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BUSINESS

REBOUND IN ECONOMY : Page 4

Treasuries 2025 gains boosted as soft jobs lock in Fed cut bets

Dr Olga Revina, chairperson of QUBF, and Sheikh Mansoor bin Khalifa al-Thani, founder and Chairman of MBK Holding, shaking hands on the sidelines of Web Summit Qatar 2025 for the establishment of the Qatar-Ukraine Tech & Innovation Committee. Looking on is QUBF vice-chairperson Daria Revina.

QUBF launches 'Qatar-Ukraine Tech and Innovation Committee'

By Peter Alagos
Business Reporter

The Qatar-Ukraine Business Forum (QUBF) has established the Qatar-Ukraine Tech & Innovation Committee to facilitate co-operation in technology and innovation between Qatar and Ukraine.

In a statement to *Gulf Times*, Dr Olga Revina, chairperson of QUBF, said the official agreement signing ceremony was held on the sidelines of Web Summit Qatar 2025, which successfully concluded its second edition.

Revina explained that the committee operates under the umbrella of QUBF, which was established in 2018 to support Qatar-Ukraine partnerships across diversified industries. "QUBF is pioneering the collaboration in the tech and innovation sector between Qatari and Ukrainian counterparts," Revina pointed out.

The Qatar side of the committee is chaired by Sheikh Mansoor bin Khalifa al-Thani, founder and Chairman of MBK Holding, a global ecosystem builder and investor, while the Ukraine side is led by UNIT. City, Ukraine's first and largest innovation park that nurtures the next generation of entrepreneurs and tech innovators.

Revina further explained that the Qatar-Ukraine Tech & Innovation Committee replicates and extends successful bilateral collaboration models and focuses on the following objectives: fostering co-operation between Qatari and Ukrainian companies, NGOs, and government authorities to facilitate co-operation in innovation and technology; facilitating leading Ukrainian startups to enter the Qatari marketplace, as well as introducing Qatari companies to the Ukrainian market's opportunities;

Acting as a medium for sharing information and knowledge regarding digital transformation, Artificial Intelligence (AI), blockchain, fintech, and other technology innovations; and promoting co-operation for developing joint investment projects and technology partnerships between counterparts of Qatar and Ukraine.

"We feel honoured to have the Tech & Innovation Committee act as a bilateral forum and unite representatives of both Qatari and Ukrainian businesses, non-governmental organisations (NGOs), and the government.

A comprehensive action plan for the year ahead has been established, including workshops, hackathons, e-forums, information exchange sessions, and other events," Revina said.

She underscored Ukraine's strong expertise and significant strides in the tech and innovation sector in recent years "despite facing ongoing geopolitical challenges," saying "Ukraine's tech and innovation sector is positioned to be a key player in the global economy, with its growing pool of talent, increasing startup activity, and emerging advancements in various technological domains."

Qatar's spending reorientation could boost growth effects of fiscal spending: IMF

By Santhosh V Perumal
Business Reporter

Qatar's plan to reorient spending to support knowledge-based growth could boost growth effects of fiscal spending and there is scope to further improve efficiency in spending, according to an International Monetary Fund research paper

Qatar's plan to reorient spending to support knowledge-based growth could boost growth effects of fiscal spending and there is scope to further improve efficiency in spending, according to an International Monetary Fund (IMF) research paper.

Finding that Qatar already has top-notch infrastructure (and excess supply in some areas) to help elevate growth potential; it said therefore, public investment should focus on improving human capital, both for nationals and expatriates; providing a more conducive environment for businesses; enhancing climate sustainability; and continuing to adapt to the energy transition.

Investment in human capital (education and health) is a welcome key pillar of NDS3 or third national development strategy and there is scope to improve spending efficiency in Qatar, said the research paper 'Estimating Fiscal Multiplier for Qatar'.

Further investment in climate adaptation would mitigate its vulnerabilities to climate stressors, it said, adding more investment to facilitate decarbonisation and promote renewables would help Qatar reach its emission reduction target and smooth the energy transition process.

Crowding in private sector investment with efficient public spending would further economic diversification and accelerate the transition to private sector-driven growth, according to the research paper. Finding that econometric results suggest that Qatar's strong capital spending multiplier became less impactful as the stock of capital rose to a high level, likely as the marginal impact declined; it said this supports Qatar's strategy to shifts the state's role to an enabler of private sector-led growth, focusing on expenditure to support build human capital and implementation of broader reform guided by NDS3.

Spending by Qatar has helped built the nation's LNG (liquefied natural gas) production/export capacity and broader infrastructure, driving economic growth and diversification.

In the early 1990s, the country developed a multi-directional and fast-track strategy to accelerate the commercialisation of Qatar's substantial natural gas reserves to diversify and ultimately modernise the economy.

Qatar has made large-scale investments across the entire value chain of LNG trains, tankers, and storage and receiving facilities, becoming one of the leading LNG producing countries in the world.

To prepare for the 2022 FIFA World Cup and develop Qatar's infrastructure more broadly, public sector expenditure on major infrastructure projects increased – top-notch infrastructure has been built including the Lusail real estate development, Hamad International Airport, Hamad Port, the Doha Metro and other transportation and social infrastructure.

Long-term contributions of such spending were significant – the large investment in general infrastructure ahead of the World Cup is estimated to have driven much of the non-hydrocarbon sector's growth in the past decade. Qatar is in the process of reducing its footprint and enabling private sector development, the research paper said, adding the private sector historically played a limited role, according to the study. The country has undertaken regulatory reforms to support firm creation, competition, and FDI or foreign direct investment. The telecommunications sector was liberalised, and special economic zones were created. In recent years, the responsibility for certain projects in the real estate, education and healthcare sectors was outsourced to the private sector.

