

TO ADVERTISE HERE

Call: 444 11 300



MONETARY POLICY | Page 4

ECB cuts interest rates as bets build on a summer pause

Brand Your Business with us

Contact us on
gtadv@gulf-times.com
or 444 666 21

facebook.com/gulftimes

twitter.com/gulftimes_Qatar

instagram.com/gulftimes

youtube.com/GulftimesVideos

Friday, June 6, 2025
Dhul-Hijjah 10, 1446 AH

GULF TIMES BUSINESS



LOWER DEMAND: Page 3

Global bond auctions show weaker trend as fiscal angst grows

Shop with Confidence 16001

50 years of legacy!
Open, save and win
Join us for the biggest golden draw.

This Campaign is valid from
9 January 2025 until 30 June 2025
*Terms and conditions apply.

For more information,
please scan the QR Code

البنك التجاري
COMMERCIAL BANK

Vodafone Qatar and Nokia utilise advanced 5G services to modernise network

By Peter Alagos
Business Reporter

Vodafone Qatar's latest partnership with Nokia marks a significant step towards deploying emerging technologies as a part of its commitment to driving digital transformation in the country, according to chief technology officer, Ramy Bactor.

"Vodafone Qatar and Nokia have developed a plan for a nationwide network infrastructure modernisation to enhance our network capabilities and ultimately lead to the deployment of advanced 5G services in Qatar.

"What this means for business and consumers is that Vodafone Qatar will be able to deliver faster, more efficient, and more secure telecommunications services," Bactor told *Gulf Times* in an exclusive interview.

Only recently, Vodafone Qatar announced an agreement with Nokia to lead a nationwide network modernisation that will enable it to deliver faster, more secure, and highly adaptable 5G services to consumers and businesses across Qatar, while preparing for next-generation innovations.

Citing the rapid evolution of the digitalisation and telecommunications market, Bactor noted that the company is anticipating "immense growth in the coming years," noting that Qatar's ICT sector is projected to grow at an annual rate of "8.5%" through 2030.

"With this in mind, flexibility is paramount, and Vodafone Qatar has made it a primary goal of its nationwide infrastructure modernisation to develop highly adaptable 5G services for consumers and businesses across Qatar, while also preparing for next-generation innovations. Our vision is to both provide the best services possible while simultaneously allowing room for upcoming developments



Seated, from left: Ramy Bactor, chief technology officer at Vodafone Qatar, and Samar Mittal, vice-president and MEA head of Cloud & Network Services at Nokia, during a recent signing ceremony. Looking on are (from left) Sheikh Hamad Abdulla Jassim al-Thani, CEO at Vodafone Qatar, and Raghav Sahgal, president of Cloud and Network Services at Nokia.

and innovations in 5G connectivity," he explained.

Bactor further pointed out that another primary focus of this transformation is boosting Vodafone's broadband network capabilities. With increasing demand for high-speed, reliable internet across homes and enterprises, he said Vodafone Qatar's infrastructure upgrades will enable it to deliver "fast broadband with higher capacity and coverage than ever before."

He said, "Crucially, this modernisation effort will also introduce automation and orchestration across the network, leveraging advanced AI capabilities. These technologies will not only enhance operational effectiveness and significantly reduce time to market,

but also open the door for broader innovation beyond traditional telecom services.

"From smart cities and IoT ecosystems to enterprise-level solutions, Vodafone Qatar's network will serve as a dynamic platform for innovation, enabling the country's digital future."

Speaking to *Gulf Times* earlier, Raghav Sahgal, president of Cloud and Network Services at Nokia, spoke about how the company's digital operations software could play a vital role in Vodafone Qatar's journey towards fully autonomous networks and how AI-driven assurance and 5G slicing automation improve service delivery.

5G provides the ability to deliver much higher performance and de-

terministic performance, noted Sahgal, adding that "if you want a certain amount of bandwidth guaranteed without fluctuation, you can deliver a slice of a network to that enterprise or the consumer."

On AI-driven network assurance, Sahgal explained that "assurance is about making sure that if there are faults in the network, you're able to redirect traffic or whatever it is to ensure that services continue for customers."

"Digital operations play a strong role in making sure that what the customer wants is created for them and delivered based on their requirements, rather than just providing predefined services," said Sahgal, citing 5G slicing automation.

Qatar not to face liquidity issue despite first time budget deficit in three years: S&P

By Santhosh V Perumal
Business Reporter

Qatar is expected not to face any liquidity or solvency issue, even as its fiscal balance swings back to deficit in the first quarter (Q1) for first time in more than three years, according to Standard and Poor's, an international credit rating agency.

"Qatar's robust foreign reserve buffers, including large sovereign assets held by the Qatar Investment Authority (QIA), and contained public debt-to-GDP (gross domestic product) ratio close to the 40% mark lead us to expect no liquidity or solvency issue should government revenue fall short of actual spending in the near term," S&P Global Market Intelligence said.

This was said in an analysis after the Ministry of Finance data showed that the country's general budget posted a deficit of QR0.5bn in the first three months of 2025.

The total revenues stood at QR49.4bn in Q1-2025, reflecting a 7.5% year-on-year decrease, the ministry said. Qatar's fiscal accounts would be "pressured" by declining energy prices in the next few months, given the still-strong dependence on hydrocarbon revenues, according to the S&P Global Market Intelligence.

However, government coffers will start getting a boost from enhanced LNG or liquefied natural gas output from 2026 onwards as new LNG production capacity comes on stream, it said, expecting lower energy prices to weigh on near-term fiscal performances, until higher LNG output

enhances government revenues, starting in 2026. "We will reflect the new quarterly deficit in our June forecasting round. In the May forecasting round, we projected Qatar's fiscal balance to record a modest full-year surplus of no more than 3% of GDP before enhanced LNG output leads to higher surpluses averaging close to 6% of GDP in 2026-27," it said. In its April report, S&P Global Market Intelligence had said domestic economic conditions remain solid in Qatar, which is likely to be able to weather a sustained period of lower oil prices owing to tariff-related turbulence. Early this year, another credit rating agency Capital Intelligence had affirmed Qatar's foreign and local currency ratings; stamping "stable" outlook in view of the country's very strong external balances and budgetary performance, supported by still favourable LNG prices. The ratings had also factored in the country's capacity to absorb external or financial shocks given the large portfolio of foreign assets held by the QIA and consequent comfortable net external creditor position when including these assets. Qatar's economy is slated to expand by 2.1% this year, with growth expected to more than double in 2026 as additional LNG capacity comes online, the Institute of Chartered Accountants of England and Wales (ICAEW) had said. Fitch, a global credit rating agency, recently said Qatar is expected to see a fiscal surplus of 2.5% and its debt/GDP to be broadly stable at 49% in 2025.

