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QSE upbeat on US-China trade talks as its key index gains 41 points

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BUSINESS

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Trade chaos is part of the plan for Trump, nightmare for Powell

Saud al-Attiyah leads Qatar's delegation to GCC Finance Undersecretaries Meeting

Dr Saud bin Abdullah al-Attiyah, Deputy Undersecretary for Economic Affairs at the Ministry of Finance, chaired Qatar's delegation to the 73rd meeting of the Committee of Undersecretaries of the Ministries of Finance of the Gulf Co-operation Council (GCC), which was held in Kuwait on Wednesday.

At the meeting, the Undersecretaries discussed several topics, including the outcome of the meetings of the GCC Central Bank Governors Committee, GCC Customs Union Authority, and GCC Common Market Committee.

According to the Ministry of Finance, they stressed the importance of continuing co-ordination to enhance economic and development integration among the Member States.

During the meeting, they also reviewed the latest developments in the joint Gulf economic action and followed up on the implementation of the decisions issued by the Supreme Council, in addition to a number of issues of common interest to the GCC countries.

At the meeting, the Undersecretaries discussed several topics, including the outcome of the meetings of the GCC Central Bank Governors Committee, GCC Customs Union Authority, and GCC Common Market Committee.

Aqarat signs MoUs with local banks to introduce real estate escrow accounts

The Real Estate Regulatory Authority (Aqarat) has signed Memoranda of Understanding with local banks to introduce real estate escrow accounts.

The MoUs were signed by senior executives in the presence of Aqarat Chairman Khalid bin Ahmed al-Obaidli. Al-Obaidli emphasised that the partnerships are an important step toward achieving the authority's vision of regulating and empowering the real estate sector.

He said: "We are working with our partners to build an integrated system that supports sustainable investment and keeps pace with global developments, serving the national economy and contributing to the achievement of Qatar National Vision 2030." Aqarat oversees the regulation and development of the sector to ensure its transparency and prosperity, in co-operation with relevant authorities.

Following the MoU with Ahli Bank, its CEO Hassan Ahmed AlEfrangi said, "Ahli Bank is proud to be one of the first financial institutions to sign this Memorandum of Understanding with the Authority. It is a strategic step towards enhancing investor protection, establishing transparency, and promoting regulatory excellence.

"This agreement not only contributes to enhancing confidence in the market, but also consolidates Ahlibank's position as a future financial partner, committed to providing innovative banking solutions that empower real estate developers and support the sustainable growth of Qatar's economy, in line with its future vision.

A Memorandum of Understanding was also signed with Dukhan Bank to activate the escrow account.

Real Estate Regulatory Authority (Aqarat) has signed Memoranda of Understanding with local banks to introduce real estate escrow accounts. Aqarat will also establish strategic partnership with Qatar's Investment Promotion Agency.

Ahmed Hashem, Acting CEO, Dukhan Bank Group, said: "The launch of the Real Estate Development Escrow Account confirms Dukhan Bank's leadership in adopting financial solutions that serve both the community and the real estate market. This account is not just a banking product; it is a strategic tool that enhances buyer confidence, protects their rights, and motivates developers to adhere to the highest levels of transparency and approved implementation plans for real estate projects."

He added: "We extend our thanks and appreciation to the Qatar Central Bank for its efforts and guidance that established the regulatory framework for this service, which formed the basis for its launch in partnership with the Real Estate Regulatory Authority.

We are proud of this tripartite co-operation, which embodies the deep integration between the financial and regulatory sectors in Qatar and is a fundamental pillar for establishing a safe and stimulating investment environment, in line with the goals of Qatar National Vision 2030."

The Authority also signed a Memorandum of Understanding with the Investment Promotion Agency, aiming to establish a strategic partnership between the two parties for a period of three years, with the aim of promoting promising investment opportunities in the real estate sector and showcasing the competitive advantages that Qatar offers investors.

This step comes within the framework of supporting efforts to attract foreign direct investment and enhance the country's position as a leading and ideal investment destination.

Sheikh Ali bin Alwaleed al-Thani, CEO, Investment Promotion Agency of Qatar, said: "We are pleased to strengthen our partnership with Aqarat to support the promotion of Qatar's vibrant and business-friendly environment, highlight the promising opportunities and competitive advantages the sector offers to investors, and highlight the country's potential as one of the best global destinations for living, working, and conducting business. "This co-operation represents an important step in supporting the national real estate promotion strategy, as the real estate sector is a fundamental pillar in the process of economic diversification, in line with the objectives of the Third National Development Strategy."

FICCI appoints Adeeb Ahamed to steer India-Middle East economic engagement

The Federation of Indian Chambers of Commerce and Industry (FICCI) has appointed Adeeb Ahamed, Managing Director of LuLu Financial Holdings, as the chair of FICCI Arab Council for 2025-26. Initially appointed in 2023, his continued stewardship ensures a seamless progression of FICCI's efforts to advance India's economic collaboration with the Middle East—building on two years of sectoral engagement, policy dialogue, and partnership facilitation.

In his role as Chair, Ahamed will also serve on FICCI's National Executive Committee, contributing to the organisation's broader policy and advocacy agenda at the national and international levels.

The FICCI Arab Council plays a pivotal role in deepening India-Middle East ties. Among its recent milestones is the facilitation of a landmark MoU between Expo City Dubai and FICCI, paving the way for long-term collaboration on major events, including the Asia Pacific Cities Summit (APCS) 2025. The Council also played a key role in enabling investment-focused delegations from states such as Rajasthan and Assam to engage with leading UAE-based business groups.

The recent opening of FICCI's Dubai office stands as another achievement, providing a permanent regional base to strengthen partnerships and advance India's economic diplomacy in the Gulf.

In the coming year, the Council will prioritise deeper engagement with young entrepreneurs and start-ups, while also focusing on facilitating access for Indian SMEs to key markets across the GCC. At the same time, it aims to create pathways for investors in the Middle East to explore emerging opportunities within India's dynamic SME ecosystem.

Adeeb Ahamed, Managing Director of LuLu Financial Holdings.

