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Bessent challenges Fed policymakers' judgement on interest rates

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BUSINESS

DIVERSIFICATION DRIVE: Page 2
Fintechs look to join Saudi listing boom amid growing demand

Qatar seen set to clock fastest growth rate next year since 2015

By Pratap John
Business Editor

Qatar's broad economy is in good shape, with "positive" annual growth across all components of GDP in the first quarter (Q1), according to Emirates NBD.

Indications are that growth has been maintained in the second quarter, with the Qatar Financial Centre PMI survey remaining above the neutral 50.0 level in April and May, the Dubai-based banking group has said in a report.

While Qatar saw a record first quarter in terms of LNG exports, hitting 22mn tonnes amid high demand from northeast Asia, there was only a modest 1.5% y-o-y rise in the extraction of crude petroleum and natural gas industrial production index.

The second quarter also appears to have got off to a fairly weak start, with the index's April print down 3.8% year-on-year (y-o-y).

"We have pencilled in a 2.0% expansion in the hydrocarbons side of the economy this year. In 2026, however, we project a much more robust 8.0% growth rate given the expected start of operations at the North Field East expansion project in the middle of next year.

"This will drive headline GDP growth up to 4.8% next year according to our projections, which if realised would be the fastest growth rate since 2015," Emirates NBD said.

The researcher's non-hydrocarbons growth forecast for Qatar this year is 3.0%, which would represent a modest slowdown from the 3.4% seen last year.

Although the Q1 growth print does offer some upside risk to this projection there has been a slowdown in quarterly growth, which if maintained would see softer annual growth through the remainder of the year.

Qatar's real GDP growth rate slowed to 3.7% y-o-y in Q1, down from 6.1% in Q4-2024. This still marked a strong performance, however, coming in well above the 2.5% averaged over the previous four years.

On a quarterly basis, growth was 0.3%, from 0.4% in Q4. The slowdown in annual growth was driven primarily by a drop in 'mining and quarrying', mainly from the hydrocarbons sector, where growth fell to 1.0% y-o-y, from 6.3% the previous quarter.

There was also a more modest slowdown in non-hydrocarbon GDP, which maintained a robust growth rate of 5.3%, compared with 6.2% previously. "We forecast headline GDP growth of 2.6% this year, compared with 2.4% in 2024," Emirates NBD said.

Notable growth drivers in Q1 include wholesale and retail trade, which expanded 14.6% y-o-y and accounted for 8.4% of GDP, and manufacturing, which made up 7.4% of the total and grew 5.6% y-o-y, compared with a 0.2% decline in Q4-2024.

Building and construction saw growth of 4.4% and the outlook for the rest of the year is positive given high levels of project spending in the pipeline.

As of June, MEED Projects data gives $52.8bn worth of projects budgeted in Qatar. The bulk of this is in construction, closely followed by transport with investment going into the New Doha International Airport and the Doha Metro network.

While visitor arrivals in Q1 were down 7% to 1.5mn, the ongoing expansion of Qatar Airways and the development of Doha International as a regional and global hub likely provided support to the sector – in 2024 passenger volumes through Hamad International Airport expanded by 15% to reach 52.7mn passengers, Emirates NBD said.

Qatar's broad economy is in good shape, with "positive" annual growth across all components of GDP in the first quarter, according to Emirates NBD. **PICTURE:** Shaji Kayamkulam

QIB recognised as 'Best Consumer Bank' and 'Best Personalised Advice in Middle East' at AI in Finance Awards 2025 by *Global Finance*

Qatar Islamic Bank (QIB) has received the 'Best Consumer Bank in Qatar and the Middle East' and 'Personalised Financial Advice in Qatar and the Middle East' accolades at the AI in Finance Awards 2025 from *Global Finance*.

The accolades reinforce QIB's position at the forefront of AI-driven banking innovation in the region. With a clear focus on delivering smarter, more intuitive digital experiences, QIB has been systematically embedding artificial intelligence across its operations to anticipate customer needs, elevate service quality, and drive sustainable growth.

One of QIB's most notable AI implementations is Next Best Offer (NBO), a proprietary recommendation engine within the QIB Mobile App. Built on advanced deep learning algorithms, NBO helps deliver timely, relevant product suggestions and financial advice tailored to each customer's profile. This capability ensures users receive meaningful, personalised interactions, supporting better financial decision-making while enriching their everyday banking experience.

QIB's AI strategy goes beyond personalisation. By integrating AI into areas such as fraud detection, process automation, and digital onboarding, the bank has significantly improved operational efficiency, enhanced security, and reduced its reliance on traditional, paper-based workflows. These advancements reflect QIB's commitment to responsible AI innovation that aligns with the objectives of Qatar National Vision 2030.

Bassel Gamal, QIB Group CEO, said: "These awards affirm our vision to position AI as a cornerstone of QIB's future. We are leveraging artificial intelligence to enhance customer experiences today while building the foundation for a truly intelligent bank that can anticipate needs, drive innovation, and deliver sustainable value for years to come.

"Our commitment to responsible and forward-thinking AI adoption ensures QIB remains at the forefront of digital banking, supporting Qatar's ambitions for a knowledge-based economy."

The *Global Finance* AI in Finance Awards spotlight financial institutions that are setting global benchmarks in artificial intelligence. QIB's recognition in both national and regional categories confirms its role as a digital pioneer, leading with purpose, precision, and innovation.

The accolades reinforce QIB's position at the forefront of AI-driven banking innovation in the region. With a clear focus on delivering smarter, more intuitive digital experiences, QIB has been systematically embedding artificial intelligence across its operations to anticipate customer needs, elevate service quality, and drive sustainable growth

Opec+ speeds up oil output hikes, adds 548,000 bpd in August

Reuters
London

Opec+ agreed yesterday to raise production by 548,000 barrels per day in August, further accelerating output increases at its first meeting since oil prices jumped — and then retreated — following Israeli and US attacks on Iran.

The group, which pumps about half of the world's oil, has been curtailing production since 2022 to support the market. But it has reversed course this year to regain market share and as US President Donald Trump demanded the group pump more to help keep gasoline prices lower. The production boost will come from eight members of the group — Saudi Arabia, Russia, the UAE, Kuwait, Oman, Iraq, Kazakhstan and Algeria. The eight started to unwind their most recent layer of cuts of 2.2mn bpd in April.

The August increase represents a jump from monthly increases of 411,000 bpd Opec+ had approved for May, June and July, and 138,000 bpd in April.

Opec+ cited a steady global economic outlook and healthy market fundamentals, including low oil inventories, as reasons for releasing more oil.

The acceleration came after some Opec+ members, such as Kazakhstan and Iraq, produced above their targets, angering other members that were sticking to cuts, sources have said. Kazakh output returned to growth last month and matched an all-time high.

Opec+, which groups the Organisation of the Petroleum Exporting Countries (Opec) and allies led by Russia, wants to expand market share amid growing supplies from rival producers like the US, sources have said.

Japan's monetary normalisation not a source of global financial risk: QNB

Japan's transition to a more conventional macroeconomic and monetary regime represents an important global shift, QNB said and noted "it is not a source of financial instability".

Interest rate differentials still support global capital flows and the Bank of Japan (BoJ)'s normalisation is prudent and transparent, QNB said in an economic commentary.

Rather than a shock to global liquidity, Japan's monetary shift should be viewed as a positive signal of macroeconomic normalisation after decades of stagnation, the bank noted.

After decades of battling deflationary stagnation, which started after the bust of the domestic asset price bubble in the late 1980s, Japan's macroeconomic environment has begun to change. During the deflationary period (1990-2020), the country operated in an anomalous setting of ultra-low growth, subdued inflation, and extraordinary monetary accommodation.

But the confluence of the Covid-19 pandemic, global supply shocks, and aggressive fiscal and monetary stimulus appears to have finally "reflated" the Japanese economy.

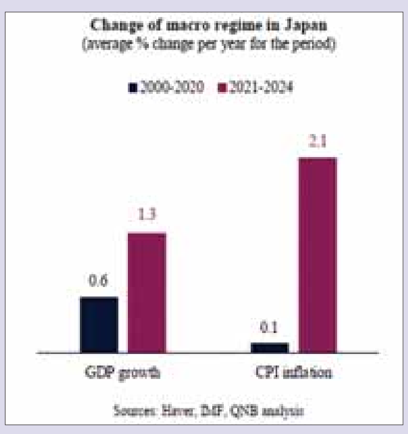
Post-pandemic, Japan has experienced more consistent growth alongside inflation levels that are no longer materially below those of other advanced economies. This marks a structural shift, moving Japan into a more "normal" macro regime after years of being a global outlier.

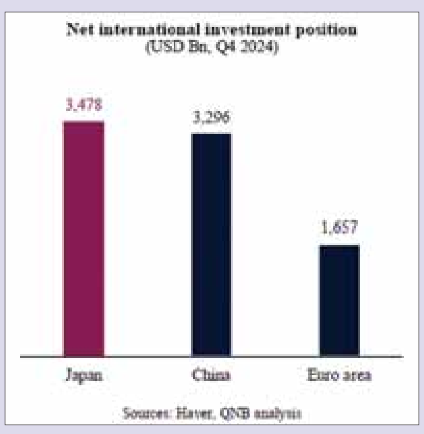
In this context, the BoJ has initiated a long-awaited monetary policy normalisation process. Negative policy rates have been abandoned, yield curve control (YCC) has been phased out, and the central bank is gradually stepping away from its role as the dominant buyer of Japanese government bonds (JGB).

