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BUSINESS

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COMMERCIAL BANK

Google Cloud's strategy 'aligned with' Qatar National Vision 2030

By Peter Alagos
Business Reporter

Google Cloud's strategy in Qatar is fundamentally aligned with and designed to support the Qatar National Vision (QNV) 2030, according to Ghassan Kosta, regional general manager, Google Cloud Qatar, Oman, Bahrain and Iraq.

Kosta said the tech giant's strategic investments, notably the Doha cloud region and Google Cloud's Centre of Excellence, "are tangible commitments to empowering the nation's digital future."

According to Kosta, these investments directly contribute by accelerating digital transformation, driving economic diversification, and fostering a skilled workforce.

"We provide the cutting-edge infrastructure and a comprehensive suite of AI, data analytics, and machine learning tools that enable government entities and private enterprises to modernise their operations, enhance service delivery, and become truly data-driven. This is core to achieving the digital transformation goals outlined in Qatar National Vision 2030," Kosta told *Gulf Times* in an exclusive interview.

By making advanced cloud technologies accessible, he said, Google Cloud is helping to foster a vibrant digital ecosystem. This supports the growth of new, knowledge-based industries, nurtures innovation, and empowers entrepreneurship beyond traditional sectors, he pointed out.

"Google Cloud acts as a catalyst for developing a diversified economy, a key objective of the 2030 vision. Our platform enables businesses of all sizes to innovate, scale, and compete globally, contributing to sustainable economic development," he said.

He also said: "Through our Centre of Excellence and various training programmes, we are committed to building local digital talent, which is crucial



Ghassan Kosta, regional general manager, Google Cloud Qatar, Oman, Bahrain and Iraq. **PICTURE:** Shaji Kayamkulam

for the human development pillar of the Qatar National Vision 2030 and ensures that the country can sustain its digital momentum.

"In essence, Google Cloud provides the 'new way to the cloud,' offering an integrated AI stack and powerful tools that are crucial for Qatar to achieve its ambitions of becoming a leading digital economy and a hub for innovation."

Kosta was recently in Qatar for the 'Google Cloud Summit Doha', which celebrated the tech giant's second anniversary of cloud innovation in the region. The event also highlighted Qatar's bold vision for a rapidly evolving digital future, powered by cutting-edge AI and cloud technologies.

Kosta underscored the impact of the Google Cloud project and how it significantly benefited local industries and key segments of the Qatari population, saying: "Over the past two years, we've seen incredible adoption and innovation leveraging our Doha cloud region. A particularly impactful example is our

collaboration with Qatar University and their exploration of NotebookLM, our AI-powered research and writing assistant."

Kosta said: "This initiative significantly benefits the education sector and the student population by providing a powerful tool that can help streamline research, synthesise information, and generate new insights from large volumes of documents. For students and researchers, this means enhanced learning capabilities, more efficient study processes, and the potential to produce higher-quality academic work."

He added: "It democratises access to advanced AI tools for academic exploration, fostering a new generation of researchers and innovators in Qatar. This project directly supports the human development goals of Qatar National Vision 2030 by equipping the next generation with cutting-edge AI skills and tools, ultimately contributing to a more knowledgeable and innovative society."

Qatar's public spending to rise this year despite hydrocarbon revenue headwinds, says Oxford Economics

By Pratap John
Business Editor

Qatar's public spending will rise this year despite hydrocarbon revenue headwinds, Oxford Economics has said in its latest country outlook. The 2025 budget targets a deficit of QR13.2bn (1.6% of projected GDP). The authorities plan to raise spending by 4.6% relative to last year's budget and 1.2% relative to realised expenditure, with a strong focus on development in education and healthcare, according to the report. The budget assumes an average oil price of \$60 per barrel.

Oxford Economics said its 2025 Brent oil price forecast remains at \$68.10/b. This is higher than what is assumed in the Qatar budget, underpinning its view of another budget surplus this year.

"We project a surplus of QR23bn (2.8% of GDP), larger than the surplus of QR5.6bn (0.7% of GDP) realised in 2024. We see the balance improving to 5.7% of GDP next year amid the LNG production boost," Oxford Economics noted. According to the researcher, Qatar's April PMI signalled softer activity momentum at the start of the second quarter (Q2), driven by a reduction in new business, likely linked to US tariff announcements.

Heightened external uncertainty also weighed on sentiment, pushing the rate of hiring to the

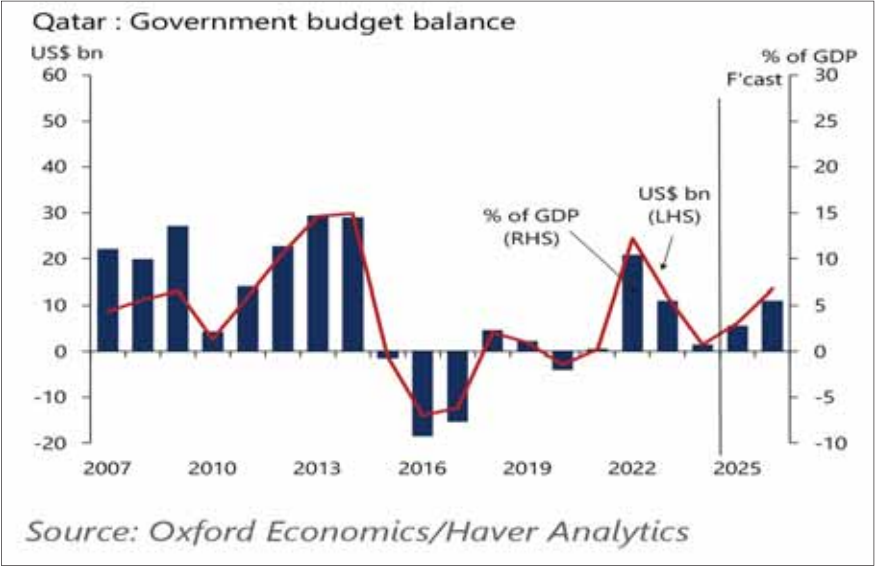
lowest since August, even as it stayed elevated. Oxford Economics' 2025 average inflation estimate (for Qatar) remains at 1%, the lowest in the GCC region.