"Our vision is to expand participation by engaging more young entrepreneurs from across the region and giving them a meaningful stake in the dialogue. It is vital that they are not only heard, but empowered with the right platforms, networks, and resources to lead—because the future of India–Middle East co-operation will be defined by innovation, agility, and inclusive leadership," said Ahamed.

Ahamed is the Managing Director of LuLu Financial Holdings, a leading financial services company operating across the GCC, India, and APAC regions.

He also leads Twenty14 Holdings, an investment firm with a diverse portfolio in luxury hospitality. A prominent voice on digital innovation and financial inclusion, Ahamed is an active contributor to global economic discourse through platforms like the World Economic Forum.

Qatar to see fiscal surplus of 2.5%; debt-GDP ratio of 49% in 2025: Fitch

By Santhosh V Perumal
Business Reporter

Qatar is expected to see a fiscal surplus of 2.5% and its debt/GDP (gross domestic product) to be broadly stable at 49% in 2025, according to Fitch, a global credit rating agency.

"We forecast a fiscal surplus of 2.5% in 2025 including our projection for investment income. Excluding this we anticipate a small deficit (0.6%; the first since 2020)," Fitch said in its latest report, projecting a higher 3.3% in 2026.

Expecting Qatar's spending to increase moderately in line with said capital spending is likely to be "broadly flat" and well below that of recent years.

In Qatar, spending fell by 2% owing to lower capital spending, it said, adding this continues a trend of falling capex since it peaked ahead of the 2022 World Cup. Primary current spending rose by 7%.

Forecasting debt/GDP to be broadly stable in 2025 at 49%; the rating agency said how the government chooses to deploy its fiscal surpluses will largely determine the debt trajectory, a decision that will be influenced by the rate of return on investments compared with the yield on government debt.

"We conservatively assume that all surpluses will be invested, boosting government assets while keeping debt higher than highly rated GCC (Gulf Co-operation Council) peers. This follows the rapid repayment of debt in 2022 and 2023," it said.

Fitch said changes to oil prices would have a variable impact on the GCC sovereigns' public finances, which are an important driver of their ratings.

Finding that public finances in the Gulf countries rely on hydrocarbons; the report said in 2024, oil and gas revenues accounted for an estimated 61% of aggregate government revenue in the region.

Oil revenues remain the key driver of fiscal performance in the GCC, serving as the largest source of budgetary revenue, it said; adding oil output per capita is a good proxy to the size of sovereign wealth funds that underpin sovereign balance sheets, and correlates well to sovereign ratings.

Fitch modelled budget outcomes, debt levels, net financing requirements and potential gross debt issuance at different oil price points: $75 per barrel, $65 (the baseline), $55 and $45.

"A $10 change in oil prices alters the GCC budget balances, by between 1.6% and 4.8% of GDP depending on the sovereign, all else equal — including production levels," the report found. Kuwait, Bahrain and Saudi Arabia will retain net funding needs (excluding debt rollovers) in all scenarios due to their large budget deficits excluding investment income break-even oil price. "The UAE (consolidated) and Qatar are the most resilient to lower oil prices and Abu Dhabi also has some buffer with a break-even of close to $65," Fitch said.

BUSINESS

Russia's budget gap widens as oil revenue drops

Bloomberg
Moscow

Russia's federal budget deficit surged in April as declining oil revenue and rising military spending continue to strain government finances.

The monthly shortfall reached 1.05tn roubles ($13bn) after being in surplus a month earlier, according to Bloomberg calculations based on data from the Finance Ministry.

That brings the cumulative deficit for the first four months of the year to 3.2tn roubles — nearly triple the level recorded over the same period in 2024.

Oil and gas revenue, the backbone of Russia's state finances, dropped by 12% in April from a year earlier, the third consecutive monthly decline.

Russia depends on proceeds from energy sales for 30% of the state's income. The widening deficit underscores the budget challenges the Kremlin will face if oil prices remain lower for longer amid record levels of spending on the military for the war on Ukraine.

Non-oil revenue provided a partial cushion, growing 23% year-on-year in April. The Finance Ministry said that category of revenue is expected to "significantly" exceed annual targets, with the windfall already factored into recent revisions of the federal budget.

An oil field in Russia. Russia's federal budget deficit surged in April as declining oil revenue and rising military spending continue to strain government finances.

Still, the ministry warned of "substantial risks" to oil and gas income. The revised fiscal plan anticipates the budget deficit will triple compared to the original forecast, largely due to the weaker outlook for proceeds from energy exports.

For the first four months of the year, oil and gas revenues declined by 10% compared to the same period in 2024 to 3.7tn roubles, while expenditures surged by 21% to 15.5tn roubles.

The benchmark Brent crude has so far in May been trading near its lowest since early 2021 as US President Donald Trump's tariff war threatens to derail global economic growth and undercut energy demand.

The worsening oil market has triggered concern in Moscow over the sustainability of its fiscal buffers. Authorities are considering revisions to the country's so-called budget rule, which currently allocates excess oil revenue — the amount earned when Russia's main export blend, Urals crude, trades above $60 per barrel — to the National Wellbeing Fund.

With Urals crude trading below that threshold in recent months, the government was forced to tap the fund in March to cover the gap.

Worried that reserves could deplete quickly if current trends persist, officials have discussed lowering the threshold benchmark oil price at which it initiates transfers.

Russia had originally projected an additional 1.8tn roubles in oil and gas revenue would be funnelled into the wellbeing fund this year. Instead, the government now expects a shortfall of 447bn roubles, raising the prospect officials will further draw down reserves in the months ahead.

Trade chaos is part of the plan for Trump, nightmare for Powell

Bloomberg
Washington

Jim Tuchler, a Chicago-area retailer, and Federal Reserve Chair Jerome Powell have a lot in common these days.

Tuchler says the turmoil around tariffs has landed him in a maddening "game of chicken," in which he can only guess what his import-tax bill might be when it actually comes due.