Qatar banking sector assets total QR2.072tn in April: QNBFS

By Pratap John
Business Editor

Qatar banking sector indicators were slightly down in April with a drop seen in assets, deposits and credit facilities that month, according to QNB Financial Services (QNBFS). Total assets of Qatar banking sector edged lower by 0.1% during April to QR2.072tn, QNBFS noted in its latest 'Qatar Monthly Key Banking Indicators'. Total assets slide in April was mainly due to a decline by 0.5% in domestic assets. Total assets moved up by 1.2% in 2025, compared to a growth of 3.9% in 2024. Assets grew by an average 5.7% over the past five years (2020-2024), QNBFS said. Liquid assets to total assets stood at 30.2% both in March and April this year, it said. Loans were marginally down by 0.2% during April to QR1,384.4bn, pushed lower mainly by public sector loans (by

1.6%). The government segment (represents 32% of public sector loans) was the main driver for the public sector drop with a decline by 4.1% MoM (+17.7% in 2025), while the semi-government institutions segment went down by 8.6% MoM (-11.6% in 2025). However, the government institutions' segment (represents 64% of public sector loans) was marginally up by 0.1% MoM (+2.5% in 2025) during April. Total private sector loans moved up by 0.4% MoM (+1.6% in 2025) during the month of April 2025. General trade and services were the main contributors for the private sector loans increase in April. General trade (contributes 22% to private sector loans) went up by 0.9% MoM (+2.5% in 2025), while services (contributes 32% to private sector loans) gained 0.5% MoM (+1.3% in 2025), with Consumption & Others (contributes 20% to private sector loans) edging up by 0.1% MoM (-0.1% in 2025) and real estate



segment (contributes 21% to private sector loans) marginally up by 0.1% MoM (+1.6% in 2025) during April. Outside Qatar loans went lower by 0.8% MoM (+0.2% in 2025) in April, QNBFS said. Loans went up by 2.8% in 2025, compared to a growth of 4.6% in 2024. Loans grew by an average

5.4% over the past five years (2020-2024). Loan provisions to gross loans edged up to 4% in April 2025, compared to 3.9% in March, QNBFS noted. Deposits declined by 1.6% during April 2025 to QR1,042.3bn. Deposits drop (in April) was mainly due to a fall by 2.8% in public

sector deposits and a dip by 2.3% in non-resident deposits. Looking at segment details, the government segment (represents 33% of public sector deposits) fell by 9.1% MoM (+0.0% in 2025), QNBFS said. However, the semi-government institutions' increased by 2.9% MoM (-2.7% in 2025), while the government institutions' segment (represents 55% of public sector deposits) edged up by 0.1% MoM (+5.1% in 2025) during April. Non-resident deposits dipped by 2.3% MoM (-1.1% in 2025) during April 2025. Non-resident deposits as a percentage of total deposits moved down to 19% (as of April), compared to 19.5% in year-end 2024. Private sector deposits moved lower by 0.4% MoM (+2.0% in 2025) in April. On the private sector front, companies & institutions' moved down by 1.6% MoM (-0.9% in 2025). However, the consumer segment moved up by 0.5% MoM (-4.2% in

2025). Deposits went up 1.5% (up to April this year), compared to an increase by 4.1% in 2024. Deposits grew by an average 3.9% over the past five years (2020-2024). Loans to deposits ratio moved up to 132.8% in April. Loans were marginally down by 0.2% in April to QR1,384.4bn, while deposits declined by 1.6% in April to QR1,042.3bn. An analyst told *Gulf Times*, "Banking sector indicators were slightly down during April, with a continued pick up in the general trade and services sectors. The overall drop in deposits was also pushed lower by government deposits, which went down by 9.1% during April".

Corporate America is well-prepared for coming storm

By **Jamie McGeever**
Orlando, Florida

Headwinds from tariffs, bond yields and 'stagflation' are gathering force, but corporate America could not be in better shape to face the economic storm that may be building. Data released last week showed that US pre-tax corporate profits fell \$118.1bn, or 2.9%, in the first quarter, the fastest pace since 2020, suggesting companies are feeling the pinch from tariffs even before they've properly started to bite. After-tax profits fell 3.6%. But any sense of alarm should be mitigated by the fact that profits surged \$205bn, or 5.4%, the three months before. The decline in the January-March period was simply normalisation on the back of a bumper quarter. And on a year-on-year basis, profits were up more than 5%. True, the next few quarters could get messy. If growth slows or inflation starts to rise, corporate margins could get squeezed, consumers may curb spending and companies could find themselves

with limited pricing power. But zoom out, and the bigger picture suggests corporate America has rarely been stronger. Depending on how you slice and dice the figures, corporate profits as a share of national output or income are still extraordinarily high. In some cases, they're close to the highest on record. Consider pre-tax profits with inventory valuation and capital consumption adjustments. These fell slightly to 13.0% of GDP in the first quarter of this year, on a seasonally-adjusted annual basis, but that was from a record 13.5% in the September-December period. After-tax profits dipped to 12% of GDP from 12.2% in the final quarter of last year. Again, that was a small decline, and it leaves after-tax profits still near the all-time peak of 12.8% of GDP recorded in the second quarter of 2021. The average over the past 75 years is less than 7.5% of GDP. To paraphrase former British prime minister Harold Macmillan, corporate America has never had it so good. Which is just as well, because headwinds are

gathering. One can debate how much any of the number of brewing risks will land on the real economy, but companies could certainly feel some pain if they end up facing the collective punch of tariffs, weakening consumer demand, diminishing pricing power and higher-for-longer interest rates. "An increasingly fragmented environment means diverging trends across economies. It's an environment... that will constrain profits at home and around the world," says Gregory Daco, chief economist at EY-Parthenon. Tariffs and protectionism will put the squeeze on global supply chains and overall trade. It will be interesting to observe how the divergence between domestically-generated profits and earnings accrued from the rest of the world (RoW) plays out in this environment. Domestic profits account for the majority of total income, of course, but that share has exploded recently. Or looked at the other way, the share of profits from abroad has plunged. If Trump's trade war

succeeds in prompting US companies to bring more production back home, the 'RoW' footprint may shrink further. In the fourth quarter of 2019, just before the pandemic, domestically-generated profits were around 75% of the \$2.13tn total, on a seasonally-adjusted annual basis, and 'RoW' profits accounted for a quarter. In the first three months of this year, domestic profits accounted for 87.5% of the total, and the share of profits from abroad had halved to 12.5%. Corporate profitability is being tested. The aggregate second quarter earnings growth forecast for S&P 500 companies stands at 5.5%, according to LSEG I/B/E/S, down from 10.2% two months ago. The 2025 calendar year earnings growth forecast has shrunk to 8.3% today from 14.0% at the start of the year. The challenges are mounting, but corporate America can face them from a position of strength.

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

UK bankers criticised for lack of risk appetite in green finance

Bloomberg
London

A senior executive at the UK's National Wealth Fund has criticised the country's banks and money managers for what he characterised as their failure to embrace the risk levels needed to drive the low-carbon transition.

