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UNKNOWN TERRITORY | Page 8

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GULF TIMES BUSINESS



BALANCING ACT | Page 7

Fed meeting in focus as Wall Street investors seek hints on rate path

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Philippine ambassador Mardomel Celso D Melicor (far right) and HE the Minister of Justice and Minister of State for Cabinet Affairs Ibrahim bin Ali al-Mohannadi during the celebration of the 127th anniversary of the Declaration of Philippine Independence held recently in Doha. PICTURE: Shaji Kayamkulam

Philippines-Qatar economic ties poised for growth, says envoy

By Peter Alagos
Business Reporter

The Philippines' economic relationship with Qatar is on an upward trajectory, propelled by significant contributions from the robust Filipino workforce here and high-level diplomatic engagements, the country's top diplomat has said.

Speaking at the 127th anniversary of the Declaration of Philippine Independence, recently celebrated in Doha, the Philippines' ambassador to Qatar, Mardomel Celso D Melicor, expressed optimism over the burgeoning partnership between the two countries, highlighting its various facets that promise "greater things ahead."

Melicor emphasised that a cornerstone of this economic relationship is the substantial presence of Filipino nationals in Qatar, noting the "active presence of over 240,000 law-abiding and dutiful nationals who consider this country their second home."

Elaborating on their vital role and key economic contribution to Qatar's growth, Melicor stated that Filipinos "have contributed, and continue to contribute, to Qatar's development, bringing with them their skills and talents, their dependability and dedication to work, and their unique zest for life that enrich Qatar's dynamic and multicultural environment."

Beyond individual contributions, Melicor pointed to robust official dialogues "that deepen the bilateral relations between Manila and Doha."

Indicating a comprehensive approach to strengthening commercial and trade ties, the ambassador said: "His Highness the Amir Sheikh Tamim bin Hamad al-Thani's historic State Visit to the Philippines in 2024, the recent political consultation meeting in Manila in May 2025, and other joint engagements on issues that cover labour, economic, transport and cultural relations, point to greater things ahead as we are set to celebrate 45 years of formal diplomatic relations between our two friendly nations next year."

Expressing optimism as the Philippines and Qatar approach this significant milestone, Melicor said the 45th anniversary of Philippines-Qatar diplomatic relations suggests an anticipation of continued expansion in economic co-operation, building on the existing foundation of labour and various bilateral engagements.

During his speech, Melicor also affirmed the Philippines' unwavering support for a peaceful resolution to the complex crisis in the Middle East, saying, "We remain committed to supporting multilateral efforts aimed at achieving a peaceful resolution to the war in Gaza."

Melicor emphasised the critical need for humanitarian aid: "The Philippines calls for the full, safe, rapid, and unhindered delivery of humanitarian assistance to the Palestinian civilian population throughout the Gaza Strip."

Emphasising the Philippines' tangible show of solidarity, Melicor informed attendees that "last

year, in firm solidarity with the Palestinian people, the Philippines doubled its voluntary annual financial contribution to UNRWA, to support the agency's critical life-saving work."

Melicor also announced: "Building on its solid support for genuine multilateralism, the Philippines has formally submitted its bid for a non-permanent seat in the UN Security Council for the term 2027-2028."

This candidature, Melicor pointed out, "is premised on the great importance we attach to the rule of law and the peaceful settlement of disputes in maintaining international peace and security."

He said this includes "establishing institutions to ensure safety and order in post-conflict societies; implementing measures to prevent conflicts, acts of aggression, genocide, and impunity; and protecting civilians, their rights and freedoms, including promoting the role of women and youth in peace and security."

As a "maritime and archipelagic country," Melicor emphasised that the Philippines places significant importance on maritime governance. He reiterated the country's belief that such governance, "based on the UN Convention on the Law of the Sea...is an area of common action."

Melicor added: "As such, we continue to uphold the rule of law and strengthen partnerships with countries, including Qatar, to ensure that Philippine sovereignty is preserved in its waters, and that peace at sea and freedom of navigation are guaranteed."

Qatar's non-energy economy expected to grow steadily in 2025: Oxford Economics

By Pratap John
Business Editor

Qatar's non-energy economy is expected to grow steadily in 2025, Oxford Economics said and noted tourism has provided significant support to non-energy growth and will remain a driver of future activity and employment.

"Output data reported in April showed the non-energy economy expanded by 3.4% last year, and we project the same pace of growth in 2025," Oxford Economics said in its latest country report.

Tourism has provided significant support to non-energy growth and will remain a driver of future activity and employment, it said. Qatar welcomed 5.1mn overnight arrivals in 2024, a 25% increase on 2023 and 138% higher than 2019 levels.

"The launch of the pan-GCC visa will likely help extend the positive performance and we forecast arrivals to increase to 5.3mn this year," Oxford Economics said. The researcher's 2025 average

inflation estimate remains at 1%, the lowest in the GCC region. Oxford Economics said it thinks 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 the first quarter (Q1) for the first time since early

Tourism has provided key support to non-energy growth and will remain a driver of future activity and employment. Qatar welcomed 5.1mn overnight arrivals in 2024, a 25% increase on 2023 and 138% higher than 2019 levels

2021. Prices fell by 0.8% 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," the report noted. The Qatar Central Bank followed the US Federal Reserve in holding interest rates steady in May, continuing the pause from January this year. In 2024, the US Fed delivered a cumulative 100bps of cuts. Meanwhile, the QCB cut rates by a total of 115bps, 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 100bps of cuts next year," Oxford Economics said. 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. The budget assumes an average oil price of \$60/barrel, Oxford Economics noted.

Abu Dhabi's G42 opens Europe hub in sign of growing AI ambition

Bloomberg
London

Abu Dhabi's main artificial intelligence company, G42, is launching a European unit as part of the emirate's broader push into the continent, where the government has pledged billions of dollars in investment.

G42 Europe & UK will focus on deploying AI solutions for the private sector and partnering with governments and industry to help build critical infrastructure, according to a statement.

The London-headquartered unit will be co-chaired by Marty Edelman, G42's group general counsel, and Omar Mir, an international board member at World Wide Technology Inc, a US-based technology solutions provider.

Edelman has become a key fig-

ure in cultivating the emirate's capital and political ties with the US, Bloomberg News reported last month.

G42, overseen by United Arab Emirates' National Security Adviser Sheikh Tahnoon bin Zayed al-Nahyan, has played a central role in the country's AI ambitions. Earlier this week, one of its units announced a partnership with Nvidia Corp to build data centres powered by the chip-maker's new Blackwell processors - a sign of the UAE's improved access to cutting-edge semiconductors following US President Donald Trump's trip to the Middle East.

This year, the UAE has unveiled investment pledges across Europe, including up to \$52bn in French data centres and \$40bn in Italy. In May, Nvidia and MGX - an investment vehicle backed by G42 and sovereign wealth fund Mubadala Investment Co

- teamed up with French firms to establish what they say will be Europe's largest AI data centre campus.

The announcements come as Nvidia Chief Executive Officer Jensen Huang forecasts a tenfold increase in Europe's AI computing capacity over the next two years.

"Europe has now awakened to the importance of these AI factories," said Huang, whose company is supplying chips for virtually every major AI-computing project. Several of massive data centres will have more than a gigawatt of capacity, potentially ranking them among the largest in the world, he said during a company event jointly held with the VivaTech tech conference in Paris. "The researchers, the startups, your AI shortage, your GPU shortage will be resolved for you soon," he said. "It's coming."

Japan seeks possibility of trade deal with US as G-7 looms

Bloomberg
Tokyo

Japan and the US held another round of trade talks in Washington as officials try to reach an agreement ahead of a Group of Seven summit in Canada and a meeting between President Donald Trump and Prime Minister Shigeru Ishiba.

Japan's top trade negotiator Ryosei Akazawa met with US Commerce Secretary Howard Lutnick for 70 minutes and Treasury Secretary Scott Bessent for 45 minutes on Friday. The talks took place a few hours after Ishiba said Japan is continuing to ask the US to withdraw the tariffs following a call with the US president.

"To achieve an agreement that is mutually beneficial, we engaged in very in-depth discussions with the two ministers and explored the possibility of reaching an agreement," Akazawa told reporters after the sixth round of trade negotiations. "We further deepened

discussions on issues such as expanding bilateral trade, non-tariff measures and cooperation on economic security."

He declined to say if a path toward a deal is in sight or comment on whether Ishiba and Trump may announce a deal on the sidelines of the G-7 gathering in Canada starting Sunday. Akazawa said he may join the premier in Canada.

Following the earlier call with Trump, Ishiba said both sides had agreed to accelerate talks toward reaching a mutually beneficial deal and to meet in Canada.