"We think any upward pressure on imported inflation from recent US dollar weakness (via the currency peg) will likely be offset by the dampening effect of tariffs on global demand. Qatar's annual inflation rate was negative in Q1 for the first time since early 2021. Prices fell by 0.8% quarter-on-quarter (q-o-q) in seasonally adjusted terms, led by declines in food prices and the cost of recreation and culture. The 3.2% y-o-y fall in food prices in Q1 was among the largest in the current series. The drag from the housing and utilities category on annual inflation deepened, with prices falling by 4.5% y-o-y, the most since Q3-2021.

"We still expect inflation to settle at around 2% in the medium term," Oxford Economics noted. The Qatar Central Bank (QCB) followed the US Federal Reserve in holding interest rates steady in May, continuing the pause from January. In 2024, the US Fed delivered a cumulative 100 bps of cuts.

Meanwhile, the QCB cut rates by a total of 115 bps, with the lending rate at 5.1%.

"In the coming months, we think the QCB's rate moves will echo those in the US, as we continue to expect the Fed to stay on pause until December. Our baseline anticipates a further 100 bps of cuts next year," Oxford Economics said.



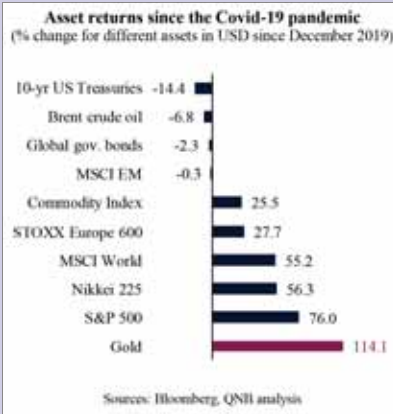
Further medium-term upside for gold seen despite recent sharp rally: QNB

Despite the sharp rally in recent months, there is still further upside for gold over the medium-term, according to QNB. This is supported by strong momentum across different macro regimes, long-term geopolitical trends with central bank portfolio rebalancing, and foreign exchange (FX) movements, QNB said in an economic commentary.

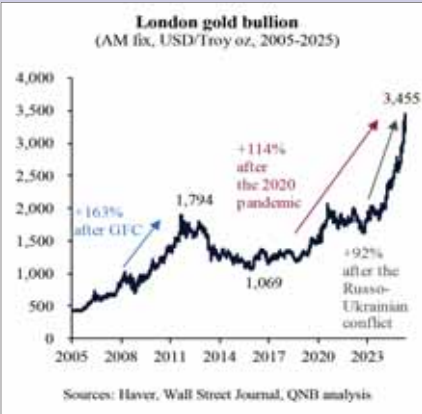
Gold occupies a unique role in modern investing. It generates no cash flow, incurs storage costs, and has limited industrial utility – yet it continues to hold enduring appeal among households, sovereigns, and institutional investors.

Gold's historical legacy as a monetary anchor has recently intersected with a more contemporary function: risk mitigation. This demand for gold has been supported by the idea that the yellow metal provides a key utility as a portfolio diversifier protecting against inflation, financial crisis, international conflicts and civil strife. Importantly, gold's resilience in the face of economic shocks, such as the Great Financial Crisis (GFC) of 2008-09 or the Covid-19 pandemic, underscores its role as a hedge against systemic risks and macroeconomic instability.

In recent years, gold has rallied significantly, a process that has accelerated over the last few months. In fact, before the most recent pullback, gold prices reached \$3,500 per ounce, making sequential all-time highs for months.



After such significant rally, which amounts to 114% in price appreciation since the pandemic and 92% since the Russo-Ukrainian conflict began, it is natural that analysts and investors would question whether there is still more upside for gold over the coming years. In fact, gold has decisively outperformed all major asset classes, challenging the perception that it merely serves as a defensive hedge. A sustained outperformance highlights that gold, while traditionally valued for its safety during crisis, can also generate robust returns under different macroeconomic conditions. Gold's consistent gains relative to equities, bonds, and commodities since early



2020 suggest that it merits consideration not only as protective allocation but as strategic, return-enhancing asset within a diversified portfolio. This dual characteristic – providing resilience during uncertainty while also delivering meaningful capital appreciation during periods of higher investor risk appetite – further strengthens the case for gold as a core holding. This is especially valid for environments of elevated inflation, currency de-basement, foreign exchange depreciation, or systematic market volatility. In QNB's view, despite the surge in prices, there is still further upside for prices over the medium-term, as global macro

conditions are favourable for gold. Two main factors sustain its position. First, gold's appeal has been further bolstered by secular or long-term geopolitical trends, including the intensifying economic rivalry between West and East, a decline in international co-operation, escalating trade disputes, increasing political polarisation, and the "weaponisation" of economic relations via sanctions. This has particularly intensified after the Russo-Ukrainian conflict and the US-driven "trade wars". In an era marked by more geopolitical instability, gold's status as a tangible, jurisdictionally neutral asset that can serve as collateral in various markets becomes increasingly significant. Reflecting this movement, central banks globally have been accumulating gold at a rate unseen in generations. According to the World Gold Council, after the Russo-Ukrainian conflict in 2022, central bank additional demand for gold more than doubled from 450 tonnes per year to more than one thousand tonnes per year. Surprisingly, despite the increase in official demand for gold from central banks, there is still a lot of room for a much longer process of gold accumulation or portfolio rebalancing towards the precious metal. While large advanced economies tend to hold around 25% of their foreign exchange (FX) reserves in gold, large EM-based central banks hold only less than 8% of

their FX reserves in gold. Given that these EM-based central banks hold around \$6tn in FX reserves, there is scope for a continued multi-year process of portfolio rebalancing from these reserve managers. This supports a steady long-term institutional demand for gold. Second, foreign exchange (FX) movements are poised to lend additional support to gold prices. Historically, gold has shown a strong inverse correlation with the USD – typically rising when the USD weakens and falling when it strengthens. The USD has already depreciated by more than 6.9% against a basket of major currencies so far this year. Moreover, despite this sharp depreciation, currency valuations still suggest that the USD remains overvalued by more than 15%, indicating further room for depreciation ahead. A softer USD is likely to support gold prices going forward, as it enhances global purchasing power for USD-denominated commodities like gold, stimulating demand and providing an additional tailwind for prices. Moreover, as investors seek protection against the erosion of purchasing power associated with USD depreciation, they often turn to gold as an alternative store of value. Consequently, a declining USD typically drives higher demand and upward price momentum for gold, QNB noted.

