently, China bought none of the additional $200bn of exports Trump's deal had promised."

How did things change under Biden?
Trump's successor Joe Biden did not roll back increases imposed by his predecessor, but took a more targeted approach when it came to tariff hikes.
Under Biden, Washington expanded efforts to curb exports of state-of-the-art chips to China — part of a broader effort to prevent sensitive US technologies being used in Beijing's military arsenal.
His administration also used tariffs to take aim at what it called China's "industrial overcapacity" — fears the country's industrial subsidies for green energy, cars and batteries could flood global markets with cheap goods.
Last May, Biden ordered tariffs on $18bn worth of imports from China, accusing Beijing of "cheating" rather than competing.
Under the hikes, tariffs on electric vehicles quadrupled to 100%, while the tariff for semiconductors surged from 25% to 50%.
The measures also targeted strategic sectors such as batteries, critical minerals and medical products.
Both sides have also launched investigations into the others' alleged unfair trade practices with probes into dumping and state subsidies.

What happens next?
Trump's announcement on Saturday showed his long-threatened tariff hikes were serious and not an opening gambit in negotiations.
The mercurial magnate has also tied tariffs to the fate of Chinese-owned social media app TikTok — warning of retaliation if a deal cannot be struck to sell it.
But Beijing's strong riposte has left little doubt that it will push back against measures it has long viewed as unfair.
The Chinese commerce ministry has vowed "corresponding countermeasures to resolutely safeguard our own rights and interests", without saying what form they will take.
It has also said it will take its case against Trump's tariffs to the World Trade Organization, though that is unlikely to bring change in the short term.
More immediate is the threat by Beijing's foreign ministry that the duties "will inevitably affect and damage future bilateral co-operation on drug control." That casts a new shadow over counternarcotics talks that resumed after Biden met Chinese President Xi Jinping in San Francisco in 2023.
A US-China working group later said it would step up regulation of three key fentanyl precursors, though it is not clear how much success has been achieved. Page 7


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Financial conditions undercut Fed's 'restrictive' view

By Jamie McGeever
Orlando, Florida

US interest rate cycles are driven largely by how restrictive or accommodative the Federal Reserve thinks monetary policy is.

And right now, the picture is confusing.

After the Fed kept rates steady on Wednesday, Chair Jerome Powell said policy is still "meaningfully" restrictive, even after 100 basis points of cuts. But he also said that financial conditions are "probably still somewhat accommodative". So which is it?

To quote Powell again, it's probably "a mixed bag".

Highlighting both views serves a purpose. It affords the Fed some breathing room and helps justify what is likely to be a lengthy pause in the cutting cycle. And with so much uncertainty swirling around the potentially inflationary impact of President Donald Trump's tariff and immigration agenda, more breathing room is good.

With the Fed in no "hurry" to resume cutting rates, as Powell said, a 'wait-and-see' period may also be good for financial markets. But the conflicting signals are potentially unnerving.

Theoretically, policy is still very much in 'restrictive' territory. The fed funds rate target range is 4.25-4.50%, well above the Fed's median estimate of the long-run policy rate of 3.0%.

The 'real' policy rate adjusted for inflation is high too, above 2% by some measures. That's high relative to recent history and well above the Fed's 0.7-1.2% estimates of 'R-Star', the nebulous real rate of interest in an economy at full strength with inflation stable at 2%.

David Zervos, chief strategist at Jefferies, argues that if you take into account the $2 trillion reduction in the Fed's balance sheet since 2022, policy is the most restrictive it's been in three or four years.

And with inflation expectations anchored, there's plenty room for the Fed to cut rates. "They did a killer job. Jay nailed it," he told a conference in Miami on Tuesday.

Inflation hawks, on the other hand, argue that policy needs to be more restrictive and remain so as long as inflation is above 2%. Price pressures have cooled but annual inflation has been above the Fed's target - measured by CPI or PCE inflation, headline or core - for nearly four years. And growth is humming along nicely, supported by strong domestic demand and a robust labour market.

For this crowd, if inflation is above target policy simply isn't restrictive enough.

Several measures of financial conditions suggest they could have a point.

Wall Street is hovering around its all-time highs, notwithstanding this week's AI-triggered tremors, and equity valuations are historically elevated. High yield corporate bond spreads are the tightest since 2007 and close to the tightest on record, while bitcoin is probing fresh highs above $100,000.

These are hardly signs that policy is curtailing investors' animal spirits or squeezing market liquidity. Indeed, the Chicago Fed's national financial conditions index (NFCI) is the lowest since October 2021, close to the lowest in over a decade. Of the 105 series used to construct the NFCI, 102 are looser than average, the Chicago Fed notes.

Little wonder then that investors are now expecting only a couple more rate cuts in this cycle, despite the fact that policymakers' median forecasts point to a further 100 bps of easing this year and another 50 bps next year.

Economists at BNP Paribas reckon the Fed will remain on hold through mid-2026, as tariffs, tighter immigration policy, and easy fiscal policy lift inflation this year. But like the Fed, these economists are giving themselves some breathing room.

"We believe monetary policy is only slightly restrictive, and see two-way, roughly balanced risks going forward, with cuts possible if tariffs are smaller than expected, and hikes possible if a soft landing moves out of reach," they wrote on Wednesday.

In other words, it could go either way.

Investors can be forgiven for being slightly confused about the Fed's path forward, which means markets are likely to remain highly sensitive to every new economic data point or nuanced shift in Fed-speak over the coming months.

Which is to say, the one certainty in the coming months may be nervy markets.