His e-commerce site just placed an order from China for "literally $80,000 worth of stockings," Tuchler says. "Or is it going to cost me, like, $200,000? How does one plan a business this way?"

Scale that up, and the question facing Powell is much the same. If thousands of businesses can't foresee input costs, or tax rates on their exports, then how can the Fed forecast the economy's trajectory? Higher American tariffs could raise inflation. The resulting squeeze on consumers – plus retaliation by other countries — could put a dent in output, hiring and investment. And those outcomes point in opposite directions when it comes to setting interest rates.

It's an illustration of how President's Donald Trump's trade war has turned global commerce into a giant black box – and not by accident.

His Treasury Secretary Scott Bessent describes Trump's approach as "strategic uncertainty," a nod at the idea that keeping counterparties in the dark about America's desired endgame can help secure better deals. However, that works out in trade talks, it's a nightmare for anyone trying to map a path ahead, from businesses to central banks.

The Fed is expected to keep rates on hold when it meets this week. Beyond that, things get murky. Trump and now Bessent too have been leaning on the central bank to start easing policy. Market expectations for a June move are creeping higher.

Jerome Powell, chairman of the US Federal Reserve.

Michael Hanson, a senior economist at JPMorgan Research, says the house view there is for a cut in September, when the worst tariff inflation should start to recede and the labour market is likely to have weakened. But he acknowledges the unusual degree of opacity arising from the trade war on questions like whether there'll be a US recession this year.

"It's not immediately clear what the ultimate outcome is going to be," says Hanson, whose team is trying to isolate the channels most impacted by tariffs — like business investment — and how inflation could erode consumption. "We talk about risks and distribution of risks."

That will be key to the Fed's approach too. Its forecasters always have a baseline view. But this time, as they run trade shocks through their models and look at outcomes for prices, growth and employment, alternative paths are likely to carry extra weight.

"More than ever, scenario analysis is really important," says Seth Carpenter, chief global economist at Morgan Stanley.

Policymakers and businesses seem to agree. The Bank of Canada last month published two sets of forecasts to capture different possibilities, instead of a single projection. United Airlines took the unusual step of issuing two separate profit outlooks, one based on stability and the other on a trade war-induced downturn.

Trump's strategic uncertainty runs in the opposite direction to the way world trade has evolved in the decades since World War II. The thrust of policy has been to create order out of chaos, harmonising a messy tariff system and creating fixed negotiating rules that allow countries to capitalise on their comparative advantage and gain access to foreign markets.

That system was based on the idea that it makes no sense to have all the World Trade Organisation's 160-plus members setting individual tariff rates at will, according to Alan Wm. Wolff, a former deputy director of the World Trade Organisation. It contrasts sharply with the dealmaking culture that Trump has brought to the process, he says. "The whole idea behind trade negotiations is certainty, not uncertainty."

What's more, trade policy tends to be forward-looking toward some defined end-state – whether it's better markets for certain goods, or stronger strategic partnerships. In Trump's case, "there are a lot of questions about how this all adds up to a trade policy, and what the deep underlying objectives are," says Nathan Sheets, global chief economist at Citibank. "To what extent are they putting on tariffs to take off tariffs?"

The administration has made its objections to the status quo clear – calling for more reshoring of production to the US, for example. But that's a process that could take years to unfold.

Meanwhile, the current state of play is shifting fast. Trump said on Sunday that trade deals with some countries could come as early as this week, without identifying which ones. Vice-President J D Vance told Fox News last week that an agreement with India will likely be among the first.

It might take more than that to lift the fog, according to Morgan Stanley's Carpenter. "One or two deals is not going to remove the relevant uncertainty," he says. "Deals need to be durable, and left in place for a long, long time."

Even if there are deals it's unclear what they will change. Trump and his aides have signalled they want to leave many tariffs in place. A 10% baseline tariff that he imposed a month ago appears likely to endure, as are duties on imports of metals and cars — and forthcoming ones on products from semiconductors and pharmaceuticals to lumber.

In the meantime, Tuchler says he isn't waiting for perfect clarity. He moved forward with his order, figuring that it would be riskier to hold off and potentially be left without any stockings to sell on his Giftsforyounow.com site come Christmas.

"Everything has been utterly unpredictable," he says.

Popular hedge fund option trade adjusts with turbulent market

Bloomberg
New York

For hedge funds, last year's popular index dispersion trade has increasingly morphed into more focused strategies.

With tariff tantrums upending global markets, macroeconomic concerns have taken over, overshadowing individual corporate news. In April, the implied correlation on the S&P 500 Index averaged its highest level in more than two years, remaining elevated even at the height of the earnings season. The trend was similar in Europe.

While that would typically hurt returns from so-called dispersion strategies that bet on differences in volatility between an index and its members, it didn't this time. Sophisticated investors have shifted away from the broad gauges to smaller, hand-picked baskets, allowing them to profit from the trade.

"Despite the recent spike in correlation, dispersion trades have been profitable over the last few months, as baskets appear to have been concentrated on names that saw higher realised volatility," said Michalis Onisiforou, a flow derivatives strategist at Banco Bilbao Vizcaya Argentaria SA. In Europe, vol-arb traders have been locking in profits in the past couple of weeks by unwinding the names with the highest realised volatility as implied fell, he added.

A hypothetical basket looking at the volatility of select Swiss financial firms versus the Swiss Market Index shows that the realised spread widened in April, based on data compiled by Bloomberg. That would lead to profits to anyone doing the trade.

While the three-month S&P 500 implied correlation has fallen from a high earlier in April, its average for the month was about double the one-year mean. Quantitative Investment Strategies — of which some look to profit from dispersion — that have proliferated across equity markets recently were broadly active, and dispersion variants in particular did "very well," according to Adrien Geliot, the chief executive officer of Premialab, a firm tracking QIS offerings.

Defensive dispersion setups were popular even before April 2, but they've become more relevant in the current volatility environment. To actively manage them, JPMorgan Chase & Co strategists have recommended techniques that take care of correlation shocks, including setting up partial intraday hedges on the short volatility index leg of the trade or overlaying a long volatility position via VIX or VStoxx Index option structures.