The Qatar Stock Exchange (QSE) index rose by 95.30 points or 0.9% during the holiday-shortened week to close at 10,558.34. Market capitalisation rose 0.7% to QR624.4bn from QR620.0bn at the end of the previous trading week.

Of the 53 traded companies, 21 ended the week higher, 28 ended lower, while three were unchanged. Meeza QSTP (MEZA) was the best performing stock for the week, rising 4.4%. Meanwhile, Barwa Real Estate (BRES) was the worst performing stock for the week, down 5.6%.

Qatar Islamic Bank (QIBK), Industries Qatar (IQCD) and Nakilat (QGTS) were the main contributors to the weekly index gain. QIBK and IQCD added 56.53 and 32.95 points to the index, respectively. QGTS contributed another 16.31 points.

Traded value during the week fell 47.3% to QR1,628.7mn from QR3,090.6mn in the prior trading week. Ezdan Holding Group (ERES) was the top value traded stock during the week with total

traded value of QR137.3mn.

Traded volume fell 34.3% to 682.4mn shares compared with 1,039.5mn shares in the prior trading week. The number of transactions dipped 7.7% to 106,715 vs 115,643 in the prior week. Ezdan Holding Group (ERES) was the top volume traded stock during the week with total traded volume of 135.1mn shares.

Foreign institutions remained bearish, ending the week with net selling of QR85.4mn vs net selling of QR325.0mn in the prior week. Qatari institutions remained bullish, with net buying of QR57.7mn vs net buying of QR263.0mn in the week before. Foreign retail investors ended the week with net selling of QR2.7mn vs net buying of QR29.7mn in the prior week. Qatari retail investors recorded net buying of QR30.3mn vs net buying of QR32.4mn.

Global foreign institutions are net sellers of Qatari equities by \$272.8mn YTD, while GCC institutions are also net shorts by \$25.1mn.



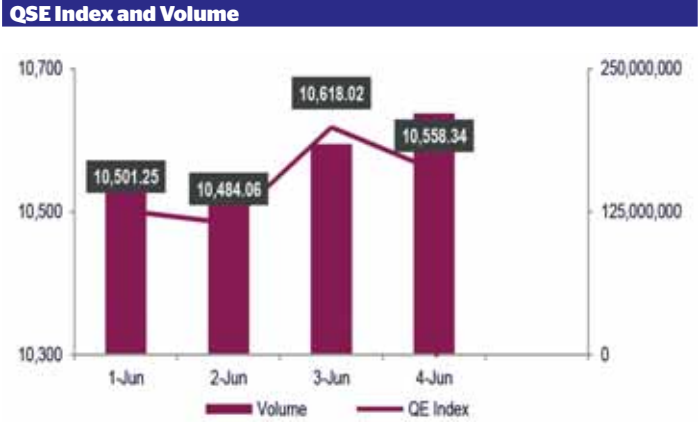
Weekly Market Report

Market Indicators	Week ended. June 04, 2025	Week ended. May 29, 2025	Chg. %
Value Traded (QR mn)	1,628.7	3,090.6	(47.3)
Exch. Market Cap. (QR mn)	624,365.8	620,025.7	0.7
Volume (mn)	682.4	1,039.5	(34.4)
Number of Transactions	106,715	115,643	(7.7)
Companies Traded	53	53	0.0
Market Breadth	21:28	12:40	-

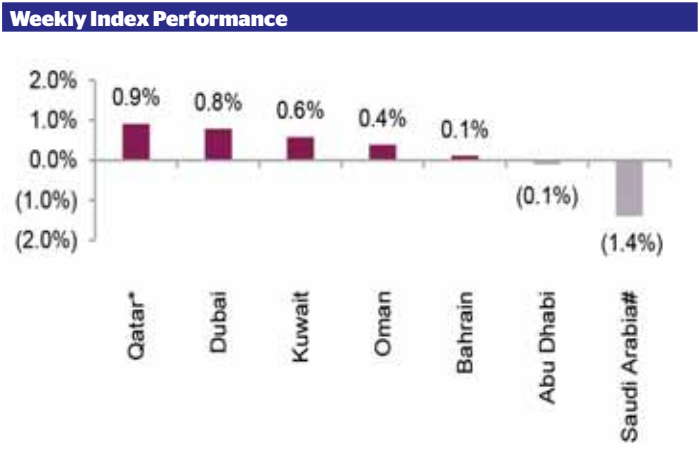
Source: Qatar Stock Exchange (QSE)

Market Indices	Close	WTD%	MTD%	YTD%
Total Return	24,908.12	0.9	0.9	3.3
ALL Share Index	3,900.76	0.7	0.7	3.3
Banks and Financial Services	4,854.04	0.7	0.7	2.5
Industrials	4,226.54	1.4	1.4	(0.5)
Transportation	5,796.84	2.6	2.6	12.2
Real Estate	1,613.90	(2.9)	(2.9)	(0.2)
Insurance	2,329.74	(1.5)	(1.5)	(0.8)
Telecoms	2,143.61	1.1	1.1	19.2
Consumer Goods & Services	7,904.54	(1.1)	(1.1)	3.1
Al Rayan Islamic Index	5,020.55	0.8	0.8	3.1

Source: Qatar Stock Exchange (QSE)



Source: Qatar Stock Exchange (QSE)