■ *Jamie McGeever is a columnist for Reuters. The opinions expressed here are those of the author.*

JPMorgan plans $4bn US gold delivery amid tariff fears

Bloomberg
New York

JPMorgan Chase & Co will deliver gold bullion valued at more than $4bn against futures contracts in New York in February, at a time when surging prices and the threat of import tariffs are fuelling a worldwide dash to ship metal to the US.

The bank, which is by far the world's biggest bullion dealer, was one of several institutions to declare plans on Thursday to deliver bullion against contracts traded on CME Group's Comex that will expire in February.

The delivery notices — which total 30mn troy ounces of gold — were the second largest ever in bourse data going back to 1994.

Fears of imminent tariffs on imports following the election of US President Donald Trump have caused prices for gold futures on Comex to surge over spot prices in London. Spot prices shot to record highs this week, but the additional premium on Comex has created a lucrative arbitrage opportunity for the handful of banks that can quickly fly bullion between key trading hubs.

Similar pricing dynamics have emerged in other Comex contracts too, and the disparity has become so large that traders have started flying silver into the country. The precious metal is usually too cheap and bulky to justify the cost of airfreight, and one industry veteran says it's the first time they've seen it happen. While millions of ounces of gold trade on Comex every day, typically only a small fraction of that goes to physical delivery, with most long positions being rolled over or closed out before they expire.

The exchange is often used to hedge positions in London, the largest trading hub, with banks offsetting longs with paper short positions in New York. Since the day of the US election though, physical inventories in the exchange's depositories have swelled by 13mn ounces, around $38bn of gold.

It is unclear whether JPMorgan or the other banks were delivering bullion physically to take advantage of an arbitrage opportunity, or were simply using the deliveries to exit existing short positions. JPMorgan and exchange owner CME Group Inc declined to comment.

JPMorgan issued delivery notices for 1.485mn ounces of gold to meet physical delivery for the February gold 100-ounce contract, with deliveries on February 3. That accounted for roughly half the total to be delivered, with Deutsche Bank AG, Morgan Stanley and Goldman Sachs Group Inc making up the bulk of the rest. Deutsche Bank, Morgan Stanley and Goldman declined to comment.

JPMorgan Chase & Co will deliver gold bullion valued at more than $4bn against futures contracts in New York in February, at a time when surging prices and the threat of import tariffs are fuelling a worldwide dash to ship metal to the US

Tariffs worry Wall Street over corporate earnings hit, inflation pressure

Reuters
New York

Investors are bracing for a looming hit to US corporate profits and pressure on inflation after President Donald Trump on Saturday signed an executive order imposing tariffs on its largest trading partners, with markets seen as not having fully factored in risks from higher levies on foreign imports.

The president's executive order imposes a 25% tariff on goods entering the country from Mexico and Canada and 10% on imports from China, with what the White House described as "tentative plans" for these to come into effect on Tuesday at 12:01am ET.

On Friday, Trump said nothing could be done by the three countries to forestall the tariffs, although he did raise the prospect of exempting oil from Canada. The tariffs include a 10% levy on all Canadian energy supplies imported by the US.

"I do think the markets are going to react to this," said Mark Malek, chief investment officer at Siebert Financial in New York. "Until now the market has really been on Trump's side, but that could change and the market could challenge him for the first time." As rumours of the details leaked out on Saturday afternoon, some investors still clung to hopes that the process might just be brinkmanship by the White House and that until the tariffs begin to be levied on importers, there is room for the president to walk back his plan.

An external view of the New York Stock Exchange. Investors are bracing for a looming hit to US corporate profits and pressure on inflation after President Donald Trump on Saturday signed an executive order imposing tariffs on its largest trading partners, with markets seen as not having fully factored in risks from higher levies on foreign imports.

"With any delay in implementation, there will be some view that this is still a negotiating ploy," said Rick Meckler, partner at Cherry Lane Investments, a family investment office in New Vernon, New Jersey. Following his inauguration, Trump set a Saturday deadline for imposing tariffs unless Mexico and Canada moved to halt flows of illegal immigrants and the deadly opioid fentanyl into the US.

Barclays strategists previously estimated that the tariffs could create a 2.8% drag on S&P 500 company earnings, including the projected fallout from retaliatory measures from the targeted countries.

The executive order includes a provision for Trump to increase the size and scope of the tariffs if countries affected seek to retaliate.

Goldman Sachs economists have estimated that across-the-board tariffs on Canada and Mexico would imply a 0.7% increase in core inflation and a 0.4% hit to gross domestic product.

The potential to drive up consumer prices is a particularly sensitive area for investors, who are worried about a revival in inflation causing the Federal Reserve to stop cutting interest rates.

The US central bank last week paused its rate-cutting cycle, while Fed Chair Jerome Powell said officials were "waiting to see what policies are enacted" with the new president.

Investors widely expect some kind of selloff in stocks and other higher-risk assets when markets reopen on Monday. Gene Goldman, chief investment officer at Cetera Financial Group, said the combination of high valuations, the impact of tariffs on inflation and the effects on Federal Reserve policy would contribute to declines.

With the S&P 500 near all-time highs, the index could move 3% to 5% in either direction in the short term, Evercore ISI strategists said in a note.

"This is one of these big geopolitical events that you can't predict," said Colin Graham, head of multi-asset strategies at Robeco in London, ahead of Saturday's developments. "They just happen and you have to figure out afterwards what you're going to do."

Bonds gain in January as Trump's return drives topsy-turvy month

Bloomberg
New York

For all the trepidation coursing through the bond market at the start of 2025, Treasuries are up on the month as traders remain on watch for how President Donald Trump's tariff and immigration policies will develop.

After a rollercoaster stretch, the Bloomberg US Treasury index is up about 0.6% this month through Thursday and benchmark yields are hovering near their lows for this year.