The policy stance has evolved in response to improving domestic fundamentals, including a tighter labour market and persistent inflation above 2%.

However, Japan's normalisation has raised concerns in global financial circles. Market participants fear that this policy shift could catalyse a rapid reversal of capital flows and destabilise global financial markets.

These concerns are rooted in Japan's historical role as a key source of global liquidity. Years of ultra-loose monetary policy – negative rates, YCC, and massive asset purchases – positioned the BoJ as an anchor for global interest rates. Japanese investors, in search of higher yields abroad, became significant players in global capital markets, engaging in large-scale cross-border investments and yield-seeking "carry trades."





In fact, Japanese residents hold the world's largest net international investment position, comfortably above that of China or the Euro area.

Given this backdrop, the fear is that monetary policy normalisation and rising JGB yields could trigger a capital reallocation back to Japan, tightening global liquidity and generating market stress. In our view, however, these concerns are overstated.

Two main reasons explain why Japan's monetary tightening is unlikely to generate material financial instability, either domestically or globally, QNB said.

First, even after the recent adjustments, interest rate differentials against major advanced economies remain wide – both in nominal and real terms.

Currently, the BoJ's short-term policy rate stands at 0.5%, while the US Federal Reserve maintains its federal funds rate at 4.5% and the European Central Bank's deposit facility rate is at 2%. And this comes in a context where inflation in Japan runs at 3.5%, significantly above what is seen across peers.

Hence, real interest rates are still deeply negative in Japan, contrasting with positive real rates in the US and Euro area. These enduring differentials continue to incentivise Japanese investors to seek higher returns abroad, sustaining outbound capital flows and carry trade activities.

Second, the monetary tightening is expected to be orderly and well executed, preventing significant bouts of financial or economic stress. In fact, the BoJ's normalisation strategy is cautious, deliberate, and well-communicated.

The pace of tightening has been slow, allowing markets to adjust smoothly. The BoJ retains flexibility and has signalled a willingness to adjust course if needed. Importantly, monetary policy in Japan remains deeply accommodative, i.e., policy rates and even the 10-year JGB yields are far below the nominal neutral rate of 2.5%. "Should the gradual monetary policy tightening continue as expected, with two 25 basis points rate hikes per year, the transition to a more neutral or restrictive stance should be smoothed, reducing the likelihood of sudden capital flow reversals," QNB added.

LEGAL PERSPECTIVE

Fabulous victory for Qatar in international arbitration

By Dr AbdelGadir Warsama Ghalib

Very good comforting news that, the Court of Arbitration of the International Chamber of Commerce (ICC) in Paris, gave a victorious award to the benefit of Qatar Foundation (QF) versus a joint venture company (JV). As the facts of the dispute show, QF signed a contract with the JV to design and construct Sidra Medicine construction in 2009. However, QF terminated the contract with the JV due to failure to perform.

I am a member of the Legal Technical Committee of the ICC General Secretariat, and we look into the development for the Arbitration Law of the ICC, which is the legal base for the arbitration tribunal.

Needless to say, the arbitration court of the ICC, is the most famous and highly classified as the best place for arbitration in global international disputes. The disputing parties, from all over the world, refer their disputes to this arbitration tribunal. The span of disputes covers all types including trading, commercial, banking, accounting, and construction disputes to be adjudicated based on and under the FIDIC RULES (International Federation of Consulting Engineers - in French - FIDIC).

What makes the arbitration court of the ICC, the 1st arbitration tribunal, are many factors and reasons including, inter alia, a very good law providing for clear and accurate concise procedural matters before the tribunal, a condensed and selected big list of very highly professional reputed arbitrators from all parts of the world covering all legal jurisdictions, deep ethics culture and clear legal rules regarding the impartiality and independence of the arbitrators. Last but not the least, the overwhelming power of the General Secretariat of the ICC to look into awards for endorsement before declaring the final award to the disputing parties. This looks like a court of cassation final decree in the case before it.

Another great unequivocal advantage, is the privilege and absolute credit of the faintly of the arbitration tribunal award. The arbitration award is absolutely final and enforceable by the required enforceable agencies.

What more?

I believe nothing is more needed so as to go in line with the important principle of fast justice, based on the glorious principle saying "Delay of Justice is Denial of Justice". Herein, arbitration proves the best available alternative for the final settlement of disputes.

All above factors are available when seeking justice through the arbitration tribunal of the ICC. We highly respect QF for such brave action and taking the dispute to the doors of this international legal body in Paris for the settlement of the dispute with the JV.

Arbitration, is the choice of the contracting parties. By opting to arbitration, the parties can choose the applicable law, choose the arbitrators to look into the dispute, choose the location, the language.

All such privileges are not available when the dispute is before judicial courts. Needless to say, the victory in such big international sensitive disputes, starts from beginning at the time of discussing and negotiating the terms of the contract between the parties. In big, complicated contracts, it's always better to include a clear-cut arbitration clause in the contract. When it comes to the choice among international arbitration courts, I normally opt for the arbitration tribunal of the ICC in Paris. During my practice, this stand proves itself as the best available alternative for fast and accurate justice.

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Fintechs look to join Saudi listing boom amid growing demand

Bloomberg
Riyadh

Saudi Arabia has hosted a handful of fintech listings in recent years, many of which have delivered strong early gains

Two Saudi Arabian fintechs are preparing to list in Riyadh, people familiar with the matter said, looking to tap into growing demand for such services in the kingdom.

Emkan Finance Co has hired Morgan Stanley and Al Rajhi Capital to advise on an initial public offering, the people said, declining to be identified as the information is private. The firm — owned by Al Rajhi Bank, Saudi Arabia's second-largest lender by assets — offers small loans and credit cards to individuals, and reported a net income of 887mn riyals ($236mn) in 2024.

Tamweel Al Oula Co, which provides retail and corporate financing, is also preparing for a public share sale, some of the people said. The company reported a profit of 181mn riyals last year.

Representatives for Al Rajhi Bank, Al Rajhi Capital and Morgan Stanley declined to comment. Representatives for Tamweel Al Oula could not be reached for comment.

Saudi Arabia has been accelerating efforts to diversify its economy and expand financial access under its Vision 2030 economic transformation plan. If Emkan and Tamweel Al Oula list, they will join other consumer finance businesses tapping equity capital markets in the country as it opens up and consumer choices across leisure and entertainment broaden.

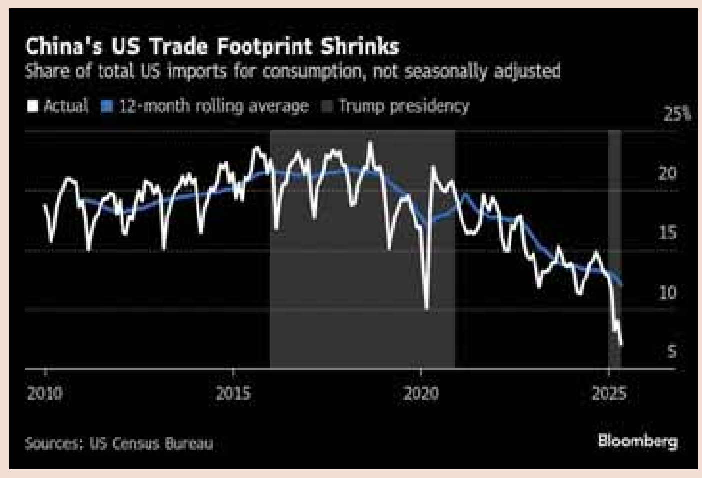
One window into the shift: nearly half of Saudi fitness club operator Sport Clubs' sales came through buy-now-pay-later providers in the first nine months of 2024, up from just 18% in 2022. The sharp rise reflects how instalment-based payments are gaining ground in day-to-day spending.

Saudi Arabia has hosted a handful of fintech listings in recent years, many of which have delivered strong early gains. United International Holding Co, which owns Shariah-compliant consumer finance firm Tasheel, raised $264mn last year. The stock is up more than 18% since its listing in December, defying softness in broader Saudi equities.

Meanwhile, fintech Rasan Information Technology Co's stock is also up 132% since its $224mn IPO in June 2024.

Al Rajhi Bank is also eyeing an IPO of its tech subsidiary Ejada Systems Ltd., while BNPL unicorn Tabby is working toward a deal, Bloomberg News has reported.

China's share of US imports falls to 7% as Vietnam closes in



China's share of US imports fell to 7.1% in May, the lowest since 2001, according to trade data published on Thursday by the US Census Bureau, reports Bloomberg. That's a 4.3 percentage point lower than the same period last year and part of a longer-term decline that began during President Donald Trump's first term in office. China's share of imports was recently as high as 14.8% in September 2024, prior to Trump returning to office and implementing steep new tariffs on imports from the country. Among the biggest beneficiaries of the realignment have been China's neighbours in Asia. Both Taiwan and Vietnam each accounted for nearly 6% of US goods imports in May, up from roughly 3% in 2023. Taiwan is now 1.2 percentage points shy of China's share of US imports, driven in part by soaring AI demand for semiconductors, an industry it dominates. Vietnam's increasing share of imports has been boosted by transshipments from China and goods made locally with Chinese components. The US targeted Vietnam earlier this week with a 40% tariff rate on such goods.