Japan is seeking a written agreement from the US, saying that the Asian country will be exempt from additional tariff hikes on certain sectors like autos, the *Mainichi* newspaper reported late Friday.

Japan is among the world's major exporters most at risk from Trump's wave of trade tariffs as its economy teeters on the brink of a technical recession ahead of a national election. The US administration has imposed a 25% tariff on imported cars and auto parts

and a 50% levy on steel and aluminium. A 10% across-the-board duty on other goods from Japan will rise to 24% on July 9 barring a deal. The auto-related tariff is likely to hit Japan's economy hardest given that cars and auto parts make up a third of the nation's exports to the US and the industry is one of its biggest employers.

Earlier this week, Trump floated the idea of raising auto tariffs even more, a move that would further ramp up the pressure on Japan's top automakers and a widespread ecosystem of suppliers and related businesses. Toyota Motor Corp, Honda Motor Co, Nissan Motor Co and other Japanese car manufacturers are already bracing for a collective profit hit of more than \$19bn this fiscal year alone from the existing levy.

Akazawa said Japan is trying to avoid the auto tariffs going even higher via its bilateral talks with the US. He didn't reveal any further specifics of the latest negotiations and said Japan is continuing to aim for a single package of trade agreements. Akazawa said he already

briefed Ishiba on the latest negotiations while declining to comment on what specifically he told the prime minister.

In a separate development linked to another potential talking point between the two leaders, Trump formally opened the door to approving Nippon Steel Corp's purchase of US Steel Corp. The Trump administration submitted a proposed national security agreement to the companies on Friday that clears the sale so long as the companies comply with the government's terms.

"The Japanese government believes that this investment will strengthen the ability of the Japanese and US steel industries to generate new innovation and lead to the strengthening of the close partnership between Japan and the US," Trade and Industry Minister Yoji Muto said following the announcement from the White House.

Progress toward accepting the deal is potentially a positive sign of how Trump will welcome Japanese efforts to invest in production in the US that secures or creates jobs for

Americans. Japan has highlighted its track record as the leading overseas investor in the US as it seeks to reach a deal with the Trump administration.

As for the timing of a US-Japan trade deal, Bessent didn't bring up the possibility of a deadline extension in the latest round of talks, Akazawa said. The Treasury chief hinted this week that the July 9 deadline for imposing suspended across-the-board reciprocal tariffs could be extended for those countries negotiating on trade in good faith.

Akazawa deflected a question over whether Ishiba and Trump will announce a deal at the G-7. "Negotiations can sometimes reach an agreement suddenly, or they can unexpectedly drag on for a long time," Akazawa said. "It's like being caught in a fog. Sometimes the fog suddenly lifts in the morning. Sometimes it never seems to clear up no matter how much time passes. For that reason, I would prefer to refrain from making any premature statements."



Opec+ seen to struggle to cover major oil supply disruption

Reuters
London

Oil market participants have switched to dreading a shortage in fuel from focusing on impending oversupply in just two days this week.

After Israel attacked Iran and Tehran pledged to retaliate, oil prices jumped as much as 13% to their highest since January as investors price in an increased probability of a major disruption in Middle East oil supplies.

Part of the reason for the rapid spike is that spare capacity among Opec and allies to pump more oil to offset any disruption is roughly equivalent to Iran's output, according to analysts and Opec watchers.

Saudi Arabia and the United Arab Emirates are the only Opec+ members capable of quickly boosting output and could pump around 3.5mn barrels per day (bpd) more, analysts and industry sources said.

Iran's production stands at around 3.5mn bpd, and it exports over 2mn bpd of oil and fuel.

There has been no impact on output so far from Israel's attacks on Iran's oil and gas infrastructure, nor on exports from the region.

But fears that Israel may destroy Iranian oil facilities to deprive it of its main source of revenue have driven oil prices higher. The Brent benchmark last traded up nearly 7% at over \$74 on Friday.

An attack with a significant impact on Iranian output that required other producers to pump more to plug the gap would leave very little spare capacity to deal with other disruptions — which can happen due to war, natural disasters or accidents.

Iran has in the past threatened to disrupt shipping through the Strait of Hormuz if it is attacked. The Strait is the exit route from the Middle East Gulf for around 20% of the world's oil supply, including Saudi, UAE, Kuwaiti, Iraqi and Iranian exports.

"If Iran responds by disrupting oil flows through the Strait of Hormuz, targeting regional oil infrastructure, or striking US military assets, the market reaction could be much more severe, potentially pushing prices up by \$20 per barrel or more," said Jorge Leon, head of geopolitical analysis at Rystad and a former Opec official.

The abrupt change in calculus for oil investors this week comes after months in which output increases from Opec and its allies, a group known as Opec+, have led to investor concern about future oversupply and a potential price crash.

Saudi Arabia, Opec's leading member, has been the driving force behind an acceleration in the group's output increases, in part to punish allies that have pumped more oil than they were supposed to under Opec+ agreements.



After Israel attacked Iran and Tehran pledged to retaliate, oil prices jumped as much as 13% to their highest since January as investors price in an increased probability of a major disruption in Middle East oil supplies

The increases have already strained the capacity of some members to produce more, causing them to fall short of their new targets.

Even after recent increases, the group still has output curbs in place of about 4.5mn bpd, which were agreed over the past five years to balance supply and demand.

But some of that spare oil capacity — the difference between actual output and notional production potential that can be brought online quickly and sustained — exists only on paper.

After years of production cuts and reduced oilfield investment following the Covid-19 pandemic, the oilfields and facilities may no longer be able to restart quickly, said analysts and Opec watchers.

Western sanctions on Iran, Russia and Venezuela have also led to decreases in oil investment in those countries.

"Following the July hike, most Opec members, excluding Saudi Arabia, appear to be producing at or near maximum capacity," JP Morgan said in a note.

Outside of Saudi Arabia and the UAE, spare capacity was negligible, said a senior industry source who works with Opec+ producers.

Saudi oil output is set to rise to above 9.5mn bpd in July, leaving the kingdom with the ability to raise output by another 2.5mn bpd if it decides to.

That capacity has been tested, however, only once in the last decade and only for one month in 2020 when Saudi Arabia and Russia pumped at will in a fight for market share. Saudi Arabia has also stopped investing in expanding its spare capacity beyond 12mn bpd as the kingdom diverted resources to other projects.

Russia, the second largest producer inside Opec+, claims it can pump above 12mn bpd.

JP Morgan estimates, however, that Moscow can only ramp up output by 250,000 bpd to 9.5mn bpd over the next three months and will struggle to raise output further due to sanctions.

The UAE says its maximum oil production capacity is 4.85mn bpd, and told Opec that its production of crude alone in April stood at just over 2.9mn bpd, a figure largely endorsed by Opec's secondary sources.

Bloomberg QuickTake Q&A

Why long bonds are falling out of favour

By Greg Ritchie, Mia Glass and Liz Capo McCormick

Jamie Dimon drew varied reactions with his prediction that the bond market is going to "crack" if the US government doesn't get a grip on a ballooning federal deficit. Treasury Secretary Scott Bessent said the JPMorgan Chase & Co boss had offered many such warnings during his career, and "fortunately, none of them have come true." To some seasoned observers, Dimon's comment was a signal to his own staff to avoid getting burnt by taking too many risks on bonds. What's clear is that Dimon's headline-grabbing pronouncement on May 30 at the Reagan National Economic Forum captured a certain Wall Street sentiment with the bond market enduring one of its biggest bouts of turbulence in decades.

Yields on US long-dated bonds — the income investors demand to hold government debt repayable over a decade or more — spiked above 5% in late May, near the highest since 2007. That signals how worried investors are about holding the securities in the face of spiralling budget deficits.

And while an auction of 30-year Treasuries on June 12 drew solid demand in a sign that the US bond market was still avoiding an all-out buyers' strike, appetite for long-term bonds from other countries is more suspect.

What's been happening with long-term bonds?

Bond traders usually buy and sell bonds based on the relative appeal of their fixed coupon payments. The longer there is until a bond "matures," the more that can go wrong in the interim. So long-term bonds with a duration of between 10 and 100 years tend to command higher interest rates than shorter-term treasury bills that are repaid in less than a year, to compensate buyers for the additional risk.

When a country's economic outlook worsens, bond yields tend to fall. This is because a weaker economy encourages central banks to shift their focus from combating inflation to stimulating economic activity. That gives it a bias toward

lowering its own benchmark interest rate, boosting the relative appeal of bonds versus cash in the bank.