Bank of America Corp strategists pointed out that the tariff threat to the global economy is man-made and reversible, and therefore left-tail risks are unlikely absent an exogenous shock.

They recommended last week a more aggressive dispersion setup with a short volatility bias.

The abundance of volatility selling strategies also appears to have escaped the tariff turmoil with little damage so far. Some tactical multi-strat funds capitalised on the elevated volatility levels in early April by entering the carry — or short-volatility — trade. Some funds that were able to time the entry point well ended up making double-digit returns in just a few days as volatility collapsed, according to Geliot.

Yet the recent slump in volatility is a sign that the environment is changing, and the implementation of the carry trade has become much more focused on fixed-strike options, according to Antoine Porcheret, head of institutional structuring for the UK, Europe, Middle East and Africa at Citigroup Inc. As a result, equity volatility in the market is much more tamed.

"Shorting vol is increasingly being done in a risk-limited way," he said. Dealers are less exposed to volatility changes, so "in drawdowns it is possible to observe less vol reactivity like you did pre-Covid, or any spike being short-lived," he added.

Raising debt to buy crypto doesn't work as well as it used to

Bloomberg
New York

The success of Michael Saylor's fundraising playbook for Strategy is causing trouble for its imitators, as the market for the convertible bonds they are using to fund Bitcoin buys is getting tighter — and a rival with heavyweight backers is about to start pumping out its own paper.

Twenty One Capital Inc, a Bitcoin treasury firm that counts stablecoin issuer Tether Holdings SA and SoftBank Group Corp among its investors, plans to issue convertible bonds once it closes its merger with blank-check firm Cantor Equity Partners Inc., and will launch with more than 42,000 Bitcoin, worth roughly $4bn at current prices. The company even included a term sheet for the convertibles in its investor presentation.

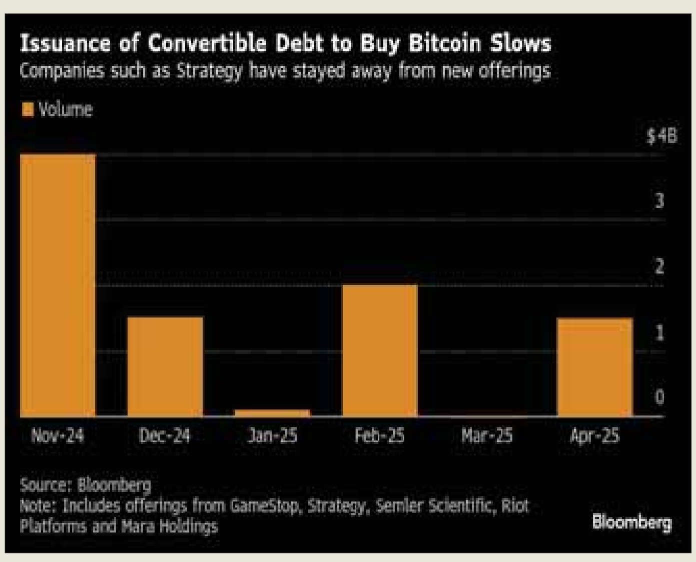
Crypto convertible issuers like Twenty One are counting on the demand for US equity linked securities, intended to fund digital asset purchases, that have allowed Saylor's firm and a clutch of smaller issuers to tap the market.

They may find that they have to go even further than Strategy did when it sweetened the terms of its most recent convertible deal in February to get investors to bite.

"There's a bit of exhaustion in the new deal space. I don't think convertible bond investors necessarily want new names since they have gotten to play a bit to play with", said Bank of America Corp. Head of Global Convertibles and Preferred Strategy Michael Youngworth. "But at the end of the day, if a crypto-related name was to be priced attractively, I'm pretty sure the market could absorb it without too much issue," he said.

The question for some issuers — specifically, issuers who aren't Strategy — is how expensive it would be to win over investors.

Convertible bonds differ from conventional bonds in the option to be exchanged for the company's shares after a certain period of time and if the share price has risen to a specified level. For any potential new convertible issuance among crypto buyers, most of the demand would likely come from hedge funds that seek to monetise



the volatility of the underlying stock, according to Youngworth.

The companies that have recently embraced selling convertibles to buy crypto are all smaller than Strategy. Last week, tiny logistics company Freight Technologies Inc announced a plan to sell convertibles to buy President Donald Trump's memecoin.

In March, videogame retailer GameStop Corp launched a $1.3bn offering to fund Bitcoin purchases.

The mechanics of the hedge fund arbitrage trade favours companies with large market values and ample shares available for trading.

The convertible bonds are expected to be priced in a way where the implied volatility is significantly below its realised volatility, allowing arbitrageurs to lock in profits. The investors have to sell the underlying stock short, while taking a long position on the bond. The trade depends on the hedge funds' ability to borrow a target company's shares at a reasonable cost. While that's not a problem for Strategy, small issuers with few shares available for shorting are less likely to draw the interest of the hedge fund crowd.

"If short borrow does not exist, the arbitrageurs can't get involved," Bank of America's Youngworth said.

For some of the convertible bond investors who aren't pursuing an arbitrage strategy, issues from crypto buyers still come with their own challenge, namely Bitcoin's own volatility. The token plunged in the early months of 2025 before rebounding sharply.

Following the reversal, Bank of America's US long-only convertible bond index gained 1.4% last month, while the arbitrage benchmark rose 0.6% — with Strategy being the top contributor in both baskets.

"I don't want to add volatility into my portfolio just for the sake of volatility, that's kind of going against what I'm trying to do," said James Dinsmore, a portfolio manager at Gabelli Funds Inc.

For outright buyers, their decisions to hold crypto convertibles is driven in part by the sector's exposure in the benchmark. The securities accounted for about 7.5% of the US benchmark at the end of April, after moving up substantially over the past year.

Cryptocurrency-buying convertible issuers aren't equally sensitive to the movement in digital asset prices. A company like Strategy is more directly exposed to the price of the token, compared with other companies with layers of high-performance computing or Bitcoin mining in their underlying businesses that tend to be less volatile in trading, Dinsmore said.

