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# GULF TIMES BUSINESS



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## Rwanda seeks Qatari investments in sports initiatives

By Peter Alagos  
Business Reporter

Rwanda is looking to Qatar to attract investments through a range of sports-related initiatives, an embassy official has stated, citing Kigali as a regional hub for conferences, sports, tourism, and innovation.

Speaking at a recent networking event in Doha, Jean Claude Ngarambe, first secretary at the embassy of Rwanda in Qatar, lauded the Gulf nation's "strong diplomatic ties" with his country and the "shared vision for sports as a transformative power".

According to Ngarambe, Qatar's successful hosting of the 2022 FIFA World Cup has shown the world what is possible when sports is embraced not only as a form of competition, but as a national development strategy.

"Through strategic investment, infrastructure, and global events, Qatar has become a beacon of what sport can achieve in the 21st century," Ngarambe emphasised during the event, which explored opportunities to be presented at the 'SportsBiz Africa Forum 2025' (SBA2025), scheduled on September 9-10 in Kigali.

During his speech, Ngarambe also highlighted Rwanda's shared conviction that fostering sports and other related activities is "a powerful lever for youth development, for innovation, for socio-economic progress".

He explained that SBA2025 aims to unlock Africa's potential in the global sports economy, noting that Africa's sports industry currently contributes only "0.5%" to the continent's GDP, far below the global average of "2%".

Despite this, Ngarambe emphasised that "the potential is vast", with estimates suggesting that "every \$1 invested in sport can yield up to \$124 in economic value" due to the interconnected ecosystem of media, tourism, event management, infrastruc-

Jean Claude Ngarambe, first secretary at the embassy of Rwanda in Qatar. PICTURE: Shaji Kayamkulam

ture, technology, and talent development

Referring to Rwanda, Ngarambe mentioned the country's reputation as a business-friendly partner with a strong legal framework, transparent governance, and efficient infrastructure, positioning Kigali as a regional hub for conferences, sports, tourism, and innovation.

He reiterated that key features of SBA2025 will include a policymaker's roundtable to create a continent-wide approach to industry growth and a deal room connecting investors with viable ventures.

Ngarambe called on stakeholders from Qatar who participated in the networking event to join in Kigali and partner in building a sector that can "uplift communities, create jobs, and define Africa's future on its own terms".

He expressed hope that "as Rwanda and Qatar depend on our collaboration, let us work together to make the sports industry a shared success story for our economies, our youth, our continents".

Organised by Rwanda Events, in partnership with the Rwanda

Convention Bureau, the networking event aimed to foster partnerships, promote investment opportunities, and share insights on the latest advancements in these interrelated fields during SBA2025.

Christian Gakwaya, CEO of Rwanda Events, also underscored Qatar's significant contributions to the global sports industry and its potential to collaborate on the upcoming forum.

Gakwaya explained SportsBiz Africa as an initiative that began in Rwanda last year, built on four pillars: SportsBiz Africa Capital, a "\$350mn" fund aiming to close at "\$120mn" by September; SportsBiz Academy, focused on educating and training African talents for the global sports ecosystem; Sports Connect, a platform linking African talents with employment in the sports sector; and the SportsBiz Africa Forum, an annual two-day event.

He also extended an invitation to attend the forum in September, highlighting its "deal room" for investment opportunities and a roundtable for 20-25 African sports ministers and ecosystem partners.

## QSE records five indirect acquisitions valued at QR583mn in 2024

By Santhosh V Perumal  
Business Reporter

The Qatar Stock Exchange (QSE) listed companies witnessed five indirect acquisitions valued at QR583mn during 2024 with a vast majority of them overseas, according to the official data.

"During 2024, five acquisitions were completed worth QR583mn. Such transactions varied between indirect acquisitions inside and outside Qatar, and included many sectors such as industrials, transportation, banks and financial services," the Qatar Financial Market Authority (QFMA) said in its latest annual report. Of the five acquisitions, three were indirect inside the country and valued at QR43mn (7% of the total) and were in the banks and financial services, industrials and transportation sectors; while the remaining 93% or QR540mn was for indirect acquisition overseas and in the banks and financial services/industrials sectors. The QFMA, through Securities Offering and Listing Affairs Department as the competent department, receives applications for companies' offering and listing, and applications for acquisition and merger, in cooperation with the 'One Single Window Committee'.

It reviews the offering and listing prospectuses in addition to analysing the evaluation reports to verify the eligibility and worthiness of the companies applying for listing in the financial market and the requirements

QSE-listed companies witnessed five indirect acquisitions valued at QR583mn during 2024 with a vast majority of them overseas, according to the official data.

of acquisition and merger transactions, in a manner that ensures the transparency and disclosure required for investors to make their decisions properly. During 2024, the QFMA had received five applications for issuing shares, of which four are still under process; while a decision is pending on another exchange traded fund (ETF) as well as on one real estate investment trust. The QSE already has two ETFs, sponsored by AlRayan Bank and Doha Bank.

During 2024, Al-Faleh Educational Holding Company moved from the venture market to the main market. All of the company's shares were listed with its capital of 240mn shares, bringing the number of companies listed on the main market to 52. The QFMA approved the listing of Qatar Electronic Systems Company (Techno Q) on the QSE's venture market. All of the company's shares, with a capital of 84.5mn shares,

worth QR245.05mn, were listed directly without offering its shares for public subscription. This listing comes as part of QFMA's efforts to enhance diversity in the market and increase investment opportunities for investors.

The listing of Techno-Q on the secondary market enables it to benefit from public funding and expand its investor base, in addition to enhancing transparency and financial disclosure in line with listing requirements.

During 2024, as many as 55 government debt instruments were listed, as treasury bills and debt bonds, with a total nominal value of QR51bn. During 2024, the QFMA also issued as many as 56 ISINs: 37 treasury bills, 18 debt bonds and one newly listed company. ISIN or International Securities Identification Number is a 12-character alphanumeric code that uniquely identifies a specific security.