But lately yields for long bonds have been climbing. In the US, that's in part because the economy has slowed, not collapsed, and inflation has stayed stickier than forecast. But many economists say investors are also fixating on the government's ability to repay mounting debts, especially given President Donald Trump's pushes to impose tariffs and extend tax cuts.

How is that showing up in their numbers?

Long-term bonds pay a lot more interest during their longer lifetime than short-term bonds. So their price and yield tend to fluctuate more than with shorter-dated debt in response to perceived changes in the value of that interest. In the US this year, shorter-term yields that are more sensitive to the Federal Reserve's interest-rate policy have declined, while the rate on the longest-term US debt has risen. Economists see it as a sign that bond investors are getting more skittish about the national debt.

Why all the worries about the debt and deficits?

Governments across the world loaded up on cheap debt after 2008's financial crisis, then borrowed even more to cope with coronavirus lockdowns. Global debt reached a record \$324tn in the first quarter of 2025, driven by China, France and Germany, according to the Institute of International Finance.

A surge in inflation and interest rates since the pandemic makes that scale of borrowing harder to sustain. The concern is that if bond yields stay high and governments fail to get their fiscal house in order, the cost of servicing some of that debt will become unmanageable. That could end up hurting the economy given rates on everything from mortgages to credit cards are somewhat dictated by bond yields.

In the US, a tax bill implementing Trump's domestic agenda is working its way through Congress. The cost of the bill is very much a concern for bond investors. Dimon, in his comments at the Reagan National Economic Forum, said the US was engaging in "disastrous" fiscal manage-

ment and called its tax and spending policies "completely unrealistic." Moody's Ratings in May also stripped the US of its last-remaining top credit score, citing concern that ballooning debt and deficits will damage the country's standing as the preeminent destination for global capital.

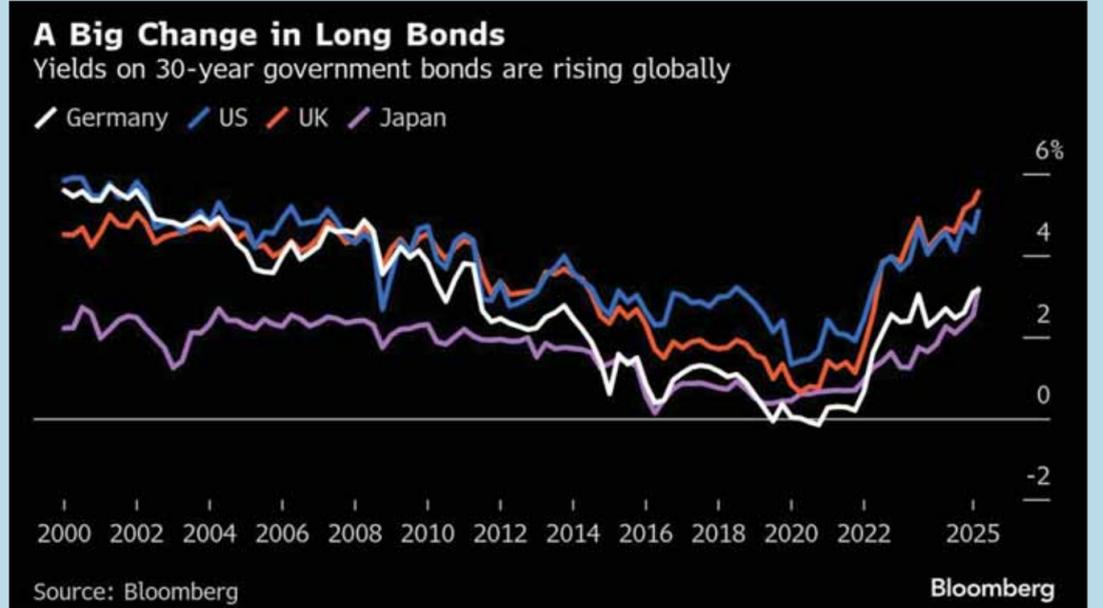
Why is spike in long bond yields a problem?

Investors want the bond market to be safe and boring, as these assets are what many of them hold to ensure a rock-solid stream of income to balance out the volatility of higher-risk, higher-reward investments such as technology stocks. When longer-term yields jump, it feeds into mortgages and other forms of debt, affecting housing affordability, auto loans, credit card rates and more. And if long bond yields stay high for longer, that will gradually affect how much it's costing a government to borrow money.

Where could things go from here?

It's not clear what a prolonged period of higher borrowing costs would mean for the mountain of long-term debt that governments binged on during 15 years of ultra-low interest rates. The upward shift in yields is already leading to new phenomena with unpredictable consequences. One example: Japan's government bonds used to have such low yields that they acted as a kind of anchor by adding downward pressure on yields the world over. They shot higher in recent months, adding to the volatility in global bond prices and attracting foreign investors to Japanese debt in significant numbers. This could mean fewer buyers for debt sold by other nations.

In the US, there is still concern that post-pandemic US inflation is not yet under control and that Trump's tariffs could add further inflationary pressure that exacerbates the bond yield spike. On the other hand, Trump's trade war may also dampen economic activity, leading the Fed and other central banks to cut interest rates. Or both could happen — a surge in prices accompanied by falling economic output or zero growth — a situation known as stagflation. This would add to the uncertainty over monetary policy, with the Fed forced to choose between supporting growth, or suppressing inflation.





قطر للوقود Qatar Fuel

The Tender Committee Invites Tender Submission for the following Service:

SR. NO.	TENDER NUMBER	DESCRIPTION	TENDER FEE (QAR)	TENDER Guarantee (QAR) & valid until	TENDER CLOSING DATE
1.	QF/01/C/10/1120029084/03/25	Supply licenses, hardware, and implement the B2C Waseel Truck Fuel Automation System with bundled support for a period of Five (05) Years	1000/-Non-refundable	50,000/- 01-Feb-26	06-Jul-2025
2.	QF/02/P/17/11120035995/18/25	Supply of Lock Out and Tag Out Devices for WQOD and Subsidiaries on Call Off Basis for 5 Years	500/-Non-refundable	20,000/-	02-Jul-2025
3.	QF/02/P/13/1120037002/17/25	Dismantling of Existing Roller Shutters and Supply, Installation, Commissioning of New Rolling Shutters at Abu Hamour Workshop with AMC for 1 Year	500/-Non-refundable	20,000/-	09-Jul-2025
4.	QF/01/P/08/Scrap/Items/19/25	Write Off and Disposal of General Services Scrap Materials	Nil	Nil	29-Jun-2025
5.	QF/01/C/20/3120005713/40/25	Purchase of Medium Range Tanker (40,000 to 50,000 DWT) by Qatar Fuel (WQOD) on behalf of WQOD Marine.	Nil	Nil	Open

- Tender document for the above invitation can be obtained as per following details:
- Document Issue Date: From 15-June-2025 until Bid Closing Date. No extension to Bid submission date due to late collection of Tender documents.
- Tender Fee: Interested Parties shall first deposit the appropriate Tender Fee as mentioned above (non-refundable) into Account Name – Qatar Fuel (WQOD), Account Number 4010-356788-201 with Commercial Bank and IBAN: QA22 CBQA 0000 0000 4010 356788 201. Tenderer must mention their Company's full name and specific Tender Number on the bank deposit slip.
- Tender Documents shall be sent from QATAR FUEL (WQOD) Procurement & Contracts Department e-mail, upon receipt of deposit slip in proof of the required payment if applicable, along with company letter and copy of Commercial Registration (CR) of the Company to aprocurement@wqod.com.qa
- Tenders shall be accompanied by a Tender Bond issued by one of the Qatari Banks or by a Bank operating in Qatar, in accordance with the terms of the tender documents and should be valid for 210 days from the Tender Closing Date.
- Offer should be valid for 180 days commencing from the Tender Closing Date.
- A valid ICV certificate shall be mandatory for companies with local CRs to participate in all tenders w.e.f. 01-July-2023. In case of extension of the bid closing date, the ICV score available on the original bid closing date will be used in the commercial evaluation.
- Exclusion for the mandatory ICV requirement for new companies that have been only established for less than 2 years.
- It is requested to all bidders to obtain ICV Certification at the earliest. For more information, please visit Tawteen's ICV Digital Portal through this link: icv.tawteen.com.qa

Duly completed Tender should be delivered in sealed envelopes with the Tender Number and Bidders Company name clearly marked on the envelope, and should be deposited in Tender Committee Office, P.O. Box: 7777, Ground Floor, WQOD Tower, West Bay, Doha, Qatar, not later than 10:00 AM on the Tender Closing Date mentioned above. [visit our website www.wqod.com.qa for more information]

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DHL to invest €500mn on expansion plans in Middle East and Africa