QatarEnergy had launched a programme to increase localisation of the energy sector's supply chain by creating local support services and industries, including SMEs or small and medium enterprises. New legislation on public-private partnerships facilitates the financing of new schools, medical centres and other infrastructure projects by the private sector.

The NDS3 was released in January 2024 to intensify transition to private sector-driven growth. The state is set to become an enabler to facilitate this transition, using public spending to support NDS3 reforms.

QSE remains in positive trajectory as index gains 68 points

By Santhosh V Perumal
Business Reporter

WEEKLY REVIEW

Notwithstanding the extant US tariff concerns, the Qatar Stock Exchange (QSE) treaded a positive trajectory with its key index gaining as much as 68 points and capitalisation adding QR2.63bn this week.

The domestic institutions continued to be net buyers but with lesser intensity as the 20-stock Qatar Index rose 0.66% this week which saw the QSE remove the minimum trading commission of QR30, replacing it with a fixed proportional commission rate of 0.00275 with no minimum threshold.

The transport, telecom, real estate and consumer goods counters witnessed higher than average demand in the main bourse this week which saw the QSE launch Al-Nukhba programme, an educational and training initiative designed to enhance the capabilities of promising family-owned and private companies in Qatar.

The foreign funds' weakened net profit booking had its influence in the main market this week which saw total assets of commercial banks in Qatar register a 3.3% year-on-year growth to QR2.04tn in January 2025.

The Gulf institutions were however seen increasingly into net selling in the main bourse this week which saw a total of 0.05mn Al-Rayan Bank-sponsored exchange-traded fund QATR worth QR0.12mn trade across 22 deals.

The Arab individuals were bearish in the main market this week which saw as many as 0.01mn Doha Bank-sponsored exchange-traded fund QETF valued at QR0.08mn change hands across seven transactions.

The foreign retail investors turned net sellers in the main bourse this week which saw as many as 1,000 sovereign bonds worth QR10mn change hands across one deal.

The Islamic index was seen outperforming the other indices of the main market this week, which saw Doha Bank's $500mn global bond, which was recently oversubscribed almost five-fold, saw as much as 55% of the investors from Europe and Asia; while the remaining from the Middle East.

Market capitalisation added 0.43% to QR616.07bn on the back of small and microcap segments this week which saw Doha Insurance and Bupa Global enter into a strategic partnership agreement.

Trade turnover and volumes were on the decrease in the main market this week which saw no trading of treasury bills.

The Total Return Index rose 0.75%, the All Islamic Index by 0.79% and the All Share Index by 0.63% this week which saw the industrials and banking sectors together constitute more than 54% of the total trade volumes.

The domestic institutions continued to be net buyers but with lesser intensity as the 20-stock Qatar Index rose 0.66% this week

The transport sector index shot up 3.07%, telecom (1.78%), real estate (1.73%), consumer goods and services (0.9%), banks and financial services (0.28%) and industrials (0.1%); while insurance was unchanged this week which saw Qatar's maritime sector report higher vessels call and brisk growth in movement of containers, RORO and livestock through Mesaieed, Doha and Al Ruwais ports this February on an annualised basis.

About 57% of the traded constituents extended gains with major movers being Qatar General Insurance and Reinsurance, Qatar Cinema and Film Distribution, Nakilat, United Development Company, Vodafone Qatar, Doha Bank, Commercial Bank, Woqod, Al Mahhar Holding, Qatar Electricity and Water, Barwa, Ooredoo and Milaha this week.

Nevertheless, Gulf International Services, Baladna, Lesha Bank, Qatar German Medical Devices. Dlala, Widam Food, Al Faleh Educational Holding and Mesaieed Petrochemical Holding were among the losers in the main bourse. In the venture market, Techno Q saw its shares depreciate in value this week.

The foreign institutions' net selling decreased significantly to QR136.98mn compared to QR463.31mn the week ended February 27. However, the Gulf institutions' net profit booking increased drastically to QR23.77mn against QR11.96mn the previous week.

The foreign individuals were net profit takers to the tune of QR12.52mn compared with net buyers of QR5.63mn a week ago.

The Arab retail investors turned net sellers to the extent of QR9.18mn against net buyers of QR15.99mn the week ended February 27.

The Qatari individuals were net profit takers to the tune of QR4.8mn compared with net buyers of QR56.39mn the previous week.

The Gulf retail investors turned net sellers to the extent of QR4.64mn against net buyers of QR4.2mn a week ago.

The domestic institutions' net buying weakened substantially to QR191.89mn compared to QR392.64mn the week ended February 27. The Arab funds had no major net exposure against net buyers to the tune of QR0.38mn the previous week.

The main market witnessed a 46% plunge in trade volumes to 510.42mn shares, 43% in value to QR1.54bn and 26% in deals to 63,524 this week.

Goldman, JPMorgan among banks offering more Russia-linked trades

Bloomberg
New York

Goldman Sachs Group Inc and JPMorgan Chase & Co are among banks that have been acting as brokers to facilitate growing investor demand for ways to trade Russian-related assets.

Both banks have reached out to investors in recent weeks offering rouble-linked derivative contracts — a trade that's allowed under Western sanctions because there's no physical Russian asset and it doesn't involve any Russian nationals, according to people familiar with the matter.

Since US and European investors are blocked from accessing roubles directly, the derivatives contract, called a non-deliverable forward or NDF, essentially gives traders a legal workaround to profit if the currency continues to surge in value. The rouble has jumped some 20% this year, a bigger increase than any other foreign exchange in the world. "NDFs have been trading off and on, but the banks are certainly publishing quotes these days in a way that they hadn't before," said Paul McNamara, a portfolio manager at GAM UK Ltd, declining to disclose specific brokers or quotes.