## 'US-UAE mega AI data campus deal far from finalised'

A multi-billion dollar deal to build one of the world's largest data centre hubs in the United Arab Emirates with US technology is far from being concluded due to persistent concerns, sources familiar with the matter told Reuters. The US and the Gulf state unveiled the massive artificial intelligence campus project set to contain a cluster of powerful data centres during President Donald Trump's two-day visit to Abu Dhabi last month. The planned 10-square-mile (26sq km) site is being funded by G42, an Emirati state-linked tech firm that is driving the development of its artificial intelligence industry. Technology giants Nvidia, OpenAI, Cisco, and Oracle, along with Japan's

SoftBank, are working with G42 to build the first phase, known as Star-gate UAE, set to go online in 2026. The project, which plans to use advanced Nvidia AI chips, has been promoted by Trump officials as a win in steering Gulf states toward US technology over Chinese alternatives. But according to five sources briefed on the project, US officials have yet to determine the security conditions to export the advanced chips or how the agreement with the Gulf state will be enforced, leaving the deal far from resolved.

During Trump's visit, Abu Dhabi pledged to align its national security regulations with Washington, including safeguards to prevent the diver-

sion of US-origin technology. But US officials remain cautious about the UAE's relationship with China, four of the sources said, noting that the concerns are consistent with those raised during both the Biden administration and Trump's first term.

A White House spokesperson referred Reuters to the Commerce Department, which did not respond to a request for comment. Neither did the UAE government.

Four sources said the US administration had no clear timeline for finalising the deal. Abu Dhabi would need to accept yet-to-be-defined US controls on the technology, but it could also request amendments that may delay final approval, they said.

## Qatar, GCC have world-class hubs, but region's aviation developing 'unevenly'

By Pratap John  
Business Editor

Qatar and other GCC countries, mainly the UAE and Saudi Arabia, have world-class hubs (airports) and fleets with strong government-backing, noted IATA regional vice-president Kamil Alawadhi.

"Aviation in the Middle East is not developing evenly. The region contains some of the world's richest and poorest countries, with stark gaps in aviation capacity and investment," Alawadhi said referring to lower-income countries like Yemen, Lebanon, and Syria that face declining infrastructure, underfunded civil aviation authorities, and outdated fleets.

"A co-ordinated regional approach is essential to narrow the gap," Alawadhi said at a recent media event on the sidelines of IATA's Annual General Meeting in New Delhi.

Ongoing conflicts in Yemen, Syria, Iraq and Lebanon have resulted in prolonged airspace closures and significant disruption to flight operations.

These conditions have weakened aviation infrastructure, eroded investor confidence, and limited access to critical markets, he said.

Overflight restrictions, particularly around Iranian and Syrian airspace, have forced airlines to reroute — raising fuel consumption, increasing emissions, and extending flight times.

Conflict zones also hinder intra-regional connectivity, slowing economic integration and impeding the mobility of people and goods; especially in countries that would benefit most from enhanced air access.

Sanctions limit access to aircraft, parts, and finance, isolating some carriers from the global aviation system and hindering safety and growth.

"While aviation has shown remarkable resilience amid political uncertainty, its full potential is unlocked in environments that are stable, peaceful, and open to international engagement," Alawadhi said.

Year-to-date (YTD) demand for Middle East, which compares January to April this year with January to April 2024, was up 6% in line with global average.

Again, the YTD cargo performance for the Middle East region reflects some challenges and was down 5.3% during the period under review, he noted.

According to Alawadhi, Middle East pas-

Qatar and other GCC countries, mainly the UAE and Saudi Arabia, have world-class hubs (airports) and fleets with strong government-backing, according to IATA regional vice-president Kamil Alawadhi (left).

senger numbers will double, reaching 530mn in 2043.

Traffic will grow at an average annual rate of 3.9% over the 2023 - 2043 period, he said. Blocked funds remain a challenge in the region, Alawadhi said and noted the Africa and Middle East (AME) region accounted for

85% of blocked funds (globally).

As of April, globally, there is a total \$1.28bn in blocked funds.

Of this, 85% is blocked in Africa and Middle East for a total of \$1.1bn, and out of that, \$919mn is tied up in African countries.

"Significant improvements have been made

in Nigeria, Egypt and Ethiopia over the last year, with Nigeria no longer on the list of blocked funds countries. However countries in AME continue to top the blocked funds list. Mozambique is currently withholding the largest amount of blocked funds globally, followed by the XAF Zone (Cameroon, Central African Republic, Chad, Republic of the Congo (Congo-Brazzaville), Equatorial Guinea, Gabon) and Algeria and Lebanon," he noted.

Alawadhi emphasised cash flow is key for airlines' business sustainability - when airlines are unable to repatriate their funds, it severely impedes their operations and limits the number of markets they can serve.

Reduced air connectivity hampers countries' competitiveness, diminishes investor confidence and labels countries as a high-risk place to do business.

Strong connectivity is an economic enabler and generates considerable economic and social benefits.

"We call on governments to prioritise aviation in the access to foreign exchange on the basis that air connectivity is a vital key economic catalyst for the country," Alawadhi added.



## Hedge funds hike bullish oil bets amid Canada wildfire risk

**Bloomberg**  
New York

Hedge funds boosted their bullish stance on US crude by the most in five months as wildfires endangered Canadian flows and Opec+ increased production less than some had feared. Money managers increased their net-long position on West Texas Intermediate by 42,496 lots to 163,078 lots in the week ended June 3, the biggest jump since January, data from the Commodity Futures Trading Commission show. At the same time, net-long bets on Brent crude rose to a two-month high, according

to figures from ICE Futures Europe. Wildfires in Canada's energy heartland of Alberta at one point shut down almost 350,000 barrels of daily heavy crude production – about 7% of the country's output – as a major blaze near the province's eastern border threatened oil sands operations. The blazes have put flows to critical American storage hubs at risk, and further blunted the impact of a smaller-than-feared Opec+ supply boost. At the same time, Ukraine struck air bases deep in Russia, while nuclear talks between the US and Iran stalled as uranium enrichment remained a key sticking point in negotiations.