Source: Bloomberg

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Qatar Stock Exchange

Top Five Gainers

Source: Qatar Stock Exchange (QSE)

Top Five Decliners

Source: Qatar Stock Exchange (QSE)

Most Active Shares by Value (QR Million)

Source: Qatar Stock Exchange (QSE)

Most Active Shares by Volume (Million)

Source: Qatar Stock Exchange (QSE)

Investor Trading Percentage to Total Value Traded

Source: Qatar Stock Exchange (QSE)

Net Traded Value by Nationality (QR Million)

Source: Qatar Stock Exchange (QSE)

Company Name	Price June 04	% Change Weekly	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	17.05	0.59	(1.39)	157,481	10.0	1.7	4.1
Qatar Islamic Bank	21.86	3.60	2.34	51,654	11.7	1.9	3.7
Commercial Bank of Qatar	4.41	(4.09)	1.40	17,852	6.5	0.9	8.8
Doha Bank	2.44	(1.26)	22.45	7,559	8.9	0.7	4.1
Al Ahli Bank	3.60	(0.19)	4.32	9,182	10.7	1.3	6.9
Qatar International Islamic Bank	10.51	0.00	(3.56)	15,909	13.5	2.1	4.6
Al Rayan Bank	2.24	0.00	(9.14)	20,813	14.2	0.9	4.5
Lesha Bank	1.82	(1.14)	34.49	2,040	14.6	1.5	2.7
National Leasing	0.73	(3.33)	(7.05)	359	20.7	0.6	4.8
Diala Holding	1.11	0.27	(3.31)	212	N/A	1.2	N/A
Qatar & Oman Investment	0.68	0.75	(3.85)	213	N/A	1.3	N/A
Islamic Holding Group	3.60	(1.64)	(4.89)	204	19.5	1.2	1.9
Dukhan Bank	3.65	1.33	(1.22)	19,104	14.8	1.5	4.4
Banking and Financial Services				302,581			
Zad Holding	14.24	0.42	0.49	4,093	19.6	2.7	4.9
Qatar German Co. for Medical Devices	1.48	(0.94)	7.66	170	N/A	N/A	N/A
Salam International Investment	0.68	(2.30)	3.18	778	12.8	0.5	5.9
Baladna	1.22	(1.34)	(2.89)	2,310	17.2	1.0	N/A
Medicare Group	5.02	0.74	10.35	1,413	14.7	1.4	3.9
Qatar Cinema & Film Distribution	2.40	0.00	0.04	151	39.0	1.2	2.9
Qatar Fuel	14.58	(2.80)	(2.80)	14,496	13.9	1.7	6.9
Widam Food	2.21	(1.07)	(5.87)	398	N/A	4.6	N/A
Mannaal Corp.	4.51	0.07	24.05	2,059	11.6	2.2	5.5
Al Meera Consumer Goods	14.78	2.64	1.79	3,045	16.3	1.8	5.8
Mekdam Holding Group	2.79	(0.11)	(8.02)	446	11.2	1.8	N/A
Meeza QSTP	3.15	4.38	(3.94)	2,042	33.0	3.0	2.5
Al Faleh Education Holding	0.76	(0.13)	9.50	183	14.6	0.7	2.5
Al Mahhar Holding	2.37	(0.88)	(3.51)	490	N/A	1.4	5.1
Consumer Goods and Services				32,073			
Qatar Industrial Manufacturing	2.54	(0.47)	1.00	1,205	8.1	0.6	5.1
Qatar National Cement	3.40	(1.79)	(15.38)	2,223	15.7	0.8	7.9
Industries Qatar	12.15	2.53	(8.44)	73,908	17.6	2.0	6.1
Qatari Investors Group	1.49	(0.53)	(2.99)	1,855	11.3	0.6	8.7
Qatar Electricity and Water	16.08	1.52	2.42	17,688	12.8	1.2	4.9
Aamal	0.83	(2.00)	(2.69)	5,235	11.9	0.6	7.2
Gulf International Services	3.30	1.66	(0.72)	6,140	8.0	1.5	5.1
Mesaieed Petrochemical Holding	1.32	(1.20)	(11.84)	16,558	23.3	1.0	4.3
Estithmar Holding	3.27	(0.94)	92.91	12,241	26.2	2.3	N/A
Qatar Aluminum Manufacturing	1.30	1.01	7.10	7,243	10.6	1.1	6.2
Industrials				143,896			
Qatar Insurance	1.92	(2.14)	(9.66)	6,264	11.1	1.0	5.2
QLM Life & Medical Insurance	1.99	(0.75)	(3.87)	695	10.9	1.1	5.0
Doha Insurance	2.57	0.04	2.60	1,283	6.8	1.0	6.8
Qatar General Insurance & Reinsurance	1.20	(0.66)	4.25	1,052	16.8	0.3	N/A
Al Khaleej Takaful Insurance	2.36	(0.63)	(1.34)	602	9.0	1.0	6.4
Qatar Islamic Insurance	8.68	(1.04)	0.05	1,302	9.0	2.3	5.8
Damaan Islamic Insurance Company	3.76	(1.05)	(4.91)	752	8.1	1.4	5.3
Insurance				11,949			
United Development	1.02	0.00	(9.08)	3,615	10.8	0.3	5.4
Barwa Real Estate	2.72	(5.56)	(3.89)	10,584	8.5	0.5	6.6
Ezdan Real Estate	1.04	0.19	(1.61)	27,559	163.4	0.8	N/A
Mazaya Qatar Real Estate Development	0.61	(1.77)	4.28	609	N/A	0.6	N/A
Real Estate				42,368			
Ooredoo	12.45	0.81	7.79	39,880	11.4	1.5	5.2
Vodafone Qatar	2.39	2.01	30.33	10,081	16.5	2.1	5.0
Telecoms				49,961			
Qatar Navigation (Milla)	11.00	2.90	0.09	12,498	11.0	0.7	3.6
Gulf Warehousing	2.90	0.24	(13.92)	170	10.7	0.7	3.4
Qatar Gas Transport (Nakilat)	4.91	2.57	18.41	27,219	16.4	2.1	2.8
Transportation				39,887			
Qatar Exchange				624,366			

Source: Bloomberg

Technical analysis of the QSE index



Source: Bloomberg

The QSE index closed up by 0.9% from the week at 10,558.34 points. The index, after losing the momentum in the previous week, tried to recover in the past week. The index may most likely attempt to test the 10,850 level in the coming weeks. However, the trend on the upside can only be confirmed if it manages to close above the mentioned level. Until then it may continue to consolidate in the channel zone.