It's all part of a broader resurgence in interest in Russian assets after US administration officials floated the idea of easing sanctions on Moscow as part of a possible peace deal to end the war in Ukraine. While talks have been ongoing, with President Donald Trump signalling that he's warming back up to Ukrainian leader Volodymyr Zelensky in a speech to Congress on Tuesday night, the situation remains uncertain.

Zelensky was also recently quoted as predicting that the end of Ukraine's war with Russia is "very, very far away." And even if the US decides to loosen some restrictions, European sanctions are expected to remain.

McNamara said he was recently contacted by brokers offering rouble bonds from lenders such as the European Bank for Reconstruction and Development, and the World Bank. While those securities aren't sanctioned, the fund manager said his compliance team and clients would likely balk at owning the securities.

Spokespeople for JPMorgan, Goldman Sachs, the World Bank and EBRD declined to comment.

Since trading in other kinds of markets, like Russian sovereign and corporate bonds, are either prohibited by sanctions or legally difficult for Western investors, the appetite for those assets is seen largely coming from hedge funds and family offices in the Middle East that aren't subject to sanctions.

Gyorgy Palfi, a portfolio manager at VIG Asset Management Hungary in Budapest, said he didn't have any Russian bonds left on his books, but "even if we did, we wouldn't sell in the current situation. Now it might be worth waiting and see what happens with the sanctions."

One trader said the assets most in demand are dollar and euro-denominated bonds from Russian companies, such as Gazprom PJSC and Lukoil PJSC. Some of his clients, who recently would have considered their holdings as almost worthless, are now less inclined to sell, he said.

While price indications for those notes have risen in recent weeks, the bid-offer spreads remain as wide as 20 cents, so it can be tough to gauge average prices, said the trader, asking not to be identified discussing private transactions.

The rally has allowed billions of dollars' worth of domestic corporate bonds to emerge from distress in recent weeks. According to data compiled by Bloomberg, the total amount of Russian corporate debt trading below 80 cents and at a discount of more than 1,000 basis points against the equivalent sovereign bonds has dropped 13% since the beginning of the year to \$35.3bn. That's among the biggest declines recorded this year.

Kieran Curtis, the head of emerging-market local currency debt at aberdeen group plc, said his firm doesn't own any Russian assets, but he was approached earlier this year by a broker looking to buy rouble-denominated government bonds, known as OFZs.

He was quoted an indicative price of about 40 kopeks on the rouble for short-dated securities and around 16 to 19 kopeks for longer-dated issues that would be paid in dollars at a negotiable exchange rate, he said. "If you are in Istanbul or Dubai or Moscow, then you can claim the coupons," said Curtis.

Some investors have cautioned against rampant speculation on Russian assets, given the complexity of sanctions law. In the US, some of the restrictions are codified into law and need Congressional approval before being removed.

Pavel Mamai, co-founder of hedge fund Promeritum Investment Management, is sceptical that buyers of Russian bonds will be able to reap swift rewards. "People are massively over-estimating the upside for Russia-related assets," he said.

London IPO bankers advise patience during listings drought

Bloomberg
London

UK-focused equity capital market bankers are looking to an ongoing series of reforms to reignite initial public offering activity as London listings see their slowest start to the year since 2023.

The city has seen less than \$76mn in IPO deal volume in 2025, a fraction of the nearly \$2.8bn recorded at other exchanges in Europe, data compiled by Bloomberg show. The lack of activity continues a yearslong trend of underperformance, which has prompted the government, regulators and the local bourse to pursue a wide-ranging rules revamp to attract new candidates.

Some of the reforms have already borne fruit, as shown by Canal+ SA's spinoff in December, said Matthew Ponsonby, head of global banking in the UK for BNP Paribas SA. The bank also sees interest in IPOs rising on the back of expected changes to prospectus rules later this year, he said.

Confidence levels in UK capital markets are markedly higher than six months ago as London-listed equities, alongside European peers, outperform US stocks, said Sam Dean, vice-chairman of investment banking at Jefferies Financial Group Inc. The rules revamp is also likely to spur an increase in flows to UK equities from other asset classes, he said.

"We are having the right conversations with companies and their shareholders," Ponsonby said. "We would expect to see some coming in the first half but probably weighted toward after the summer."

Market participants have been banking on a blockbuster listing by Shein to kickstart momentum in London IPOs. Founded in China but now based in Singapore, the fast-fashion retailer has had a bumpy ride in its attempts to go public, with questions raised over its supply-chain operations and labour practices, while uncertainty over global trade relations is mounting.


A man walks inside the London Stock Exchange. UK-focused equity capital market bankers are looking to an ongoing series of reforms to reignite initial public offering activity as London listings see their slowest start to the year since 2023.

Beyond Shein, the pipeline of companies with known London listing plans appears sparse.

British payments group Ebury last year started sounding out potential investors for a local IPO, Bloomberg News has reported. Greece's Metlen Energy & Metals SA filed an application to list on the London Stock Exchange in December, Bloomberg News has reported.

Unilever Plc will list its ice cream unit primarily in Amsterdam, the consumer goods company said, with London and New York getting secondary listings when the maker of Ben & Jerry's is spun off this year.

Index provider FTSE Russell said on Monday that stocks that trade in euros and US dollars will be able to join major UK benchmarks. The firm will also lower the so-called fast-entry thresholds to enable newly listed companies to enter indexes within days of their market debuts.

The index changes will improve the UK's competitiveness, forming part of the most significant reforms in global capital markets, a spokesperson for the London Stock Exchange Group Plc told Bloomberg.

Some companies "are reluctant to list in London because they have a dollar or euro functional currency and do not want foreign exchange noise," said Mike Jacobs, a partner specialising in capital markets at law firm Herbert Smith Freehills. "These reforms should very much address these concerns." The next phase of the reform agenda will focus on channelling more domestic pension funds toward UK equities, he said.

Further changes which have also been mooted, such as scrapping stamp duty on share purchases and capping cash tax-free savings accounts, could further stimulate investments, BNP's Ponsonby said.