# US targets niche gas that China can't replace as trade war chip

**Bloomberg**  
Washington

The US is using its dominance of a niche petroleum gas as a bargaining chip in its trade war with China.

America supplies China with almost all of its ethane, a product of the shale boom that's used as a building block for making plastics. But the commerce department is now ordering shippers to apply for export licenses, and has told at least one, Enterprise Products Partners LP, that it intends to withhold permits for three China-bound cargoes.

The trade war is throwing a spotlight on how the US and China rely on each other for certain commodities – dependencies that both nations are seeking to leverage as they negotiate terms to resolve their dispute. In this case, America is the world's biggest producer of ethane, which is converted into ethylene for plastics factories, and China is its largest customer.

The commerce department has cited risks that petroleum products like ethane could be diverted to the military, copying the playbook deployed by Beijing in justifying restrictions on what it calls dual-use items such as rare earths and other critical minerals. "Ethane is no longer just a byproduct of shale – it's now a geopolitical weapon," said Julian Renton, lead analyst covering natural gas liquids at East Daley Analytics. "China bet billions building infrastructure around US ethane, and Washington is now questioning whether that bet should continue to pay off."

America's shale revolution and



A natural gas flare on an oil well pad burns as the sun sets outside Watford City, North Dakota. America supplies China with almost all of its ethane, a product of the shale boom that's used as a building block for making plastics. But the commerce department is now ordering shippers to apply for export licences, and has told at least one, Enterprise Products Partners, that it intends to withhold permits for three China-bound cargoes.

China's rapid industrialisation has coincided this century to create a market where cheap energy byproducts are parlayed into millions of tons of materials used as trash bags and shampoo bottles, car seats and computer keyboards.

But companies that prospered from co-operation are now caught in the crossfire of an increasingly antagonistic trade relationship between Washington and Beijing. Chinese firms such as Satellite Chemical Co operate giant petrochemical plants that process US ethane almost exclusively. US producers like Enterprise Products Partners and Energy Transfer LP rely

on exports, almost half of which go to China, to augment sales in their heavily saturated domestic market.

Joint Venture Energy Transfer and Satellite formed a joint venture in 2018 to construct a new export terminal on the US Gulf Coast to provide ethane for the Chinese company's plants. It's an example of how infrastructure that facilitates the ethane trade – from specialised terminals and pipelines to expensive tankers purpose-built to carry the fuel – can revolve around long-term relationships between a single buyer and seller, said Renton.

The vessels that ship the gas, dubbed Very Large Ethane Carriers,

are another case in point. There are about 30 in the world, according to Kpler ship-tracking data, plying dedicated routes.

There's not much of a spot market to absorb dislocations in supply or demand, said Renton. "These aren't oil tankers that can pivot mid-ocean," he said. At least one VLEC is now idling off the Gulf Coast waiting for its next move, which looks dependent on the US government's approach to licensing. But there's more at stake than the fate of a few cargoes.

"It throws a wrench into multi-billion dollar, multi-decade commercial planning cycles," said Renton.

## This low-tech solution cuts shipping emissions by 24% with climate dividend

**Bloomberg**  
San Francisco

During the pandemic, as many as 100 giant container ships would idle off the Southern California coast, belching pollutants as they waited for a berth to unload cargo at the twin ports of Los Angeles and Long Beach. But traffic on the marine equivalent of LA's perpetually clogged 405 freeway dissipated once officials implemented an OpenTable-style system that reserves a place in line at the ports for arriving vessels.

Now, researchers have calculated that the queuing system at the busiest seaport complex in the US is also paying a climate dividend, reducing estimated carbon dioxide emissions by as much as 24% per voyage between East Asia and Southern California.

Before the launch of the queuing program in 2021, the twin ports, along with most other ports around the world, relied on a century-old first-come, first-served approach to assigning dock space that encouraged ships to "sail fast, then wait", according to the researchers. But since the queuing system tracks a vessel's journey as it departs its last port of call, captains can slow down without fear of losing their spot in line. That reduces fuel consumption and emissions.

"One of the big wins of this is that it's really sort of a low-tech, low-hanging-fruit way to cut emissions for the shipping industry," said Rachel Rhodes, lead author of the peer-reviewed paper published recently in the journal Marine Pollution Bulletin.

Ships transport more than 80% of the world's trade in goods and account for about 3% of global greenhouse gas emissions, an amount greater than Japan's share. Many technologies that shipping companies are testing to curtail emissions, such as onboard carbon capture, biofuels and high-tech sails, tend to be complex and costly with an uncertain return on investment.

Logistical tweaks such as the queuing system, though, are relatively inexpensive. It costs around \$300,000 annually to operate the Los Angeles initiative, according to the ports, which have funded the program through 2027. Slowing down Rhodes, a project scientist at the Benioff Ocean Science Laboratory at the University of California at Santa Barbara, and her colleagues analysed 125mn location records generated by 1,157 container ships as they made voyages from East Asia to Los Angeles between 2017 and 2023. By integrating data on vessel size, cargo capacity and engine type, the scientists were able to estimate CO2 emissions for each of 10,000 journeys taken before and after the queuing system took effect.

They found that emissions per voyage dropped by 24% in 2022 and nearly 16% in 2023.

The researchers determined that average ship speed fell from 18.6 knots to 15.9 knots in 2022 and to 17.6 knots in 2023. That's also a win for whales: Slower speeds can result in fewer fatal collisions with the giant marine mammals.

"Ships are still going pretty fast, but every knot does help," said Rhodes.

While the queuing program is voluntary, more than 95% of shipping companies docking at the two ports participated, Rhodes said. The researchers acknowledged that other factors, including companies' climate and business priorities and the type of vessels they operate, can affect ship speed and emissions. They also found that four smaller West Coast ports that don't deploy a queuing system also experienced overall drops in emissions.