Bloomberg QuickTake Q&A

Why regulators are cracking down on India's giant options market

By Chiranjivi Chakraborty and Ashutosh Joshi

India has gone from being a small player in the highly speculative equity derivatives market to the world's largest, all within just five years.

Daily turnover in the market – which includes options trading – now sits at about $3tn.

The markets regulator has become increasingly concerned about this segment of the market, particularly because of its sudden popularity among inexperienced retail investors chasing quick returns. It has previously warned that these traders could face significant losses when bets go wrong, particularly against larger financial market players.

There are also concerns that some big-sized participants, through the use of sophisticated technology, are using "manipulative" practices to game the system, affecting the integrity of the market.

On July 4, the Securities and Exchange Board of India (Sebi) announced it would seize 48.4bn rupees ($570mn) from trading giant Jane Street Group, which it claims were unlawful gains made by the US-based market-making firm. It also temporarily banned Jane Street from trading in the country's securities market while it conducts a detailed investigation.

Jane Street said it disputed the findings of the interim order and would further engage with the regulator.

How does options trading work?

Equity options provide investors with the choice, but not the obligation, to buy or sell a stock at a predetermined price and date. These instruments are useful for investors to hedge against risks in their stock portfolios.

There are also futures contracts, which oblige an investor to buy or sell a stock at a predetermined price on a specific future date, with no option to back out.

In India, these products have become a way to place speculative bets on moves in share prices without needing to put up large amounts of money. Investors only need to pay for the contract – sometimes costing as little as 10 rupees (12 US cents) – and they can take leveraged positions equivalent to as much as five times their invested capital.

If an investor expects a 5% rise in a stock, they might buy a call option, paying a small premium to the seller, who is often another retail investor. If the stock rises more than 5%, the first investor makes a profit. If it falls, their loss is limited to the premium paid.

The major risk is to the seller: If the value of the underlying stock rises above the agreed sale price they incur a loss.

Why are regulators concerned about the options market?

In the last few years, the spread of mobile trading apps, the ease of opening an account and the proliferation of how-to-trade content on social media has fuelled a trading frenzy among non-professional investors in India, who see options trading as a low-cost, fast way to make money. The number of those investors has gone from fewer than 1mn in 2019 to about 7mn today.

The regulator, which is concerned by the inexperience – and appetite for risk – of some of these investors, has previously warned of the dangers in trying to bet against larger, better-funded and more experienced financial market players.

An updated study released in early 2024 by Sebi found that 93% of retail investors had lost money on derivatives over a three-year period to the end of March 2024. As much as $7.3bn was lost over a 12-month period.

Then, in April 2024, India's derivatives market grabbed global attention – and regulatory scrutiny – when Jane Street disclosed that it had made a $1bn profit in 2023 from trades in the country.

Why did this concern the regulator?

High-frequency trading firms typically use options products as they are more flexible to support strategies such as arbitrage, which allows traders to conduct a high volume of trades simultaneously.

This type of strategy is executed by sophisticated traders who use powerful algorithms to execute large trades in microseconds. Such trading, however, may leave smaller traders unable to compete and can be seen as market abuse.

After it was revealed that Jane Street had made significant profits in the Indian market, Sebi started to investigate whether there was any market abuse.

What are regulators doing to crack down on the market?

In late 2024 the regulator introduced a number of measures to cool the derivatives market.

It tightened the rules around short-term speculative trading by limiting the number of index options that expire on a weekly basis to just two, down from as many as eight.

That has reduced access to quick turnaround trades where investors aggressively add positions on the day their contracts settle to benefit from price swings. The regulator had blamed these contracts – first introduced in 2019 by the National Stock Exchange of India Ltd – for the "hyperactive trading" and "increased volatility" seen on expiry days.

Shorter-duration contracts had been advantageous for traders because there was less probability that the value of the options would increase before their expiration date, and therefore less chance that the seller would incur a loss.

Another measure is that brokers are now required to collect larger margin payments from people selling options contracts on their expiry day.

Separately, the government in 2025 raised taxes on short-term trading profits from equities for the first time in 15 years and doubled the transaction tax on futures and options trading.

Have these measures been working?

India's daily futures and options turnover hit a record of almost $6tn in February 2024. After the regulator implemented a number of these measures, turnover almost halved.

Despite the sharp fall, it is still far beyond the $150bn in turnover recorded just five years ago.

BoE's Taylor warns neutral rate question can't be avoided

Bloomberg
London

Bank of England (BoE) policymaker Alan Taylor said UK officials cannot sidestep the question of where interest rates will settle, in a direct challenge to Governor Andrew Bailey's approach.

Taylor has been unusually frank about where he expects the UK's neutral rate — the level at which policy is neither stimulating nor weighing on the economy — to end up. Bailey and those close to the Governor have repeatedly dodged questions on the issue, claiming there is too much uncertainty.

But Taylor, an external rate-setter on the Monetary Policy Committee, warned on Friday that avoiding the question is "hard, problematic, and in my view, counterproductive," as he repeated his calls for lower rates.

"Whilst one could take a step by step, or meeting by meeting approach to guiding the interest rate, the question of the end point, the final resting place of interest rates, in a steady state can, in my view, never quite be fully sidestepped," he said in remarks published ahead of a speech at the London School of Economics and Political Science later on Friday.

It is in sharp contrast to Bailey who frequently bats away questions over the neutral rate, also known by economists as R-star.

Earlier this week, Bailey refused to give his view, saying there is "huge uncertainty" over its level. He said that judging the restrictiveness of policy at that moment is more important.

In a question-and-answer session following the speech, he said policymakers cannot be "afraid of our own shadow," adding they should also publish their own paths for rates. He hailed the model of Sweden's Riksbank as showing "full transparency" by publishing a rates forecast.

"I think we are well served if we publish that and we've got a committee. We have a range of views and it would be good for everyone to see that range," he said. "We shouldn't be afraid to put our views out there because I think that contributes to public understanding, understanding in the financial markets."

In his speech, Taylor said that this end point for interest rates is of "enormous interest and consequence to the economy, affecting financial markets, banks, firms, households, everyone."

Taylor — one of the most dovish UK rate-setters and a self-declared monetary policy "activist" — said the BoE should cut rates as a form of "insurance" against a "deteriorating" economic backdrop, warning that history suggests it should be done sooner rather than later.

"A better risk management approach at this point is to cut and hold for longer later, rather than hold too much, and have to cut in a hurry later," he said.

He expects rates to normalise at around 2.75% if a slew of shocks to the economy and prices mostly dissipate.

He said this means that, at 4.25%, there is still a "long way to go" to get bank rate back to neutral.

"Unlike the period before 2008, it is very hard to simply look at the policy rate itself, take some kind of average or trend, and draw any firm conviction as to where the neutral level might be," he said.

Financial markets are pricing in two further quarter-point cuts this year, and another two or three more by the middle of 2026.

With the labour market continuing to slacken, the risk of taking a gradual approach implied by the market path, Taylor said, is that inflation undershoots the 2% target and the economy experiences a hard landing.

"In the near term, I see stronger disinflationary forces building up over the rest of this year, and then in the medium term I see a need to reach for a lower neutral level over the course of 2026 and 2027 should we be able to normalise smoothly," he said.

"For those two reasons, I was persuaded to not only vote for a lower level of Bank Rate now but also to signal the need to be on a lower path over the year to come."

Wall Street investors eye tariff deadline as stocks rally

Reuters
New York


Traders work on the floor of the New York Stock Exchange. Investors will be keeping a close eye on tariff headlines out of Washington next week, as a temporary suspension of punitive import levies is set to expire.

Investors will be keeping a close eye on tariff headlines out of Washington next week, as a temporary suspension of punitive import levies is set to expire. If that Wednesday deadline passes without an increase in trade tensions, it could prove positive for the markets. Negotiators from more than a dozen major US trading partners are rushing to reach agreements with US President Donald Trump's administration by July 9 to avoid even higher tariffs, and Trump and his team have kept up the pressure in recent days.

On Wednesday, Trump announced a deal with Vietnam that he says will impose a lower-than-promised 20% tariff on many Vietnamese exports. While the administration has teased a forthcoming deal with India, talks with Japan, the sixth-largest US trading partner and closest ally in Asia, appeared to hit roadblocks.

Investors have shifted from panicking about tariffs to relief buying, recently lifting the US stock market back to record highs, with corporate earnings and the US economy holding up better than many had expected through a period of dramatic policy change.

The S&P 500 has risen about 26% from April 8, when stocks bottomed following Trump's draconian April 2 tariff announcement.

But much of the rally has been driven by retail market participants and corporate share buybacks, even as institutional investors have been more reticent.

Despite the S&P 500 making new highs, equity positioning is far below February levels as investors remain underweight stocks, according to Deutsche Bank estimates.