"The UK capital markets must continue to evolve and build on any investor optimism and momentum it can find," said Jason Paltrowitz, a director at OTC Markets, a US-based trading platform. "If the government can carefully steer the ship on the course of its long-term fiscal policy, centred on a pro-business and growth agenda, business' will only have a clearer sense of clarity and ambition."

Canada's job market stalls after months of strong gains

Bloomberg
Ottawa

Canada's job market unexpectedly took a breather after months of steady growth, but the unemployment rate held steady as fewer people looked for work.

Employment was virtually unchanged in February, with just 1,100 positions added, keeping the jobless rate at 6.6% for a second straight month, Statistics Canada reported Friday. Economists in a Bloomberg survey expected 20,000 jobs to be added and unemployment rate to rise by one percentage points.

February's minuscule jobs numbers are a stark contrast from a wave of robust gains between November and January that totalled 211,000, which is the largest since early 2023.

With a combination of emerging weakness and US President Donald Trump's tariff threats still casting a cloud of uncertainty over the Canadian economy and its ability to trade with its biggest customer, the Bank of Canada is expected to cut its policy rate for the seventh straight meeting on March 12.

The loonie briefly dipped to the day's low against the US dollar and traded at \$1.4337 in Ottawa after the concurrent release of similarly soft US jobs figures. Canada's two-year yield slipped around three basis points to 2.60%, tracking a broader move lower in developed market yields.

In the US, nonfarm payrolls increased 151,000, slightly lower than expectations for a 160,000 gain, and the unemployment rate edged higher, illustrating a labour market that's cooling only gradually in the face of rising economic uncertainty.

Just three days after the US imposed steep levies on Canada and Canada retaliated in kind, Trump paused tariffs on products that are compliant with the US-Mexico-Canada free trade agreement until April 2, when he's set to announce another round of tariffs with trading partners globally.

Economists and markets largely expect policymakers to reduce borrowing costs to brace the economy for the impact of a tariff war that will plunge demand for exports, force job losses and reduce consumer demand and business investment.

The manufacturing sector, which led strong job gains in January, shed jobs in February. Transportation and warehousing, another industry that's involved with international trade, saw some of the biggest job losses that month.

Wholesale and retail trade, finance and real estate, public administration and accommodation and food services added jobs.

Regionally, employment fell 1.3% in Nova Scotia, all in part-time work, and was little changed in all other provinces.

February's harsh winter that buried parts of central and eastern Canada under deep snows led to lost work hours in February. Total hours worked fell 1.3% that month, the largest monthly decline since April 2022.

Yearly wage growth for permanent employees accelerated to 4%, versus economist expectations of 3.7% and up from 3.7% in January.

The labour force participation rate decreased by 0.2 percentage points to 65.3%, the first decrease since September.

The Canadian government's plan to curb immigration has slowed growth in the working-age population in recent months.

Last month, the population aged 15 and older grew 47,000, or 0.1%, the slowest since April 2022.

Big Tech pain is mounting as risk-wary traders dump winners

Bloomberg
New York

For some time now, there have been plenty of reasons to worry about Big Tech stocks. Stretched valuations after a big run up, heavy spending on artificial intelligence and lofty expectations for future growth. For months, though, none of it seemed to matter.

Something changed in the past week, however. The so-called Magnificent Seven stocks are sliding. A Bloomberg Index tracking the cohort is down almost 12% off its peak, falling into correction territory after it powered the Nasdaq 100 to a record on February 19. Of the seven, only Meta Platforms Inc is in the green for this year.

It's not because any of the longer-standing concerns have gotten significantly worse. Combined profits for the group actually came in better than expected in the fourth quarter. Instead, the main culprit is a darkening economic outlook. Growth is looking shaky, inflation appears entrenched and trade policy increasingly dicey.

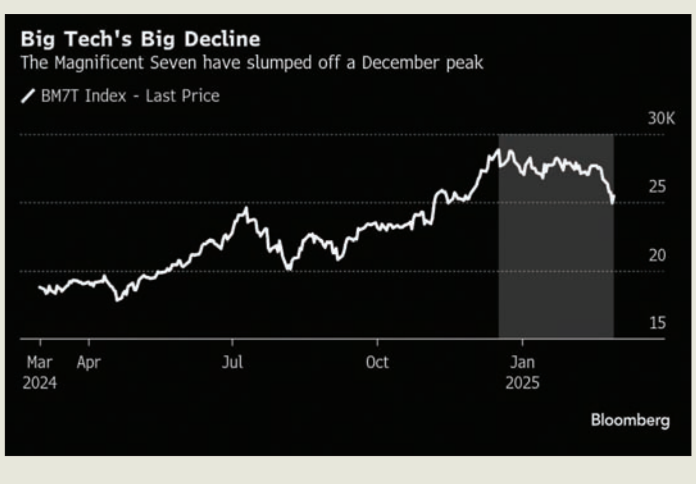
The response from investors has been to sell the winners and ask questions later.

"The earnings weren't terrible by any means, but there's little patience and a lot of frustration," said Jordan Klein, a tech-sector specialist at Mizuho Securities. "People are nervous."

Klein noted a string of disappointing economic data — on inflation, consumer confidence, and retail sales — along with tariff risk that has recently been thrown into sharp relief. In the face of that kind of backdrop, especially when coupled with multiples that often remain elevated by historical standards, anything that isn't a blowout is a disappointment.

The cracks are spreading in what has been one of Wall Street's sturdiest pillars after the tech giants carried the market for most of the past two years, thanks to booming profits and excitement about AI investments fuelling the next leg of growth.