Definitions of key terms used in technical analysis

RSI (Relative Strength Index) indicator - RSI is a momentum oscillator that measures the speed and change of price movements. The RSI oscillates between 0 to 100. The index is deemed to be overbought once the RSI approaches the 70 level, indicating that a correction is likely. On the other hand, if the RSI approaches 30, it is an indication that the index may be getting oversold and therefore likely to bounce back.

MACD (Moving Average Convergence Divergence) indicator - The indicator consists of the MACD line and a signal line. The divergence or the convergence of the MACD line with the signal line in-

dicates the strength in the momentum during the uptrend or downtrend, as the case may be. When the MACD crosses the signal line from below and trades above it, it gives a positive indication. The reverse is the situation for a bearish trend.

Candlestick chart - A candlestick chart is a price chart that displays the high, low, open, and close for a security. The 'body' of the chart is portion between the open and close price, while the high and low intraday movements form the 'shadow'. The candlestick may represent any time frame. We use a one-day candlestick chart (every candlestick represents one trading day) in our analysis.

LEGAL PERSPECTIVE

Equity shares and preference shares

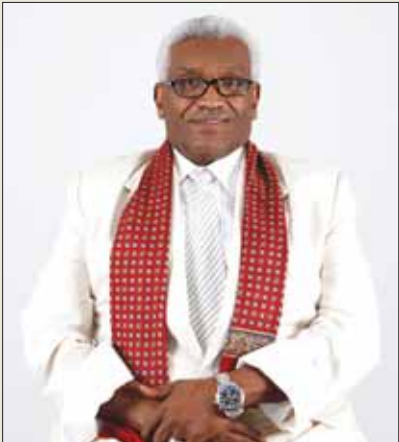
By Dr AbdelGadir Warsama Ghalib

Shares represent ownership in the company, as a shareholder is deemed owner due to holding a share(s). This type of shares, as referred to in the Company law, are equity shares or "ordinary shares". They are given this name, to distinguish them from other shares in the company. There are many types of shares, however, we will focus on "equity shares" and "preference shares". The holders of equity shares are the real owners of the company, and the number of shares held by them represents the portion of their ownership. Equity shareholders have some privileges, such as getting voting rights at the general meetings, appointing or removing directors and auditors, getting

profits and the more the profit the more are dividends collected. This does not mean that they will get the whole profit of the year, but the residual profit, which remains after paying all expenses and liabilities. On the other hand, preference shares, as the name indicates, gets precedence over equity shares on matters like distribution of dividends at a fixed rate and repayment of capital in the event of liquidation. The preference shareholders are deemed owners of the company like equity shareholders, however, they do not have voting rights except on matters which affect their rights like resolution or winding up of the company, or reduction of the capital. There are many types of preference shares, as participating or non-participating preference shares,

convertible and non-convertible preference shares, cumulative and non-cumulative preference shares. Herein, there are variations. Comparing the two types, we could say, equity shares cannot be converted into preference shares, whereas, preference shares could be converted into equity shares. Equity shares are irredeemable and preference shares are redeemable. The major difference is the 'right to vote', as equity shares carry this right and preference shares do not, generally, carry such rights. The rate of dividend is consistent for preference shares, while the rate of equity dividend depends on the amount of profit earned in the financial year and therefore it is changeable. Based on this, if anyone wants to invest in equity shares or preference shares,

he can do so. One thing to remember while investing is to purchase when the market is down and sell when the market is up. Another point, try to go for a long-term investment as it will give good returns in longer periods. The best form of investment in shares, could be mutual funds as the risk is comparatively less than individual stocks. Do not recklessly believe on any good advice, because some investments could give high returns, but they are the riskiest, so think twice before you opt to invest in stock market. Better, contact an advisor/broker to help in purchasing securities listed on the stock exchange and buying from secondary market. It could be a little bit expensive as you pay advisory and brokerage charges. But advisors and brokers in particular will help in opening accounts and completing the



legal formalities. This, among others, could give more protection to potential investors in such ventures.

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Asset managers jump back into Brazil's battered stock market

Bloomberg
Sao Paulo

Asset managers in Brazil are ramping up to take full advantage of a comeback in local equities after long stretches of weak performance pushed investors to flee. Some of the country's biggest asset managers, such as BTG Pactual Asset Management and Vinland Capital, have bolstered their equity teams in recent months as local stocks climbed to a record. At least two new equity-focused funds have opened since November — run by industry veterans who are relying on their experience to pull in investors weary of a market that has long struggled amid uninspiring economic growth and high borrowing costs. "Interest rates are historically high in Brazil," said Felipe Arslan, co-founder of the recently launched Morada Capital. "You have to take that into account when constructing a stock portfolio." Arslan has traded through numerous political and economic crises since the late 1990s, in stints at Morgan Stanley, Goldman Sachs Group Inc and Vinland. The benchmark Selic rate — currently at 14.75% — has been as high as 42% and as low as 2% in that span. That experience makes him confident he and partner Murilo Arruda, a former Verde Asset Management money manager, will "find value in Brazilian assets." Morada is using a combination of "timely hedges and good shorts" when building its portfolio, he said without giving details. It's a similar approach other market veterans are taking, calibrating positions to cap exposure to Brazil's riskiest stocks,



The financial district in downtown Sao Paulo. Asset managers in Brazil are ramping up to take full advantage of a comeback in local equities after long stretches of weak performance pushed investors to flee.