Bloomberg
Frankfurt

Logistics giant DHL Group plans to invest about €500mn (\$575mn) in healthcare services in Africa and the Middle East over the next five years to capitalise on China's push into the regions. The German company is looking particularly at Africa for growth opportunities, with time-critical shipments of vaccines, stem-cells and cryogenics all target areas. EMEA healthcare head Annette Naude said in an interview. "We see America has come in and cut costs, but we do see other countries coming to the forefront and filling those gaps," said Naude. "I went to China and met with a number of investors who are going to

make investments on the African continent. Chinese investment in the region is really big." Africa is the world's fastest-growing continent in terms of population and demand for pharmaceutical products is on the increase, with revenue from the sector expected to generate \$33.8bn by 2030, according to Grand View Research. The push by DHL into Africa and the Middle East is part of a €2bn global investment allocation into healthcare worldwide, with the region set to get about 25% of that total, Naude said. Most of DHL's Africa and Middle East operations, which include warehousing, packaging and supply-chain management, are in South Africa, Egypt, Kenya, Dubai and Saudi Arabia. Making sure drugs and medical devices are properly tracked from production to

destination is a focus area, Naude said. This means having specialised warehouses "where we cover ultra-cold shipments and we cover serialisation," she said. "When a doctor issues medicine at the bedside of a patient he has to trust and rely on the network that medicine has been transported through," Naude said. While managing established diseases such as malaria is key, there are new challenges emerging in Africa, Naude said. Getting technologically advanced insulin from China is gaining traction among governments, both because of ease of use and for its longer-acting formulas that require injecting the drug less often. China and DHL recently collaborated on the building of a medical-devices facility in Kenya that exports equipment to the Middle East and Europe, she said.



A cargo aircraft operated by Deutsche Post's DHL package operation, prepares to land at Leipzig Halle Airport in Schkeuditz, Germany. Logistics giant DHL Group plans to invest about €500mn (\$575mn) in healthcare services in Africa and the Middle East over the next five years to capitalise on China's push into the regions.

BUSINESS

The Qatar Stock Exchange (QSE) Index gained by 68.16 points or 0.6% during the Eid-break shortened trading week to close at 10,626.50. Market capitalisation moved up 0.4% to QR627.1bn from QR624.4bn at the end of the previous trading week. Of the 53 traded companies, 24 ended the week higher, 27 ended lower, while two stood unchanged. Damaan Islamic Insurance Company (BEMA) was the best performing stock for the week, going up 3.4%. Meanwhile, Gulf International Services (GISS) was the worst performing stock for the week, going down 2.8%.

Qatar Islamic Bank (QIBK), Commercialbank (CBQK) and QNB Group (QNBK) were the main contributors to the weekly index gain. QIBK and CBQK added 23.06 and 18.82 points to the index, respectively. QNBK contributed another 16.67 points.

Traded volume during the week declined 14.1% to QR1,400.3mn from QR1,629.8mn in the prior trading week. Industries Qatar (IQCD) was the top value traded

stock during the week with total traded value of QR91.0mn.

Traded volume went down 8.2% to 626.5mn shares compared with 682.4mn shares in the prior trading week. The number of transactions dropped 31.0% to 73,657 vs 106,715 in the prior week. Ezdan Holding Group (ERES) was the top volume traded stock during the week with total traded volume of 63.5mn shares.

Foreign institutions turned bullish, ending the week with net buying of QR119.2mn vs net selling of QR85.4mn in the prior week. Qatari institutions turned bearish, with net selling of QR6.2mn vs net buying of QR57.7mn in the week before. Foreign retail investors ended the week with net selling of QR43.3mn vs net selling of QR2.7mn in the prior week. Qatari retail investors recorded net selling of QR69.8mn vs net buying of QR30.3mn. Global foreign institutions are net sellers of Qatari equities by \$238.6mn YTD, while GCC institutions are also net short by \$26.4mn.



Weekly Market Report

Market Indicators	Week ended: June 12, 2025	Week ended: June 04, 2025	Chg. %
Value Traded (QR mn)	1,400.3	1,629.8	(14.1)
Exch. Market Cap. (QR mn)	627,072.5	624,365.8	0.4
Volume (mn)	626.5	682.4	(8.2)
Number of Transactions	73,657	106,715	(31.0)
Companies Traded	53	53	0.0
Market Breadth	24:27	21:28	-

Source: Qatar Stock Exchange (QSE)

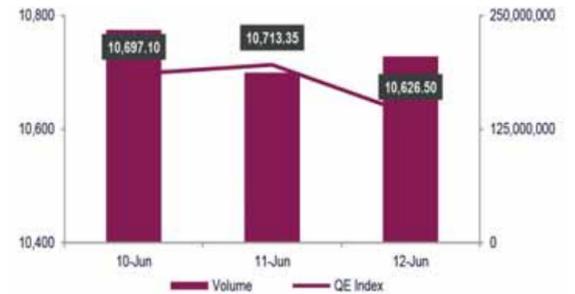
Market Indices	Close	WTD%	MTD%	YTD%
Total Return	25,068.92	0.5	1.6	4.0
ALL Share Index	3,925.95	0.6	1.4	4.0
Banks and Financial Services	4,922.43	1.4	2.1	3.9
Industrials	4,186.94	(0.9)	0.4	(1.4)
Transportation	5,822.88	0.4	3.1	12.7
Real Estate	1,608.76	(0.3)	(3.2)	(0.5)
Insurance	2,339.79	0.4	(1.1)	(0.4)
Telecoms	2,144.76	0.1	1.2	19.2
Consumer Goods & Services	7,939.70	0.4	(0.7)	3.6
Al Rayan Islamic Index	5,034.58	0.3	1.1	3.4

Source: Qatar Stock Exchange (QSE)

Regional Indices	Close	WTD%	MTD%	YTD%	Weekly Exchange Traded Value (\$ mn)	Exchange Mkt. Cap. (\$ mn)	TTM P/E**	P/B**	Dividend Yield
Qatar*	10,626.50	0.6	1.6	0.5	384.29	172,006.0	11.7	1.3	4.6
Dubai	5,467.10	(1.2)	(0.2)	6.0	1,015.21	261,338.1	9.5	1.6	5.4
Abu Dhabi	9,693.79	(0.4)	0.1	2.9	1,816.67	763,262.9	19.6	2.5	2.4
Saudi Arabia*	11,005.02	0.0	0.1	(8.5)	2,449.33	2,449,818.6	16.9	2.0	4.2
Kuwait	8,156.56	(0.0)	0.5	10.8	1,016.71	161,218.8	20.1	1.5	3.3
Oman	4,543.10	(0.8)	(0.4)	(0.7)	102.25	33,381.5	8.2	0.9	6.0
Bahrain	1,917.54	(0.3)	(0.2)	(3.4)	8.55	19,792.9	13.0	1.4	4.1

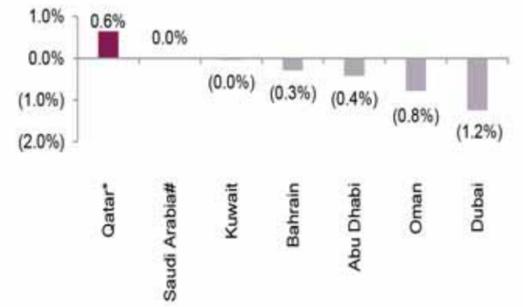
Source: Bloomberg

QSE Index and Volume



Source: Qatar Stock Exchange (QSE)

Weekly Index Performance



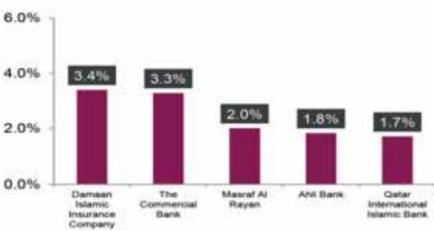
Source: Bloomberg

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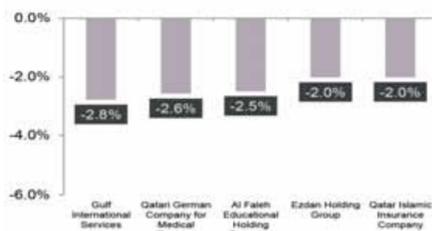
Qatar Stock Exchange

Top Five Gainers



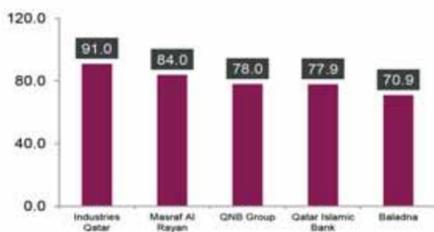
Source: Qatar Stock Exchange (QSE)