A positive January return for the world's biggest debt market seemed unlikely just weeks ago. Bonds slumped in December and in the first half of this month, partly on speculation that Trump's proposals for steep tariffs would reignite inflation.

It took until Thursday for the president to indicate he'd follow through on some of his tariff threats, meaning investors who had been bracing for levies to be imposed on day one of his term had a couple weeks of relief.

Treasuries also got a major boost mid-month from cooler-than-forecast inflation data, and then as Monday's equities rout fuelled a surge in haven demand.

"The near-term and medium-term macro outlook is exceptionally murky given the lack of clarity around policy," said Michael de Pass, global head of rates trading at Citadel Securities. "We are in a time of great uncertainty and likely high volatility, so markets are going to cover big and broad ranges."

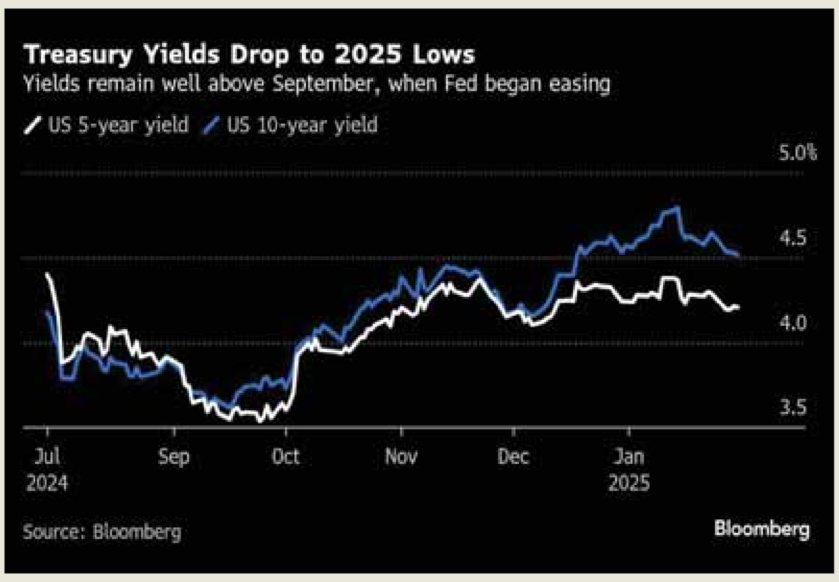
Treasuries weakened modestly on Friday afternoon on the latest tariff news, with 10-year Treasury yields rising 2 basis points to 4.54%.

The rate is down from a more than one-year high of 4.81% touched on January 14. Some investors said the market reaction was relatively muted as they were waiting to see if the tariff warnings were a negotiating tactic.

"The bond market is shrugging it off until implementation," to see what it includes and more importantly how long it lasts, said George Catrambone, the head of fixed income for the Americas at DWS Group.

The fixed-income market faces some other big challenges in the weeks ahead. Data on jobs and inflation are looming that will help shape expectations for the Federal Reserve after policymakers paused their easing cycle this week and signalled they're in no hurry to cut rates again.

On Friday an update on the Fed's favoured inflation gauge, the personal consumption expenditures index, showed a 2.6% increase in December from a year earlier, up from a 2.4% pace the previous month — still firmly above the central bank's 2% inflation target.



Investors are also waiting for announcements on immigration, taxes and fiscal matters.

Higher yields and potentially even a rate increase remain on the table if data strengthens on the back of pro-business polices from Trump.

There's also the worry that tariffs and an immigration crackdown may ultimately push up consumer prices and keep Fed rates elevated.

For now, traders still see the Fed's next move as a cut, although likely not until mid-year. Morgan Stanley economists say they expect the central bank to lower rates in March, while acknowledging that there's a higher bar for such a move after the Fed's meeting this week.

Speaking on Friday, Fed Governor Michelle Bowman said she wants to see additional progress on inflation before the central bank lowers rates further, and questioned how restrictive policy might be given the economy's strength.

For Roger Hallam, global head of rates at Vanguard, a 10-year yield between 4.25% and 4.75% "is a fair-value range as long as you can remain in what we'll call a sort of soft landing-ish type environment."

Still, he doesn't rule out yields breaking higher "if you're seeing more sustained upward pressure on inflation, either as a result of tariffs or immigration or if you see increased fiscal uncertainty driving term premium higher."

At least some traders are hedging for that scenario. Flows in Treasury options on Thursday included demand for a position targeting an increase in the 10-year yield to around 4.85% by February 21. The cash yield hasn't been that high since late 2023.

Of course, the 4.8% level is roughly where investors stepped in to buy in mid-January, kicking off the month-end rally. That was also around when bond giant Pimco advocated owning five- to 10-year Treasuries. They said that yields were "attractive" at a time when valuations in equities and credit markets were stretched.

The asset manager also pointed to the uncertainty that the president will likely inject into markets this year and diminished expectations for central bank easing. Against that backdrop of unpredictability, bonds will offer stability, economist Tiffany Wilding and Andrew Balls, chief investment officer for global fixed income, wrote in a note.

Hopes for EM debt dashed as dollar, Fed cloud outlook

Bloomberg
London

What started as a promising year for emerging-market local debt is quickly souring as a strong dollar and a barrage of US tariffs have fund managers rethinking one of their main bets for developing assets.

In the wake of a hawkish Federal Reserve — after pausing interest rate cuts on Wednesday, Chair Jerome Powell said officials are not "in a hurry" to lower — investors are sceptical that a turning point is near. Chile, Sri Lanka and Hungary all held rates last week, citing resurgent inflation risks.