Still, one of the strongest indications that new Bitcoin-buying entrants in the convertible bond market may need a Plan B is the latest fundraising by Strategy itself. Saylor's firm has moved on to raising funds through other means, doubling the size of its planned debt purchase programme to $42bn last week.

NTT launches $16.5bn buyout of AI arm in streamlining push

Bloomberg
Tokyo

Nippon Telegraph and Telephone Corp plans to take over NTT Data Group Corp in a deal worth ¥2.37tn ($16.5bn), broadening its AI ambitions while heeding regulators' calls for Japanese conglomerates to streamline unwieldy structures.

The country's biggest telecom operator is offering ¥4,000 per share for all the stock it doesn't own in NTT Data — a 34% premium to its previous close. The tender will take place from May 9 to June 19, with NTT Data to delist thereafter if the deal goes ahead. Its shares surged their daily limit of 17% in Tokyo to their highest in 25 years, while stock in parent NTT slid 2.1%.

A takeover of NTT Data — one of the world's largest data centre operators — would put artificial intelligence at the core of the group and give other units in the wide-ranging conglomerate additional reach overseas. About one-third owned by the government, NTT competes with KDDI Corp and SoftBank Corp. in the growing AI arena, at a time Tokyo is pushing companies to develop a homegrown AI platform to vie with the likes of OpenAI and China's DeepSeek.

"You sometimes need to make bold investments to win against the competition," NTT Data Chief Executive Officer Yutaka Sasaki told a news conference. Becoming a wholly-owned subsidiary gives it the financial scale to chase bigger deals, he said. "We will speed up our decision-making to do large-scale M&A and build data centres." Government control has been both boon and a curse for NTT, giving it the stability to explore and develop new technologies but robbing it of agility. That's even as it sits on assets worth around $210bn, of which cash and cash equivalents comprise more than $8bn. Standard & Poor's said it may cut its credit rating on the telecom group and that it expects the debt burden of the acquisition to outweigh any positive effects.

The take-private deal coincides with shareholder protests about the murky relationships between the listed units of some of Japan's biggest conglomerates.

The Tokyo Stock Exchange in February cautioned companies with parent-affiliate listings to take measures to protect minority shareholders' interests, an escalation in a longstanding campaign by the bourse to reduce the number of such structures.

Since then, NEC Corp has acquired unit NEC Networks & System Integration Corp, while Bloomberg News reported Toyota Motor Corp Chairman Akio Toyoda's plan to buy Toyota Industries Corp. That's fuelling speculation that more companies may move to acquire listed subsidiaries. NTT previously acquired its cash-generating wireless carrier NTT Docomo Inc in 2020.

NTT Data, which has a strategic partnership with OpenAI, provides AI services and consulting to global customers, including US municipalities and federal agencies.

The data consulting and networks unit holds the IT service knowhow needed to expand the photonics-based next-generation IOWN network service that NTT plans to roll out globally, according to Tomoaki Kawasaki, senior analyst at Iwai Cosmo Securities.

"Fully integrating NTT Data into the parent company is likely a move to advance NTT's growth strategy," he said. "There's probably some governance-related motivation as well."

Nippon Telegraph and Telephone Corp headquarters in Tokyo. NTT plans to take over NTT Data Group Corp in a deal worth $16.5bn, broadening its AI ambitions while heeding regulators' calls for Japanese conglomerates to streamline unwieldy structures.

Asian markets end higher ahead of US, China tariff talks

AFP
Hong Kong

Asian and European markets mostly rose yesterday ahead of weekend tariff talks between China and the US, with London boosted by reports that a "major trade deal" flagged by Donald Trump was with Britain.

In Tokyo, the Nikkei 225 closed up 0.4% to 36,928.63 points; Hong Kong Hang Seng Index ended up 0.4% to 22,775.92 points and Shanghai Composite closed up 0.3% to 3,352.00 points yesterday.

After the fireworks sparked by the US president's "Liberation Day" on April 2, markets have enjoyed a period of calm in recent weeks on optimism that countries will reach agreements with Washington to avoid his potentially damaging tariffs.

That sentiment was given a boost this week when Chinese and US officials said top negotiators would meet on Saturday and Sunday for their first talks since Trump unveiled his bombshell levies.

US Treasury Secretary Scott Bessent and Trade Representative Jamieson Greer will attend the meeting in Switzerland with Chinese Vice-Premier He Lifeng.

The gathering has fuelled hopes for a dialling down of tensions between the world's economic superpowers, which has seen Washington impose levies of 145% on China and Beijing retaliate with 125% tolls of its own.

Meanwhile, Trump posted on his Truth Social platform that he would announce "a major trade deal with representatives of a big and highly respected country".

The pound extended gains to spike at $1.3377 but later eased back to sit barely moved from the day before.

London was on the front foot in the morning, tracking gains in Tokyo, Hong Kong, Shanghai, Sydney, Seoul and Mumbai. Paris and Frankfurt also enjoyed gains, while US futures were up.

Singapore, Wellington, Manila, Bangkok and Jakarta fell, while Taipei was flat.

The White House's hardball approach to trade continues to cause anxiety, and Federal Reserve boss Jerome Powell warned Wednesday that there was "a great deal of uncertainty" about where the administration's policies will end up.

Trump's moves have sent shivers through world markets, and fuelled fears of a global recession and speculation of a reordering of the decades-old trading norms.

In a news conference after the Fed stood pat on interest rates, Powell said: "If the large increases in tariffs that have been announced are sustained they're likely to generate a rise in inflation, a slowdown in economic growth and an increase in unemployment.

"The effects on inflation could be short-lived, reflecting a one-time shift in the price level," he added, but also warned it was "possible that the inflationary effects could instead be more persistent".

The Fed, in its post-meeting statement, said that "uncertainty about the economic outlook has increased further" and that the chances of higher unemployment and inflation had also risen.