Will it work at other ports? The Port of Oakland in California began using Los Angeles' queuing system in 2022, and the Port of Rotterdam in the Netherlands last October began automatically assigning ships docking times once they come within 276 miles (444 kilometres) of the harbour. But most ports still rely on first-come, first-served to allocate berths, and it remains to be seen how widely queuing will be adopted worldwide, according to Valerie Thomas, a professor of industrial engineering at the Georgia Institute of Technology who researches sustainable shipping solutions.

## Bloomberg QuickTake Q&A

# How Trump is going after international students

By Erik Larson

President Donald Trump's broad crackdown on immigration is spreading confusion and fear among the more than 1mn international students who attend US universities. On June 4, Trump signed an executive action that aims to prevent foreign nationals from entering the US to study at Harvard University. (The next day, a US district judge temporarily blocked the government from enforcing the order.) The president has indicated he may try to revoke the right of other universities to host international students. The administration has also stoked concern that international students' suspected political views and protest activities can put their legal status at risk.

Trump's standoff with Harvard is part of his broader crackdown on elite universities, which he derides as biased against certain groups. His actions have triggered an array of high-profile lawsuits by foreign students as well as Harvard, which has millions of dollars in tuition at stake. Those cases are still in their early stages, and may ultimately be resolved by the US Supreme Court – a waiting game that's forcing some students to make a plan B.

### How is Trump creating risks for foreign students?

Trump has ordered his administration to carry out a wide-ranging crackdown on what he describes as rampant antisemitism on US campuses. Students and all other non-citizens who are legally in the US can face deportation if they commit a crime or are judged to be a threat to public safety or national security. Several international students in the US on student visas, some of whom participated in pro-Palestinian activities, have been swept up in Trump's dragnet on this basis. The administration earlier this year moved to revoke visas for some students over alleged anti-Semitic activity related to protests

against Israel's war in Gaza. The government shrugged off concerns about free speech; Secretary of State Marco Rubio argued that "every country in the world has a right to decide who comes in and who doesn't." The crackdown has led to several high-profile court fights, including those brought by Columbia University graduate student Mahmoud Khalil, who led negotiations with administrators during campus Gaza protests, and Tufts University graduate student and former Fulbright scholar Rumeysa Ozturk, who co-authored an opinion piece in support of Palestinians. They're among several students who were arrested for political activities and are fighting deportation. Rubio has also announced that the US plans to start "aggressively" revoking visas for Chinese students. Affected individuals, he said, will include "those with connections to the Chinese Communist Party or studying in critical fields." Additionally, on June 4, Trump issued a travel ban that could impact foreign students from some countries. The ban, due to take effect on June 9, blocks citizens of 12 countries, mostly in the Middle East and Africa, from entering the US. The measure also partially limits entry of people from Burundi, Cuba, Laos, Sierra Leone, Togo, Turkmenistan and Venezuela.

### What is the SEVIS programme and how does it fit in?

The Student and Exchange Visitor Information System (SEVIS), which is run by the Department of Homeland Security, is a database of international students used in recent decades in response to concerns that lax records could allow terrorists posing as students to enter the country undetected. The database is used to ensure that students seeking admission to the US and the schools that would host them are both legitimate. US educational institutions are required to retain SEVIS certification in order to enrol students from abroad. The Trump administration earlier this year



Harvard University students wearing graduation gowns walk through Harvard Square in Cambridge, Massachusetts, US on May 29. President Donald Trump's broad crackdown on immigration is spreading confusion and fear among the more than 1mn international students who attend US universities.

begin terminating the SEVIS records of thousands of foreign nationals, placing them at risk of arrest, detention and even deportation. The move came as the administration said it was taking steps to crack down on foreign students with criminal records, though some targeted students have argued they did not commit any crimes.

### How does Harvard's clash with Trump fit into all of this?

The Trump administration has attacked Harvard on multiple fronts. On May 22, the administration stripped Harvard of its SEVIS certification, barring the university from accepting any foreign students and requiring those already on campus to transfer to other schools or go home. Trump then signed an executive action to block foreign nationals from entering the country to attend Harvard, accusing the school of discriminating in its admissions practices and failing to implement discipline on campus. The president also accused the university of

having "developed extensive entanglements with foreign countries" and criticised its researchers for partnering with Chinese colleagues in ways that could advance Beijing's military modernisation effort.

### How have the courts responded so far?

Several students who were detained over their political activities were freed by judges while they fight deportation. The judges ruled that the detained students had strong arguments that the government was stifling constitutionally protected speech. And a federal court on May 23 issued an order barring the administration from cancelling SEVIS records of students without completing an individualised review and following the criteria laid out in federal regulations, slowing such deportations. In the Harvard SEVIS case, US District Judge Allison Burroughs said at a May 29 hearing that she would extend a temporary pause she had previously put in place. The judge said she would issue a new order based on input

from lawyers for the two sides. On June 6, Burroughs granted Harvard another reprieve, this time from the foreign student ban issued by Trump in a June 4 proclamation. The Boston-based judge granted a temporary restraining order, saying Harvard would face "immediate and irreparable injury" if the action went into effect. A hearing is set for June 16.

### What options do international students have if their school loses certification?

Visas are tied to specific schools, so if a student's university loses certification, he or she will need to return home or go through a process of switching to another institution. The new school would need to have SEVIS certification. Another option for students is filing a legal claim to argue they're being treated unfairly as a result of the SEVIS certification of their school of choice being revoked, though no such lawsuits have been filed.

### Why do US universities host foreign students?

The US government has a long history of promoting its universities to foreign students to attract the best talent, expand the horizons of American students and ultimately give the US a competitive boost in the global economy. The government does this through initiatives like the State Department's EducationUSA arm, which runs more than 430 advising centres for prospective students in more than 175 countries and territories. The approach has worked. For decades the US has hosted a disproportionately large number of international students relative to other countries, though it increasingly faces stiff competition from Canada, Australia, the UK, and other countries. While the initiative is seen as a boon for the US, it also benefits foreign students, who enjoy the prestige of a US diploma and often remain in the US and start their careers.