"This has definitely been a junkier rally, a more speculative rally," Lisa Shalett, chief investment officer at Morgan Stanley Wealth Management.

"In the last week or so, it's been driven a lot more, I think, by retail than it has been by institutions. Institutional positioning is really just average," she said. While many factors are keeping investors cautious, including worries about US economic growth and lofty stock market valuations, getting past the tariff deadline without a major escalation in tensions would be one less thing to worry about in the near term, analysts said.

"I think that there may be some threats and sabre-rattling, but I don't really think that any of that now poses a major danger to the market," said Irene Tunkel, chief US equities strategist, BCA Research.

Still, investors don't expect the tariff deadline to put an end to trade tensions for good.

"I don't view it necessarily as a hard deadline," said Julian McManus, portfolio manager at Janus Henderson Investors.

"The 90-day pause itself was instituted because the markets were falling apart, and I think policymakers needed breathing room and time to try and negotiate these deals or find some kind of off ramp," he said.

Investors' cautious approach to boosting equity exposure now is reminiscent of their behaviour immediately after the pandemic market drop of March 2020, when allocations to stocks recovered more slowly than major market indexes, Deutsche Bank strategist Parag Thatte, said.

"It does mean that there is still room for exposures to keep rising, which is a positive for equities all else equal," Thatte said.

After a roller-coaster first half, the S&P 500 is entering a historically strong period. Over the past 20 years, July has been the strongest month for the benchmark index with an average return of 2.5%, according to a Reuters analysis of LSEG data. Investors will also be keeping an eye on economic data — especially inflation numbers — and second quarter results in coming weeks for clues to the health of the US economy, and the Federal Reserve interest rate outlook.

"We're right at the point where institutions are going to have to decide one way or the other, do they believe the rally or not," Morgan Stanley's Shalett said.

European markets post weekly drop with focus on US trade deals

Bloomberg
London

European stocks posted a weekly decline on lingering uncertainty around US trade deals ahead of an initial tariff deadline next week.

The Stoxx Europe 600 Index was down 0.5% by the close as President Donald Trump said his administration will probably start notifying trading partners of the new US tariff on their exports effective August 1.

Still, the index pared earlier declines of as much as 0.9% after a Bloomberg report said the draft of a US trade accord contains a provision that Switzerland will receive preferred treatment in the ongoing national-security investigations to avoid tariffs on pharma exports.

Shares of Swiss drugmakers Novartis AG and Roche Holding AG advanced 1.4% and 0.9%, respectively. Trade-exposed miners and automakers were among the biggest decliners, while defensive plays health care and telecoms outperformed.

European stocks have meandered in recent weeks on concerns about the outlook for trade with the US. Trump told reporters on Thursday that about "10 or 12" letters would go out Friday, with additional letters coming "over the next few days."

Daniel Murray, chief executive officer at EFG Asset Management, said trade talks were "in sharp focus" amid lingering uncertainty. "The one thing that markets will be thinking about is 'Is the EU going to get a deal? Is there sufficient progress made on trade talks?'," he said.

Drinks maker Remy Cointreau SA recouped initial declines as analysts noted some positives in the news that China was imposing anti-dumping duties on European brandy. Defence manufacturer Rheinmetall AG rose 3.3% after analysts including at JPMorgan Chase & Co raised price targets.

In the UK, Britain's domestic struggles are still dogging its equity market a year after a sweeping Labour Party election victory promised political stability and attractive opportunities for investors.

The mid-cap FTSE 250 fell 0.7% on Friday. The index had slumped earlier this week as speculation about a possible exit by Chancellor of the Exchequer Rachel Reeves made investors nervous about the state of Britain's finances. UK Prime Minister Keir Starmer then said Reeves will continue in her post "for many years to come."

Barclays Plc strategists said the bullish case for the FTSE 250 has become less compelling as the "UK's fiscal situation remains perilous, especially after recent U-turns on announced spending cuts."

BBVA to go ahead with its Sabadell takeover bid despite TSB sale

Bloomberg
Barcelona

A Banco Bilbao Vizcaya Argentaria bank branch in Barcelona, Spain. BBVA is set to push ahead with its takeover bid for Banco Sabadell, even after its rival's move this week to sell its UK unit.

BBVA SA is set to push ahead with its takeover bid for Banco Sabadell SA, even after its rival's move this week to sell its UK unit, according to people familiar with the mater.

BBVA and its advisers see Sabadell's decision to sell TSB as neutral for its own deal and are keen to make a tender offer to the target's shareholders in the coming months, according to the people, asking not to be named discussing private information.

Analysts see the TSB sale, which will give Sabadell investors €2.5bn ($2.94bn) in dividends, as a defensive move against the BBVA bid.

No final decision has been made and other options are still open to BBVA, including walking away from Sabadell, according to the people. One potential alternative could be for BBVA to improve its offer as the deadline approaches, the people added, though the lender's message until now has been there is no need or intention for that.

The bank is not prioritising legal action against Sabadell managers for potential breach of passivity, according to one person. Sabadell's status as a takeover target triggers so-called passivity rules in Spain that make it difficult for the firm to pro-actively search for deals.

A spokesperson for BBVA declined to comment.

BBVA has been pursuing Sabadell for more than a year, in the face of opposition from its target and political misgivings about the impact on banking competition. Its plan faced a new obstacle earlier this week after Sabadell agreed to sell its UK business to Banco Santander SA for £2.65bn ($3.62bn).

Since then, Sabadell shares have traded at a premium of around 10% over the BBVA bid.

The cash-and-stock offer values its rival at around €13.8bn based on Thursday's closing price, while Sabadell's market value was around €15.2bn. Despite that, BBVA managers still plan to keep the bid alive.

Spain's second biggest bank, whose full name is Banco Bilbao Vizcaya Argentaria SA, already decided to maintain its offer after Spain's government said in late June it was imposing tougher conditions on the deal. BBVA, which won't be able to integrate the target for several years, said the offer would still create value for shareholders, though the government decision delayed some of the planned synergies. BBVA is still waiting for final regulatory approvals from market regulator CNMV, expected in the coming weeks. Once approved, the lender will announce the acceptance period for Sabadell investors, which could be in September, since August is a difficult month due to holidays.

Meanwhile, Sabadell will unveil a new strategic plan on July 24, and will hold two shareholder meetings on August 6 to approve TSB sale and the new dividend.

If BBVA can seal its takeover, the combined bank would become a new Spanish behemoth, with more than 140,000 employees worldwide. BBVA is offering one newly-issued share and €0.70 in cash for each 5.3456 ordinary shares of Sabadell.

BUSINESS

ECB risks 2% undershoot if euro strength persists, says official

Bloomberg
Paris

The European Central Bank (ECB) is at greater risk of undershooting its inflation target following a sharp appreciation of the exchange rate, Governing Council member Francois Villeroy de Galhau said.

Policymakers can't adopt an approach of "benign neglect" after gains of the magnitude seen since the start of the year, the Bank of France Governor said in an interview with Bloomberg Television on the sidelines of a conference in Aix-en-Provence, France.

Villeroy cited estimates that a lasting appreciation of 10% damps inflation by 0.2 percentage point in each of the following three years. "It could increase the risk of undershooting our target" and "this is a risk we must take into account," he said.

The euro has gained about 14% since January, raising concerns among several of Villeroy's colleagues after inflation hit the ECB's 2% target in June.

Earlier this week, Vice President Luis de Guindos said any rise above $1.20 from just below $1.18 currently could make things "much more complicated," while an account of the central bank's June meeting showed discussions about the negative impact on exporters.

Villeroy didn't comment on Guindos's remarks and reiterated that the ECB doesn't set policy to deliver a specific exchange rate. While acknowledging that gains in the euro could have a "significant effect on inflation," he also cautioned, "I don't conclude from that any signal, decision for our July or September meeting."

The Frenchman has said in the past that the ECB needs to remain "agile" even after eight interest-rate cuts in the space of a year. He has said the journey isn't necessarily over and if the central bank were to make another move in the next six months it is more likely to be further loosening.

"We are at present in a good position," he said in the interview. "We will see where we go, but this is not a question limited to July or September."

He added that in light of currently "huge uncertainty" policymakers must be "ready to be pragmatic according to data and agile" — and "move if necessary".

Villeroy's Finnish colleague on the Governing Council, Olli Rehn, said earlier this week he is worried about inflation falling below target for too long a period. The ECB is projecting 18 months of price-growth below its goal as US tariffs dent confidence and the 20-nation economy struggles to expand.

In France, inflation has been below 2% since August last year and eased to 0.7% in May — the weakest reading in more than four years. For the moment, the ECB predicts euro-area inflation will settle at 2% in 2027. That opens up room for policymakers to support the region's economy, according to Villeroy.

"If we are on our target in inflation, obviously we should look at the growth path and we can support, which we did," the governor said.

The euro area's deposit rate level at 2% is "much less" than in the UK or US, "so when people say that the ECB does not support growth, they should look at figures," he added.

Francois Villeroy de Galhau, governor of the Bank of France.

Wells Fargo to ramp up buying CLOs after three-year retreat

Bloomberg
New York

Wells Fargo & Co is ramping up buying top-rated collateralised loan obligations, after largely staying away from the $1.3tn market following interest rate hikes in 2022, according to people with knowledge of the matter.