Trump has in recent weeks hit out at Powell for not cutting rates quickly enough, and last month markets were roiled by fears he could try to oust him.

"Recent job data, including last Friday's non-farm payroll, indicate solid momentum, allowing the Fed to maintain its current stance," said Tai Hui of JP Morgan Asset Management.

"With only one more set of job data expected before the June 17-18 meetings, the likelihood of a rate cut in June is low.

US-China tensions stall Bunge's $8.2bn Viterra deal

Bloomberg
Beijing

Trade tensions between the US and China are stalling agricultural commodity trader Bunge Global SA's $8.2bn takeover of Glencore Plc-backed Viterra, according to people familiar with the matter.

China has yet to approve the deal, with Bunge executives and advisers growing increasingly concerned the political rift will continue to hold up the process, said the people, who asked not to be named because they're not authorised to discuss the progress of the merger. Chief Executive Officer Greg Heckman has travelled to China a number of times for talks with authorities, the people said.

Bunge, which has its corporate headquarters in Missouri, is the B in the so-called ABCD quartet of storied agricultural commodity trading firms that dominate crop markets. The company announced it would buy Viterra in June 2023. At the time, JPMorgan Chase & Co estimated the acquisition would create a $25bn agriculture giant capable of competing with Cargill Inc, the world's top crop trader.

Bunge is in the final stage of regulatory approval and it's had a "constructive dialogue" with Chinese officials, the company said in a statement to Bloomberg.

A spokesman for Viterra deferred questions to Bunge. China's commerce ministry and the state administration for market regulation didn't respond to requests for comment.

The company has already missed its initial deadline to close the deal by mid-2024. It has also blown past the two automatic three-month extensions in the agreement. If the deal falls through due to failure to obtain antitrust approvals, Bunge would have to pay Viterra a $400 million termination fee.

It isn't unusual for Chinese reviews of takeovers by foreign companies to drag on. But the recent souring of relations between the US and China and President Donald Trump's sweeping trade tariffs have come at a critical point for the merger.

The deal has already received the green light from the European Union and Canada, where there were concerns about the impact on competition. Argentina has yet to weigh in, but antitrust laws in the South American nation allow for the deal to be completed, with any remedial action potentially being required later.

China has only blocked deals on rare occasions since its anti-monopoly law came to force in 2008, such as Coca-Cola Co's bid to buy China Huiyuan Juice Group Ltd in 2009. Other deals in limbo amid the trade war include chip-designer Synopsys Inc's pending $34bn purchase of software developer Ansys Inc, one of the biggest acquisitions in recent years.

China could impose conditions on deal terms to maintain competition. When Japanese trading house Marubeni purchased US grains trader Gavilon a decade ago, China required the companies to maintain independent trading units for selling soybeans to China.

On the Bunge deal, there was scrutiny from the Chinese side that the merger will increase industry concentration and could impact Beijing's food security interests, one of the people said.

The person added that the relevant regulators are conducting a careful compliance review amid the significance of the deal.

Bunge was founded in 1818 by Amsterdam importer Johann Bunge, and seven decades later it allied with another family to start trading grains. It expanded to Latin America in 1884 and the US in 1923.

The company has repeatedly shifted its headquarters — to Argentina, Brazil, New York and, more recently, Chesterfield, Missouri, which is a suburb of St Louis

The company said in the statement the deal will "strengthen global food supply resilience, benefiting farmers and end consumers around the world by ensuring a stable, diversified and reliable supply of key agricultural products."

While Bunge is listed in New York, it's domiciled in Switzerland, with its commodities trading desk based in Geneva.

About 80% of the processing capacity of a combined Bunge-Viterra company would be located outside the US, as would more than 85% of employees.

MoCI and General Authority of Customs hold workshop for entrepreneurs

The workshop was aimed at empowering entrepreneurs and small and medium-sized enterprises in Qatar and enhancing their capabilities in the areas of customs procedures and international compliance standards.

The Ministry of Commerce and Industry (MoCI), in collaboration with the General Authority of Customs (GAC), held a workshop on capacity building for entrepreneurs on customs procedures and compliance management.

The workshop was aimed at empowering entrepreneurs and small and medium-sized enterprises (SMEs) in Qatar and enhancing their capabilities in the areas of customs procedures and international compliance standards.

It also sought to raise awareness of the facilitation and compliance programmes implemented by the General Authority of Customs, while equipping participants with the knowledge and skills required in managing customs clearance processes efficiently, in line with applicable legislations and regulations.

The workshop focused on three key areas: introducing the concept of the Authorised Economic Operator (AEO), along with associated facilitation, compliance measures, and international standards; reviewing the customs clearance procedures adopted by the authority; and outlining how to access accurate information via the authority's digital platforms.

The features of the "Al-Nadeeb" electronic customs clearance system were also discussed, highlighting its comprehensive coverage of all customs procedures. This initiative is part of ongoing efforts by the ministry and the General Authority of Customs to raise awareness of customs procedures and simplify them, thereby fostering a business-friendly environment, attracting investment, and strengthening the competitiveness and sustainability of the national economy.

Mannai Automotive wins 'Global Recognition Award' from JAC Motors for outstanding performance

Mannai Automotive, the exclusive distributor of JAC Motors passenger cars in Qatar, has been recognised for its "outstanding performance" in the automotive sector, receiving the Global Recognition Award 2025 at the JAC Global Partners Conference.

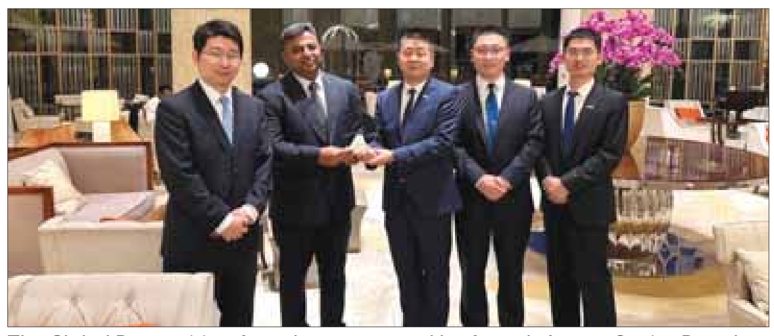
Held in China, the event last month brought together over 600 global partners from more than 100 countries

Under the inspiring theme "WE WILL WIN," the conference emphasised JAC Motors' ambitious vision for global collaboration, innovation, and shared success.