"What I'm not seeing is enough appetite from the banks and the insurance companies, from the pension funds and institutional investors" to finance the low-carbon transition, said Ian Brown, the wealth fund's head of banking and investments.

Speaking at Barclays Plc's Sustainable and Transition Finance Conference in London on Wednesday, Brown said the wealth fund he helps run is taking on "a lot of risk" to support deals such as financing a gigafactory in Sunderland and tin mining in Cornwall. But Britain's net zero targets will be realised only "if the private sector comes along with us," he said.

A lack of investment has coincided with the UK falling behind on a number of key green goals. On Wednesday, it emerged that the target of having a clean power grid by 2030 is now at risk of slipping out of reach due to a lack of energy generation and network infrastructure, according to a report by the House of Lords Industry and Regulators Committee.

Brown said it would be unrealistic and impractical to rely on the public purse to finance Britain's path to a low-carbon future.

"It's not feasible, and I don't think it's reasonable, to ask the taxpayer to bear the burden," he said.

The National Wealth Fund has £27.8bn (\$37.6bn) in public money, which UK Chancellor Rachel Reeves says is intended to "unlock tens of billions more in private investment." The fund, which is the re-branded UK Infrastructure Bank, can use a broad range of financial instruments, including equity, concessional debt and guarantees to help lure private investment.

Delivering the net zero transition globally comes with a price tag of over \$200tn over the next three decades, according to BloombergNEF. Last year, however, investment was just above \$2tn, as large sections of the private sector balk at declining asset valuations and lacklustre returns on their investments.

Brown said Barclays stands out as a bank that's helped finance climate tech startups, but also noted that the UK bank's Climate Ventures portfolio represents only a "tiny, tiny, tiny piece" of its capital. Even so, "I'm not seeing any other bank in the UK taking that level of risk despite the fact that they're probably better capitalised than they've ever been," he said.

A former leveraged finance banker at Lloyds Banking Group Plc and UBS Group AG, Brown saved his harshest criticism for investment managers.

"The institutional investors particularly irritate me," he said. "There are lots of large institutional investors out there beating their chests right now saying I've got a \$10bn transition fund, but the reality is they're looking at fixed-bottom wind, they're looking at solar, they're looking at operational assets. They're not taking construction risk. They're very, very worried about technology risk."

Daniel Hanna, Barclays' group head of sustainable and transition finance who moderated the panel on which Brown spoke, said that a degree of risk-aversion is understandable. "I know there'll be many investors sitting in this room that are nursing, certainly mark to market losses, if not more, from having backed climate tech companies over the last four years," Hanna said. "Valuations have come down quite dramatically and we're seeing a bit of a funding squeeze."

Palantir Technologies' investors unfazed by sky-high valuation

Bloomberg
New York

Palantir Technologies Inc's breakneck rally shows no sign of letting up as investors remain captivated by its artificial intelligence promise despite one of the most expensive valuations among US stocks. Shares of the data-analysis software company closed at a record for a third consecutive day on Tuesday, pushing their gain for the year to 76%. While that's good enough for second-best on the S&P 500 Index, it has Palantir trading at a staggering 205 times projected earnings over the next 12 months, a hefty premium to the broader market's multiple of 22 times.

"You're starting to see almost like a Tesla effect where valuations don't really matter because there are these true believers in the company," said Paul Marino, chief revenue officer at Themes ETFs. Those investors see "opportunities with everything that's going on in the world today, whether that be on the defence side, whether that be on the transaction side, data side or AI side."

Shares slumped as much as 5.7% on Wednesday, on track to snap the three-day streak of gains. Palantir's cult-like momentum rally — which follows a 340% gain in 2024 and a rise of 167% in 2023 — stands in sharp contrast to a lukewarm reception from Wall Street analysts. The stock has only eight buy equivalent ratings and is dominated by 16 holds, with six sells, making it one of the lowest rated S&P 500 stocks, according to data compiled by Bloomberg.

But bullish investors say the Street is overlooking a company poised to benefit from the current geopolitical and macroeconomic backdrop. Palantir works



A Palantir Technologies banner during the company's IPO at the New York Stock Exchange. Palantir's breakneck rally shows no sign of letting up as investors remain captivated by its artificial intelligence promise despite one of the most expensive valuations among US stocks.

with the US military, which has doubled its use of the Maven AI system, and intelligence agencies. It recently added NATO as a customer and is partnering with Fannie Mae to launch an AI-powered crime detection unit. It's also building out its commercial and international clients, both large potential growth areas.

Palantir's rebound from April has been underscored by a broader market pivot as investors navigate Trump's on-again, off-again tariff rhetoric and search for companies offering relative safety, including those that can show solid future growth. Palantir forecasts sales will rise to \$3.9bn for the

calendar year 2025, a 36% increase from the previous year, and will continue to grow. This year's free cash flow is forecast to top \$1.5bn, a more than 30% increase on the year.

"The market is having capital flow back into areas of the market that they believe could have idiosyncratic growth," said David Wagner, portfolio manager at Aptus Capital Advisors LLC. "And Palantir fits that bill if you could stomach the valuation."

The recovery in technology stocks has shifted toward software and away from hardware, also giving Palantir a boost. It has also become a beneficiary of Elon Musk's DOGE effort to cut federal spending; the company

has continued to land US government contracts during the Trump administration.

In another comparison to Tesla, the stock has likely gotten a lift from the retail crowd. In the last week, it was the third most active behind Tesla and Nvidia Corp, according to data from Interactive Brokers. Palantir has stayed in the third-place spot for much of the year, according to Steve Sosnick, chief strategist at Interactive Brokers.

Of course, stocks that have rapid rallies like Palantir can get hit hard on the downside — it shed more than 40% from a February peak through the early April nadir, mirroring some of the selling seen in other big

technology shares. In addition to middle-of-the-road ratings, Wall Street analysts think the current rally has gotten ahead of itself. The average price target of about \$103 implies roughly 19% downside from where shares currently trade.

Palantir also has an increasingly high bar to keep the stock grinding higher — anything short of outperformance could weigh on shares, as was seen in the brief selloff following last quarter's earnings report. "They have to deliver" to keep momentum going forward, said Ted Mortonson, managing director at Robert W Baird & Co. "They cannot have any hiccups." Nvidia Corp rallied on Tuesday to reclaim the title of the world's largest company after surpassing Microsoft Corp. The semiconductor giant, the Windows software maker and Apple Inc have been locked in battle in recent months, vying for the title of the most valuable firm by market cap.

CrowdStrike Holdings Inc shares fell after the cybersecurity company projected revenue for the current quarter that trailed estimates.

Joshua Kushner's Thrive Capital and investment firm Capital Group have in recent months visited China to learn about its AI industry, joining a growing number of US investors rekindling interest in the country after DeepSeek's advances stunned Silicon Valley.