The impact of President Donald Trump's trade war on the greenback and the global economy is complicating the outlook for emerging markets. Canada and Mexico vowed to hit back after Trump imposed 25% tariffs on imports of their goods, while China vowed "corresponding countermeasures" to his 10% levy on Chinese products.

Even before the tariff threats materialised this weekend, some money managers including Loomis Sayles were already slashing exposure to local-currency bonds from developing nations, which outperformed their dollar-denominated peers at the beginning of 2025. The firm is favouring hard-currency debt in the developing world.

"I'm finding it hard to be excited about EM local," said Amer Bisat, a managing director and head of emerging markets fixed income at BlackRock Inc. "Without having a directional view on where rates and the US dollar are going to go, the reality is we're hostages at this stage."

The caution is evident in recent fund flows and activity from short sellers. Despite small inflows in the past week, investors have pulled nearly a billion from local currency bond funds so far this year, with the biggest outflows during the first week of Trump's administration. Meanwhile, US short sellers are making the biggest bets in two years against local-currency sovereign bonds in emerging markets in a popular exchange-traded fund.

The yields in local-currency bonds in developing economies are finding hard competition with US Treasuries or hard-currency debt. The average yield for local-currency emerging sovereign bonds has been below that of US Treasuries for the past eight weeks, according to data compiled by Bloomberg.

"There is a concrete case favouring hard over local currency bonds on a risk-adjusted basis," said Peter Yanulis, who co-manages Loomis Sayles' EM debt blended total return strategy. "It's too early to call the turning point."

Much like investors, the uncertainty around US rates and tariff policy is also keeping central bankers on edge. While most developing currencies have gained since Trump took office, they will serve as the "relief valve" for any potential pressure, said Samy Muaddi, head of emerging markets fixed income at T. Rowe Price.

For Chilean officials, soured sentiment on Colombia after the country's brief tariff spat with Trump added "a layer of uncertainty to the global landscape," according to the strategist Ivan Stambulsky at Barclays. That shrinks the room the central bank has to cut rates without risking a currency sell-off, he said, "and the board appears to have internalised this risk."

In Colombia, the central bank unexpectedly paused rate cuts Friday due to concerns over the country's fiscal deficit, inflation flare-ups and tariff threats from the US.

Trade Tensions

Fears that Trump's economic measures might boost the dollar and fan inflation in the world's largest economy, cutting the room the Fed has to lower rates, have muddied the waters for developing economies. The spectre of higher tariffs is also concerning for export-dependent economies across emerging markets.

JPMorgan Chase and Co remains underweight EM local bonds, saying rates haven't built up risk premium like currencies have.

But for those who can stomach the volatility, the cheap currency valuations in Latin America provide rooms for outperformance, said Claudia Calich, the head of EM debt at M&G Investment Management.

Nvidia's DeepSeek drop has Wall Street fixated on key stock mark

Bloomberg
New York

On Wall Street, all eyes are on Nvidia Corp's stock as chart-watchers search for signs the chipmaking giant will claw its way back from a DeepSeek-driven rout, given its power to sway the broader market.

A wild week saw it testing a key line in the sand for technical analysts for the first time in more than a year. Revelations that DeepSeek's AI model could rival those of OpenAI and Meta Platforms Inc and was made on less expensive, older chips spurred the largest one-day rout in US stock-market history on Monday and sent Nvidia shares below its 200-day moving average.

The stock was testing that critical measure of momentum to technicians once again on Friday — and failed — after tumbling 3.7% closing around $120 a share, erasing an earlier gain. In the prior three sessions Nvidia's stock rebounded enough to close above that 200-day measure. The stock now lingers some 20% below its record high.

The 200-day moving average is viewed as a key support, or resistance, depending on what side of it shares ultimately end up. Breaking — and staying — above the level could be a bullish signal that there's further upside for shares. On the flip side, falling below the level could mean that there's further downside ahead.

"If you started to see meaningful weakness in Nvidia, I think it would be overly optimistic to think the market will just continue to shrug that off," Rich Ross, Evercore ISI's head of technical analysis, said earlier Friday, before the stock reversed course.

The implications stretch beyond individual Nvidia shareholders. Given the company's weight in the S&P 500 Index, its direction has outsized influence on the overall direction of the broader market. Though Nvidia was unseated as the top company in the world by market value — the spot once again belongs to Apple — it's still the third largest in the S&P 500 and has a nearly 6% weight in the gauge.

Of course, the broader market could buck the trend and trade higher when Nvidia's down, it just requires most other members of the S&P 500 to pick up the slack and trade higher. On Monday, an equal-weighted gauge of the S&P 500 ended the day slightly higher, outperforming the weighted version, which fell 1.5%.

The worry is if Nvidia shares do fall below the 200-day moving average and keep trending lower, it could signal further downside.

"You could begin to start seeing more supply pressure on Nvidia as that level was not enough to hold and have buyers to step back in," said Andrew Thrasher, a technical analyst and portfolio manager at Financial Enhancement Group.

Another concern is that momentum has started to drift, according to Thrasher. While Nvidia's relative strength index reading hasn't fallen below 30 since 2022 — a condition known as being oversold — momentum has been ticking lower.

"The kind of regime shift from being a very strong momentum name to becoming oversold could begin to signal that regime is changing," said Thrasher.

Nvidia isn't the only Magnificent Seven stock that's been testing such technical signs.

Canada and Mexico hit back at Trump tariffs; China vows countermeasures

Bloomberg
Ottawa

Canada and Mexico vowed to hit back at the US after President Donald Trump followed through on threats to impose 25% tariffs on imports of their goods, instigating a trade war that's set to reshape global supply chains.