Hedge funds aggressively unloaded technology related stocks in February, which as of February 25 was on track to be the second largest month for net selling on record, according to Goldman Sachs Group Inc. Net exposure to Magnificent Seven stocks — Apple Inc, Microsoft Corp, Nvidia Corp, Alphabet Inc, Amazon.com Inc, Meta and Tesla Inc — is sitting around the lowest level since April 2023, the bank said.



In past periods of economic stress, investors have often flocked to Big Tech for safety thanks to their strong balance sheets, dominant market positions, and massive free cash flows.

Their haven appeal has been diminished now because of questions around AI spending and future profit growth, according to Mark Luschini, chief investment strategist at Janney Montgomery Scott. "This may be a temporary phenomenon, but investors have become jaundiced against the widely held thought process surrounding Big Tech," Luschini said. "The mood has shifted from one of optimism to one that's more cautious or outright pessimistic."

For one, there's more uncertainty than there's been in years. President Trump's tariff policies represent significant risks for companies like Nvidia and Apple that generate a large chunk of revenue from China.

The emergence of China's DeepSeek also shook assumptions about American dominance in the technology while raising questions about the need to spend so heavily on development. While improved efficiency could ultimately be good for AI companies, it would also mean greater competition and potentially less spending on computing gear.

"DeepSeek should give you pause about AI, and whether all this capex will be reduced," said Ed Egilinsky, managing director at Direxion Funds. "That has contributed to the reset and re-evaluation within tech, especially the AI-exposed names."

In the fourth quarter, the Magnificent Seven delivered combined earnings growth of 31% compared with the same period a year earlier, up from projections of 22% at the start of the reporting period, according to data compiled by Bloomberg Intelligence. The selloff has sent the valuation of the Bloomberg Magnificent Seven index to 28 times projected profits, around the average over the past decade and down from 34 times in December. Some components, including Microsoft and Apple, remain at premiums to their long-term averages, however.

Despite the rapid deterioration in sentiment around Big Tech, the shares are unlikely to be under pressure for long, according to Janney Montgomery Scott's Luschini.

"Eventually we will get to a position where investors will say 'these names aren't broken, they're still best-in-class companies with large competitive moats,'" Luschini said.

China's imports fall as demand skids, trade war heats up

Reuters
Beijing

China's imports unexpectedly shrank over the January-February period, while exports lost momentum, as escalating tariff pressures from the US cast a shadow over the recovery in the world's second-largest economy.

The first two months of the year saw the opening salvo of a renewed US-China trade war, with US President Donald Trump imposing an extra 10% levy on Chinese goods, arguing Beijing had not done enough to stem the flow of the deadly opioid fentanyl.

That called time on exporters' efforts to front-load shipments ahead of the curbs while production also slowed as Chinese workers downed tools for the Lunar New Year festival.

Analysts say the slump in imports signals Beijing has begun scaling back purchases of key commodities, as it prepares for four more years of gruelling trade tensions with the second Trump administration.

"The drop in imports is seen across grains, iron ore and crude oil, and could be related to China's own consideration of building strategic reserves," said Xu Tianchen, senior economist at the Economist Intelligence Unit.

"China may have imported too many of them in 2024, and needs to scale back the purchase volume," he added. "This is certainly true for iron ore, as steel production clearly exceeds what is needed by the economy." Export momentum had up until now been a bright spot for an economy otherwise struggling with weak household and business confidence caused by a prolonged property market debt crisis.

A container ship leaves the port in Qingdao. China's imports unexpectedly shrank over the January-February period, while exports lost momentum, as escalating tariff pressures from the US cast a shadow over the recovery in the world's second-largest economy.

Imports fell 8.4% year-on-year, customs data showed on Friday, missing the 1% growth forecast in a Reuters poll of economists and a 1% uptick in December.

Exports from the largest manufacturing nation rose just 2.3% over the same period, missing expectations for a 5% increase and slowing from December's 10.7% gain.

China's customs agency publishes combined January and February trade data to smooth out distortions caused by the shifting timing of the Lunar New Year, which fell between January 28 and February 4 this year.

"(Slowing exports) may be partly due to the slowdown of export front loading, which was strong late last year to avoid the trade war," said Zhang Zhiwei, chief economist at Pinpoint Asset Management.

"The sharp decline of imports may reflect both weak domestic demand as well as a decline in imports for processing trade," he added.

"The damage of higher US tariffs on China's goods will likely show up next month."

Imports by state-owned enterprises shrank 20.6% compared with a 2.7% rise among private firms, the customs data showed, suggesting the world's largest commodities importer is relying more on stockpiles, given the dominant role of state-backed buyers.

China's crude oil imports fell an annual 5% in the first two months of the year, as tougher US sanctions on ships carrying Russian and Iranian oil took effect. Meanwhile, China saw rare earths imports plunge 24.1% and its copper imports fall 7.2% over the same period.

Iron ore imports fell 8.4% over the same period, curbed by weather-related disruptions in major producer Australia.

The January-February period ended with Chinese producers anticipating a second wave of US tariffs and Chinese countermeasures, which materialised on March 4, when Trump doubled tariffs on China to 20%.

That prompted Beijing to slap 10%-15% retaliatory levies on US agriculture exports and restrictions on 25 US firms just minutes after Trump's tariffs went into effect.

Chinese policymakers have vowed to prioritise boosting consumption and domestic demand over 2025, which Chinese Premier Li Qiang on Wednesday described as "insufficient" and "weak" as he announced an economic growth target of "around 5%" for 2025.

"It's likely that imports will remain soft this year unless we see a stronger than anticipated rebound of consumption and private investment this year," said Lynn Song, chief economist for Greater China at ING.

"It's likely that after driving growth in 2024, the external environment will be less supportive this year, which puts more pressure on policymakers to improve domestic demand to achieve this year's 5% growth target," he added.

Chinese officials on Thursday left the door open to further interest rate cuts and another injection of liquidity into the financial system through further reductions in the amount banks are required to hold in reserve.