Manus unveiled a text-to-video generation feature, entering a competitive segment populated by rivals from OpenAI to China's Alibaba Group Holding Ltd. and Tencent Holdings Ltd.

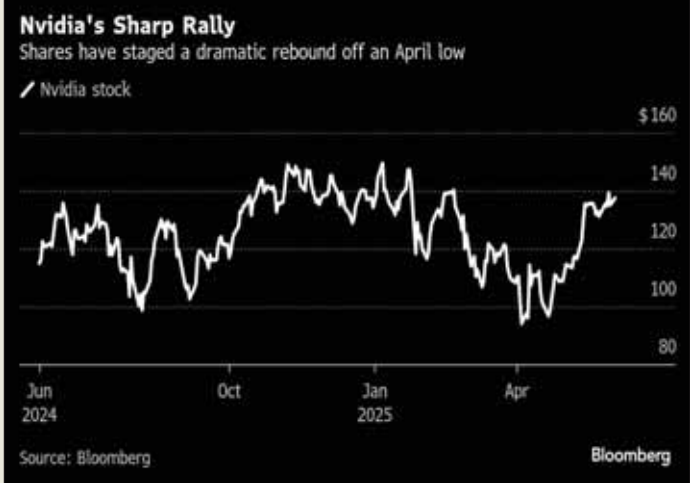
Broadcom Inc began shipping a new version of its data centre switch chips that can boost the efficiency of AI accelerators, aiming to take a bigger role in the booming market for artificial intelligence computing.

Nvidia's \$1tn rally has traders primed to ramp back up

Bloomberg
New York

Nvidia Corp shares have staged a \$1tn rebound in two months — and investors are betting the rally has further to go as fears about the chipmaker give way to optimism. Last week's earnings report assuaged some key investor concerns: Particularly whether US restrictions on the sales of advanced semiconductors in China would derail Nvidia's rapid revenue growth as well as the outlook for artificial intelligence spending, and the firm's ability to expand supply of its newest Blackwell chips. "Those questions have been answered in the positive for Nvidia," said Thomas Martin, senior portfolio manager at Globalt Investments. "It's time to ramp back up your ownership." After soaring for two and a half years amid insatiable demand for its chips used in AI computing, Nvidia shares tumbled in the first few months of 2025 on concerns about President Donald Trump's trade policies and a potential pullback in spending by its biggest customers. Nvidia rose 0.9% on Tuesday, and

since an April low, the stock has rallied more than 45%, pushing Nvidia's market value to \$3.4tn. That's just shy of Microsoft Corp, the world's most valuable company. Nvidia shares remain 7% below a record high in January. Despite the big advance, Nvidia trades at roughly 29 times profits projected over the next 12 months, well below the average over the past decade at 34 times. By contrast, the Nasdaq 100 is priced at 26 times despite Wall Street estimates calling for revenue growth this year that's a fraction of Nvidia's. The stock's PEG ratio — a measure of valuation relative to growth — is under 0.9, by far the lowest among the Magnificent Seven, which also includes Apple Inc, Amazon.com Inc, Alphabet Inc, Tesla Inc and Meta Platforms Inc. Of course, Nvidia is still exposed to US tariffs given its chips are manufactured overseas and could be hurt by a deterioration in trade relations with China, a country that accounted for 13% of revenue in the first quarter. However, purchase agreements with governments in the Middle East are seen as offsetting some lost sales and Nvidia's product pipeline is expected to keep competitors



at bay. Microsoft, Meta, Alphabet, and Amazon, which together comprise more than 40% of Nvidia's revenue, continue to invest aggressively in AI infrastructure. Capital expenditures for the four companies are projected to reach roughly \$330bn in 2026, up 6% from estimated spending this year, according to the average of analyst estimates compiled by Bloomberg. Amazon's cloud services chief on Friday reiterated the company's plan to aggressively expand its

data centres. "We just haven't seen any kind of slowdown in AI spending, and so long as capex keeps moving up, we're unlikely to see the cycle roll over or Nvidia experience much compression to its multiple," said Samuel Rines, a macro strategist at WisdomTree. Nvidia is undervalued, according to Rines, who argues the ratio of price-to-projected earnings for the stock could rise to the high 30s or low 40s. Analysts are widely bullish on

Nvidia. Of the 78 covering the stock, eight have hold ratings and only one says sell. The average price target sits at around \$170, which would represent a gain of 24% from Monday's closing price, according to data compiled by Bloomberg. Despite its popularity on Wall Street, the stock remains under-owned by market professionals relative to other Big Tech peers, suggesting the potential for more buying in the weeks to come. Nvidia is owned by 74% of long-only funds, according to data from Bank of America published on Friday. This puts it behind Amazon, Apple, and Microsoft, which is the most owned at 91%. The relatively low exposure coupled with demand for more computing infrastructure is likely to drive Nvidia shares higher into 2026, according to Angelo Zino, senior equity analyst at CFRA Research. "There were a lot of investors that really got out of this market prematurely and now they're kind of being forced back into it," Zino said. Microsoft has roared back in recent weeks, cementing its position as the world's most valuable

company. Shares of the Windows software maker are also inching toward an all-time high as the stock extends gains since the company reported stronger-than-expected sales and profit growth in the fiscal third quarter. Taiwan Semiconductor Manufacturing Co Chief Executive Officer C C Wei blamed worsening traffic snarls for slight delays in expanding its base in southwest Japan, highlighting some of the snags in Tokyo's signature chipmaking project. Microsoft Corp cut hundreds more jobs just weeks after its largest layoff in years, underscoring the tech industry's efforts to trim costs even as it ploughs billions of dollars into artificial intelligence. Uber Technologies Inc named long-time executive Andrew Macdonald as its first chief operating officer since 2019, part of an executive shake-up that includes the departure of the company's top delivery leader. Elon Musk is selling \$5bn in debt for his artificial intelligence startup, xAI Corp, the latest in a series of fundraising efforts across his business empire as the billionaire pivots away from politics and returns to running his various companies.

Global bond auctions show weaker trend as fiscal angst grows

Bloomberg
Tokyo

Aspate of poorly-received longer-dated sovereign bond auctions worldwide has raised questions about the willingness of investors to fund the spending plans of governments from the US to Japan.

Japan's 30-year bond sale yesterday was the third in as many weeks to show signs of a cold shoulder from buyers, with one measure of demand the weakest since 2023. Attention now turns to US Treasury auctions of 10- and 30-year debt next week, a test of appetite after recent similar issuance from other sovereigns failed to ignite.

Tuesday's auction of 12-year Australian government debt saw the weakest demand in about six years and Wednesday's post-election South Korean 30-year sale saw the lowest investor appetite since 2022.

"Japan bonds are showing the same story of what's happening everywhere else," said Martin Whetton, head of financial markets strategy at Westpac Banking Corp in Sydney. "Long-end bonds are generally not the flavour anymore."