Wells Fargo has broadly been in talks with managers to buy AAA rated CLO bonds, said the people, who asked not to be identified discussing private information. In the past few months, the bank has already bought into a handful of CLO transactions, which buy and pool buyout debt, some of the people said.

The bank has signalled to market participants that they are likely to dedicate more capital for top-rated CLO deals now that the Federal Reserve has lifted its seven-year-long asset cap on the bank, they said.

Wells Fargo was once among the largest buyers of highest-rated CLO bonds, alongside other banks including JPMorgan Chase & Co and Bank of America Corp. Many banks only took a six-to-12-month hiatus from CLOs after rate hikes put pressure on their balance sheets in 2022, but Wells Fargo has mostly stayed out of the market since.

A representative for Wells Fargo declined to comment.

Wells Fargo is different than it was the last time it was a heavy buyer of CLOs.

When the bank retreated in 2022, it was still subject to an asset cap imposed by the Fed, limiting its balance sheet.

That cap was removed last month, paving the way for Chief Executive Officer Charlie Scharf to push for growth. The bank has already been making hires to ramp up trading operations that were limited by the cap as well as investment bankers in a bid to win more underwriting and advisory business.

For CLO managers, Wells Fargo's recent return to the market is welcome. While more firms have entered the market to buy AAA CLO bonds, few are as large as US and Japanese banks, which still dominate the market. CLO managers also need to lock in AAA tranches to wrap up a deal, as the bonds represent about 60% of the transaction.

Some banks have been willing to underwrite the AAA portions of the CLO vehicles they arrange, ensuring that they'll take on the securities they cannot sell.

Spreads on top-rated CLO bonds are hovering around 130 basis points over the Secured Overnight Financing Rate, tighter than the almost 150 basis points that the bonds were pricing at following the US tariff announcements in April.

However, CLO managers are still facing a shortage of buyout loans that they can buy for their vehicles and there's still a risk of a looming recession.

Barclays Plc recently lowered its forecast for new issuance of CLOs to $180bn, according to a report. Barclays also said spreads for AAA CLOs tied to broadly syndicated loans are poised to land at 125 basis points over the benchmark by the end of the year, wider than earlier expectations.

Sales of US CLOs stand at about $101.4bn so far this year, a slight slowdown from this time last year, according to data compiled by Bloomberg News.

Quant hedge funds ride whiplash markets to first-half riches

Bloomberg
New York

From Treasury market reversals to trade threats, the first half of 2025 was dominated by policy upheaval and Wall Street angst. The dollar famously fell, while commodities and risky assets were whipsawed. But inside the markets where the world's biggest quants operate, a funny thing happened: Time-honoured trading patterns prevailed.

Markets rewarded the strong over the weak, widening the gap between winners and losers amid a return to what AQR Capital Management's Cliff Asness has called "basic rational investing." That wide dispersion, as the industry calls it, proved fertile territory for systematic hedge funds, which scored some of the strongest returns so far in 2025.

Strong performers included Marshall Wace's TOPS, Renaissance Institutional Equities Fund and AQR Delphi Long-Short Equity, which all climbed about 11%, beating broader hedge-fund performance. Voleon Composition, a machine-learning hedge fund, gained 12.8%, while Two Sigma Spectrum was up 7.6%.

"Some companies are doing better than others again," said Richard Mathieson, managing director at BlackRock, whose equity market neutral fund is up 8% this year. "So for that process where you're taking a fresh up-to-date view in every security in the market and building it into a portfolio, the opportunity set is just a lot more compelling."

Systematic stock strategies managed to thrive against a backdrop of rapid-fire market shocks from January through June, a stretch that saw the S&P 500 stage its biggest reversal since 2009 and commodity volatility surge to the highest in three years at one point. Treasuries lurched from their longest winning streak since 2016 in February, before succumbing to the worst weekly drop in 24 years just a little more than a month later.

These quants made money not by avoiding the upheavals, but by riding a market where stocks started moving more independently. The question now is whether that investing edge will hold, as calmer markets and resilient economic data — with Thursday's jobs report landing stronger than expected — push the S&P 500 to fresh all-time highs.

All told, 2025 is extending a renaissance for computer-driven stock traders, following the so-called quant winter — the years leading up to the pandemic when few strategies paid off beyond buy-and-hold bets on Big Tech. While their trades can vary, quants typically spread their bets more widely, and slice and dice stocks based on some quantifiable characteristics and historical patterns. That means they're more likely to win in a year like this, with less concentration in mega-caps and different shares dancing to their own beat.

For another lens into that, a strategy that bets on US single stocks being more volatile than the overall index has gained 3.5% this year, according to a Premialab index aggregating bank swap products.

In terms of commonly used factors — or quant characteristics often used to sort portfolios — momentum, which simply bets on recent winners, was up for a seventh straight quarter, according to a Bloomberg index. That's a sign that for all the market drama, the internal patterns within stocks have been far less fickle. There are some signs that this might be starting to crack, with momentum dropping the most since March this week as investors rotated into laggards. Fading fears of an escalating trade war have revived investor appetite for risk in the past month, fuelling a rotation out of so-called quality and low-risk stocks.

"There are fundamental shocks that are affecting individual securities in different ways," said Andrea Frazzini, head of global stock selection at AQR. "Combined with the higher volatility and dispersion we've seen, it really means that we can take more risk, we can get closer to our model and we have an easier time to implement our views."

In stark contrast were quant trend followers that need sustained momentum to profit. The cohort, which trades futures across assets, saw their worst half-year performance since 2000, dropping 10.1% so far in 2025, a Societe Generale index shows. The Systematica Bluetrend Fund slid 17% and Man AHL Alpha fell about 7.6%, while Transtrend lost 17.5%.

The rotation out of US stocks — which saw shares outside the nation return about three times the S&P 500 — was also reflected in quant performance. Unlike in previous years, AQR's equity models have been scoring stronger returns outside the US, Frazzini added. The firm's Adaptive Equity strategy rose 15.5% in the first-half, while its Delphi trade, which favours lower-risk companies, benefited from the flight to quality earlier.

At Man Numeric, Man Group's quant equity unit, Jayendran Rajamony says other than strength in factors like momentum, it can be hard to generalise performance thanks to the growing use of idiosyncratic signals at each fund. The Man Numeric Quantitative Alpha fund was up 18.7% in the first-half. Even with their computer-driven precision, quant programs may still need occasional human intervention, especially when policy shocks, like tariffs, fall outside the bounds of historic patterns.

"One can argue that some very bold new policy thinking simply cannot be captured," Rajamony said. "Intervention as a form of managing risk I think is needed to make sure these portfolios navigate an environment like this."

QNB FINANCIAL SERVICES

Weekly Market Report

The Qatar Stock Exchange (QSE) index moved up by 74.83 points or 0.70% during the week to close at 10,759.49.

Market capitalisation rose 0.7% to QR635.7bn from QR631.0bn at the end of the previous trading week. Of the 53 traded companies, 26 ended the week higher, 24 ended lower and three remained unchanged. Mannai Corporation (MCCS) was the best performing stock for the week, jumping 16.4%. Meanwhile, Qatar Cinema (QNCD) was the worst performing stock for the week, declining by 5.9%.

QNB Group (QNBK), Industries Qatar (IQCD) and Qatar Islamic Bank (QIBK) were the main contributors to the weekly index rise. QNBK and IQCD added 25.93 and 21.97 points to the index, respectively. QIBK contributed another 20.83 points.

Traded value during the week declined 35.6% to QR1,947.7mn from QR3,022.5mn in the prior trading week. Baladna (BLDN) was the top value traded stock during the week with total traded value of QR194.1mn.

Traded volume decreased 36.1% to 779.4mn shares compared with 1,220.03mn shares in the prior trading week. The number of transactions decreased 16.8% to 96,706 vs 116,232 in the prior week. BLDN was the top volume traded stock during the week with total traded volume of 151.9mn shares.

Foreign institutions remained bullish, ending the week with net buying of QR56.1mn vs net buying of QR730.7mn in the prior week. Qatari institutions provided liquidity, with net selling of QR30.4mn vs net selling of QR634.5mn in the week before. Foreign retail investors ended the week with net buying of QR8.5mn vs net buying of QR5.8mn in the prior week. Qatari retail investors recorded net selling of QR34.2mn vs net selling of QR101.9mn.

Global foreign institutions are net buyers of Qatari equities by $3.9mn YTD, while GCC institutions are also net short by $27.1mn.