and investing some capital outside the country. "Having a broader view allows us, even in downturns in Brazil, to generate more opportunities for our clients," said André Caldas, who in April launched asset manager Springs Capital with Albert Munk. The firm has around 450mn reais under management, and a flagship fund with a long-short strategy. Both that fund, and another long-bias product, have exposure to local and global stocks, including in the US and across Latin America, Caldas said. The bets on a stock market that has seen weak performance in recent years may seem like a gamble,

and many aren't willing to take it. Investors have withdrawn 34.8bn reais (\$6.2bn) from equity funds this year, more than double the 15.5bn reais they pulled out in 2024. The value destruction has been even worse in the country's hedge fund industry, which has struggled to beat the industry benchmark and suffered record redemptions. But being bullish has proven timely: The benchmark Ibovespa stock index is up almost 14% this year, hitting a record in May and outpacing gains in US equities as well as other emerging markets. Foreign inflows into local equities have picked up, surpassing 21bn reais as of June 4. Last year, for-

signers sold 32bn reais in Brazilian stocks. The rally is the result of a rotation out of US assets into developing markets, a move sparked by Donald Trump's tariffs. It's also a bet that a long cycle of interest rate hikes has ended, and on a potential political change in 2026 presidential elections. Established firms are also putting more focus on the asset class. BTG's asset management arm in April launched a new equity desk called Synergy, spearheaded by Lucas Cachapuz and William Dominice. The pair has worked at some of Brazil's most well-known fund managers, including Genoa Capital, SPX Capital and JGP Asset Management.

Telefonica, Masorange said to weigh plans for Vodafone Spain

Bloomberg
Madrid

Telefonica SA and Masorange have held informal talks on a potential deal for Vodafone Spain, people familiar with the matter said, a move that could lead to further consolidation in the country's telecom market. One of the possible scenarios being explored would be to break up Vodafone Spain's fixed-line and its mobile or enterprise operations, due to possible antitrust issues, the people said. MasOrange could also potentially take over Vodafone's low-cost brand Lowi, one of the people said, asking not to be identified as the information is private. An acquisition of Vodafone Spain could also be pricey for any single telecom operator in Spain, the people said. Private equity firm Zegona Communications Plc acquired the former Vodafone Group Plc's Spanish operations last year for about €5bn (\$5.7bn). The exploratory discussions follow Telefonica Chairman Marc Murtra's calls for widespread consolidation among European telecoms, with Spain being a key market for the firm. Telefonica and Masorange haven't moved onto any formal deliberations and haven't made any formal proposals to Zegona, the people said. There's no guarantee a transaction would happen given the potential antitrust and funding issues, they added. A potential deal for Vodafone Spain, if proceed, could follow the playbook back in 2020 when Telefonica and two rivals in Brazil joined forces to buy another local competitor. The three buyers split up assets of Oi SA and clinched

regulatory approval for the unusual deal by arguing that it would be beneficial for the domestic market by making remaining players stronger. Spain's telecom market has been going through consolidation in recent years. Masorange was created in 2024 following the €18.6bn merger between Masmovil and Orange SA's Spanish operations, in a deal that created the country's largest operator by number of clients. Orange owns half the company with the rest held mainly by three private equity firms. The merger between Masmovil and Orange didn't help to significantly cool competition in one of Europe's most aggressive markets. Competition is especially fierce in the low-end of the market, with the number of clients who switch operators due to prices still a major concern for carriers. London-listed Zegona completed the acquisition of Vodafone's Spanish assets last year. Vodafone Spain has struggled for years, in part because its fibre-optic broadband relies more on older cables. Vodafone Spain and Masorange are working on setting up a fibre network venture in the country. Telefonica still dominates Spain's business services segment. For Telefonica, a key concern for any deal is its high leverage ratio given its credit rating is at the lowest of the investment grade spectrum. Murtra has said that he won't do anything that negatively impacts the company's investment profile. However, Telefonica can find ways to secure funding without affecting its leverage ratio, one of the people said. Representatives for Telefonica, Masorange and Zegona declined to comment.

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Don't count on a sustained Fed-ECB decoupling, says official

Bloomberg
Frankfurt

It would be wrong to expect a persistent policy divergence between the US Federal Reserve and the European Central Bank (ECB), according to Executive Board member Isabel Schnabel.

“I expect this trade conflict to play out as a global shock that’s working for both global demand and supply – we can discuss which of the two effects on inflation is larger because that that determines the net effect,” the German central banker said yesterday.

“But in any case, I would not expect a sustained decoupling,” she said at the 31 Dubrovnik Economic Conference. “And this is also what you see in market pricing.”

The ECB and the Fed raised interest rates in sync when inflation quickened in 2021 and 2022 and both started lowering borrowing costs in 2024. But while officials

in Frankfurt cut eight times to 2% from 4%, with the latest move on Thursday, the US central bank has been on hold since December 2024, with the federal funds rate in a range of 4.25-4.5%.

Fed officials are scheduled to meet June 17-18 in Washington and are widely expected to leave their benchmark rate unchanged. Many policymakers have said they want to wait for more clarity over how President Donald Trump’s policies on trade, immigration and taxation will affect the economy before they alter rates.

Despite diverging economic trajectories, inflation in the US and Europe shot up in the aftermath of the pandemic and retreated almost simultaneously after peaking in mid-2022. Some ECB officials including Schnabel have argued that inflation is becoming an increasingly global phenomenon.

More recently, however, price growth on both sides of the Atlantic somewhat diverged. While proven to be more sticky in the



Isabel Schnabel, executive board member of the European Central Bank.

US, it even eased below the ECB’s 2% target in May and is projected to average at 1.6% in 2026. At the same time Trump’s trade policies could raise prices in the US while it’s widely seen as disinflationary in the euro area due a weaker dollar, the softening of demand from

slower global growth and the diversion of cheap Asian exports.

“The argument goes that if China can no longer export to the United States, they’re going to flood the rest of the world and especially Europe with cheap goods – and that could then lead to high

inflation in the US and low inflation in Europe,” Schnabel said. “I would argue that this effect is actually quantitatively quite small.”