Canadian Prime Minister Justin Trudeau said the country will impose 25% tariffs against C$155bn ($106bn) of US goods, while Mexican President Claudia Sheinbaum also pledged retaliation. China vowed "corresponding countermeasures" to Trump's 10% levy on Chinese products, without immediately announcing any new tariffs.

A tit-for-tat tariff fight among the world's major economies — Trump has warned Europe that it's in his crosshairs, too — adds fresh headwinds to the outlook for global growth, for profits of companies suddenly facing higher import taxes and for financial markets adjusting to new trade flows.

"It marks a new phase of the trade war, which targets multiple countries, including allies and China, to meet US economic and geopolitical policy goals," said Gary Ng, senior economist at Natixis SA.

Bloomberg Economics estimated that Trump's move will raise the average US tariff rate to 10.7% from near 3% currently and "deal a significant supply shock" to the domestic economy. US gross domestic product would suffer a 1.2% hit and a widely watched gauge of core inflation would increase by 0.7%.

In an executive order posted on the White House website, Trump invoked the International Emergency Economic Powers Act, a 1970s-era law that grants the president broad tariff authority in national emergencies. He had threatened Mexico with this measure in 2019 but talks ultimately ended that dispute without Trump using it.

Tractor trailers wait in line at the Ysleta-Zaragoza International Bridge port of entry in Juarez, Mexico. Canada and Mexico vowed to hit back at the US after President Donald Trump followed through on threats to impose 25% tariffs on imports of their goods, instigating a trade war that's set to reshape global supply chains.

The responses from three of America's biggest trading partners came shortly after he signed orders for the US tariffs on Saturday. The measures take effect at 12:01am on Tuesday, leaving only a small window for last-minute negotiations.

The weekend announcement meant the reaction from financial markets would have to wait until Monday in Asia. The risk of a trade war has helped fuel a rally in the dollar since Trump's re-election on the assumption tariffs would fuel inflation and thus support US interest rates, as well as the greenback's safe-haven status.

Trump's threats last week drove the Bloomberg Dollar Spot Index up nearly 1%, its steepest climb since mid-November. The Mexican peso and the Canadian dollar each slumped.

China's Commerce Ministry pledged to file legal proceedings to the World Trade Organisation in a Sunday statement, but stopped short of explicitly threatening counter-tariffs. President Xi Jinping's government has in recent months been treading carefully with Washington, avoiding any retaliation to trade curbs that could escalate tensions.

Trump's tariffs deliver on a warning to the three countries for what he says is a failure to prevent the flow of undocumented migrants and illegal drugs, though he had also teased the possibility of a reprieve if Mexico and Canada took steps to address his concerns.

The Republican's orders also included retaliation clauses that would increase US tariffs if the countries respond in kind. The new measures will be on top of existing trade levies on those countries.

Energy imports from Canada, including oil and electricity, will be spared from the full 25% levy and will face a 10% tariff. White House officials said that was intended to minimize upward pressure on gasoline and home-heating oil prices.

Trump's move is explosive in scale and goes well beyond his first-term tariffs. Steep tariffs will raise the cost of key goods like food, housing and gasoline for Americans, while the overall fallout threatens to spill widely across the countries, which are the largest three sources of US imports, accounting for almost half of total volume.

The move represents yet another instance where Trump is testing the bounds of his emergency authorities under federal law — already a hallmark of his second term in the White House.

The tariff orders invoke the International Emergency Economic Powers Act and expand an earlier declaration to address what he calls is a "threat to the safety and security of Americans."

Markets have been gripped by uncertainty as they awaited Trump's decision on the tariffs, and there are now looming questions about how the levies will impact stocks, as well as companies and consumers.

Automakers such as General Motors Co, Ford Motor Co and Stellantis NV, which have global supply chains and massive exposure to Mexico and Canada, could see significant swings. Industry groups warned that because of the tight integration of US and Canadian manufacturing, the imminent tariffs could have a steep impact on the industry.

"The imposition of tariffs will be detrimental to American jobs, investment and consumers," Jennifer Safavian, the president of Autos Drive America, said in an e-mailed statement. "US automakers would be better served by policies that reduce barriers for manufacturers, ease regulations that hinder production and create greater export opportunities."

Trump's actions also closed a loophole that exempted packages worth less than $800 from tariffs. Extinguishing the so-called de minimis exemption for small parcels sent to the US from the three countries could significantly impact online retail — though the scope of the measure wasn't immediately clear. While such changes would most directly affect Chinese retailers, American consumers who benefit from those platforms' cheap goods would likely suffer, too.

The US loses a tremendous amount of tariff revenue by using the exemption, a US official told reporters on a briefing call.

Parts of the US, including the Pacific Northwest and Northeast US, are deeply reliant on electricity or gas flows from Canada. Under an energy emergency Trump declared his first day in office, refined gasoline and diesel, uranium, coal, biofuels and critical minerals were all given the lower 10% tariff.

Hong Kong-listed Chinese stocks brace for Trump tariffs' impact

Bloomberg
Hong Kong

Chinese stocks listed in Hong Kong will come under renewed pressure when they resume trading today following a three-session break, after US President Donald Trump fired the first salvo of his tariff war.

Fears of rising levies had already helped push the MSCI China Index into a bear market last month. On Saturday, Trump ordered general tariffs of 25% on Canada and Mexico and 10% on China, to come into effect on Tuesday, while promising a similar move later for the European Union. The Nasdaq Golden Dragon Index fell 3.5% on Friday, marking its worst day in seven weeks.