DISCLAIMER

Market Indicators	Week ended. July 03, 2025	Week ended. June 26, 2025	Chg. %
Value Traded (QR mn)	1,947.7	3,022.5	(35.6)
Exch. Market Cap. (QR mn)	635,730.0	631,042.2	0.7
Volume (mn)	779.4	1,220.3	(36.1)
Number of Transactions	96,706	116,232	(16.8)
Companies Traded	53	53	0.0
Market Breadth	26:24	53:00	–

Source: Qatar Stock Exchange (QSE)

Market Indices	Close	WTD%	MTD%	YTD%
Total Return	25,382.64	0.7	0.1	5.3
ALL Share Index	3,976.68	0.8	0.0	5.3
Banks and Financial Services	4,970.14	1.1	0.3	4.9
Industrials	4,286.63	1.1	0.2	0.9
Transportation	5,817.56	(0.7)	(0.8)	12.6
Real Estate	1,617.16	(1.2)	(1.3)	0.0
Insurance	2,401.45	2.5	(3.3)	2.3
Telecoms	2,164.41	(0.5)	(0.9)	20.3
Consumer Goods & Services	8,144.31	1.4	1.2	6.2
Al Rayan Islamic Index	5,107.14	0.4	(0.1)	4.9

Source: Qatar Stock Exchange (QSE)

QSE Index and Volume

Source: Qatar Stock Exchange (QSE)

Weekly Index Performance

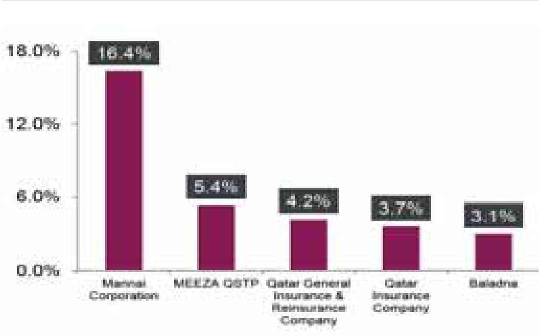
Source: Bloomberg

Regional Indices	Close	WTD%	MTD%	YTD%	Weekly Exchange Traded Value ($ mn)	Exchange Mkt. Cap. ($ mn)	TTM P/E**	P/B**	Dividend Yield
Qatar*	10,759.49	0.7	0.1	1.8	535.45	174,380.7	11.9	1.3	4.6
Dubai	5,748.20	1.1	0.7	11.4	942.87	268,968.5	10.0	1.7	5.2
Abu Dhabi	9,980.74	1.0	0.2	6.0	1,545.86	767,609.9	20.2	2.6	2.3
Saudi Arabia#	11,129.64	0.6	(0.3)	(7.5)	7,775.55	2,446,363.2	17.1	2.1	4.2
Kuwait	8,399.35	1.3	(0.7)	14.1	2,133.94	163,174.6	20.7	1.5	3.2
Oman	4,549.98	1.0	1.1	(0.6)	136.80	33,777.5	8.1	0.9	6.0
Bahrain	1,946.89	1.3	0.2	(2.0)	37.40	20,075.3	13.2	1.4	9.8

Source: Bloomberg

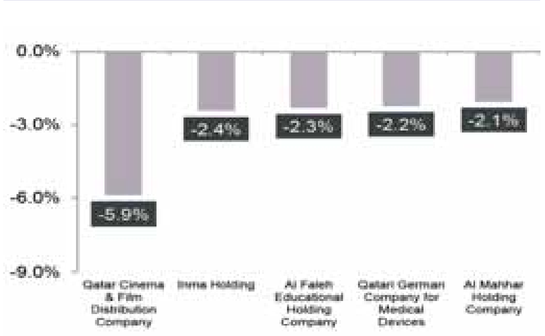
Qatar Stock Exchange

Top Five Gainers



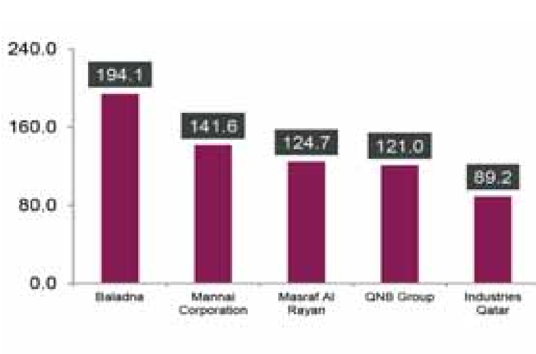
Source: Qatar Stock Exchange (QSE)

Top Five Decliners



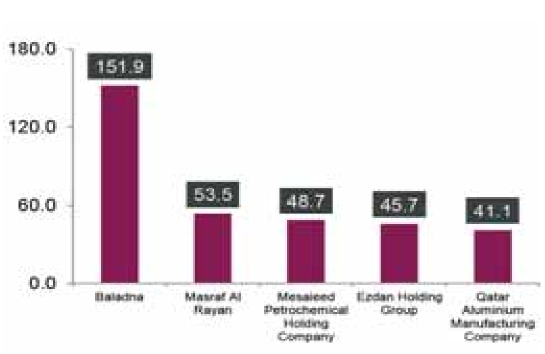
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Value (QR Million)



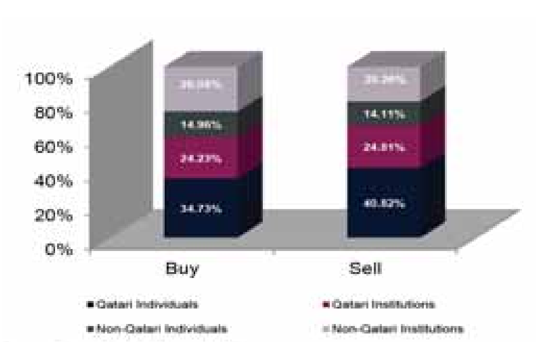
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Volume (Million)



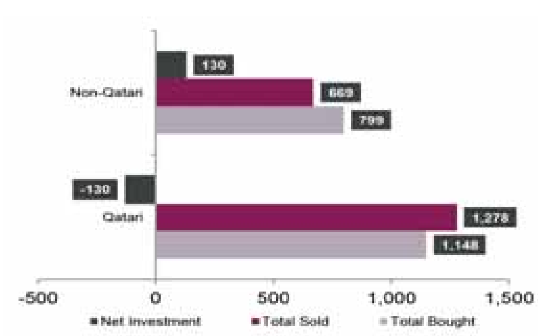
Source: Qatar Stock Exchange (QSE)

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 July 03	% Change Weekly	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	17.48	1.63	1.10	161,453	10.3	1.7	4.0
Qatar Islamic Bank	22.28	1.27	4.31	52,646	11.9	2.0	3.6
Commercial Bank of Qatar	4.55	0.73	4.57	18,411	6.7	0.9	6.6
Doha Bank	2.52	(0.43)	26.77	7,826	9.2	0.7	4.0
Al Ahli Bank	3.75	0.75	8.78	9,574	11.1	1.4	6.7
Qatar International Islamic Bank	10.88	0.74	(0.18)	16,469	13.9	2.2	4.6
Al Rayan Bank	2.32	0.13	(5.64)	21,613	14.8	0.9	4.3
Lesha Bank	1.78	(0.39)	31.31	1,991	14.3	1.5	2.8
National Leasing	0.72	(0.69)	(7.31)	358	20.7	0.6	4.8
Dlala Holding	1.06	0.19	(7.66)	202	N/M	1.1	N/A
Qatar & Oman Investment	0.67	0.00	(3.99)	212	N/M	1.3	N/A
Islamic Holding Group	3.30	(2.42)	(12.81)	187	17.9	1.1	2.1
Dukhan Bank	3.62	0.03	(2.00)	18,953	14.7	1.5	4.4
Banking and Financial Services				**309,895**			
Zad Holding	14.22	0.42	0.35	4,087	19.6	2.7	4.9
Qatar German Co. for Medical Devices	1.45	(2.23)	5.47	167	N/M	N/M	N/A
Salam International Investment	0.67	(1.91)	1.21	764	12.6	0.5	6.0
Baladna	1.28	3.05	2.55	2,439	18.2	1.0	N/A
Medicare Group	5.06	(2.05)	11.25	1,425	14.8	1.4	3.9
Qatar Cinema & Film Distribution	2.45	(5.88)	1.96	154	39.8	1.2	2.9
Qatar Fuel	15.20	1.67	1.33	15,113	14.5	1.8	6.6
Widam Food	2.22	0.63	(5.49)	400	N/M	4.6	N/A
Mannai Corp.	5.66	16.40	55.50	2,581	14.6	2.7	4.4
Al Meera Consumer Goods	14.72	(0.27)	1.38	3,032	16.2	1.8	5.8
Mekdam Holding Group	2.86	1.60	(5.55)	458	11.5	1.9	N/A
Meeza QSTP	3.27	5.39	(0.24)	2,120	34.3	3.1	2.4
Al Faleh Education Holding	0.72	(2.31)	3.45	173	13.7	0.7	2.6
Al Mahhar Holding	2.29	(2.06)	(6.69)	473	N/M	1.3	5.2
Consumer Goods and Services				**33,384**			
Qatar Industrial Manufacturing	2.54	0.00	1.08	1,206	8.1	0.6	5.1
Qatar National Cement	3.52	1.09	(12.47)	2,299	16.3	0.8	7.7
Industries Qatar	12.50	1.63	(5.80)	75,625	18.1	2.1	5.9
Qatari Investors Group	1.48	(0.54)	(3.51)	1,845	11.2	0.6	8.8
Qatar Electricity and Water	15.85	0.32	0.96	17,435	12.6	1.2	4.9
Aamal	0.80	(0.99)	(6.09)	5,053	11.5	0.6	7.5
Gulf International Services	3.25	3.01	(2.40)	6,036	7.8	1.5	5.2
Mesaieed Petrochemical Holding	1.33	0.38	(10.84)	16,747	23.6	1.0	4.3
Estithmar Holding	3.28	(0.27)	93.50	12,278	26.2	2.3	N/A
Qatar Aluminum Manufacturing	1.34	(0.89)	10.81	7,494	10.9	1.1	6.0
Industrials				**146,018**			
Qatar Insurance	2.00	3.68	(5.79)	6,532	11.6	1.0	5.0
QLM Life & Medical Insurance	1.98	(1.05)	(4.31)	692	10.8	1.1	5.1
Doha Insurance	2.54	0.87	1.56	1,270	6.7	1.0	6.9
Qatar General Insurance & Reinsurance	1.35	4.25	17.09	1,181	18.9	0.3	N/A
Al Khaleej Takaful Insurance	2.32	(0.60)	(3.01)	591	8.9	1.0	6.5
Qatar Islamic Insurance	8.62	0.02	(0.67)	1,293	9.0	2.3	5.8
Damaan Islamic Insurance Company	3.80	0.00	(3.89)	760	8.2	1.4	5.3
Insurance				**12,319**			
United Development	1.03	(1.06)	(8.28)	3,647	10.9	0.3	5.3
Barwa Real Estate	2.73	(1.26)	(3.43)	10,635	8.6	0.5	6.6
Ezdan Real Estate	1.02	(1.83)	(3.22)	27,109	160.7	0.8	N/A
Mazaya Qatar Real Estate Development	0.60	(0.50)	2.23	597	N/M	0.6	N/A
Real Estate				**41,987**			
Ooredoo	12.67	(0.16)	9.70	40,585	11.6	1.5	5.1
Vodafone Qatar	2.35	(1.42)	28.63	9,950	16.3	2.1	5.1
Telecoms				**50,535**			
Qatar Navigation (Milaha)	11.22	1.17	2.09	12,748	11.3	0.7	3.6
Gulf Warehousing	2.87	2.07	(14.96)	168	10.6	0.7	3.5
Qatar Gas Transport (Nakilat)	4.88	(2.01)	17.62	27,036	16.3	2.1	2.9
Transportation				**39,952**			
Qatar Exchange				**635,730**			