Top Five Decliners



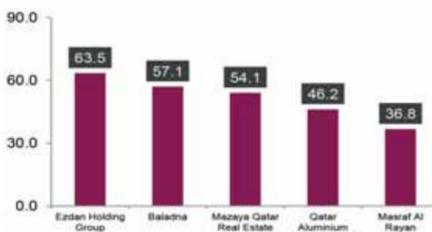
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Value (QR Million)



Source: Qatar Stock Exchange (QSE)

Most Active Shares by Volume (Million)



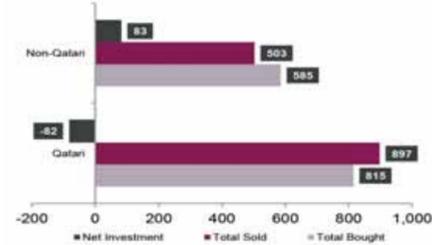
Source: Qatar Stock Exchange (QSE)

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 12	% Change Weekly	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	17.23	1.06	(0.35)	159,144	10.1	1.7	4.1
Qatar Islamic Bank	22.17	1.42	3.79	52,396	11.8	2.0	3.6
Commercial Bank of Qatar	4.56	3.29	4.74	18,439	6.7	0.9	6.6
Doha Bank	2.47	1.11	23.81	7,645	9.0	0.7	4.1
Al Ahli Bank	3.67	1.83	6.23	9,350	10.9	1.3	6.8
Qatar International Islamic Bank	10.69	1.71	(1.93)	16,181	13.7	2.2	4.7
Al Rayan Bank	2.28	2.01	(7.31)	21,232	14.5	0.9	4.4
Lesha Bank	1.80	(1.43)	32.57	2,010	14.4	1.5	2.8
National Leasing	0.73	0.00	(7.05)	359	20.7	0.6	4.8
Diala Holding	1.10	(0.81)	(4.09)	210	N/A	1.1	N/A
Qatar & Oman Investment	0.68	0.74	(3.13)	214	N/A	1.3	N/A
Islamic Holding Group	3.53	(1.83)	(6.63)	200	19.1	1.2	2.0
Dukhan Bank	3.68	0.68	(0.54)	19,235	14.9	1.5	4.4
Banking and Financial Services				306,604			
Zad Holding	14.23	0.07	0.56	4,096	19.7	2.7	4.9
Qatar German Co. for Medical Devices	1.44	(2.58)	4.89	166	N/A	N/A	N/A
Salam International Investment	0.68	(0.15)	3.03	777	12.8	0.5	5.9
Baladna	1.23	0.91	(2.01)	2,331	17.4	1.0	N/A
Medicare Group	5.10	1.97	12.09	1,435	14.9	1.4	3.9
Qatar Cinema & Film Distribution	2.40	0.00	0.04	151	39.0	1.2	2.9
Qatar Fuel	14.69	0.75	(2.07)	14,606	14.1	1.7	6.8
Wisam Food	2.19	(1.04)	(6.85)	394	N/A	4.6	N/A
Mannal Corp.	4.43	(1.84)	21.77	2,021	11.4	2.1	5.6
Al Meera Consumer Goods	14.79	0.07	1.86	3,047	16.3	1.8	5.7
Mekdam Holding Group	2.78	(0.36)	(8.35)	444	11.2	1.8	N/A
Meeza QSTP	3.13	(0.64)	(4.55)	2,029	32.8	3.0	2.6
Al Faleh Education Holding	0.74	(2.50)	6.76	178	14.3	0.7	2.5
Al Mahjar Holding	2.36	(0.25)	(3.75)	488	N/A	1.4	5.1
Consumer Goods and Services				32,162			
Qatar Industrial Manufacturing	2.53	(0.32)	0.68	1,201	8.0	0.6	5.1
Qatar National Cement	3.43	0.88	(14.63)	2,242	15.9	0.8	7.9
Industries Qatar	11.98	(1.40)	(9.72)	72,479	17.3	2.0	6.2
Qatari Investors Group	1.51	0.87	(2.15)	1,871	11.4	0.6	8.6
Qatar Electricity and Water	16.05	(0.19)	2.23	17,655	12.8	1.2	4.9
Aamal	0.83	(0.72)	(3.40)	5,198	11.8	0.6	7.3
Gulf International Services	3.21	(2.78)	(3.49)	5,969	7.7	1.4	5.3
Mesaieed Petrochemical Holding	1.31	(0.61)	(12.37)	16,458	23.2	1.0	4.4
Estihmar Holding	3.30	0.83	94.51	12,342	26.4	2.3	N/A
Qatar Aluminum Manufacturing	1.30	0.39	7.51	7,271	10.6	1.1	6.1
Industrials				142,686			
Qatar Insurance	1.94	1.20	(8.57)	6,340	11.2	1.0	5.2
QLM Life & Medical Insurance	2.01	1.16	(2.76)	703	11.0	1.1	5.0
Doha Insurance	2.56	(0.19)	2.40	1,280	6.8	1.0	6.8
Qatar General Insurance & Reinsurance	1.19	(1.00)	3.21	1,041	16.7	0.3	N/A
Al Khaleej Takaful Insurance	2.54	(0.93)	(2.26)	596	8.9	1.0	6.4
Qatar Islamic Insurance	8.50	(2.02)	(1.97)	1,276	8.9	2.3	5.9
Damaan Islamic Insurance Company	3.89	3.40	(1.67)	778	8.4	1.4	5.2
Insurance				12,013			
United Development	1.02	(0.29)	(9.35)	3,605	10.8	0.3	5.4
Barwa Real Estate	2.73	0.22	(3.67)	10,608	8.5	0.5	6.6
Ezdan Real Estate	1.02	(2.02)	(3.60)	27,002	160.1	0.8	N/A
Mazaya Qatar Real Estate Development	0.60	(1.15)	3.08	602	N/A	0.6	N/A
Real Estate				41,817			
Ooredoo	12.47	0.16	7.97	39,944	11.5	1.5	5.2
Vodafone Qatar	2.38	(0.25)	30.00	10,056	16.5	2.1	5.0
Telecoms				50,000			
Qatar Navigation (Milaha)	10.92	(0.73)	(0.64)	12,407	11.0	0.7	3.7
Gulf Warehousing	2.89	(0.38)	(14.24)	169	10.7	0.7	3.5
Qatar Gas Transport (Nakilat)	4.98	1.28	19.93	27,588	16.6	2.1	2.6
Transportation				40,145			
Qatar Exchange				627,072			

Technical analysis of the QSE index



Source: Bloomberg

The QE Index closed up by 0.6% for the week; it closed at 10,626.50 points. The Index attempted to move above 10,750 last week but failed to make any further headway and trimmed its gains moving back into the channel zone. However, the trend on the upside can only be confirmed if it manages to close above the 10,850 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.

Retailers seen using stablecoins to push back against card fees

Bloomberg
New York

Stablecoins have become one of the hottest buzzwords in the world of finance as of late with US lawmakers on the cusp of passing the first guidelines for mainstream use of the cryptocurrencies designed to mirror the dollar.

Everyone from banks to securities firms to fintech startups are experimenting with the tokens as a means of making payment systems faster and cheaper. That apparently even includes Walmart Inc and even Amazon.com Inc, the *Wall Street Journal* reported on Friday.

But for most retailers, stablecoins are more likely the newest avenue to gain traction for themselves in a long-running dispute with the likes of Visa Inc and Mastercard Inc over the fees merchants pay to accept consumer cards.

In the US, most consumers carry credit or debit cards which offer convenience, fraud protections and, in the case of credit products, rewards programmes. The plastic conveniences are handy for consumers

but frustrate merchants who pay fees for card processing to banks and networks like Visa and Mastercard. Additionally, funds from card transactions can take a couple days to settle in merchant accounts.

"The reason why the fees are so high is that Visa and Mastercard each organise banks all around the country into the dictionary definition of a pricing cartel, and they tell them how much to charge merchants," said Doug Kantor, general counsel for the National Association of Convenience Stores. "The result is all of these banks that are supposed to be competitors, don't compete on the price to merchants of accepting a card."

The card networks say they're taking proactive steps to be key infrastructure providers in the stablecoin ecosystem. Last year, Visa announced a platform to help banks issue their own fiat-backed tokens. More recently, the network partnered with Stripe's Bridge unit to allow businesses to launch stablecoin-linked cards. Mastercard, for its part, recently added stablecoin settlement support for merchants. Mastercard referred Bloomberg News to a statement last month where Chief Product

Officer Jorn Lambert said that "unlocking this is core to how we navigate the rapidly changing world, giving people and businesses the freedom they want by providing the choices they deserve."