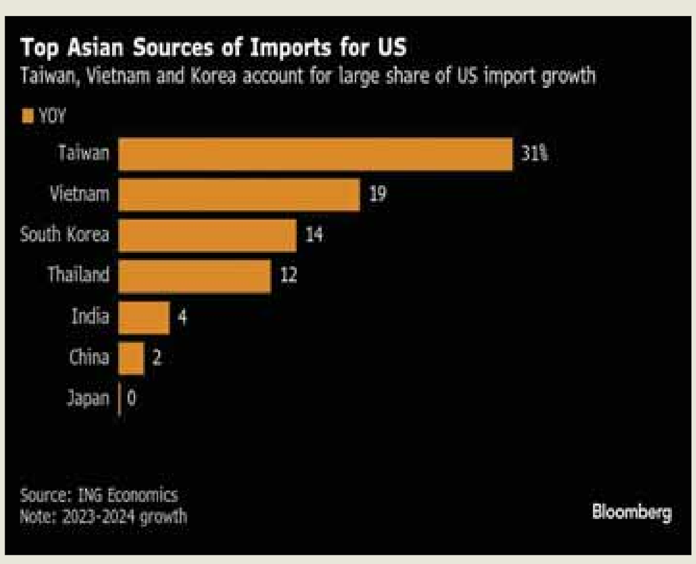
The new tariffs might curtail China's products exports, dragging on the country's already struggling economy. Online merchants such as Alibaba Group Holding Ltd and Asia's broader chip industry are more vulnerable than others. China on Sunday vowed countermeasures and said it would file a complaint with the World Trade Organisation. "China's nascent recovery signs could be disrupted," said Charu Chanana, chief investment strategist at Saxo Markets. The government "will have to strike a balance between responding to domestic and external headwinds," she added.

Trump's actions potentially mark the beginning of a series of threatened trade attacks, though he has so far scaled back his planned actions against China. An executive order he signed on his first day in office, calling for a series of trade review reports by April 1, could lead to further action. Other Asian economies also may be vulnerable as they account for a significant portion of the increase in US imports in recent years. An exodus of foreign investors from the region's equities since Trump's election win, could accelerate.

Here are the stocks and sectors likely to react the most to prolonged trade wars and tariffs.

Online retailers: Trump's new trade levies include a broadside against e-commerce, with apparent plans to extinguish a long-held tariff exemption for packages worth less than $800. He curtailed so-called de-minimis exemptions for small parcels and packages sent to the US from Canada and China, effectively applying tariffs more widely, though the scope of the measure wasn't immediately clear.

The decision appears to be primarily targeted at reducing duty-free shipments from China, which will hurt online retailers and e-commerce platforms like Alibaba. Goods such as clothing, accessories, home goods, electronics and small durable items from Shein and Temu alone account for 30% of all so-called de-minimis shipments, according to research from Pablo Fajgelbaum at University of California, Los Angeles and Amit Khandelwal at Yale University.



Chips: Semiconductor makers with sales to China, including Taiwan Semiconductor Manufacturing Co and Samsung Electronics Co, will be in focus as Trump said he'd tax chips — repeating that vow after his meeting Friday with Nvidia Corp Chief Executive Officer Jensen Huang.

Meanwhile, shares of Chinese chipmakers such as Semiconductor Manufacturing International Corp. may rise, if tariffs are seen fanning the nation's quest for industrial self-sufficiency.

Chips have been at the centre of the ongoing tech rivalry between the US and China, with Washington implementing tighter export controls aimed at limiting the flow of advanced components to China. In response, Beijing has enacted its own restrictions.

This back-and-forth is likely to escalate given that Chinese startup DeepSeek's low-cost artificial intelligence model is being seen by many as a threat to US dominance in the technology.

Morgan Stanley strategists including Daniel Blake reiterated caution on semiconductors, hardware, China, Taiwan and Korea in a note dated Feb. 1, citing broader risks from approaching tariffs and potential investigations into China.

"Taiwan and Korea are most exposed in terms of total revenue share from exports to the US. While they are not facing the first phase of tariff announcements, we note the momentum towards both a universal tariff and tariffs on essential goods, including semiconductors," they said.

Mexico exposure, resources: Asian auto stocks with exposure to Mexico, such as Korea's HL Mando Co and Kia Corp will be on investors' radar. EV bellwether BYD Co, which is looking to build its first Mexican manufacturing plant, will also be in focus.

Mexico's president yesterday called for retaliatory tariffs and other non-tariff measures on the US, while opening the door for the two sides to co-operate on security and public health issues.

Among other themes at risk, Trump has also threatened to impose tariffs on a wide range of imports in the coming months, including on steel, aluminium, copper, oil and gas, and pharmaceuticals.

Green energy: Stocks associated with green energy remain vulnerable as Trump has prioritised the production of fossil fuels, reduced the focus on environmental issues, and threatened to review a consumer tax credit designed to encourage electric vehicle usage.

Shares of Korean electric-vehicle battery manufacturers like Samsung SDI Co and LG Chem Ltd have dropped more than 25% each since Trump's election victory on November 5, compounded by weekly bleak sales forecasts.

The outlook is also grim for Chinese solar companies such as Longi Green Energy Technology Co, which have faced scrutiny from the US for years while dominating global markets with lower-priced products.

Is DeepSeek a genuine disruptor?

By Fahad Badar

When the DeepSeek AI models were reported to have similar performance to Western competitors at a fraction of the cost, the impact on US tech stocks was seismic. Some claims are being challenged, but we could be witnessing a technological disruption

Many businesses complain that they lack resources, but the smartest innovators tend to see scarcity as an opportunity, asking: how can we make more efficient use of what we have at our disposal? The high-pressure steam engine was invented by the engineer Richard Trevithick in Cornwall in the early 19th century, spurred by the high cost of imported coal, of which the region had no reserves. This invention led to the development of the locomotive and the railway network, transforming economic development across the world.