And even if “the effects were not small, you can be sure that there would be counteracting measures coming from the European Commission,” she said. “Therefore I would argue this is not an argument for divergence.”

President Christine Lagarde said on Thursday that the cutting campaign is nearing an end as the ECB is now “in a good position” to navigate uncertainties ahead. Some officials see borrowing costs already at their final destination, according to people familiar with their thinking.

On Friday, Greece’s Yannis Stournaras, one of the most dovish officials, told Bloomberg that “the bar for another rate cut is high” and it would need “big downward surprises” to growth and inflation to act again.

Euro-inflation eased more than expected in May to 1.9%, dipping

below the ECB’s 2% target, and is projected to even average at 1.6% in 2026, before returning to 2% in 2027. At the same time, the economy grew by 0.6% at the start of 2025, as countries including Ireland and Germany saw exports surge in anticipation of US trade tariffs. But this is likely to reverse in coming quarters.

Schnabel, one of the hawkish policymakers, said “I think we’ve made great progress” on inflation, even as the latest reading “was to a very large extent driven by energy.”

“But we do see that also the more persistent components are coming down,” she said. “And of course, yes, some of the numbers are still not where they should be. So wage growth is of course, at the, at the moment still too high service inflation still relatively high. Domestic generally is relatively high, but, so our confidence is there that kind of the past shocks are now failing and that we are in a, in a, in a good place on that.”

BoE's Greene sees disinflation continuing despite near-term hump

Bloomberg
London

Bank of England (BoE) rate-setter Megan Greene said disinflation in the UK is set to continue despite an acceleration in consumer-price growth in the near term.

“The disinflationary process is still ongoing and I say that even though inflation has actually ticked up over the past months and we expect it to continue to tick up through the third quarter of this year,” the UK central banker said yesterday.

Speaking at the 31 Dubrovnik Economic Conference, Greene said that “even though we have this near-term hump, we expect inflation to continue to come down toward our 2% target over the medium term.”

Greene is viewed as one of the most hawkish officials at the BoE. While she backed last month’s quarter-point interest-rate cut to 4.25%, she was in a group of policymakers that were tempted to leave borrowing costs on hold.

She said Saturday that the expected uptick in inflation is mainly due to on-off factors and not reflecting underlying prices. But officials must be aware of the risk that it will again feed through to wages and prices, Greene said.

“The last time we had a lot of second-round effects – we’re hoping that we won’t have second-round effects this time around, but we’re not sanguine about it,” the UK official said, adding that recent years have shown that simply looking through supply shocks is “not always the best way to go.”

Greene has warned of sticky price and wage pressures, and

is also concerned that the UK economy’s tepid growth could be driven by weak supply rather than low demand.

“On the activity front there hasn’t been much in the UK over the past nine months, so overall the economy has not really grown,” she said. “We’re expecting that to improve over the course of the next two to three years, mostly driven by consumption.”

She acknowledged though that there are risks in that regard, saying “it’s starting to feel like ‘waiting for Godot’ a little bit.”

“The UK consumer hasn’t really been spending, the savings rate has picked up to over 11.5%, so that’s going in the wrong direction,” she said. “So I think there is a risk that people might not consume even as interest rates come down.”

She believes Donald Trump’s tariffs are likely to be on balance disinflationary for the UK because inflation may be dampened by the hit to global demand and trade diversion effects, as exporters seek alternative markets for goods once destined for the US.

The hawkish signalling from the Monetary Policy Committee at their meeting in May and a fresh uptick in inflation has prompted investors to trim their bets on BoE easing.

While the panel has cut rates once a quarter since last summer, doubts have mounted over whether the policymakers will continue at that pace.

Traders have all but ruled out another move at their meeting later this month and see a cut at the August decision as 50-50. As of Friday afternoon, investors were expecting a further 39 basis points of cuts by the end of this year.

Trump pressures Fed chief to cut interest rates by ‘a full point’

Bloomberg
Washington

President Donald Trump purged the Federal Reserve to cut interest rates by a full percentage point, intensifying his pressure campaign against Chair Jerome Powell.

“Too Late’ at the Fed is a disaster!” Trump posted on Friday on social media, using a derisive nickname for Powell. “Despite him, our Country is doing great. Go for a full point, Rocket Fuel!”

While the size of Trump’s rate-cut demand – a full percentage point – was unusual, his call for the central bank to lower rates is not new.

The president, who first nominated Powell to the job in 2017, has regularly complained that the Fed chief has been too reluctant to cut borrowing costs. Trump pushed Powell to lower rates in a White House meeting last month.

Trump said later Friday he was considered successors for Powell, whose term as chair ends in May 2026. “It’s coming out very soon,” he told reporters on Air Force One, without naming any potential candidates. “I have a pretty good idea who,” Trump added.

After Trump was specifically asked about Kevin Warsh, a former Fed governor considered among the potential successors to Powell, he responded: “He’s very highly thought of.”

Fed officials are scheduled to meet June 17-18 in Washington and are widely expected to leave their benchmark rate unchanged, as they have done all year. Many policymakers have said they want to wait for more clarity over how



President Donald Trump and Federal Reserve chairman Jerome Powell.

Trump’s policies on trade, immigration and taxation will affect the economy before they alter rates.

It would be highly unusual for the Fed to lower its benchmark rate by a full percentage point at one meeting outside of a severe economic downturn or financial crisis. Officials last cut rates by a full point in March 2020, when the US economy was cratering as the Covid-19 pandemic prompted widespread shutdowns and layoffs, triggering a deep recession.

The Fed targets 2% inflation over time, and adjusts interest rates with the goal of maintaining both stable prices and maximum employment – the two responsibilities assigned to it by Congress. Lowering rates too quickly could stoke inflationary pressures, while holding them at high levels for too

long could restrain the economy more than desired.

Trump posted his call on social media after new data showed US job growth moderated in May, but was still better than expected, and the unemployment rate held at a low 4.2%. In a separate statement, the White House touted the “BOOMING economy,” including job gains, increasing wages and tame inflation.