A Visa representative didn't respond to a request for comment.

Meanwhile, Shopify Inc announced this week it would allow merchants on its platform to accept stablecoin payments in an offering powered by Stripe Inc and Coinbase Global Inc. Stripe's recently acquired Bridge unit also offers a platform helping businesses launch their own stablecoins.

While instant settlement for merchants sounds appealing, it's not a useful change if merchants can't use the stablecoins to pay vendors or run their operations, Sanjay Sakhani, managing director and senior analyst at Keefe, Bruyette & Woods Inc, said. PayPal Holding Inc is attempting to address this concern by building a platform helping merchants pay their vendors abroad in stablecoin. Another key hurdle stablecoins face for retail transactions is convincing consumers there's a meaningful advantage over the cards they're accustomed to using and, in the case of

credit products, allow them to earn rewards. Stablecoins also require consumers have cryptocurrency wallets which often need to be set-up via third party platforms like MetaMask or Coinbase Wallet and add friction to the buying experience.

"The price and settlement time is really beneficial to the merchant, but it doesn't really mean a whole lot to the consumer," KBW's Sakhani said.

The landmark stablecoin legislation progressing through the Senate has won enthusiastic backing from retailers eager to explore the technology's potential as a bargaining chip in negotiations for lower rates from the networks, or to circumvent them altogether.

The reigning alternative payment method is pay-by-bank, a category of products enabling consumers to pay merchants directly from their bank accounts, without using a credit or debit card. Walmart has emerged as a leader in that category, and last year announced an upgraded pay-by-bank offering. Fintech Plaid Inc is also taking strides in the pay-by-bank category, and a bid by Visa to acquire the firm was abandoned amid a prolonged

antitrust fight with the US Justice Department over concerns the network was attempting to eliminate a nascent competitor to its online debit business.

A Walmart spokesperson declined to comment on the *Wall Street Journal* report. Amazon representatives didn't respond to requests for comment.

Despite the longtime efforts to popularise an alternative to card payments, pay-by-bank has been slow to gain traction in the US and has left a graveyard of attempts in its wake. Merchant Customer Exchange (MCX), for example, was behind an effort by a consortium of US retailers, including Walmart and Target, which didn't gain widespread adoption before it was acquired by JPMorgan Chase & Co nearly a decade ago.

The long history of attempts to popularise pay-by-bank may foreshadow some of the speed bumps ahead for stablecoin adoption. "Any new system will have its challenges, its risks, its costs, and stablecoins will be subject to these same forces" said Scott Talbot, executive vice-president at the Electronic Transactions Association.

EU to demand companies share details of their Russian gas deals, shows document

EU to propose measures to ban Russian gas by end-2027; EU to seek details of companies' Russian deals, document shows; curbs on LNG terminals' services to Russia to start January 2026

Reuters
Brussels

The European Union (EU) will demand companies disclose details of their Russian gas deals to the EU, under upcoming European Commission proposals to ban Russian gas imports by the end of 2027, an internal Commission document seen by Reuters showed.

The Commission is preparing to propose legal measures to completely halt the EU's Russian gas imports by the end of 2027, and ban new Russian gas deals by the end of this year. The proposals are due to be published on June 17.

An internal European Commission analysis of its upcoming proposals, seen by Reuters, said to enforce the ban, the Commission will require information including the duration, annual contracted volumes, destination clause and date of conclusion of their Russian gas contracts.

"The implementation of the measures — as designed in the proposal — requires comprehensive and systematic information about the existing contracts for Russian gas, including specific contractual arrangements," the document said.

A Commission spokesperson declined to comment on the upcoming proposals, which could still change before

they are published. Gas importers will also be required to disclose the origin of their imports, to ensure it is not Russian, the document said. The disclosures aim to ensure the EU and countries' customs and energy authorities can track that the ban is enforced.

"Except for cases where gas can clearly be considered as of Russian origin, the proposal requires importers to present documentation to the customs authorities about the origin of the imported gas," the document said.

The Commission's assessment said the upcoming proposals will ban EU LNG terminals from providing services to Russian customers from January 1, 2026, with a longer deadline of June 17, 2026 for existing services contracts under short-term LNG supply deals.

The deadline to stop providing these services under long-term contracts with Russia will be December 31, 2027, it said. Simone Tagliapietra, senior fellow at Brussels-based think tank Bruegel, said that the EU may struggle to access information on Russian gas deals, and companies had resisted governments' past attempts to gather this information.

"Companies are likely to resist again, unless strong confidentiality protections are guaranteed," Tagliapietra said.

"A viable route for the Commission to do so might be to mandate non-public disclosure to national regulators or to the Commission itself under strict confidentiality, possibly aggregated or anonymised for public reporting," he added.

Fed meeting in focus as Wall Street investors seek rate-path hints

Reuters
New York

The Federal Reserve's balancing act between concerns about a weakening labour market and still above-target inflation will take centre stage for investors in the coming week as they weigh risks to the rally in the US stock market. The S&P 500 has rebounded sharply over the past two months as worries about the impact of trade barriers on the economy have eased since President Donald Trump's "Liberation Day" announcement on April 2 sent the market plunging.

The rally hit a stumbling block on Friday as stocks fell globally and investors moved to safe-haven assets after Israel launched a military strike on Iran.

The Fed's two-day monetary policy meeting could present the next major obstacle for markets. While the US central bank is widely expected to hold interest rates steady when it announces its decision on Wednesday, investors are eager for any hints about whether the Fed might be poised to lower rates in the coming months.

The fed funds rate has been at 4.25%-4.50% since the central bank last eased in December, by a quarter percentage point.

"What the Fed is going to have to do to next week is encourage the belief that they are able to act without actually promising anything," said Drew Matus, chief market strategist at MetLife Investment Management. "If they move rates lower too early before there is evidence that there is weakening in the economy that they can then point to, they raise the risk of actually boosting inflation expectations further." At its last meeting



Traders work on the floor of the New York Stock Exchange. The Federal Reserve's balancing act between concerns about a weakening labour market and still above-target inflation will take centre stage for investors in the coming week as they weigh risks to the rally in the US stock market.

in May, the central bank said risks of both higher inflation and unemployment had risen. The Fed has a dual mandate to maintain full employment and price stability, and investors will be seeking any signs of whether officials are more concerned about one of those goals and what that means for the path of rates.

One area of focus on Wednesday will be an update to Fed officials' projections about monetary policy and the economy, which were last published in March.

Larry Werther, chief US economist of Daiwa Capital Markets America, will be watching estimates for unemployment. While the Fed officials' last projection was for unemployment to end 2025 at 4.4%, Werther is projecting a year-end

rate of 4.6%, saying recent data including jobless claims has indicated softening in the labour market.

"If the unemployment rate is expected to move higher, just aligning with what we've seen in the labour market, and inflation isn't expected to move much beyond what the Fed is projecting, then it opens the door to further easing in support of the labour market later this year," Werther said. Fed funds futures indicate markets expect two rate cuts by the end of this year, with the next one likely in September, according to LSEG data. Such bets were bolstered by benign inflation reports this week. Investors are also focused on Trump's selection to succeed Fed Chair Jerome Powell, with the president regularly urging the

central bank to lower rates. Trump earlier this month said a decision on the next chair would be coming soon, although he said on Thursday that he would not fire Powell, whose term ends in May 2026.

The release of monthly retail sales on Tuesday will also be in focus. Investors want to see if tariffs are leading to higher prices that pressure consumer spending. Trade developments are likely to continue to keep markets on edge, with a 90-day pause on a wide array of Trump's tariffs set to end on July 8. A trade truce this week between China and the US offered hope that the two countries can reach a lasting resolution, but the absence of detailed terms left room for potential future conflict.

Banking's Mediterranean deal flurry widens with Novo Banco sale

Bloomberg
Lisbon

The wave of bank acquisitions washing over Southern Europe has reached Portugal.

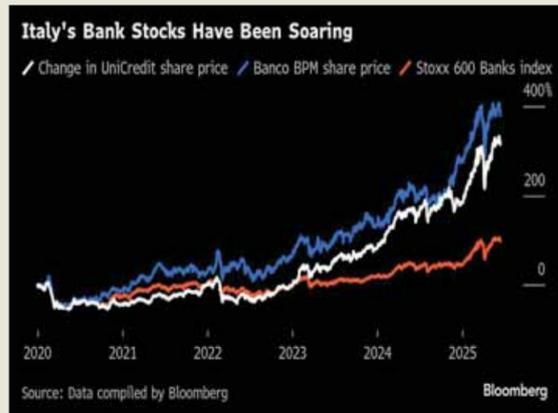
On Friday, Lone Star agreed to sell its 75% stake in the country's fourth-largest lender, Novo Banco SA, to the French banking group BPCE SA in what would be the biggest euro area cross-border takeover in the sector in a decade. Dealmaking in the region kicked off a little over a year ago in Spain when BBVA SA made an unsolicited offer for domestic rival Banco Sabadell SA. It subsequently spread to Italy as one local bank after the next joined in. Even Greece — once the most chaotic corner of European banking — recently got swept up, with UniCredit SpA expanding its stake in Alpha Bank.