Are we witnessing a similar development in AI? When the reported efficiency gains became public of two large language models developed by the Chinese startup DeepSeek – the R1-zero, and the R1, with performance comparable to OpenAI's ChatGPT – this prompted a colossal loss of stock market value of US tech companies, a huge $1tn in a single day, Monday 27 January. The value of Nvidia alone fell by around $600bn on the day. The implications were that demand for US large language models (LLMs), and some of their suppliers, as well as energy companies, would fall substantially.

Engineers at DeepSeek encountered a relative scarcity of supply following export ban by the US of the highest-performing chips made by Nvidia. So they sought ways to develop intelligent reasoning within their models using lower computing power. DeepSeek is a relatively young company, founded by Liang Wenfeng, and funded by the hedge fund High Flyer Capital Management. He hired some of the smartest IT engineers from top Chinese universities, and rewarded them well.

It reportedly spent just $5.6mn based on 2.8mn hours of Nvidia H800 GPU (graphics processing unit) training the LLM. This compares with around 31mn hours on Nvidia H100 GPU to train Meta's Llama 3 405B. In 2023 Nvidia modified its most advanced chip, the H100, to enable it to be legally exported to China as the H800.

Some of DeepSeek's claims have been questioned. It is suspected that it had amassed a stockpile of higher-grade Nvidia chips before the export restrictions, and western experts are sceptical that the training costs really were as low as reported. Separately, OpenAI, which developed the rival ChatGPT, alleges possible theft of its intellectual property by DeepSeek.

What is acknowledged by western experts is the ingenious design. DeepSeek inventors have developed a 'Mixture-of-Experts' configuration, in which the relevant specialist sub-network is deployed only when needed. This explains the substantially lower computing power needed. DeepSeek have used open source computing, so some of their claims can be checked.

Accordingly, while some in the US dispute the scale of the efficiency gains, it may still be a disruptive innovation. The economist Nouriel Roubini, in his note on the subject, claimed that the efficiency gain was around two to three times, not the 20 times initially reported. Nonetheless, this is still enough to transform the economics of deploying AI and increasing demand.

The entry into the market of DeepSeek R1 and R1-zero challenges the assumptions, held firmly until just a week or so ago, that progress in AI capability depends upon huge scaling up of computing power, and that the US had an unassailable lead in the technology. It poses a challenge for US policy-makers: the intention of curbing exports of the most powerful chips was to curb Chinese development of AI – but it has delivered the opposite.

US tech giants have wasted no time in responding. Meta announced it has set up four 'war rooms' to investigate the technical achievements of DeepSeek, with a view to competing on cost and efficiency in its Llama technology.

The efficiency gains will not only be for Chinese providers and users of AI. Accordingly, the selling of US tech shares was almost certainly overdone, especially in the case of Nvidia. The availability of cheaper and more efficient AI models looks set to increase aggregate demand for LLMs generally. It is probably only a matter of time before US competitors develop their own smarter, more efficient AI models. And while the focus is on China-US rivalry, there may be a surprise disruptor from somewhere else in the world.

This is the beauty of human inventiveness: it never stops, and it often surprises.

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

Qatar's maritime sector began 2025 on a solid note with Hamad, Doha and Al Ruwais ports witnessing a robust year-on-year growth in ship arrivals, containers, cargoes, vehicles (RORO) and livestock in January, according to the data of Mwani Qatar

Qatar's ports begin 2025 on a solid note

By Santhosh V Perumal
Business Reporter

Qatar's maritime sector began 2025 on a solid note with Hamad, Doha and Al Ruwais ports witnessing a robust year-on-year growth in ship arrivals, containers, cargoes, vehicles (RORO) and livestock in January, according to the data of Mwani Qatar.

As many as 252 ships had called on Qatar's three ports in January 2025, which was higher by 16.13% year-on-year but was down 3.45% month-on-month.

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 155 vessels call (excluding military) on the port in the review period.

The general and bulk cargo handled through the three ports amounted to 142,420 freight tonnes in January 2025, which zoomed 141.22% and 86.95% on yearly and monthly basis respectively.

Hamad Port – whose multi-use terminal is designed to serve the supply chains for the RORO, grains and livestock – handled as much as 88,338 freight tonnes of breakbulk and 30,000 freight tonnes of bulk in January this year.

The container and cargo trends through the ports reflect the positive outlook for the country's non-oil private sector.

In line with the objectives of Qatar National Vision 2030, Mwani Qatar continues to implement its ambitious strategy to enhance the maritime sector's contribution to diversifying the national economy and strengthening the county's position as a vibrant regional trade hub.

The three ports were seen handling 58,798 livestock in January 2025, which showed 87.63% and 32.62% surge year-on-year and month-on-month respectively. Hamad Port alone handled as many as 7,000 livestock heads in the review period.

The container movement through three ports amounted to 124,293 twenty-foot equivalent units (TEUs), shooting up 20.24% and 2.26% year-on-year and month-on-month respectively in the review period.

Hamad Port, the largest eco-friendly project in the region and internationally recognised as one of the largest green ports in the world, alone handled 124,320 TEUs of containers handled this January.

The container terminals have been designed to address the increasing trade volume, enhancing ease of doing business as well as supporting the achievement of economic diversification, which is one of the most important goals of the Qatar National Vision 2030.

The three ports handled 12,841 RORO in January 2025, which registered 111.69% growth year-on-year but tanked 23.2% on monthly basis. Hamad Port alone handled 12,823 units in January this year.