Asia stocks down as trade uncertainty roils markets

AFP
Hong Kong

Asian stocks tumbled yesterday following a tough day on Wall Street as uncertainty over US President Donald Trump's trade policies roiled markets and traders awaited key US jobs data.

In Tokyo, the Nikkei 225 closed down 2.17% to 36,887.17 points; Hong Kong — Hang Seng Index ended down 0.57% to 24,238 points and Shanghai — Composite closed down 0.25% to 3,372.55 points yesterday.

Bitcoin plunged as much as 5.7% after Trump signed an executive order to establish a "Strategic Bitcoin Reserve" without planning any public purchases of the cryptocurrency.

The unit recovered somewhat and was trading down 1.78%.

Major indices in Asia were in the red despite Trump's move Thursday to delay some tariffs targeting Canada and Mexico.

The halt — which will last until April 2 — offers temporary relief to automakers.

But Trump has said he will not modify broad tariffs for steel and aluminium imports, which are due to take effect next week.

"Confusion reigns around the Trump Administration policy agenda," said Chris Weston, head of research at Pepperstone.

Despite the latest tariff pause, "the lack of consistency to hold policy firm further limits the visibility US businesses have to position margins and to make strategic planning decisions", said Weston.

Japan's Nikkei index closed down 2.17% while shares in South Korea and Australia also fell, with Sydney off 1.81%.

Chinese markets, which had been riding a wave of stimulus-induced optimism, were modestly lower on Friday.

London, Paris and Frankfurt all were down.

Chinese stocks jumped after Beijing announced a growth target of around 5% at its annual meeting of the National People's Congress on Wednesday.

China has vowed to make domestic demand its main economic driver despite facing persistent economic headwinds and an escalating trade war with the US.

Alibaba's sudden ADR discount shows fear of US-China dividing

Bloomberg
Hong Kong

Donald Trump's push to restrict US investments in China is testing what in theory should be an ironclad financial relationship — the tight link between Chinese shares trading in New York and Hong Kong.

Alibaba Group Holding Ltd's US shares traded at an average 2.1% discount to those in Hong Kong last week — at one point reaching the widest since 2022. A similar pattern appeared for Baidu Inc and NetEase Inc, with their American depositary receipts trading at their cheapest against Hong Kong peers in five months.

The divergence, which follows Trump's February 21 directive to tighten scrutiny of pension funds' investments into Chinese stocks, is an aberration that some analysts warn could become more common as the US president takes an increasingly hawkish stance towards China. While arbitrageurs have strong incentives to keep prices in the two markets aligned, investor flows can vary dramatically if US institutions face regulatory pressure to sell at a time when counterparts in Hong Kong are buying on optimism over the artificial intelligence boom. It points to what could become a longer-term trend of financial decoupling between the world's two largest economies.

"If any US policy requires certain types of US investors to divest their holding in certain Chinese stocks, and as US investors' positions are more concentrated in ADRs, ADRs could see persistent flow-selling," said Winnie Wu, chief China equity strategist of BofA Securities in Hong Kong. "Hong Kong shares could be relatively immune."

While a midweek surge in ADRs — following Beijing's forceful economic growth goal and a promise to prioritise consumption — has reduced their discount for this week, the gap could widen should Trump amp up his tough stance against China. On Friday, Alibaba's Hong Kong-listed shares edged lower, erasing a gain of as much as 3.6% in Hong Kong. Still, its stock has rallied around 80% since a January low.

Meanwhile, its American Depositary Receipts rose 2.8% in US premarket trading. Investors are reminded of the episode in 2022, when bilateral tensions pushed Chinese firms to the brink of a mass delisting from US exchanges. That year, Alibaba's shares in New York traded at a discount more frequently than at a premium to those in Hong Kong, at one point widening to nearly 8%.

Delisting risks have eased after US auditors were granted greater access to Chinese firms' documents, but that hasn't dissuaded investors from hedging their bets. Around 69.11% of Alibaba's shares were circulating in Hong Kong's clearing and settling system as of Tuesday, according to exchange data, as holders shifted holdings into the financial hub. That's up from 66.88% a year ago.

Over the longer-term, Chinese shares in New York and Hong Kong have been priced more or less in tandem given the shares' fungibility. The five-year average is a 0.1% discount for Alibaba ADRs.

Some investors had been downplaying Sino-American tensions as the rise of DeepSeek injected new life into Chinese stocks. That optimism was given a reality check following the release of Trump's "America First Investment Policy" memo, which potentially calls into doubt the "variable interest entity" structure that underpins many Chinese listings in the US.

The Hang Seng China Enterprises Index and the Nasdaq Golden Dragon China Index were rallying in lockstep this year before a bigger plunge in the latter last week allowed the Hong Kong gauge to outperform by about four percentage points.

While global investors have reason to spurn ADRs, shares in Hong Kong are supported by an influx of money from mainland buyers. Southbound flows have reached HK$302bn ($38.9bn) this year.

"If US policies further escalate scrutiny on VIE structures or impose additional restrictions, we could see sustained dislocations between ADRs and Hong Kong-listed shares, with broader market implications including a continued shift of liquidity and investor focus toward Hong Kong," said Andy Wong, Investment and ESG director for Asia Pacific at Solomons Group in Sydney.

IIA Qatar hosts session on tech-driven transformation in internal audit

Institute of Internal Auditors Qatar Chapter hosted an insightful session, "Navigating the future: Technology-driven transformation in internal audit," in Doha recently.
The event was co-ordinated by IIA Qatar Board members. The guest speaker Hatem Elsafty, Risk Consulting partner at EY Qatar, led the session, highlighting the role of AI, robotic process automation (RPA), and data analytics in transforming internal audit.
He emphasised the need for auditors to adapt to disruptive technologies and presented strategies for governance and risk management.
Elsafty shared insights from discussions at a recent Chief Audit Executive (CAE) Forum regarding the readiness of audit teams to adopt new technologies, identifying AI as the most disruptive yet challenging to implement due to budget and skill gaps.
The session also covered Generative AI risks, with Elsafty presenting a comprehensive AI risk and governance framework to mitigate them.
Earlier, IIA Qatar past president welcomed members and guests.
IIA Board members presented a memento to the guest speaker.
IIA Qatar remains committed to fostering professional development and equipping auditors for the digital age.
The event concluded with an interactive Q&A session.