# US stocks edge towards records with inflation data, policy progress in focus

Reuters  
New York

The US stock rebound has driven key indexes to the cusp of record levels, with fresh economic data and trade and fiscal policy developments set to test whether equities will get an extra push higher in the near term.

A monthly US inflation report headlines the events for markets in the coming week. Equities have bounced back from a steep fall in April, sparked by concerns about the economic fallout from President Donald Trump's tariff plans. Stocks ended the week on a high note, with the S&P 500 closing on Friday above 6,000 for the first time since late February, buoyed by a monthly US jobs report that calmed worries about the economy. The benchmark S&P 500 ended on Friday 2.3% off its record closing high from February. "I'd still say it's a cautious tone" in the market, said Jim Baird, chief investment officer with Plante Moran Financial Advisors.

Despite a "recovery off the lows, I still think it's a market that is looking for greater clarity." Some uncertainty stems from how the US economy is weathering the shifting trade backdrop. Trump has eased back on some of the harshest tariffs since his April 2 "Liberation Day" announcement sent stocks tumbling, but investors are waiting to see how other levies may be rippling through the economy.

The consumer price index report for May, due on Wednesday, could give insight into the tariff impact at a time investors are wary of any flare-ups in inflation. "Consumers are feeling the impact of higher prices and if there are indications that near-term inflation could re-accelerate, that is going to put



Traders work on the floor of the New York Stock Exchange. The US stock rebound has driven key indexes to the cusp of record levels, with fresh economic data and trade and fiscal policy developments set to test whether equities will get an extra push higher in the near term.

further pressure on discretionary spending and ultimately could lead to a more pronounced slowdown in growth," Baird said.

The CPI report will be one of the last key pieces of data before the Federal Reserve's June 17-18 meeting. The US central bank is widely expected to hold interest rates steady at that meeting, but traders are pricing in nearly two 25-basis point cuts by the end of the year. "If we see inflationary data that defies what people are concerned about based on this tariff talk and it comes in cooler, then that could also be a catalyst to at least test those old highs," said Jay Woods, chief global strategist at Freedom Capital Markets. For the year, the S&P 500 is up

2%. But the index has stormed back over 20% since April 8, at the depth of the stock market's plunge on concerns over the tariff fallout.

Investors also are grappling with uncertainty over a sweeping tax-cut and spending bill under review in the US Senate. Wall Street is monitoring how much the legislation could stimulate economic growth, but also inflate the country's debt burden as widening fiscal deficits have become a central concern for markets in recent weeks. "As debt increases, it has a greater negative impact on growth," said Kristina Hooper, chief market strategist at Man Group. The legislation also appeared to be the source of a severe rift between

Trump and Tesla chief Elon Musk, which weighed on stock indexes.

Former Trump ally Musk called the bill at the heart of Trump's agenda a "disgusting abomination," while Trump said he was "disappointed" by the billionaire's public opposition. Trade talks also remain at the forefront of markets, with a 90-day pause on a wide array of Trump's tariffs set to end on July 8. Trump said on Friday three of his cabinet officials will meet with representatives of China in London on Monday to discuss a trade deal. "When it comes to policy from Washington, DC, there are still big question marks," said Bob Doll, chief investment office at Crossmark Global Investments.

# ECB should not 'overreact' if inflation edges below 2%: Official

Reuters  
Dubrovnik, Croatia

The European Central Bank (ECB) should not "overreact" to eurozone inflation edging below its 2% target as there are good reasons to believe it will come back up, ECB policymaker Boris Vujcic told Reuters.

The ECB cut interest rates on Thursday for the eighth time in a year but signalled at least a policy pause next month, despite projecting inflation at just 1.6% next year. Inflation in the 20 countries that share the euro was 1.9% in May, according to a flash reading published last week. Vujcic, who is also Croatia's central bank governor, said price growth was likely to bounce back later and that monetary policy should not try to do "precision surgery" on small fluctuations from its goal.

"A few tens of basis points' deviation on either side of the target is not a problem," Vujcic said in an interview on Saturday in Dubrovnik. "Because you will always have small deviations. If you consider them as a problem, then you will overreact. This is not precision surgery." Vujcic said it was reasonable to expect inflation to edge back up as energy prices find a bottom and the economy accelerates. Euro strength is also unlikely to have second-round effects on prices unless it lasts several quarters, Vujcic said.

Some ECB policymakers, especially Portugal's central bank governor Mario Centeno, worry that eurozone inflation may slow too much. Vujcic said he sees the risks surrounding

the inflation outlook as "pretty balanced" but cautioned there was "complete uncertainty" surrounding global trade tensions with US President Donald Trump's administration.

Vujcic recalled advice he received as a young deputy governor from then-Federal Reserve Chair Alan Greenspan: a high rate of inflation was more dangerous than a low one. Greenspan cited two decades of relatively benign deflation in the late 19th century, which was partly due to improvements in productivity, Vujcic said.

"Nobody cared about low inflation because of the productivity growth," he said. "You have a monetary policy problem to bring it up. Yes, but why would you insist so much if you don't have a problem in the economy?" The ECB is reviewing its long-term strategy, including the role of massive bond purchases, or quantitative easing, in reviving inflation when it is too low.

The ECB injected some 7tn euros (\$8tn) of liquidity into the banking system through QE and other tools over the past decade. These schemes were blamed for inflating bubbles in real estate and setting up the central bank for sizeable losses.

"The next time around, people will take the lessons from the previous episode, and I think that the bar for QE would be higher," Vujcic said.

He said QE could help stabilise dysfunctional markets — such as during the 2008 financial crisis and the Covid-19 pandemic — but if used "for years and years to try and bring inflation up, its marginal efficiency declines".

# Yield hunters fuel a \$331bn wave of emerging bond sales

Bloomberg  
New York

Strong demand from yield-hungry investors is driving a surge in developing-world bond sales as borrowers race to secure financing ahead of any further wobbles in global markets.