Source: Bloomberg

Technical analysis of the QSE index

Source: Bloomberg

The QSE index closed up by 0.7% from the week before at 10,759.6 points. As we expected last week, the index is about to test the upper side of the horizontal price range, which is around the 11,000 level. The level has been tested multiple times over the past three years. A breakout above the 11,000 level puts the index in a potential bullish trend. The 10,000 psychological number remains as a support level.

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 indicates 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.

WEEKLY ENERGY MARKET REVIEW

Oil falls slightly ahead of expected Opec+ output increase

www.abhafoundation.org

Oil

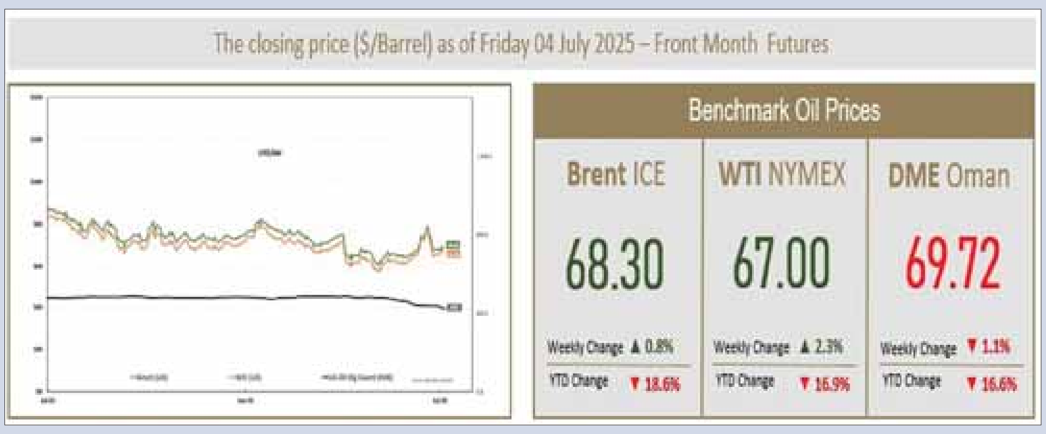
Oil futures slipped slightly in thin holiday trading on Friday, as the market looked ahead to Opec+ meeting and the likelihood that member countries will decide to raise output. Brent crude futures settled down 50 cents at $68.30 a barrel while US West Texas Intermediate crude was down at $67.00. Trade was sparse due to the US Independence Day holiday. Brent settled about 0.8% higher than last Friday's close and WTI was 2.3% higher.

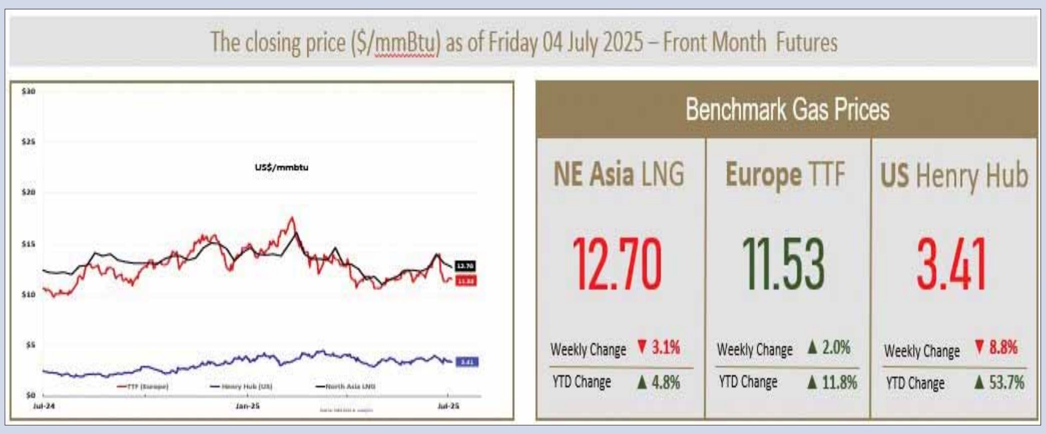
Opec+ countries have decided to adjust oil output by 548,000 barrels per day in August, compared to the approved oil output for July. This came during a virtual meeting held yesterday to review oil market developments and future prospects.

Investors were also watching for implications of US President Donald Trump's massive package of tax and spending cuts, which was set to be signed into law at a ceremony at the White House on Friday.

Crude prices also came under pressure from a report on US news website Axios, which said the United States was planning to resume nuclear talks with Iran next week, while Iranian foreign minister Abbas Araqchi said Tehran remained committed to the nuclear Non-Proliferation Treaty.

An oil tanker pumps oil to a special offshore oil receiver for a terminal in Russia. Brent crude futures settled down 50 cents at $68.30 a barrel while US West Texas Intermediate crude was down at $67.00.
Picture supplied by the Abdullah bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.





Gas

Asian spot liquefied natural gas (LNG) eased last week as subdued demand, rising supply and ample inventories weighed on prices, while the ceasefire between Israel and Iran reduced risk premiums.

The average LNG price for August delivery into north-east Asia LNG-AS was $12.70 per million British thermal units (mmBtu), down from $13.10 per mmBtu last week, industry sources estimated.

Rising Pacific supply, high LNG inventories in China and South Korea, and weak industrial demand across China and India continued to pressure the market.

The Iran-Israel ceasefire further eased geopolitical risk premiums, analysts said, adding that output from Australia, Malaysia and Nigeria has increased. In Europe, gas prices at the Dutch TTF hub settled at $11.53, up 2% from previous week. A lack of a demand catalyst in the global LNG market failed to spark strong price reactions on the week with the supply picture balancing out as increased liquefaction from the US and Qatar helped to improve supply fundamentals.

With large supply hubs returning from maintenance and Asian demand still relatively on the sidelines, Europe continued to attract the brunt of cargoes as a closed arbitrage to Asia and heatwaves in the Mediterranean lured in waterborne LNG cargoes.

European prices have seen limited upside as demand in competing regions has been weak, while the EU's less stringent storage targets have shifted supply risks to winter.