IIA Qatar remains committed to fostering professional development and equipping auditors for the digital age.

UAE's Adnoc seeks deals for gas fields in major US push

Bloomberg
Abu Dhabi

The United Arab Emirates' biggest oil company is seeking to buy its first natural gas producing fields in the US to deepen its presence in the country, according to people familiar with the matter.

Abu Dhabi National Oil Co wants the deals to complement its recent acquisitions of chemical plants and liquefied natural gas export facilities in the US, said the people, who asked not to be identified discussing confidential information.

Adnoc Chief Executive Officer Sultan al-Jaber is set to outline the government-owned producer's investment strategy, including a US focus, during a speech at the CERA Week energy conference in Houston on Tuesday, according to some of the people. He'll then visit Washington, DC for meetings related to both his roles at Adnoc as well as his position as minister of industry and advanced technology.

The UAE's approach is likely to appeal to US President Donald Trump's drive to attract investment to America and boost energy production. Emirati companies have discussed building data centres in the US and the two countries are co-operating in technology and artificial intelligence initiatives. Firms from Japan to India have said they're looking for more energy deals.

It's not yet certain if Adnoc has a specific acquisition target, or if the company will end up making an offer for an asset. Adnoc declined to comment.

The company's interest in gas producing assets comes at a time market-watchers are expecting a slowdown in dealmaking in US upstream assets, particularly in the prolific shale industry as some of the best targets have already been snapped up. Still, in the first month of the Trump administration, the appetite for deals was showing some signs of revival.

Adnoc has been one of the most active energy dealmakers globally over the past year, buying assets from the US and Europe to Africa. In 2024, it acquired a stake in NextDecade Corp's LNG export project in Texas, marking its first ever US acquisition along with a 20-year supply deal. That was followed by a stake in Exxon Mobil Corp's proposed hydrogen project, also in Texas.

This month, the UAE company and OMV AG agreed on terms to create a chemicals giant worth more than $60bn, a deal that includes the joint purchase of Nova Chemicals that has facilities on the US Gulf coast.

Buying into gas-producing fields would give Adnoc access to both fuel and feedstock for its chemicals plants and LNG export facilities.

ECB needs open mind on April interest rate cut due to uncertainty, says official

Bloomberg
Frankfurt

Martins Kazaks, governing council member of the European Central Bank.

The European Central Bank (ECB) should keep all options on the table for next month's decision on interest rates as the economic outlook hinges on geopolitical shocks that are hard to predict, according to Governing Council member Martins Kazaks.

Uncertainty is "much higher than it has been for quite a long time" because of issues including a possible ramp-up in European defence spending, the Latvian policymaker said in an interview.

"We'll see what happens with all these external shocks and risks," Kazaks said in Lisbon. "Let's keep an open mind. It's impossible to prejudge the April decision because we need to see what those alternative scenarios or shocks are going to look like."

The remarks come a day after the ECB lowered borrowing costs again, while suggesting its spate of easing since June may soon be nearing a conclusion by referring to the policy stance as "becoming meaningfully less restrictive."

Markets pared bets on further cuts, interpreting the imminent jump in European military outlays as likely to stoke both economic expansion and inflation. That's one factor that will make April's ECB meeting a showdown between officials seeking more reductions in rates and those backing a pause, people familiar with their thinking said.

Kazaks's comments echo those of his French counterpart Francois Villeroy de Galhau, who said earlier Friday that "we need to be ready to act and react fast" amid "enormous uncertainty."

Leaving aside sudden political shifts, the economy has largely behaved as expected, Kazaks said. But he also cautioned that the final verdict on whether price growth will return to 2% as quickly as expected isn't in.

"So far, the dynamics and developments of inflation — give or take with the uncertainty — by and large have been in line with our forecast," he said.

"But the forecast also expects quite a sizeable adjustment in services inflation in March. In April we will see whether it will have happened."

There's been a lot of focus on the neutral rate of interest — a theoretical point at which policy neither stimulates nor holds back economic activity.

Most analysts put the level at about 2% and suggest this may be the end point for ECB easing, though Kazaks warns against treating it as a destination.

"Our task is not to reach a neutral rate, our task is to have inflation at 2%," he said. "But with the shifting environment of course, monetary policy may change as well. It should in fact change."

Treasuries 2025 gains boosted as soft jobs lock in Fed cut bets

Bloomberg
Washington

The US Treasury building in Washington, DC. US Treasuries added to their 2025 gains after the monthly jobs report showed signs of weakness, leaving intact traders' expectations for Federal Reserve interest-rate cuts later this year.

US Treasuries added to their 2025 gains after the monthly jobs report showed signs of weakness, leaving intact traders' expectations for Federal Reserve interest-rate cuts later this year.

The rally briefly drove yields across maturities toward year-to-date lows reached earlier this week. They rebounded but are holding declines led by the five-year with a drop of three basis points. This week's extremes were reached amid a stock-market selloff as the US imposed tariffs on major trading partners.

The tariffs agenda and large-scale federal government job cuts posed downside risk to the employment data. While the report found that February job creation fell short of the median estimate and the unemployment rate unexpectedly rose, it left an overall view of a labour market that's hanging in.

"The Treasury market is focused on the rise in the unemployment and underemployment rates," said Angelo Manolatos, a rates strategist at Wells Fargo. "While the report may alleviate worst-case fears, it still shows some weakening in the labour market. And more weakness in government employment figures is in the pipeline for subsequent months."