Since the beginning of the year, emerging-market governments and companies have sold \$331bn in debt denominated in hard currencies like the dollar and euro, according to data compiled by Bloomberg. That is the fastest pace in four years and already surpasses the total in the first half of 2024.

Investors have fuelled a broad rally in international assets amid questions about the long-standing dominance of US markets, which have sent the value of the dollar down.

Bank of America Corp and JPMorgan Chase & Co both forecast that EM assets should gain with a declining dollar, while Societe Generale said local assets in

developing nations are going through a "goldilocks" moment. The extra yield investors demand to hold dollar bonds from emerging countries over US Treasuries has fallen and is inches away from the lowest level since 2020, according to a JPMorgan index. But demand has held up because spreads are tighter in US markets as well.

"If you're a CFO or treasurer you go when the window is open," said Omotunde Lawal, head of EM corporate debt at Barings Investment Services. "If US fiscal concerns keep on the top of minds then US yields will push higher — so maybe best to issue now rather than later."

A lack of clarity about the strength of the US economy is also leading many borrowers to issue bonds quickly in case there is more turmoil ahead, according to Stefan Weiler, the head of debt capital markets for Central Europe, the Middle East and Africa at JPMorgan in London.

"From a borrower perspective, the incentive of being patient has gone,"

Weiler said. If there is a US recession, which JPMorgan assigns a 40% probability to, spreads would likely widen, making it more expensive for emerging markets to borrow, he added. "It's really more about accessing the market when it's available."

The strong issuance began early in the year as developing nations around the world moved past a wave of post-pandemic defaults in 2024 and countries from Vietnam to Chile announced new economic reforms.

While there was a slowdown immediately after US President Donald Trump announced global tariffs in early April, causing volatility to skyrocket, the market for emerging bonds bounced back strongly after the threat of harsh levies faded.

The lull may be short-lived as the administration is set to review tariff policies in early July.

"EM has proved to be a comparative safe haven over this period," according to Carmen Altenkirch, an analyst at Aviva Investors. "Fundamentals have continued

to improve, and sovereigns are getting rewarded for their prudence." Investment-grade borrowers have accounted for more than 70% of the total bonds issued this year, data compiled by Bloomberg show.

Mexico landed a record deal at the start of the year, while Saudi Arabia sold \$12bn in a triple-tranche transaction and activity out of China also picked up.

In the Middle East, where most borrowers are investment-grade, funding needs surged amid the collapse in oil prices. The region has seen strong deal activity and will likely account for more than 40% out of all CEEMEA issuance this year, according to Weiler.

The return of Latin American companies, many of whom had not been active in offshore markets, also helped drive volumes higher, said Adrian Guzzoni, head of debt capital markets for the region at Citigroup Inc. He's expecting full-year volumes for Latin America to surpass last year's figures.

Some high-yield names, such as Brazil, Peru and Telecom Argentina

SA have also recently tapped markets. Kyrgyzstan raised \$700mn in its first-ever international bond sale, attracting over \$2.1bn in demand for its five-year notes at a yield of 8%.

But not all junk issuers can take advantage of this window, highlighting the bifurcation in the developing world in times of high uncertainty.

"Higher Treasury yields, trade uncertainty, and lower oil prices place many lower-rated frontier countries at a distance from market access," said Samy Muaddi, head of emerging-markets fixed income at T Rowe Price Associates, Inc in Baltimore.

Morgan Stanley strategists are expecting nations like Poland, Romania, Kuwait and Kazakhstan to tap the market soon. Central America countries like Costa Rica and Guatemala may also turn up, said Claudia Calich, head of EM debt at M&G Investment Management.

"If anybody wants to issue, we still have probably a four- to six-week window now," said Calich. "Otherwise, you have to wait until September."

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# Traders scour for ‘elusive’ catalyst to push S&P 500 to record

**Bloomberg**  
New York

For stock traders there's little to fear at the moment. Corporate America keeps churning out solid earnings. The chances of a recession aren't blaring. And President Donald Trump's tariff policy is expected to become more clear before long.

So what's there to worry about? Despite sitting just 2.3% away from a new all-time high, the S&P 500 Index has been struggling to get there, meeting resistance at 6,000 — a key psychological threshold. Prior to Friday, the equity benchmark hadn't seen a move exceeding 0.6% in either direction for seven straight sessions — the longest stretch of calm since December, according to data compiled by Bloomberg.

With a key inflation read on tap Wednesday as the Federal Reserve enters a blackout period before its June 18 interest-rate decision, money managers are

wrestling with what could propel the S&P 500 back to a record after the index soared 20% from its April lows.

“For US stocks to get back to all-time highs we have to get rid of uncertainty, but most catalysts are elusive for now until the trade war chaos is resolved,” said Eric Ditton, president and managing director of the Wealth Alliance, whose firm is now putting on hedges in portfolios to protect against a selloff.

From US job growth moderating in May to sluggish US services and manufacturing activity, weakening economic data have been piling up recently. Yet, the market has been blowing it all off, with traders pricing in little risk over the next month on optimism that the worst effects of Trump's tariffs may be avoided. The Nasdaq 100 Index is just 1.9% away from a record.

“My concern is investors are becoming too numb to the trade war and economic risks, so when red flags appear they start dismissing them,” said Oliver Pursche, senior vice president and adviser at

Wealthspire Advisors. Some traders are preparing for sticky inflation.

The consumer price index report is forecast to show the core reading — which excludes food and energy costs — rose by 0.3% in May from a month earlier, above April's 0.2% print.

That would leave the core gauge up 2.9% year-over-year — above the Fed's 2% target. Wells Fargo & Co economists see inflation picking up in the second half of the year.

Signs of a better-than-expected economic outlook has revived hopes that Chair Jerome Powell will resume reducing borrowing costs as soon as September. At the same time, some are wary that any surprises in inflation and eventual return of volatility may fuel an unwind of wagers on riskier investments and spark another selloff.