A post-auction rally in Japan's long-dated bonds suggested investor expectations for demand had been even lower.

But the backdrop remains fragile and in the US, home of the world's biggest bond market, investors are already demanding more compensation to hold long-dated notes due to growing anxiety over the widening fiscal deficit.

Investing giant BlackRock is among the firms that are wary of long-dated government debt issued by developed-market governments, and is particularly cautious toward the US. DoubleLine Capital has two approaches to consider when it comes to 30-year US Treasuries:



Mount Fuji and the Shinjuku skyline in Tokyo. A post-auction rally in Japan's long-dated bonds suggested investor expectations for demand had been even lower.

Either avoid them, to the degree it can, or outright short them. Deem Global, a macro hedge fund firm started by former Brevan Howard Asset Management money manager Asfandiyar Nadeem, has profited from short positions in long-term European and US bond markets, Bloomberg reported yesterday.

"With bond vigilantes circling, markets are likely to demand spending cuts that are large enough or economic growth that is strong enough to bring the deficit under control, suggesting that long-term Treasury yields are likely to remain elevated over the near term," said Seema Shah, chief global strategist at Principal Asset Management.

With the US's 'Big Beautiful Bill' expected to add trillions of dollars to the federal deficit over a decade,

European defence spending on an upward trajectory thanks to the war in Ukraine and Japan pledging to relieve the impact of higher overseas tariffs, governments worldwide have ambitious plans that need funding.

But that's likely to come at a cost, especially if they want to borrow over an extended period — a Bloomberg global gauge of longer-dated sovereign yields has climbed to around the highest since 2008.

Relief following Japan's auction yesterday helped long-end yields decline globally, with the German 30-year rate down four basis points at 2.96% and the US equivalent two basis points lower at 4.86%. Softer-than-expected US jobs data this week has also helped, keeping alive hopes for Federal Reserve interest-rate cuts which could help shore

up the bond market. But demand wobbles have already caused some governments to rethink their borrowing strategies. Japan's finance ministry reportedly sent a questionnaire to market participants last month, asking for their views on issuance and the UK reduced planned sales of long-dated gilts to a record low in April.

"On long-term bond yields, the combination of fiscal profligacy and the loss of appetite for those types of instruments calls for caution," said Kevin Thozet, a member of the investment committee at Carmignac. "Investors are demanding more to be lending over the long term."

The broader trend of higher global yields is a warning sign from investors that governments can't keep borrowing at the pace they did when interest rates were close to zero.

EM stocks hover near eight-month peak

Reuters
Singapore

Emerging market stocks jumped to a near eight-month high yesterday, with US trade tensions dominating the sentiment, while Polish stocks paused following the central bank's decision to hold rates.

The MSCI index of emerging market equities extended gains to rise 0.7%, reaching its highest level since October 2024. The broader index for emerging market currencies added 0.1% and was on track for its fourth consecutive winning session. The index has risen about 6% this year.

In contrast, the dollar index was flat as Wednesday's weak US economic data revived fears of slow growth and high inflation. The currency has dropped about 9% in 2025.

Concerns about slowing economic growth, currency fiscal woes and amplified trade uncertainties have pushed the dollar to its weakest yearly performance since 2017.

Recessionary fears over President Donald Trump's trade war are increasingly pushing investors to reduce exposure to US assets and look for alternatives internationally, particularly in emerging markets. In Poland, the main stock index was largely unchanged for the day, while the local currency zloty slipped 0.2% against the euro.

The moves come a day after Poland's central bank left its main interest rate unchanged as expected, asserting that current rates were favourable to cool the inflation down to its target range.

"In Poland, the National Bank of Poland's statement brought nothing new, which in itself is rather hawkish," ING analysts said in a note.

Markets are now focused on central bank Governor Adam Glapinski's news conference later in the day. "Our best guess is that today's press conference will be similar to May's, which in the context of

the change in inflation profile could come off as neutral or slightly hawkish if anything," ING said. Warsaw assets have lately become susceptible to selling pressures due to a worsening political crisis following nationalist opposition candidate Karol Nawrocki's presidential win on Sunday.

This was further compounded by Prime Minister Donald Tusk's announcement to hold a vote of confidence in the government on June 11.

A prolonged political deadlock could add pressure on Poland's sovereign credit rating, ratings agencies warned on Wednesday, and obstruct efforts to tackle the large fiscal deficit — the second highest in the EU. Meanwhile, Hungary's forint fell 0.1%, while the Budapest stocks added 0.2%.

In the Czech Republic, the main stock index fell 0.1%, extending losses after Wednesday's hotter-than-expected inflation data added a block to the country's rate cutting cycle. The crown was trading near a one-year high.

The Romanian leu was little changed for the day. The currency had hit record losses in early May when the hard-right opposition candidate won the first round of a presidential election. Markets rallied after centrist Bucharest Mayor Nicușor Dan's win in the runoff vote.

A Reuters poll showed on Wednesday, however, forecast that the currency was set to languish near record lows against the euro for the rest of the year, signalling fiscal and economic challenges ahead.

Meanwhile, the European Commission and the European Central Bank on Wednesday approved Bulgaria's adoption of the euro currency from the start of 2026, making Bulgaria the 21st country to join the single currency area.

Focus was also on South Korea where the benchmark stock index KOSPI climbed 1.5% to trade near a one-year high on continued optimism around newly-elected President Lee Jae-myung's pro-growth policies.

Asia markets on front foot as US data feeds rate-cut hopes

AFP
Hong Kong

Asian markets enjoyed a healthy run yesterday after soft US economic data boosted expectations the Federal Reserve will soon cut interest rates and put the focus on key jobs figures coming at the end of the week.

In Tokyo, the Nikkei 225 closed down 0.5% to 37,554.49 points; Hong Kong — Hang Seng Index ended up 1.1% to 23,906.97 points and Shanghai Composite closed up 0.2% to 3,384.10 points yesterday.

Investors were also keeping track of developments in Donald Trump's trade war and signs of movement on possible talks between the US president and his Chinese counterpart Xi Jinping.

Wall Street provided an uninspiring lead as a report by payroll firm ADP showed private-sector jobs rose by 37,000 last month, a sharp slowdown from April's 60,000 and less than a third of what was forecast in a Bloomberg survey.

Another survey showed activity in the services sector contracted in May for the first time since June last year.

The readings stoked concerns that the world's number one economy was stuttering, with the Fed's closely watched "Beige Book" study noting that "economic activity has declined slightly".

It flagged household and business caution caused by slower hiring and heightened uncertainty surrounding Trump's policies. However, the readings ramped up bets on a Fed cut, with markets pricing in two by the end of the year, with the first in

September. Eyes are now on the non-farm payrolls release on Friday, which the central bank uses to help shape monetary policy.

Still, there is some concern that the US president's tariff blitz will ramp up inflation, which could put pressure on the Fed to keep borrowing costs elevated.