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

US treasury secretary challenges Fed officials' judgement on rates

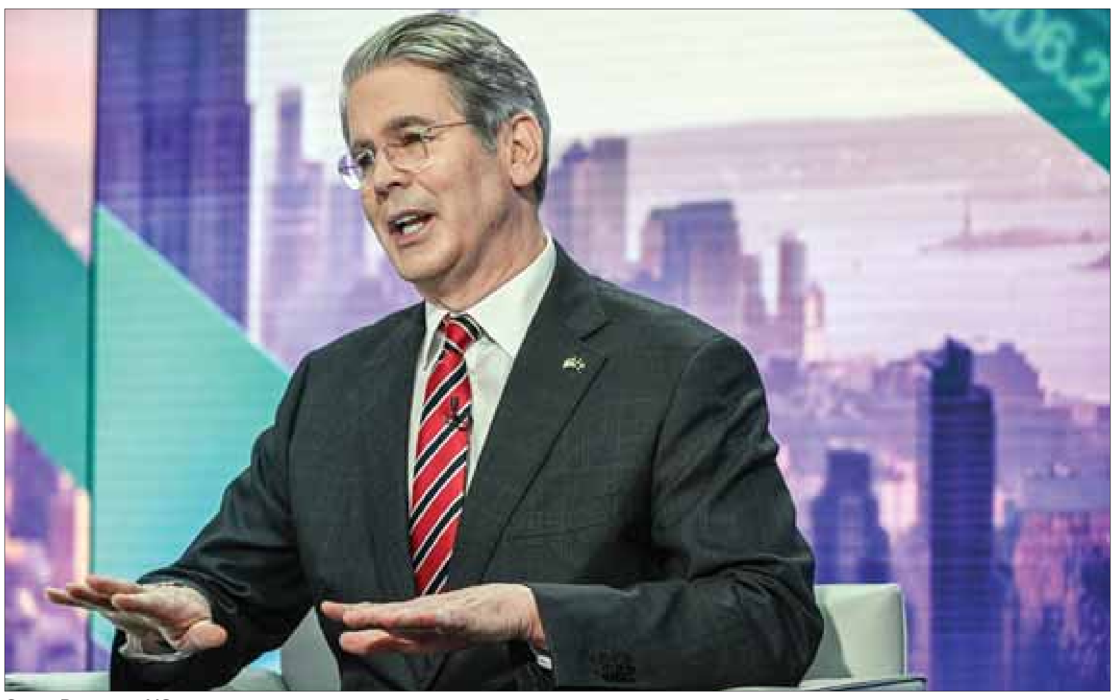
Bloomberg
Washington

US Treasury Secretary Scott Bessent questioned Federal Reserve policymakers' judgement on interest rates, reiterating his view that two-year treasury yields are a signal that their benchmark rate is too high. "The committee seems to be a little off here in their judgement," Bessent said in an interview on Fox Business, referring to the Fed's rate-setting Federal Open Market Committee.

The treasury chief has repeatedly said he would only comment on past Fed policy, not prospective decisions. Even so, he repeated his argument that "two-year rates are telling us that the overnight rate is too high." The Fed's benchmark federal funds rate target is an overnight rate. It's currently set at a range of 4.25-4.5%. Two-year treasury yields are currently around 3.76%.

"We are at very high real rates here," Bessent also said, speaking on CNBC — referring to rates adjusted for inflation. "But again, it's their decision, and I just think if they don't cut, then perhaps the cut in September will be bigger."

Interest-rate futures show traders are betting on at least a quarter percentage point reduction at the Fed's September meeting, with no change anticipated for the July gathering. Asked in an interview on Bloomberg Television whether he agrees with President Donald Trump that the Fed should cut rates by three full percentage points, Bessent declined to answer directly. He reiterated that the market is signalling cuts, while adding that Trump in his first term was "more right than the Fed was on when it was time to cut rates."



Scott Bessent, US treasury secretary.

Bessent also declined a specific response on CNBC when asked about the call by Bill Pulte, the administration's housing-finance chief, for Fed Chair Jerome Powell to resign over what Pulte claimed was deception in testimony to Congress about renovations at the central bank's building. Bessent limited his comments on Fox Business to saying the Fed should "get their spending under control, just like everybody else."

"There are a lot of good, strong candidates" to replace Powell when his term as Fed chair is up in May 2026, Bessent also said. Asked about his own potential candidacy, he said, "I'm not going to reveal private conversations." Speaking later on CNBC, he pointed out that nobody has held both the treasury secretary and the Fed chair jobs at the same time since the 1930s. Bessent also signalled he hopes that Powell leaves the Fed altogether next May. Technically, Powell would be able to stay on the Fed board until 2028, thanks to his separate term as a governor. If he did that, then only Adriana Kugler's position would be open in 2026, with her term coming due in January.

"We get to hopefully fill two seats next year," Bessent said. Bessent on CNBC suggested that Fed policymakers differ in terms of their expectations based on who appointed them to the board. "There seems to be a big dispersion in the so-called dot plot," he said, referring to the projections of Fed policymakers for their benchmark rate. He said there was a dispersion "between the Trump appointees and the non-Trump appointees. I'll let you read into that. What you want."

The dot-plot projections are anonymously presented by the Fed, so it's not possible to publicly determine how the forecasts break down according to different appointees. But Governors Christopher Waller and Michelle Bowman, whom Trump nominated to the board, have said the Fed could cut rates as soon as July.

US-Swiss trade deal likely to contain assurances on pharma levy

Bloomberg
Bern

The draft of a trade accord between the US and Switzerland contains a provision that the European country will receive preferred treatment in the ongoing national-security investigations to avoid tariffs on pharma exports, according to people familiar with the matter.

The clause doesn't constitute a guarantee that Washington will hold off on putting tariffs on the industry considered vital by the Swiss, the people said, speaking on the condition of anonymity. They said the wording is framed as a pledge for both parties to cooperate to avoid such a move via the so-called Section 232 probe. The people cautioned that details are still being finalised and negotiations remain fluid until an announcement is ready.

The draft also requires a nod from Donald Trump, while the Swiss government has already implicitly agreed, one of the people said. As soon as the US president signs off, formal approval from Bern would happen very quickly, they added.

Novartis AG and Roche Holding AG — the two biggest drugmakers in Switzerland — jumped on the news with shares rising as much as 2.9% and 2.5% respectively in afternoon trading. Other Swiss pharma companies also rose with generic drugmaker Sandoz Group AG up as much as 3.3%.

Switzerland is among several countries trying to negotiate a bilateral trade deal with the US to avoid an increase of Trump's tariff of 10% to a higher level designated on April 2 — 31% in Switzerland's case — when a 90-day reprieve expires on July 9. Being spared the threat of future pharma duties was one of the key asks from Swiss negotiators.

Switzerland's Economy Ministry declined to comment. A spokesman for the White House said that "discussion about any potential trade deal should be considered speculation unless officially announced by President Trump."

The Trump administration launched a probe in mid-April that could open the door to tariffs on pharmaceutical imports. Under the Section 232 investigation, the Commerce Department has as long as 270 days — or about nine months — to determine whether the foreign production of drugs is a threat to national security, though it can release the findings much more quickly.

Switzerland is a major exporter of drugs to the US, with pharmaceuticals accounting for almost half of Swiss goods exports to America in 2024, according to data compiled by Bloomberg Economics. For companies including Novartis and Roche, the US is the most profitable market, as is the case for many producers of medicines.

Similar to provisions in a US-UK framework deal signed in May, the draft US-Switzerland pact also agrees that the Swiss will strive to meet US requirements for the security of supply chains.

That's a push for pharma companies no longer sourcing ingredients from China, one of the people said.

Carmakers seek to offset tariffs as EU-US trade talks near end

Bloomberg
Brussels

Some European Union carmakers and capitals are pushing for an agreement with President Donald Trump that would allow for tariff relief in return for increasing investments in the US, according to people familiar with the matter.

Member states were briefed on the status of trade negotiations on Friday, following talks in Washington this week and were told that a technical agreement in principle was close, said the people, who spoke on the condition of anonymity.

The EU has until July 9 to clinch a trade arrangement with Trump before tariffs on nearly all of the bloc's exports to the US jump to 50%. The US president has imposed tariffs on almost all its trading partners, saying he wanted to bring back domestic manufacturing, needed to pay for a tax-cut extension and stop other countries from taking advantage of the US.

US and EU officials will keep negotiating over the weekend, the people said. A European Commission spokesperson didn't immediately respond to a request for comment.

Any deal ultimately rests on Trump and expected scenarios for next week include an agreement in principle that keeps new tariffs from being introduced; a deal that sees new tariffs come into force until a more formal accord is reached; or the US announcing unilateral tariffs, according to the people.

The commission, which handles trade matters for the EU, has not endorsed any so-called offsetting mechanism for cars, according to the people. EU officials worry such a move would divert production and investments away from Europe.

The people cautioned that discussions remained difficult and member states had different views on the level of imbalance they're prepared to accept in any deal.

Some capitals have said they want a quick agreement and don't want to escalate, while others want to negotiate from a position of strength by responding to Trump's levies with countermeasures.

The bloc is willing to accept some asymmetry in an agreement and a 10% rate on many exports, Bloomberg previously reported. But it continues to want an upfront commitment toward lower rates than that on key sectors such as aviation.

"We want a negotiated solution, but you will know that at the same time we are preparing for the possibility no satisfactory agreement is reached," Commission President Ursula von der Leyen told reporters on Thursday. "We will defend the European interest as needed — in other words all the instruments are on the table."

The EU has approved tariffs on €21bn of US goods that can be quickly implemented in response to Trump's metals levies. They target politically sensitive American states and include products such as soybeans from Louisiana, home to House Speaker Mike Johnson, as well as agricultural products, poultry, and motorcycles.

The bloc has also prepared an additional list of tariffs on €95bn of American products in response to Trump's so-called reciprocal levies and automotive duties. They would target industrial goods including Boeing Co aircraft, US-made cars, and bourbon. The EU is also consulting member states on potentially strategic areas where the US relies on the bloc, as well as potential measures that go beyond tariffs such as export controls and restrictions on procurement contracts.