With the S&P 500 trailing the MSCI All Country World Index excluding the US Index by almost 12 percentage points in 2025 — marking the worst start to a year against its global peers since 1993 — Bank

of America Corp. strategist Michael Hartnett says global stocks are getting close to triggering a technical “sell” signal after investors rushed into risk assets, leaving positioning stretched.

“Once there's too much complacency there's a risk of surprise, so I'm more cautious heading into the summer,” said Patrick Fruzzetti, portfolio manager at Rose Advisors, who is snapping up shares of health care and staples companies that tend to have comparatively low valuations and offer robust dividends.

Traders are, however, still obsessed with macroeconomic data. Over the past three months, the S&P 500's average realised volatility on days when the CPI report, the government's monthly jobs data and Fed rate decisions are released has been nearly 42%, compared with a reading of 29% on all other sessions, according to data compiled by Asym 500.

After fund managers reduced cash holdings and invested heavily in US equities over the past two months, the boom has left demand for loss protection muted.

The market is vulnerable to being caught off-guard if CPI comes out hotter than expected, Wealthspire's Pursche said.

“I fear many are not paying attention to these threats because most are thinking ‘everything will be fine,’ but they're ignoring warning signs,” Pursche added.

Still, rules-based and discretionary investors remain moderately underweight equities, data compiled by Deutsche Bank AG show. That means traders still have dry powder to buy stocks in the weeks ahead.

One key challenge for investors will be assessing the lagging impact of tariffs on inflation, which has money managers split on where stocks are headed in the coming months.

“We've become desensitised with inflation because everyone is betting that it will take months before tariffs will flow through into the economic data,” said Brooke May, managing partner at Evans May Wealth. “But if there's a hot CPI print, it could lead to another selloff in stocks, though will investors use any drawdown to keep buying the dip, or sell?”

# US inflation to tick higher as tariffs hit consumers

**Bloomberg**  
Washington

US consumers probably saw slightly faster inflation in May, notably for merchandise, as companies gradually pass along higher import duties.

Prices of goods and services, excluding volatile food and energy costs, rose 0.3% in May, the most in four months, according to a Bloomberg survey of economists. In April, the so-called core consumer price index climbed 0.2%.

The measure, which is regarded as a better indicator of underlying inflation, is seen accelerating for the first time this year — to 2.9% — on an annual basis, based on the median projection.

Wednesday's report, along with producer price data the following day, will offer Federal Reserve officials a final look at inflation and the impact of higher tariffs before they gather for a June 17-18 policy meeting.

“We expect a soft print for May's CPI, with deflation in discretionary services more than offsetting firmer goods inflation. As the recent beige book flagged, some firms are passing through tariffs costs. We see partial pass-through in categories like furniture, apparel, and auto parts. But airfares are falling sharply, and hotels and recreational services are downshifting too,” say Anna Wong, Stuart Paul, Eliza Winger, Estelle Ou and Chris G Collins, economists at Bloomberg.

Despite President Donald Trump's efforts to jawbone central bankers into quickly lowering interest rates, Fed Chair Jerome Powell and his colleagues have indicated they have time to assess the impact of trade policy on the economy, inflation and job market.

US central bankers have entered a blackout period ahead of their policy meeting.

In addition to the inflation data, weekly initial jobless claims data will be scrutinised for signs of stress in the labour market; Thursday's report showed applications rose in the final week of May to the highest level since October. Nonetheless,



Customers at a grocery store in New York. Prices of goods and services, excluding volatile food and energy costs, rose 0.3% in May, the most in four months, according to a Bloomberg survey of economists. In April, the so-called core consumer price index climbed 0.2%.

Friday's jobs report indicated employment growth is moderating yet still healthy.

In Canada, tourism figures for May are likely to show an ongoing steep decline in visits to the US. Manufacturing sales for April are also expected to drop as tariffs hammer exports, and national balance sheet data for the first quarter will reveal how household incomes and wealth fared as Trump ramped up his threats and began rolling out levies.

Elsewhere, inflation measures from China to Brazil, along with UK and euro zone wage data, may be among the highlights.

The week in Asia starts with a data blast from China expected to underscore the disinflationary drag that's dampening manufacturing activity as trade momentum also slows.

Inflation gauges due on Monday are seen showing that consumer prices fell in May by 0.2%, the fourth straight month of declines, while the drop in factory-gate prices deepened to minus 3%, the steepest retreat since November 2023.

With supply overwhelming demand, the figures will probably stoke concerns that policy efforts to boost consumption since the fourth quarter aren't gaining much traction.

China's export growth is forecast to slow to 6% in May, with a key focus being shipments to the US after they slumped 21% year on year in April. Taiwan also releases trade statistics in the coming week.

Elsewhere, Japan revises first-quarter gross domestic product data after the latest batch of capital investment figures. Most economists expect GDP to remain in a modest contraction.

Australia releases gauges for business confidence and consumer sentiment on Tuesday, and India publishes an inflation report Thursday that's expected to show CPI gains moderated for a seventh straight month in May, justifying the RBI's decision to lower the benchmark repurchase rate by 50 basis points.

Late in the week, Japanese Prime Minister Shigeru Ishiba is expected to hold a bilateral meeting with

Trump to announce a trade deal. They'll likely sit down on the sidelines of the Group of Seven summit that starts June 15 in the village of Kananaskis in the Canadian Rockies, or possibly a day earlier in Washington.

UK data and policy will be in focus, firstly with wage numbers on Tuesday that may show a further easing in pay pressures. The unemployment rate, meanwhile, is expected to have edged up in the three months through April to the highest since 2021 — albeit at a still-moderate level of 4.6%.

A day later, the UK spending review will offer a clearer view of the government's priorities for the coming parliamentary term. It's a crunch moment as Keir Starmer's administration struggles to regain momentum after a faltering first year in power.

Chancellor Rachel Reeves is set to detail hundreds of billions of pounds of investment in projects to fix Britain's creaking infrastructure as she attempts to demonstrate that the Labour Party is serious about growth.