Most of Asia rose, with Hong Kong, Shanghai, Singapore, Taipei, Mumbai, Bangkok and Wellington up with London, Paris and Frankfurt.

Seoul rallied more than one % on continued excitement after the election of Lee Jae-myung as South Korea's new president. The vote ended a six-month power vacuum sparked by the impeachment of predecessor Yoon Suk-yeol for a calamitous martial law attempt. The won rose around 0.3%, building on a

recent run-up in the currency against the dollar.

Jakarta advanced as Indonesia's government began rolling out a \$1.5bn stimulus package after Southeast Asia's biggest economy saw its slowest growth in more than three years in the first quarter.

Tokyo fell following another weak sale of long-term Japanese government bonds, which added to recent concerns about the global debt market.

The soft demand also stoked speculation that the government could scale back its auctions of long-term debt in a bid to boost demand.

Investors are awaiting news of talks between Trump and Xi, with the White House saying they could take place this week.

But while tariffs remain a millstone around

investors' necks, IG's chief market analyst Chris Beauchamp said traders seemed less concerned than they were after the US president's April 2 "Liberation Day" fireworks.

"With markets still rising, the overall view appears to still be that the US is no longer serious about imposing tariffs at the levels seen in April," he wrote in a commentary.

"President Trump appears fixated on a call with China's president that might help to move the situation forward, but Beijing remains wary of committing itself to any deal.

"This does leave markets open to another sudden shock, which might replicate some of the volatility seen in April. But that manic period appears to have dissuaded the administration from further major tariff announcements."

AT YOUR SERVICE

**AUTO - TYRES / BATTERIES / LUBE - CHANGING**

METRO CITY TRADING W.L.L | Cars, 4x4, Pickups, Buses, Trucks, Forklifts
Street No. 28, Wakalat Street, Ind. Area, M: 33243356, T: 44366833, www.metrocityqatar.com

**BUS RENTAL / HIRE**

Q MASTER W.L.L. 15/26/30/65 Seater Buses with / W-out Driver
Contact # 55853618, 55861541 (24 Hours) F: 44425610 Em: qataroffice@yahoo.com

THOUSANDS TRANSPORT 60/67 Seated A/C non AC Buses w/ w-out driver
T: 4418 0042...F: 4418 0042...M: 5587 5266...Em: sales@thousandstransport.com

TRAVELLER TRANSPORT - 13/22/26/36/66 Seater Bus With & Without Driver.
Tel: 44513283 Mob: 30777432 / 55899097. Email: info@travellertransport.com

HIPOWER TRANSPORT: 13/22/26/66 Seater Buses & Pickups with & without driver.
Tel: 4468 1056, Mob: 5581 1381, 7049 5406, Em: hipower@safarigroup.net

**CARGO SERVICES**

GOODWILL CARGO Air, Sea & Land Cargo Services Worldwide Door to Door
Packing & Moving T: 4462 6549, 4487 8448, M: 3318 8200, 3311 2400, Em: sales@goodwillcargooqatar.com

**CAR HIRE**

AL MUFTAH RENT-A-CAR Main office D-Ring Rd. T: 4463 4444, 4401 0700
Airport 4463 4433, Al Khor 4411 3344, Leasing 5589 1334, Em: reservations@rentacardoha.com, www.rentacardoha.com

AL SAAD RENT A CAR Head Office-Bldg: 242, C-Ring Road T: 4444 9300
Branch-Barwa village, Bldg #17, shop #19.....T: 4415 4414, ..M: 3301 3547

AVIS RENT A CAR Al Nasr Holding Co. Building, Bldg. 84, St. 820, Zone 40
T: 4466 7744 F: 4465 7626 Airport T: 4010 8887 Em:avis@qatar.net.qa, www.avisqatar.com

THOUSANDS RENT A CAR
Bldg No 3, Al Andalus Compound, D-ring Rd., T. 44423560, 44423562 M: 5551 4510 F: 44423561

BUDGET RENT A CAR Competitive rates for car rental & leasing
Main Office T: 4432 5500...M: 6697 1703. Toll Free: 800 4627, Em: info@budgetqatar.com

**CLEANING**

CAPITAL CLEANING CO. W.L.L All type of Cleaning Services-Reasonable Rates
T: 44582257, 44582546 F: 44582529 M: 33189899 Em: capitalcleaningwll@gmail.com

**ISO / HACCP CONSULTANTS**

QATAR DESIGN CONSORTIUM - ISO 9001, 14001, 45001, 39001, 27001, 22301, 41001, etc.
T: 4419 1777 F: 4443 3873 M: 5540 6516Em: jenson@qdcqatar.net

**IT-CONSULTANCY**

TECHNOLOGY CONSULTANT LLC | Lic. by QFZ Authority, Project baselines, claims, AI-integrated EOT
analysis with Primavera, & reports via PowerBI, SQL & AI Analytics, M: 55032892, E: service@mtf-project.com

**IT - DOMAIN & HOSTING**

ROUTEDGE W.L.L Register .QA, .COM.QA and .NET.QA from ACCREDITED
Domain Registrar, M: 66703103, T: 400125 01, www.ROUTEDGE.NET.QA

**PEST CONTROL & CLEANING**

QATAR PEST CONTROL COMPANY
T: 44222888 M: 55517254, 66590617 F: 44368727, Em:qatarpest@qatar.net.qa

STAR CITY PEST CONTROL & CLEANING (Anti Termite Treatment)
T: 44502416, M: 50680005, E: info@starcity.qa, W: www.starcity.qa

**REAL ESTATE**

AL MUFTAH GENERAL SERVICES www.rentacardoha.com
T: 4463 4444/ 4401 0700...M: 5554 2067, 5582 3100...Em:reservations@rentacardoha.com

SKY REAL ESTATE Available rooms (Studio type), Flat, Hotel Rooms
for Executive Bachelor / Family inside villa or building, M: 5203 8746, 3359 8672, 5057 6993

AT YOUR SERVICE

DAILY FOR THREE MONTHS

Updated on 1st & 16th of Every Month

**QRS. 1200/-**

US weekly jobless claims at seven-month high; trade deficit shrinks

Reuters

Washington

The number of Americans filing new applications for unemployment benefits increased to a seven-month high last week, pointing to softening labour market conditions amid mounting economic headwinds from tariffs.

The report from the Labor Department yesterday also continued to show workers losing their jobs having a tough time landing new opportunities as uncertainty caused by President Donald Trump's aggressive trade policy leaves employers reluctant to increase headcount.

Economists said technical difficulties adjusting the data at the start of summer could have contributed to the second straight weekly increase in unemployment claims. Still, they said the data offered some evidence of labour market strains.