During the event, JAC Motors showcased an "exciting range" of vehicles. Mannai recognition as a new partner exemplifies its outstanding achievements within its first year of operations, demonstrating excellence across all pillars of the automotive business — including sales, aftersales, marketing, and customer engagement.

Driven by the team's passion for the JAC brand and a firm commitment to operational excellence, Mannai has rapidly positioned JAC as an emerging force within the passenger vehicle segment in Qatar.

The Global Recognition Award was accepted by Ananth James, Senior Brand Manager at Mannai Automotive, from Jerry Zhou, General Manager, Mid-East & Africa, JAC International, in the presence of Xiang Xingchu, Chairman of JAC Group, alongside senior JAC executives and global partners.



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"This accolade is a testament to Mannai Automotive strategic vision, relentless pursuit of excellence, and deep-rooted commitment to providing customers with a reliable, innovative, and rewarding experience.

"Within a short span, the collaboration between Mannai and JAC Motors has set a strong foundation for future growth, brand equity, and customer loyalty in Qatar's competitive automotive landscape. "Adding even greater value to customers, all JAC passenger vehicles distributed by Mannai Automotive come with an unprecedented six-year unlimited mileage warranty, demonstrating the brand's absolute confidence in its quality and commitment to customer peace of mind."

Mannai Automotive said it remains "fully committed" to expanding the JAC brand's presence and delivering exceptional value to its customers, energised by this milestone achievement and aligned with JAC Motors' shared global vision under the rallying cry: "WE WILL WIN."

QSE upbeat on US-China trade talks as its key index gains 41 points

By Santhosh V Perumal
Business Reporter

The proposed US-China trade talks had its reflection on the sentiments in the Qatar Stock Exchange (QSE), whose key index yesterday rose more than 41 points to surpass the 10,500 levels.

The transport and banking counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.4% to 10,520.04 points, although it touched an intraday high of 10,557 points.

The Arab retail investors were seen net buyers in the main market, whose year-to-date losses truncated to 0.48%.

About 51% of the traded constituents extended gains to investors in the main bourse, whose capitalisation added QR1.61bn or 0.26% to QR618.59bn on the back of small cap segments.

The Gulf institutions were increasingly bullish in the main market, which saw as many as 0.03mn exchange traded funds (sponsored by AlRayan Bank and Doha Bank) valued at QR0.08mn trade across 23 deals.

The local retail investors' weakened net selling had its influence on the main bourse, whose trade turnover fell amidst higher volumes.

The Islamic index was seen gaining slower than the other indices of the main market, which saw no trading of treasury bills.

The foreign individual investors were seen net buyers, albeit at lower levels, in the main bourse, which saw no trading of sovereign bonds.

The Total Return Index rose 0.4%, the All Islamic Index by 0.32% and the All Share Index by 0.36% in the main market.

The transport sector index shot up 1.29%, banks and financial services (0.53%), real estate (0.4%) and telecom (0.05%); while insurance declined 0.37% and industrials 0.2%. The index of consumer goods and services was rather flat.

The transport and banking counters witnessed higher than average demand as the 20-stock Qatar Index rose 0.4% to 10,520.04 points

Major gainers in the main bourse included Vodafone Qatar, Lesha Bank, Milaha, United Development Company, Commercial Bank, Doha Bank, Nakilat and Gulf Warehousing.

Nevertheless, Beema, Ooredoo, Qatar National Cement, Al Faleh Educational Holding and Qatar Insurance were among the losers in the main market. In the junior bourse, Techno Q saw its shares depreciate in value.

The Arab retail investors were net buyers to the tune of QR10.3mn against net sellers of QR10.66mn on Wednesday.

The Gulf institutions' net buying increased noticeably to QR7.19mn compared to QR0.67mn the previous day.

The foreign individuals turned net buyers to the extent of QR0.86mn against net profit takers of QR3.38mn on May 7.

The Qatari retail investors' net selling weakened substantially to QR3.38mn compared to QR21.22mn on Wednesday.

The Gulf individual investors' net profit booking shrank perceptibly to QR0.44mn against QR4.15mn the previous day.

However, the domestic institutions' net selling expanded markedly to QR38.79mn compared to QR28.53mn on May 7.

The foreign institutions' net buying weakened drastically to QR24.26mn against QR67.27mn the on Wednesday. The Arab institutions had no major net exposure for the third straight session.

The main market witnessed a 10% surge in trade volumes to 197.89mn shares but on less than 1% fall in value to QR429.43mn amidst 3% jump in deals to 20,727.

In the venture market, a total of 7,981 equities valued at QR0.02mn change hands across five transactions.

Tariff war: Strategic opportunities for GCC chemical industry through proactive supply chain realignments, says report

By Pratap John
Business Editor

The ongoing tariff war provides strategic opportunities for the GCC chemical industry through proactive supply chain realignments, according to some industry experts.

In a report published by the Gulf Petrochemicals and Chemicals Association (GPCA), they said with US tariffs driving up production cost for domestic and China-imported chemical products, GCC producers can capitalise on this shift to gain market share in US (currently represents only 7% of their chemical exports).

However, success will require navigating complex trade regulations, securing long-term contracts and adapting to shifting demand trends. This opportunity maybe short-lived, as rising trade imbalance could prompt US to reassess import tariffs on GCC chemicals, warranting close monitoring and strategy adjustments.

As China faces trade barriers, many global manufacturers will seek for alternative supply hubs. The GCC can position themselves as key player in this supply chain realignment by attracting foreign investment in localised production, leveraging its low-cost feedstocks and strategic trade access to Europe and Asia, making it an attractive alternative for global companies reassessing their risk exposure.