Fed policymakers in recent weeks have described the labour market as on stable footing, which they’ve said provides further cause for them to keep borrowing costs steady for now – especially with inflation still above their target.

Trump, in a subsequent message, accused Powell of “costing our Country a fortune” by keep-

ing rates at their current level, saying they have increased borrowing costs for the federal government that “should be MUCH LOWER!!!”

“If ‘Too Late’ at the Fed would CUT, we would greatly reduce interest rates, long and short, on debt that is coming due. Biden went mostly short term. There is virtually no inflation (anymore), but if it should come back, RAISE ‘RATE’ TO COUNTER. Very Simple!!!!” he posted.

US borrowing costs have swelled in recent years as the Fed lifted interest rates to combat historically high inflation. The average interest rate on US Treasuries outstanding is currently around 3.36%, well above levels the government enjoyed before the Fed started ramping up rates.

UBS slams ‘extreme’ \$26bn capital demand in Swiss proposal

Bloomberg
Zurich

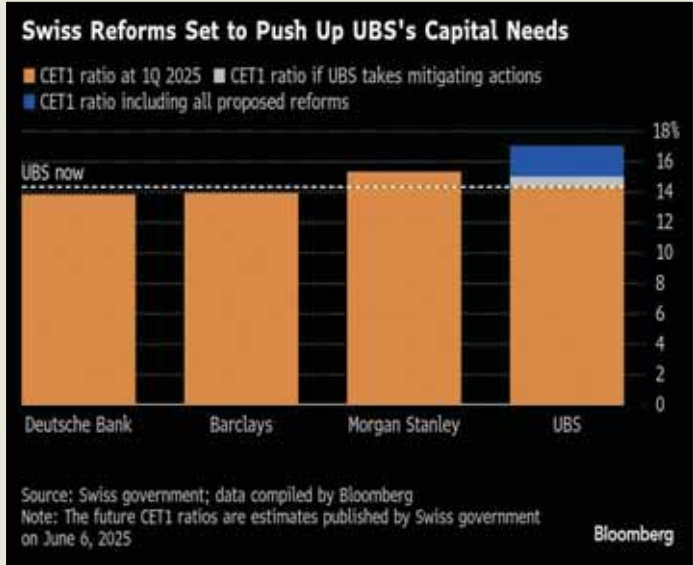
UBS Group AG said it would examine steps to mitigate the effects of the Swiss government’s proposal for as much as \$26bn in fresh capital requirements, calling the demand “extreme” and vowing to continue its push to dilute the regulations. After months of uncertainty that’s weighed on the Zurich-based bank’s share price, the Swiss Federal Council said on Friday that it would require UBS to back the capital in its foreign subsidiaries fully at the parent bank. The government estimates that this will force UBS to add as much as \$23bn in capital to its Swiss-based main unit, with the remainder coming from other measures. The bank has argued that the capital measures are an overreaction to the collapse of Credit Suisse in 2023 which puts them at a disadvantage to global peers and warned it could hurt their plans for investor payouts. “UBS will also evaluate appropriate measures, if and where possible, to

address the negative effects that extreme regulations would have on its shareholders,” UBS said in a statement late Friday.

The bank confirmed previously-announced buyback plans for 2025 and added that it will decide early next year on how much it will return in 2026.

While a year-long lobbying effort by Chairman Colm Kelleher and Chief Executive Officer Sergio Ermotti essentially fell flat, there were some crumbs of comfort for investors. Following parliamentary debate, a lengthy phase-in period could see the bank given until 2035 to fully comply, while the government suggested that the measures could reduce the lender’s reliance on relatively expensive convertible debt, or AT1s, as capital.

“The shares have massively underperformed its peers and it seems that today’s proposals were priced in,” said Andreas Venditti, an analyst at Bank Vontobel AG in Zurich. Bloomberg reported the decision on foreign units in May. UBS can now consider steps to meet the extra requirements including repatriating capital from



abroad or selling assets. Yet the bank has already mooted the much more extreme reaction of moving its headquarters abroad if the proposals ultimately materialise. The government justified its stance on the basis that UBS would be more resilient in a crisis, and in any case the bank has many ways to

mitigate the impact of the changes. It also said that the measures could entail a reduction of about \$8bn in the use of convertible debt, or AT1s, as capital. That would leave a need for an extra \$18bn in so-called “going concern” capital, it said. “How high the additional capital requirement is in the end depends

on many factors and to a large extent also on how UBS reacts to these measures,” Swiss Finance Minister Karin Keller-Sutter said at a press conference in Bern. The proposal on foreign units means that in an emergency, UBS “should be able to dispose of foreign subsidiaries either in part or in their entirety, without this negatively impacting the capitalisation of the parent bank,” the government said in a statement. “The required build-up of capital can ideally be achieved without raising capital, without excessively restricting organic growth and without excessive reduction in distributions.” The government also unveiled a list of other measures to be drafted into ordinances and legislation, including substantial new powers for the financial regulator Finma, including the ability to fine banks. Officials first touted the plans in April last year, a factor that has weighed on the share price. The stock has been essentially unchanged since then, while the Stoxx Europe 600 Banks index – which tracks the biggest banks in the euro area – has climbed about

by more than 40%. Details of the phase-in including its exact length and whether it will be front-loaded or linear will likely be announced in the fall when the government publishes the finalised draft of the adjusted law. It’s as of now unclear whether the decision on these details will rest with the government alone or require parliament’s approval, according to an official. Switzerland’s leadership also presented new rules for capital quality. These will update how banks have to quantify intangible items such as deferred tax assets, in-house software and other hard-to-value items they have on their books, adding up to a potential increase of \$3bn. These changes are planned to be implemented via an ordinance which doesn’t require lawmakers’ sign-off. Therefore they may enter force as early as the middle of next year. The government will now finalise the draft and propose the changes to parliament, which is expected to debate them in 2027. The new law likely won’t take effect before 2029.