"We won't dismiss the rise in claims over the last two weeks, which may be signalling weakening labour market conditions in response to the Trump administration's tariff policies and uncertainty," said Nancy Vanden Houten, lead US economist at Oxford Economics. "However, seasonal

quirks might have contributed to the rise in claims." Initial claims for state unemployment benefits rose 8,000 to a seasonally adjusted 247,000 for the week ended May 31, the highest level since last October. Economists polled by Reuters had forecast 235,000 claims for the latest week.

There was a sharp rise in unadjusted claims in Kentucky, likely related to layoffs in the motor vehicle industry amid duties on imported parts. There was also a notable increase in filings in Tennessee, which also has motor vehicle assembly plants. Claims surged in the prior week in Michigan, attributed to layoffs in the manufacturing industry.

But companies are generally hoarding workers after struggling to find labour during and after the Covid-19 pandemic.

The Federal Reserve's Beige Book report on Wednesday showed "comments about uncertainty delaying hiring were widespread," noting that "all districts described lower labour demand, citing declining hours worked and overtime, hiring pauses and staff reduction plans." It said while some districts reported layoffs in certain sectors, "these layoffs were not pervasive." An Institute for Supply Management survey also made similar observa-

tions, reporting steady employment in the services sector in May, but also pointing out that "higher scrutiny is being placed on all jobs that need to be filled." US stocks were trading lower. The dollar slipped against a basket of currencies. US Treasury yields fell.

The number of people receiving benefits after an initial week of aid, a proxy for hiring, slipped 3,000 to a seasonally adjusted 1.904mn during the week ending May 24, the claims report showed. The elevation in the so-called continuing claims aligns with consumers' ebbing confidence in the labour market. The claims data have no bearing on the Labor Department's closely watched employment report for May, scheduled to be released on Friday, as it falls outside the survey period.

Non-farm payrolls likely increased by 130,000 jobs last month after advancing by 177,000 in April, a Reuters survey of economists showed. The unemployment rate is forecast being unchanged at 4.2%.

"A gradual but genuine slackening of the labour market is underway," said Oliver Allen, senior US economist at Pantheon Macroeconomics. There was, however, some welcome news on the economy. A separate report from the Commerce De-

partment's Bureau of Economic Analysis showed the trade deficit narrowed sharply in April, with imports decreasing by the most on record as the front-running of goods ahead of tariffs ebbed, which could provide a lift to economic growth this quarter.

The trade gap contracted by a record 55.5% to \$61.6bn, the lowest level since September 2023. The goods trade deficit eased by a record 46.2% to \$87.4bn, the lowest level since October 2023.

A rush to beat import duties helped to widen the trade deficit in the first quarter, which accounted for a large part of the 0.2% annualised rate of decline in gross domestic product last quarter. The contraction in the deficit, at face value, suggests that trade could significantly add to GDP this quarter, but much would depend on the state of inventories.

"The collapse in the trade gap in April, although unlikely to be sustained, points to a massive trade addition to GDP growth and, if the offset to the import swing is not measured in inventories, second-quarter measured GDP growth could be eye-popping, possibly in the area of 5%, but as meaningless as the first-quarter's decline in output," said Conrad DeQuadros,

senior economic advisor at Brean Capital. Imports decreased by a record 16.3% to \$351.0bn in April. Goods imports slumped by a record 19.9% to \$277.9bn, held down by a \$33.0bn decline in imports of consumer goods, mostly pharmaceutical preparations from Ireland.

Imports of cellphones and other household goods fell \$3.5bn. Industrial supplies and materials imports declined \$23.3bn, reflecting decreases in finished metal shapes and other precious metals.

Motor vehicle, parts and engines imports fell \$8.3bn with passenger cars accounting for much of the decline. The front-loading of imports is probably not over. Higher duties for most countries have been postponed until July, while those for Chinese goods have been delayed until mid-August.

The Trump administration had given US trade partners until Wednesday to make their "best offers" to avoid other punishing import levies from taking effect in early July. Exports rose 3.0% to \$289.4bn, an all-time high. Goods exports increased 3.4% to a record \$190.5bn, boosted by a \$10.4bn jump in industrial supplies and materials, mostly finished metal shapes, nonmonetary gold and crude oil.

ECB cuts interest rates as bets build on a summer pause

Reuters

Frankfurt

The European Central Bank (ECB) cut interest rates as expected yesterday and said it believed it was now well-positioned to cope with global economic uncertainty, as market bets grew on a summer pause in its year-long easing cycle.

The ECB has now lowered borrowing costs eight times, or by 2 percentage points since last June, seeking to prop up a eurozone economy that was struggling even before erratic US economic and trade policies dealt it further blows.

With inflation in line with its 2% target and the cut well flagged, the focus has shifted to the ECB's message about the path ahead, especially since at 2%, rates are now in the "neutral" range where they neither stimulate nor slow growth.

"At the current level we believe we are in a good position to navigate the uncertain circumstances that will be coming up," ECB President Christine Lagarde told a press conference, while repeating that it would not "pre-commit" to a rate path.

Lagarde said policymakers were "virtually unanimous" in agreeing the rate cut, pursuing the bank's most aggressive easing cycle since the 2008/2009 global financial crisis. The euro was little changed around \$1.1426, while government bond yields dipped. Money markets slightly reduced their bets on any further rate cuts by year-end to just 25 basis points — one single move.

Falling energy prices and a stronger euro could put further downward pressure on inflation, said Lagarde, adding that effect could be reinforced if higher tariffs led to lower demand for euro exports and re-routing of overcapacity to Europe.

On the other hand, a fragmentation of global supply chains could raise inflation by pushing up import prices and adding to capacity con-



European Central Bank president Christine Lagarde addresses the media after the ECB's Governing Council meeting, at the ECB headquarters in Frankfurt, yesterday.

straints in the domestic economy, she said.

Investors are already pricing in a pause in cuts in July, and some conservative policymakers have advocated a break to give the ECB a chance to reassess how exceptional uncertainty and policy upheaval at home and abroad will shift the outlook.

While ECB board member and chief hawk Isabel Schnabel has made explicit calls for a pause, others have been more cautious and Lagarde is likely to stick to language that leaves the ECB's options open, as the outlook is prone to sudden changes.

The case for a pause rests on the premise that the short- and medium-term prospects for the currency bloc differ greatly and may require different policy responses.

Inflation could dip in the short

term — possibly even below the ECB's target — but increased government spending and higher trade barriers may add to price pressures later.

The added complication is that monetary policy impacts the economy with a 12-to-18 month lag, so support approved now could be giving help to a bloc that no longer needs it.

Investors still see at least one more rate cut later this year, however, and a small chance of another move later on, especially if US President Donald Trump's trade war intensifies.

Acknowledging near-term weakness, the ECB cut its inflation projection for next year.

Trump's tariffs are already damaging activity and will have a lasting impact even if an amicable resolution is found, given the hit to

confidence and investment. Most economists think inflation could fall below the ECB's 2% target next year, triggering memories of the pre-pandemic decade when price growth persistently undershot 2%, even if projections show it back at target in 2027.