China's high tariffs will pressure it to sell surplus supplies at lower prices. GCC companies can seize the tariff arbitrage opportunity by importing these discounted feedstocks for local use and by positioning the region as a trading hub that re-exports to higher-tariff markets.

With potential price declines from China (due to excess supplies), GCC producers may accelerate their transition from commodity chemicals to high-value specialty chemicals, biodegradable plastics and high-performance polymers – products with strong growth and less competition (the global specialty chemicals market of \$1.4tn accounts for 31% of chemical industry revenue).

By moving down the value chain, GCC companies can be more inert to price competition and differentiate themselves from China's low-cost production. In today's shifting trade landscape, the GCC chemical sector must transition from reactive measures to a more long-term strategic approach.

While tariff disruptions pose short-term challenges, they also unlock opportunities for market diversification, localising supply chains and cost-efficient sourcing. The ability to adapt quickly, strengthen global partnerships and investments in value-added capabilities will define the region's future competitiveness.

The report noted that the GCC chemical sector is particularly sensitive to the new tariff regime, as producers are already grappling with challenges from China's expanding capacity, resulting in declining revenues and sharply reduced margins.

With higher tariffs on Chinese chemical products and potential counter-tariffs, China (contributing to 45% of global chemical production) and the US may divert excess supply to alternative markets like India, Southeast Asia, Africa.

GCC companies risk margin erosion as they face competition from surplus lower-priced Chinese and US chemicals entering global markets.

The GCC could target less saturated markets and employ tactical pricing strategies to protect market share. In the short term, they will need to streamline manpower costs and invest in technologies to enhance production efficiency as a medium-term solution.

China and other Asian countries are the largest importers of GCC chemicals, accounting for 50% of total exports. If China reduces its GCC import reliance by repurposing its excess supply for domestic consumption, GCC could lose a crucial demand source.

To reduce export dependence on China, GCC could strengthen trade partnerships in high-growth markets like Southeast Asia, India and Africa.

The GCC-Asia trade corridor has seen 15% growth (e.g., trade with India surging 40% in 2022). A practical mid-term strategy could involve establishing G2G agreements among Saudi Arabia, UAE, or Qatar and India to share low-cost feedstock, facilitate technology transfer and explore co-investments, the report said.

US weekly unemployment claims fall

Reuters
Washington

The number of Americans filing new applications for unemployment benefits fell sharply last week as the spring break-related boost from the prior week faded, suggesting the labour market continued to chug along, though risks are mounting from tariffs.

Employers are hoarding workers after difficulties finding labour during and after the Covid-19 pandemic. But that could become tougher to maintain as other data from the Labor Department on Thursday showed worker productivity declining for the first time in nearly three years in the first quarter, boosting labour costs.

The weakness in productivity, if sustained, could pressure margins for businesses at a time when they are facing higher costs from President Donald Trump's sweeping import duties.

"Companies in the face of trade war uncertainty are holding onto their workers for now," said Christopher Rupkey, chief economist at FWDBONDS. "The million-dollar question is, how long can companies tough it out as first-quarter productivity statistics show unit labour costs soared?" Initial claims for state unemployment benefits dropped 13,000 to a seasonally adjusted 228,000 for the week ended May 3.

Economists polled by Reuters had forecast 230,000 claims for the latest week. The decline unwound some of the boost from school spring breaks in New York state, which had lifted claims to a two-month high.

Unadjusted claims for New York tumbled 15,089 last week. They had soared 15,418 in the prior week, attributed to layoffs in the transportation and warehousing, accommodation and food services as well as public administration and educational services industries. There were also significant decreases in claims in Massachusetts and New Jersey.

But filings vaulted 6,906 in Michigan, potentially hinting at layoffs in the automobile industry amid duties on motor vehicles and parts. General Motors and Ford Motor have pulled their annual forecasts. General Motors said it expected a \$4-\$5bn tariff hit on profits, while Ford estimated the drag at \$1.5bn.

A separate programme for unemployment compensation for federal employees (UCFE), which is reported with a one-week lag, still showed little impact of the mass firings of public workers, part of the Trump administration's unprecedented campaign to drastically shrink the federal government.

Many workers have taken severance packages, which will run out in September, while others have been put on paid leave after courts ordered their reinstatement.

Trump's tariffs, including hiking duties on Chinese imports to 145%, have soured business and consumer sentiment, heightening economic uncertainty.

Trump sees the tariffs as a tool to raise revenue to offset his promised tax cuts and to revive a long-declining US industrial base.

Economists say it is only a matter of time before the weakness in business and consumer surveys spills over to so-called hard data like claims, inflation and employment reports.

The Federal Reserve on Wednesday kept its benchmark overnight interest rate in the 4.25%-4.50% range, with policymakers at the US central bank noting that "the risks of higher unemployment and higher inflation have risen."

BoE cuts rates to 4.25% as it sees tariff hit to growth

Reuters
London

The Bank of England (BoE) cut interest rates yesterday, although the uncertain impact of US President Donald Trump's tariffs on economic growth brought a surprise three-way split among policymakers.

The BoE's rate-setters voted 5-4 in favour of cutting borrowing costs by quarter of a percentage point to 4.25%.

Two members of the Monetary Policy Committee, Swati Dhingra and Alan Taylor, voted for a bigger half-point cut, while Chief Economist Huw Pill and external member Catherine Mann wanted to keep rates on hold. Thursday's decision was the British central bank's first since Trump announced wide-ranging tariffs on April 2, which triggered temporary market turmoil and prompted the International Monetary Fund to cut its growth forecasts for most major economies, including Britain.

The BoE said it thought tariff increases by the US and other countries would weigh somewhat on British economic growth and push down on inflation, but stressed the outlook is unclear.

"The past few weeks have shown how unpredictable the global economy can be. That's why we need to stick to a gradual and careful approach to further rate cuts," BoE Governor Andrew Bailey said, repeating the BoE's previous guidance.

Short-dated British government bond yields, which are sensitive to speculation about interest rate changes, jumped after the announcement. Sterling rose by around a third of a cent against the US dollar.