Traders continue to anticipate three quarter-point Fed rate cuts over the seven remaining policy meetings this year. The contracts assign slightly less than even odds that the first one comes in May.

Treasury two-year yields were around 3.93% after dipping to 3.89%. They fell to a five-month low of 3.84% Tuesday, when US tariffs on imports from Canada, Mexico and China drew reprisals. US President Donald Trump Thursday paused the tariffs on Mexican and Canadian imports until April 2.

The outlook for Fed rate cuts remains highly uncertain as inflation remains above the central bank's 2% long-term inflation goal. Policymakers cut rates three times last year in response to indications the labour market was softening and paused in January. Wall Street expectations for policy range from no further action to as many as five quarter-point cuts this year.

"We are still in the camp that the Fed is on hold for a while," Kathy Jones, chief fixed income strategist at Charles Schwab said on Bloomberg Television. "Right now we are just bouncing around in a range," she said, referring to Treasury yields.

Through Thursday, the US Treasury market had gained 2.24% in 2025 as measured by a Bloomberg index. Yields across maturities initially climbed, with the 10-year reaching 4.81% on January 14. This week's high, 4.34%, was reached Thursday after the tariff exemptions were announced.

Kevin Flanagan, head of fixed income strategy at Wisdom Tree, said "the bond market was looking for reasons to buy" and the jobs data supplied one.

After the data, the Treasury options market saw heavy demand for wagers that profit if 5-year yields fall to about 3.85% within a couple of weeks, from about 4.03% Friday.

Bullish sentiment rests in part on the assumption that federal government job and spending cuts will ripple through the economy in the coming months.

"The bond market is placing a chip on the potential for that being the case," Flanagan said.

Treasury Secretary Scott Bessent, speaking on CNBC yesterday, said the US has become addicted to government spending, and "there's going to be a detox period" as it moves away from it.

"There's going to be a natural adjustment as we move away from public spending" he said. "The market and the economy have just become hooked."

US labour market stable in February, outlook cloudy

Reuters
Washington

US job growth picked up in February, but cracks are emerging in the once-resilient labour market amid rising uncertainty over trade policy and deep federal government spending cuts that could undercut economic growth this year.
The Labor Department's closely watched employment report yesterday, the first under President Donald Trump's watch, also showed the unemployment rising to 4.1% last month and an increase in the ranks of part-time workers.
Economists said the Trump administration's whiplash trade policy was making it difficult for businesses to plan ahead. The stock market has sold off, with all three major indexes on Wall Street negative this year and the Nasdaq Composite in correction territory since peaking last December.
"The economy is off to a slow start under the new president," said Christopher Rupkey, chief economist at FWDBONDS.
"You can't have mass firings of federal workers and government contractors and think it is not going to mean job losses for the private sector. Tariffs are a price hike and a brake on economic growth which includes hiring."
Nonfarm payrolls increased by 151,000 jobs last month after rising by a downwardly revised 125,000 in January, the Labor Department's Bureau of Labor Statistics said. Economists polled by Reuters had forecast payrolls advancing by 160,000 jobs after a previously reported 143,000 gain in January. December's payrolls tally was revised higher by 16,000 to 323,000.
Trump triggered a trade war this week, slapping a new 25% tariff on imports from Mexico and Canada, along with a doubling of duties on Chinese goods to 20%. But on Thursday, Trump exempted goods from both Canada and Mexico under a North American trade pact for a month from the 25% duty.
The rise in employment last month was led by healthcare, which

An employee scans an item at a fulfilment centre in Robbinsville, New Jersey. US job growth picked up in February, but cracks are emerging in the once-resilient labour market amid rising uncertainty over trade policy and deep federal government spending cuts that could undercut economic growth this year.

added 52,000 jobs spread across ambulatory services and hospitals as well as nursing and residential care facilities. Employment in financial activities increased by 21,000 jobs. Transportation and warehousing payrolls rose 18,000, boosted by hiring for couriers and messengers. Employment in social assistance rose by 11,000. But federal government payrolls declined by 10,000 jobs, restricting employment growth in the overall government sector to 11,000. Government had been one of the main pillars of job growth in recent years. Tech billionaire Elon Musk's Department of Government Efficiency, or DOGE, has fired thousands of federal employees in an unprecedented effort to shrink the government and slash spending. Trump has described the federal government as bloated and wasteful. A bigger hit on government payrolls is expected in March's report.
Financial markets continued to expect that the Federal Reserve would resume cutting interest rates in June after pausing in January as policymakers monitored the economic impact of tariffs and an immigration crackdown.
The US central bank's benchmark overnight interest rate is currently in the 4.25%-4.50% range, having been reduced by 100 basis points since September, when the Fed embarked on its policy easing cycle. The policy rate was hiked by 5.25 percentage points in 2022 and 2023 to tame inflation. The dollar slipped against a basket of currencies. US Treasury yields fell.
On-and-off freezes on government funding have thrown out of work some of the contractors and employees at entities that receive federal grants.
With most of the recent job gains concentrated in low-paying industries like leisure and hospitality, this could worsen what some economists have described as a white-collar recession.
Retail payrolls dropped by 6,000 jobs last month. Employment was little changed in the mining, construction, manufacturing, wholesale trade, information, professional and business services as well as the leisure and hospitality industries.
Average hourly earnings rose 0.3% after climbing 0.4% in January. Annual wage growth increased at a 4.1% pace after advancing 3.9% in January, consistent with an economy that continues to expand, though at a very moderate pace.
A drop in consumer spending and home-building and surge in the trade deficit in January linked to tariffs caused economists to downgrade their gross domestic product (GDP) estimates to below a 1.5% annualised rate from around a 2.0% last month.