Further ahead, the outlook changes significantly.

The European Union is likely to retaliate against any permanent US tariffs, raising the cost of trade. Firms could relocate some activity to avoid trade barriers but changes to corporate value chains are also likely to raise costs.

Higher European defence spending, particularly by Germany, and the cost of the green transition could add to inflation while a shrinking workforce due to an ageing population will keep wage pressures elevated.

Clean energy investment rising despite economic uncertainty, says IEA

AFP

Paris

Investment in clean energy technologies is set to strike a record this year despite global economic uncertainty, double the spending on fossil fuels that will dip for the first time since 2020, the International Energy Agency (IEA) said yesterday.

While the Trump administration has been hostile to renewable energy sources and trumpets boosting oil production, the IEA said security concerns as well as rising demand for electricity — including from artificial intelligence and data centres — is driving investment in clean energy sources.

"Amid the geopolitical and economic uncertainties that are clouding the outlook for the energy world, we see energy security coming through as a key driver of the growth in global investment this year to a record \$3.3tn as countries and companies seek to insulate themselves from a wide range of risks," Executive Director Fatih Birol said as the IEA published its latest annual World Energy Investment report.

It expects investment in clean technologies, including nuclear and electricity distribution grids, to hit a record \$2.2tn this year.

Meanwhile, investment in oil, natural gas and coal is set to dip to \$1.1tn, as companies react to falling prices and lower demand expectations. Most of drop is due to investment in US oil production, while investment in liquefied natural gas (LNG) projects there and elsewhere is expected to lead to the largest-ever capacity growth in 2026-2028.

Since returning to the White House, Trump has slapped a 10% tariff on most trading

partners, alongside higher rates on dozens of economies, including China and the European Union, that have since been reduced or put on pause until early July while negotiations are held.

Earlier this week the OECD slashed its annual global growth forecast, warning that Trump's tariffs blitz would stifle the world economy.

But energy investments haven't suffered yet.

"The fast-evolving economic and trade picture means that some investors are adopting a wait-and-see approach to new energy project approvals, but in most areas we have yet to see significant implications for existing projects," Birol said. But the IEA said the shift in US policies would impact investment there in renewables.

"Spending on renewables and low-emissions fuels in the US almost doubled over the last 10 years but is now set to level off as supportive policies are scaled back," it said.

The report found the rapid rise in electricity demand — for industry, cooling, electric mobility, data centres and AI — was also shaping investment trends. The sector is expected attract \$1.5tn in investments this year, 50% more than fossil fuels.

The IEA also noted that nuclear energy has been making a comeback as electricity demand from data centres risks doubling in the next five years. While renewables are expected to meet most of that additional demand, the steady supply that nuclear plants offer have prompted a number of tech companies to enter into supply agreements.

But the Paris-based IEA, which advises industrial nations on energy policy, warned that spending on electricity grids was not keeping up with investment into generation.

SEC's crypto confusion deepens as next-gen ETFs test boundaries

Bloomberg

Washington

A new line of yield-chasing crypto funds is forcing the Securities and Exchange Commission (SEC) to confront unresolved gaps in its regulatory framework, just as the Trump administration eases oversight of digital assets. The immediate dispute centres on two proposed funds from ETF firms REX Financial and Osprey Funds that would allow investors to earn rewards by deploying Ether and Solana tokens to help validate blockchain transactions, a process known as staking. The firms said they had cleared an initial SEC registration hurdle last week, but agency staff took the unusual step of objecting that very same evening. Staff warned the products may not meet standards to qualify as investment companies under federal law, raising broader questions about regulation of a hot corner of the crypto-investment world. SEC staff noted that to meet the definition of an investment company, a firm must primarily

invest in securities. That's a problem when it comes to digital assets: There are no clear lines around what crypto activities trip securities laws and what don't. "When ETFs generate income from staking, they may start to resemble traditional investment companies under the Investment Company Act — especially if investors are relying on the managerial efforts of others to earn those returns," said Adam Gana, an attorney at law firm Gana Weinstein LLP. "However, these types of ETFs are testing the boundaries of what counts as an investment company, and the SEC is sending mixed signals." Gana added that "just because you throw some stocks into the mix doesn't mean the SEC will look the other way." The SEC didn't immediately respond to a request for comment. REX and Osprey declined to comment. The general counsel at REX said earlier that the firm expected to satisfy the SEC's questions. The crypto industry has long-argued that many tokens aren't securities and shouldn't fall under the SEC rules. Under Trump, the agency has appeared open



The Securities and Exchange Commission headquarters in Washington, DC. A new line of yield-chasing crypto funds is forcing the SEC to confront unresolved gaps in its regulatory framework, just as the Trump administration eases oversight of digital assets.

to these arguments and its new chair, Paul Atkins, is a proponent of digital currencies. SEC staff guidance has signalled that memecoins and stablecoins may fall outside securities definitions. As recently as May 29, the staff said federal securities laws generally don't apply to staking

activities — further complicating the regulatory picture as firms try to launch novel products. These piecemeal statements create inconsistent policy, according to Corey Frayer, director of investor protection at the Consumer Federation of America. "The SEC and the industry don't

get to treat crypto assets as securities when it's convenient, and not as securities when they want weaker regulation," said Frayer, who served as a senior adviser to former SEC Chair Gary Gensler, a frequent target of crypto industry scorn. At the crux of the matter is the so-called Howey test, which comes from a 1946 Supreme Court decision that still governs securities classification. Under the test, an asset can be considered a security — and thus will fall under SEC purview — if investors contribute capital with the expectation derived from the managerial efforts of others. Bitcoin is generally considered a commodity but the status of other tokens like Ether and Solana are less clear.

SEC Commissioner Hester Peirce, head of the agency's crypto task force, took the unusual step of highlighting the SEC staff's queries about whether the proposed funds met the definition.

"I have those same questions," Peirce wrote in a post on X. Donald Trump embraced the digital-asset industry during his

re-election campaign, pledging to make the US the "crypto capital of the planet." Since re-entering the White House, he has established a national stockpile of Bitcoin, anointed a "crypto czar" and welcomed memecoin enthusiasts to a private dinner in Washington. Firms have recently been successful in resolving SEC staff concerns about novel offerings. Earlier this year, agency staffers rebuked an ETF by State Street Corp and Apollo Global Management — the world's first to invest in private credit — hours after the fund listed over concerns about the fund's liquidity and its ability to comply with valuation rules. The firms took action to rectify the issues. Crypto executives are optimistic that US regulators will eventually greenlight the staking ETFs. "They've followed a crawl-walk-run approach — first futures ETFs, then spot ETFs, and hopefully staking ETFs," said Matt Hougan, chief investment officer at Bitwise Asset Management Inc, which acquired an Ethereum staking platform last year. "I'm hopeful we'll get to the finish line soon."