"Years of painful restructuring and reform have left Southern European banks stronger and more profitable," said Francesco Castelli, a portfolio manager at Banor Capital Limited. "Now, they're seizing the moment through mergers and

acquisitions." The buzz across the Mediterranean contrasts with a more subdued outlook north of the Alps. While some lenders have acquired units from competitors such as BNP Paribas SA's purchase of an investment firm from insurer Axa SA and the acquisition of a 49% stake in Banco Santander SA's Polish unit by Austria's Erste Group Bank AG, full-scale M&A has been rare. Germany's big banks have been notably absent from the M&A frenzy. Even though Deutsche Bank AG has said it wants to play an active role in European banking consolidation once it takes place, it has yet to present any concrete plans.

The country's other big listed lender, Commerzbank AG, has likewise said it's keen to grow through acquisitions, but the few deals it has carried out have been tiny. Instead, it has become a potential takeover target for UniCredit.

Only the Nordic banks have come close to matching the Mediterranean's number of deals, albeit at a much smaller scale. All transactions have been focused on expanding the buyer's presence



across Sweden, Finland, Norway and Denmark.

Many banks across Southern Europe have cleaned up their balance sheets over the past decade, removing a huge barrier to their strategic room for manoeuvre. In addition, steep increases in their share prices over the past few years, fuelled by surging lending income on the

back of higher interest rates, has given them currency to carry out deals.

Italy is the clearest case in point. The country's banking stocks have enjoyed a revival since interest rates began to rise in 2022. That's set off a cascade of deal announcements, as each bank boss faces the choice to jump into the fray or risk missing out.

The country's big lenders "are taking advantage of their strong balance sheets and higher equity valuations to take over smaller competitors and extract some synergies," said Roberto Scholtes, head of strategy at Singular Bank. Meanwhile, deals in Greece and Portugal have been supported by governments trying to end their shareholdings in banks, which are remnants from bailouts during various financial crises as long as two decades ago.

Both countries have been keen to attract foreign investment into their banking sectors as an effort to show that they have become attractive business cases after years of restructuring. BPCE's planned acquisition of Novo Banco is "a very important sign of international investors' confidence in our country," the Portuguese government said in a statement on Friday. It agreed to sell its 25% stake to the French bank as well. Most governments elsewhere in Southern Europe have been much less welcoming to the banking deals taking place on their soil. Madrid has voiced strong opposition to BBVA's offer

for Sabadell, citing competition concerns — rejected by BBVA — while Rome has imposed sweeping conditions on UniCredit's proposed acquisition of Banco BPM SpA. CEO Andrea Orcei has said he'll pull the offer if the government doesn't soften its stance.

UniCredit has signalled it believes the conditions may violate the law, while BBVA is evaluating whether incoming EU rules will ultimately compel the Spanish government to partially relax its opposition, Bloomberg News has reported. The European Union and the region's top financial regulator, the European Central Bank, have signalled support for banking deals to happen.

With governments seeking to prevent some of the biggest deals on offer, it's unclear just how deep the current transformation of Southern Europe's banking sector will turn out to be. Failure to complete the takeovers could also send a signal to other bank CEOs that political considerations are too big a risk to take. For now, the latest batch of deals continues to move through the process.

WEEKLY ENERGY MARKET REVIEW

Oil prices settle higher as Israel, Iran trade air strikes

www.abhafoundation.org

Oil

Oil prices jumped on Friday and settled 7% higher as Israel and Iran traded air strikes, feeding investor worries that the combat could widely disrupt oil exports from the Middle East. Brent crude futures settled at \$74.23 a barrel, up \$4.87 after earlier soaring over 13% to an intraday high of \$78.50. Brent was 12.5% higher than a week ago. US West Texas Intermediate crude finished at \$72.98 a barrel, up \$4.94. During the session, WTI jumped over 13% to \$77.62. WTI climbed 13% to its level a week ago. Both benchmarks had their largest intraday moves since 2022 when Russia's invasion of Ukraine caused a spike in energy prices. Israel said it had targeted Iran's nuclear facilities, ballistic missile factories and military commanders on Friday at the start of what it warned would be a prolonged operation to prevent Tehran from building an atomic weapon. Iran has promised a harsh response. Shortly after trading ended on Friday, Iranian missiles hit buildings in Tel Aviv, Israel, according to multiple media reports. Explosions were also heard in southern Israel. The National Iranian Oil Refining and Distribution Company said oil refining and storage facilities had not been damaged and continued to operate. The latest developments have also stoked



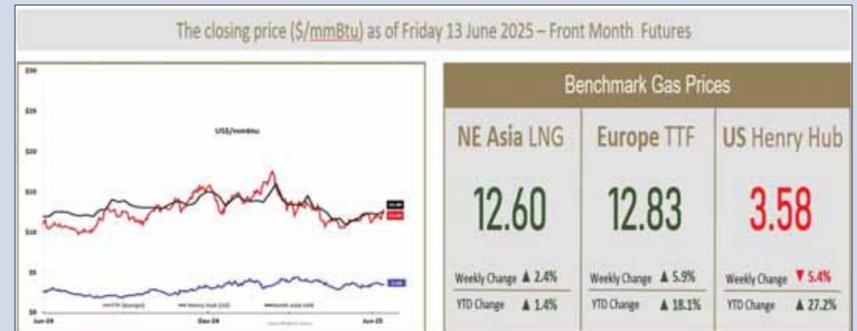
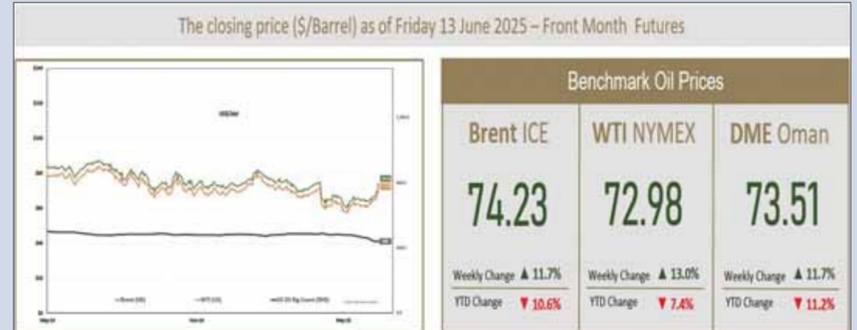
An aerial view of oil terminal in industrial facility for storage tank of oil and liquefied natural gas. Asian spot LNG prices increased last week due to rising temperatures and escalating geopolitical tensions in the Middle East. Picture supplied by the Abdullah bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.

concerns about disruptions to the Strait of Hormuz, a vital shipping passage. About a fifth of the world's total oil consumption passes through the strait, or some 18 to 19mn bpd of oil, condensate and fuel.

Gas

Asian spot liquefied natural gas (LNG) prices saw gains last week as rising temperatures in the northeast part of the region led to some pick-up in demand, and as escalating geopolitical tensions in the Middle East raised concerns about supply disruptions. The average LNG price for July delivery into north-east Asia was at \$12.60 per million British

thermal units (mmBtu), up from \$12.30 per mmBtu last week and its highest levels since early April, industry sources estimated. Following Israel's attack on Iranian military and nuclear targets, Iran showed interest in taking revenge to these assaults, expanding the geopolitical premium, analysts said. For gas and LNG, the real risk would be to disrupt LNG exports via the Strait of Hormuz. Given earlier military threats, this still seems far away, at least for now, according to analysts. Meanwhile, increased South Korean appetite helped to lift prices, as well as incremental demand from Taiwan and China ahead of the cooling demand



season. Many parts of China are experiencing above-season average temperatures, which may increase gas-for-power demand through to end-June, while Japan is expecting a 70% probability for above-average temperatures

until the end of the month. In Europe, gas price at the Dutch TTF hub settled at \$12.83 per mmBtu, about 6% higher than a week ago. In the US, gas climbed about 3% on Friday on worries the conflict could disrupt Middle

Eastern oil and gas supplies.

■ This article was supplied by the Abdullah bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.

Switzerland's likely rate cut to zero threatens to test banks

Bloomberg
Bern

The Swiss National Bank's next cut in borrowing costs may be about to cause a headache for banks, if officials end up experimenting with their first-ever interest rate of zero.