Qatar's automobile sector has been witnessing stronger sales, notably in heavy equipment, private motorcycles and private vehicles, according to the data of the National Planning Council.

The building materials traffic through the three ports stood at 31,179 tonnes in January 2025, which plummeted 37.32% on an annualised basis even as it rose 15.23% month-on-month.

Hamad Port reached a significant safety milestone as it achieved 5mn man-hours without lost time incidents (LTI) as of January 10, reflecting the safety and wellbeing of employees.

Doha Bank is first bank in Qatar to commit to FX Global Code

Doha Bank is the first bank in Qatar to commit to the FX Global Code, reaffirming its leadership in promoting integrity, transparency, and ethical practices in the foreign exchange market.

The FX Global Code represents a globally recognised set of principles designed to ensure a fair, open, and resilient foreign exchange market. By adopting these principles, Doha Bank underscores its dedication to the highest standards of professionalism and accountability in its FX operations.

As the first financial institution in Qatar to take this significant step, Doha Bank has implemented comprehensive internal processes and controls to align with the code's principles. This achievement highlights the bank's commitment to fostering trust and confidence among its clients, partners, and the broader financial community.

"Our commitment to the FX Global Code is a testament to the values we uphold as a trusted partner in the financial industry.

We believe that adherence to the principles of the Code not only enhances the integrity of the foreign exchange market but also reinforces our responsibility to our clients, partners, and the global financial community," said Sheikh Abdulrahman bin Fahad bin Faisal al-Thani, Group CEO of Doha Bank.

Doha Bank remains committed to advancing its practices in line with the evolving standards of the FX Global Code and contributing to a fair and transparent FX marketplace for all participants.

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'Qatar-Croatia Business Meeting' focuses on enhancing mutual investments

Qatar Chamber hosted the 'Qatar-Croatia Business Meeting' yesterday in the presence of Ante Šusnjar, Minister of Economy and Sustainable Development, and Dr Gordan Grlić Radman, Minister of Foreign Affairs of the Republic of Croatia.

The Qatari side was led by Qatar Chamber second vice-chairman Rashid bin Hamad al-Athba.

The meeting was also attended by Drago Lovric, ambassador of the Republic of Croatia to Qatar, along with many business representatives from both countries.

On the sidelines of the forum, Qatar Chamber and the Croatian Chamber of Economy signed a memorandum of understanding (MoU) aimed at strengthening co-operation and co-ordination between the Qatari and Croatian private sectors. The agreement was signed by al-Athba and Marina Ruzic, secretary-general of the Croatian Chamber of Economy.

The MoU aims to facilitate the exchange of economic information, particularly regarding foreign trade, production, and export opportunities for businesses in both countries. It also seeks to enhance collaboration on company products and the organisation of exhibitions and trade fairs in Qatar and Croatia.

Furthermore, the agreement promotes co-operation in exhibitions, exchange visits, and hosting regular meetings for representatives from both sides to explore and develop new avenues for economic partnership and strengthen bilateral trade relations.

Šusnjar lauded the signing of the MoU between Qatar Chamber and the Croatian Chamber of Economy, emphasising its role in strengthening trade ties and expanding economic co-operation between the two countries.

He highlighted the strong economic potential and shared interests between Qatar and Croatia, noting that Croatia serves as a gateway to the European Union, offering a stable infrastructure and attractive investment opportunities.

The minister further said the

Qatar Chamber second vice-chairman Rashid bin Hamad al-Athba and Marina Ruzic, secretary-general of the Croatian Chamber of Economy, signing an MoU in the presence of top Croatian officials, Ante Šusnjar, Minister of Economy and Sustainable Development; Dr Gordan Grlić Radman, Minister of Foreign Affairs; and Drago Lovric, ambassador of the Republic of Croatia to Qatar.

Croatian delegation comprises representatives from 20 leading Croatian companies operating in European markets, specialising in key sectors, such as infrastructure, energy, information technology, tourism, and food security.

Šusnjar also underscored Qatar's significance as a global investment hub, expressing his hope that the Qatar-Croatia Business Meeting would enhance bilateral trade and investment co-operation.

He encouraged Qatari investors to explore opportunities in Croatia, highlighting the country's favourable investment climate and recent amendments to investment laws aimed at supporting foreign investors and attracting new business ventures.

Al-Athba affirmed that Qatar and Croatia enjoy strong and rapidly growing relations, driven by high-level mutual visits between leaders, government officials, and trade delegations.

He expressed hope that the Qatar-Croatia Business Meeting and the signed MoU would pave the way for new opportunities in private sector co-operation between both countries.

Al-Athba emphasised the keen interest of Qatari business owners in strengthening ties with their Croatian counterparts through forging partnerships and trade alliances.

He reiterated Qatar Chamber's commitment to supporting and facilitating this co-operation, ensuring all necessary assistance to boost investments across various sectors.

He also encouraged Croatian companies to collaborate with Qatari businesses, highlighting Qatar's numerous investment incentives, world-class infrastructure, and advanced economic legislation, which create an attractive environment for foreign investment.

Also, he noted that the agreement will create new opportunities for co-operation between Qatari and Croatian businessmen, including the potential establishment of a joint business council.

Ruzic also lauded the strong and growing relations between Qatar and Croatia, emphasising that the signing of the MoU between the two chambers would facilitate greater economic co-operation, helping to overcome obstacles in the private sector and enhance trade exchange.

She highlighted key sectors with strong potential for collaboration, including oil, metals, defence, information technology, engineering, and pharmaceuticals.

She emphasized that these industries offer significant opportunities for companies from both countries to forge partnerships and expand their business ventures.