# Meta in talks for Scale AI investment that could top \$10bn

**Bloomberg**  
New York

Meta Platforms Inc is in talks to make a multibillion-dollar investment into artificial intelligence startup Scale AI, according to people familiar with the matter.

The financing could exceed \$10bn in value, some of the people said, making it one of the largest private company funding events of all time.

The terms of the deal are not finalised and could still change, according to the people, who asked not to be identified discussing private information.

A representative for Scale did not immediately respond to requests for comment. Meta declined to comment.

Scale AI, whose customers include Microsoft Corp and OpenAI, provides data labelling services to help companies train machine-learning models and has become a key beneficiary of the generative AI boom. The startup was last valued at about \$14bn in 2024, in a funding round that included backing from Meta and Microsoft. Earlier this year, Bloomberg reported that Scale was in talks for a tender offer that would value it at \$25bn.

This would be Meta's biggest ever external AI investment, and a rare move for the company. The social media giant has before now mostly depended on its in-house research, plus a more open development strategy, to make improvements in its AI technology. Meanwhile, Big Tech peers have invested heavily: Microsoft has put more than \$13bn into OpenAI while both Amazon.com Inc and Alphabet Inc have put billions into rival Anthropic.

Part of those companies' investments have been through credits to use their computing power. Meta doesn't have a cloud business, and it's un-

clear what format Meta's investment will take.

Chief Executive Officer Mark Zuckerberg has made AI Meta's top priority, and said in January that the company would spend as much as \$65bn on related projects this year.

The company's push includes an effort to make Llama the industry standard worldwide. Meta's AI chatbot — already available on Facebook, Instagram and WhatsApp — is used by 1bn people per month.

Scale, co-founded in 2016 by CEO Alexandr Wang, has been growing quickly: The startup generated revenue of \$870mn last year and expects sales to more than double to \$2bn in 2025, Bloomberg previously reported.

Scale plays a key role in making AI data available for companies. Because AI is only as good as the data that goes into it, Scale uses scads of contract workers to tidy up and tag images, text and other data that can then be used for AI training.

Scale and Meta share an interest in defence tech. Last week, Meta announced a new partnership with defence contractor Anduril Industries Inc to develop products for the US military, including an AI-powered helmet with virtual and augmented reality features. Meta has also granted approval for US government agencies and defence contractors to use its AI models.

The company is already partnering with Scale on a programme called Defense Llama — a version of Meta's Llama large language model intended for military use.

Scale has increasingly been working with the US government to develop AI for defence purposes. Earlier this year the startup said it won a contract with the Defense Department to work on AI agent technology. The company called the contract “a significant milestone in military advancement.”

# Global funds bet on Korean stocks’ big break on reform tailwinds

**Bloomberg**  
Seoul

After years of frustration with South Korea's underperforming stock market, investors are growing more optimistic that the new president's push for shareholder-friendly policies will finally deliver stronger returns. Global money managers, including Aberdeen Investments, Pictet Wealth Management, and Franklin Templeton, have recently added positions or upgraded their outlook on local stocks. They are encouraged by newly-elected Lee Jae-myung's vows to boost corporate governance and nearly double the market's return, after months of political chaos in the nation triggered by his predecessor's short-lived martial law imposition. Foreigners are returning to the stock market, helping to push the benchmark Kospi Index into a bull market on Lee's first day in office. The early euphoria suggests investors are confident that Lee

will accelerate efforts to boost shareholder returns — reminiscent of a similar drive that unleashed a stock rally in Japan — and succeed in the passage of a commercial law revision aimed at improving corporate governance. “We are starting to see early signs of change,” said Prukka lamthongthong, deputy head of APAC equities at Aberdeen Investments, whose \$1.2bn Asian ex-Japan fund turned overweight on Korean stocks in May. “We believe that such a collective effort on the part of the government and domestic companies will go a long way in boosting trust in Korea's capital markets and creating a culture of a greater heed to shareholder value.” Korea's economy is dominated by family-controlled conglomerates, known as chaebols, which have come under criticism for failing to protect the rights of minority shareholders. That's resulted in investors often pricing local stocks below their book value and lower than overseas rivals, a phenomenon



known as the “Korea discount”. Shareholders are getting increasingly agitated, with activism campaigns targeting companies rising by sevenfold between 2020 and 2024, according to Bloomberg Intelligence. “That link between what a

company earns and what minority shareholders get back was broken,” said Jon Jhun, managing director at MY.Alpha Management HK Advisors in Hong Kong. It's “about to be fixed by the Democratic Party and their legislation.”

One of Lee's early priorities is to root out rubber-stamping directors by revising the commercial code to broaden board fiduciary duty to shareholders — and not just to the company itself. The ruling party's officials are proposing new revisions, which include enhancing the nomination process for audit committee members and adopting electronic voting systems. Such revisions largely target chaebol conglomerates and their founding families, who wield outsized influence in the economy and at listed companies' management and boards. The new political leadership will likely look to further galvanise a wave of changes that were put in motion more than a year ago, in a program called the “Corporate Value-up.” Modelled after Japan's “name and shame” initiatives, the program urges companies to self-start a range of measures to boost shareholder returns. A total of 160 companies have unveiled Value-up plans, though many lacked details, said John Cho,

Korea equity portfolio manager at JPMorgan Asset Management. “We anticipate that future iterations of medium-term planning should lead to more refined Value Up plans,” Cho said. “Korea is only in its second year of the Value Up plan, compared to Japan's decade-long governance journey.” Signs are emerging that companies are taking proactive measures. Kospi members' total dividend payouts rose 12% in 2024 to 44tn won (\$32.4bn), according to Korea Exchange's data. Share buybacks more than doubled to 18.7tn won in 2024. “These chaebols are actually changing their plans due to the pressure from the government and from the market,” said Yiping Liao, a portfolio manager at Franklin Templeton Emerging Markets Equity, which has been selectively adding Korean stocks before the election. Earlier this year, arms maker Hanwha Aerospace Co also cut the size of a share offering after backlash from investors who were concerned about value dilution.