A quarter-point reduction anticipated by most economists on Thursday would not only draw a line on less than three years of positive monetary policy, but would also place the financial system in uncharted territory by stopping short of going negative, conceivably for some time to come.

Swiss policymakers are poised to act in order to stoke consumer prices depressed by the strength of their currency. It touched a decade-high against the dollar in April as global market ructions prompted by US President Donald Trump's tariff onslaught drove haven flows into the franc.

Despite having previously pushed the rate down to -0.75% during the past decade, the lowest level in the world, the SNB never actually made a stop at zero before – neither on the way down, nor when it finally exited negative territory in 2022. While policy regimes all differ, global peers have tended to skirt that threshold too.

Officials have long acknowledged the discomfort of going below zero for Switzerland's \$4.1tn banking sector, whose traditional domestic savings and mortgage business generates less income under that level. But at least institutions including UBS Group AG, Postfinance and



A Swiss National Bank logo sits above the entrance to the central bank in Bern. The SNB's next cut in borrowing costs may be about to cause a headache for banks, if officials end up experimenting with their first-ever interest rate of zero.

Zuercher Kantonalbank have the option of charging customers who keep money with them.

Zero risks turning out to be an even more awkward no-man's land. It erases the interest that allows them to attract deposits and compresses margins on loans, but also offers a poor justification to impose costs on clients. And with most economists anticipating no further cuts for now, the squeeze could be enduring.

"A steady zero interest rate is the worst-case scenario for Swiss banks," said Ausano Carjati Crivelli, an analyst at ZKB. "For a few months, that doesn't drastically change the game,

but if it persists for an extended period of time, it could become more challenging."

Swiss banks were already facing a leaner year with the prospect of rates falling. They have also been primed for the risk of returning to negative territory. SNB President Martin Schlegel repeated as recently as this month that it's an option, even if "no one" likes it.

The prospect that borrowing costs could land at the precipice of negative would be another twist in Switzerland's fickle relationship with its banks. UBS is currently reeling from the government's proposal earlier this

month for as much as \$26bn in additional capital requirements.

Concerns over the impact of a zero rate may have contributed to decisions to skip that level when policymakers introduced negative rates in 2014, as well as when it abolished them again almost eight years later.

This time however, SNB officials appear to have signalled policy adjustments in measured increments, stressing that even after a negative inflation rate of -0.1% last month, they want to avoid over-reacting.

Officials are also emphasizing the use of borrowing costs as a lever. Market intervention

to contain the franc's strength is frowned upon by the Trump administration, which just put Switzerland on a watch list as a possible manipulator.

The central bank's judgments reflect tough trade-offs faced by officials, who must act for the greater good by balancing the interests of one part of the economy against another.

"The SNB has been very consistent in its framing of price stability before everything else," said Claude Maurer, chief economist at BAK Basel Economics. "No favours for specific industries. If they conclude that zero is the right number, they will set zero."

He is one of the large majority of economists anticipating a 25 basis-point reduction – to zero – when officials meet on June 19. Only a few in a survey by Bloomberg see a bigger move into negative territory.

Markets also put the probability of a larger cut at less than 30%, though strategists at Morgan Stanley have warned that traders are underpricing such a risk. If the forecasts prove right and the rate does end up at zero, the concern for banks then becomes that it stays stuck there. That's the median prediction of economists for this year and next.

For all the pain that might cause, available data also suggest banks should still be able to cushion the fallout over time.

In less than three years of positive Swiss rates, they already earned more in interest from the SNB than all money they paid to the central bank during more than seven years of negative rates, according to its annual reports.



Christine Lagarde, president of the European Central Bank.

ECB within reach of 2% inflation goal, says Lagarde

Bloomberg
Frankfurt

The European Central Bank (ECB) is approaching its goal for consumer-price growth, President Christine Lagarde said, warning of uncertainty emanating from US tariffs.

"Our primary responsibility at the ECB is price stability, and this is clearly defined in our strategy," Lagarde told the Xinhua News Agency. "We are within reach of the 2% medium-term inflation target that we have defined as price stability. But we cannot have price stability if we do not have financial stability."

Lagarde spoke to the Chinese media company a week after the ECB reduced interest rates for an eighth time, to 2%, with officials now saying they're well placed to tackle the economic challenges ahead.

A pause in rate cuts in July is widely expected, though analysts and markets still expect one more reduction by year end.

US President Donald Trump's erratic trade behaviour is one major factor clouding the outlook and potentially stoking prices. "What will impact one will impact others, and if the situation is not resolved satisfactorily and the uncertainty is not removed, the corporate world will rethink their supply chains," Lagarde said.

"They will rethink their supply and their sourcing, and that will cause more fragility and a period of uncertainty, during which growth will probably be impaired, during which we could have inflationary pressure as a result."

UniCredit owns 1.9% of Mediobanca ahead of bank investor meeting

Bloomberg
Milan

UniCredit SpA holds a 1.9% equity stake in Mediobanca SpA, allowing it to participate in a key vote by the investment bank's shareholders to endorse its plan to take over Banca Generali SpA. The Italian bank accumulated the holding in the last six months as residual client trading positions to cover certificates activity of its clients, people with knowledge of the matter said. UniCredit has registered the stake at Mediobanca's shareholder meeting called for Monday to approve the takeover plan, the people said, asking to not be named discussing a private matter.

"The bank sees around €20bn (\$23bn) of equity flows a day and regularly holds positions on behalf of clients and to cover clients positions. This is no different," a UniCredit spokesperson said in response

to questions. Mediobanca is part of a complicated web of dealmaking in Italian finance, where cross-holdings, alliances and sometimes conflicting interests mean that developments in one deal have repercussions for others. Chief Executive Officer Alberto Nagel is seeking to buy the private banking arm of Assicurazioni Generali and use the shares it holds in the insurer as the consideration for the offer. The plan is also aimed at fending off a hostile bid from Banca Monte dei Paschi di Siena SpA.

UniCredit may join a group of shareholders with interests in both Mediobanca and Generali to vote for abstention in Mediobanca's shareholder meeting, the people said. The group may include the billionaire families of the late patriarch Leonardo Del Vecchio, Mediobanca's biggest investor with a 20% stake, and Benetton, which holds 2.2%, some of the people said, adding that no final decision has been

taken yet and all the options are still open. Francesco Gaetano Caltagirone, Mediobanca's second-largest investor with about 10%, is expected to vote against the plan, according to some of the people. The investors have reservations about the benefits of the deal for both Mediobanca and Generali, they said. Spokespersons for UniCredit, Delfin, Benetton and Caltagirone declined to comment. Mediobanca needs approval of at least one vote over 50% of the voting rights represented at the event to go ahead with its plan.

Attendance is expected to exceed 80%, meaning that Mediobanca needs shareholders with at least 40% of capital voting in favour to proceed. Nagel can likely count on the backing of international and retail investors, following endorsement by proxy advisers. Still, any abstentions would be considered a vote against the plan, as they wouldn't be included in the count.

The M&A wave in Italy's banking industry kicked off in early November, when Banco BPM SpA launched a bid for asset manager Anima Holding SpA, only to become a target itself a few weeks later when UniCredit made an offer. The move disrupted a plan to combine Banco BPM with Monte Paschi, with the latter turning its attentions to Mediobanca. In a strategic move to counter a takeover by state-backed Monte Paschi, Nagel unveiled a proposal in April to acquire Banca Generali, by swapping the 13% stake it holds in the insurer.

Most of the players have ties with Generali, with Mediobanca owning 13% of the insurer and UniCredit holding 6.8%, while the billionaire clans of Caltagirone and the Del Vecchios also own shares in Mediobanca, Monte Paschi and Generali. Backing at Monday's meeting will allow Nagel to seek to convince Banca Generali investors to give up their shares for a combination that he sees as an alternative

option to the Monte Paschi deal. A defeat would not only halt a deal central to Nagel's ambitions but also weaken his defensive positioning against state-backed Monte Paschi.

Assicurazioni Generali owns 50% of the private bank and Mediobanca has set as condition for the offer that the insurer will adhere to the offer. The move is a break from Mediobanca's long-standing ties with Assicurazioni Generali, signalling Nagel's intent to assert greater independence and expand the bank's private wealth footprint. A divestment of that stake would also make Mediobanca a less interesting asset for some other key actors involved in the deal wave and address previous criticism from some shareholders that the stake serves little strategic purpose. The deal would offer Mediobanca a boost to return on tangible equity, a key profitability metric, to 20% from 14% currently, it said. The bank also said it would target synergies of some €300mn.