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BUSINESS



EXPANSION STRATEGY - Page 2

Musk's xAI in talks with Saudi's Humain on data centre deal



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### Qatar records QR0.8bn budget deficit in Q2

QNA

Doha

The State of Qatar's general budget recorded a deficit of QR0.8bn during Q2 2025 (April, May, and June), the Ministry of Finance (MoF) announced on Thursday. In a statement published on its account on the social media platform X, MoF highlighted that the deficit was covered through debt instruments. The total revenues for Q2 2025 stood at approximately QR59.8bn, reflecting a 0.1% decrease compared to Q2 2024. It clarified that these revenues comprised QR 34bn in oil and gas revenues and QR25.8bn in non-oil revenues. The statement further noted that total public expenditure during Q2 2025 amounted to roughly QR60.6bn, registering a 5.7% increase compared to Q2 2024. The expenditure was allocated as follows:

QR18.334bn for salaries and wages; QR21.925bn for current expenditures, QR17.507bn for major capital expenditures, and QR2.838bn for minor capital expenditures. The general budget posted a deficit of QR0.5bn during Q1 2025 (January, February, and March). The total revenues for Q1 2025 stood at approximately QR49.4bn, while total public expenditure amounted to roughly QR49.9bn.



The point-of-sales deals constituted 55% of the payment system transactions, followed by e-commerce at 27%, Fawran or instant payment system 17% and Qatar Mobile Payment 1%, the QCB said on X.

## Qatar records 54.87mn payment transactions valued at QR15.89bn in June

By Santhosh V Perumal

Business Reporter

Doha witnessed a total of 54.87mn transactions valued at QR15.89bn through the country's payment system in June 2025 with e-commerce outpacing point-of-sales both in value and the number of deals, according to Qatar Central Bank (QCB) data. The point-of-sales constituted 55% of the payment system transactions, followed by e-commerce 27%, Fawran or instant payment system 17% and Qatar Mobile Payment 1% in the review period, the QCB said on X. There were 43.28mn card transactions through point-of-sales - which enables merchants to process payments and log transactions - valued at QR8.65bn in June 2025. The card transactions saw 1.19% and 1.27% month-on-month jump in value and volume respectively. The e-commerce transaction saw as many as 9.64mn deals valued at QR4.28bn in the review period, which reported 8.02% and 2.01% surge compared with May 2025. The point-of-sales and e-commerce together constituted QR12.93bn in June 2025. Fawran - a real-time payment service in Qatar, allowing users to send and receive money instantly and securely within the country - registered as many as 1.74mn transactions valued at QR2.75bn in the review period, registering 6.42% and 5.47% growth respectively on a monthly basis. There have been a total of 3.19mn total registered Fawran accounts, growing by 3% month-on-month. Fawran was launched in 2024 and the system members are QNB, Commercial Bank, Qatar Islamic Bank, Ahli Bank, Dukhan Bank, Doha

Bank, QIIB and AlRayan Bank. Qatar Mobile Payment (QMP) - which allows immediate transfer of funds between registered customers through any registered payment service providers - saw as many as 209,000 transactions valued at QR209.59mn in June 2025, accelerating month-on-month at 15.18% and 10.58% against May 2025 levels. There has been a total of 1.37mn registered wallets, a 1.79% jump on a monthly basis. The QMP is a centralised payment system launched in 2020 to enable individuals and corporates to perform instant fund transfers between e-wallets within payment service providers in Qatar. Its members are QNB, Commercial Bank, Doha Bank, Qatar Islamic Bank, Ahli Bank, QIIB, Arab Bank, HSBC Qatar, AlRayan Bank, Dukhan Bank, i-pay and Ooredoo Money. Qatar Payment System (QPS) is designed on the concept of real-time gross settlement (RTGS) and electronic straight through processing (e-STP). QPS is based on the SWIFT network and message standards and utilises the SWIFT messages to reconcile and settle the local payments and securities ownership transfers. QPS is linked to the QCB clearing system, book-entry government securities system, and currency issuing application. All applications are driven by swift messages such as (MT202, MT203). Qatar's retail payment system comprises electronic cheque clearing system; national network system for ATMS and Points of Sales (NAPS); QMP; direct deposit and debit (QATCH); electronic payment gateway (QPay); wage protection system (WPS); and Fawran.

# Ahlibank's H1 net profit surges 5.1% to QR402mn

Ahlibank has reported net profit of QR402mn in the first half H1 of 2025, an increase of 5.1% compared to the same period last year. The solid performance reflects the bank's continued momentum and disciplined execution of its long-term strategy, driven by a focus on sustainable growth, prudent risk management, and value creation for stakeholders. "Our results for the first half of 2025 reflect a clear and consistent strategy focused on strength, simplicity, and service. We are proud of our ability to grow while remaining firmly aligned with Qatar's national priorities. As we look ahead, our ambition is not only to meet our customers' evolving needs but to lead with innovation, trust, and value," said Hassan Ahmed AlEfrangi, Chief Executive Officer of Ahlibank. In the second quarter, Ahlibank recorded steady growth across key indicators, with total assets rising to QR62bn, loans and advances increasing by 7.1%, and customer deposits growing by 2.4%. These results underscore the bank's ability to maintain operational resilience and deliver consistent returns in a dynamic and competitive market environment. Looking forward, the bank remains focused on advancing its digital transformation, investing in secure, intelligent solutions to deliver smarter and more personalised banking experiences. With Qatarisation at the heart of its talent strategy, Ahlibank continues to invest in developing the next generation of Qatari banking professionals, fostering leadership and expertise in line with the Qatar National Vision 2030. "Ahlibank's performance over the last six months is a reflection of our strategic clarity and our commitment to the future," according to Sheikh Faisal bin Abdulaziz bin Jassem al-Thani, Chairman of Ahlibank. Both Fitch and Moody's have recognised Ahlibank's strong fundamentals, reaffirming its credit ratings and stable outlook, which highlight the its solid capital position, sound asset quality, and disciplined approach to financial and risk management.

Sheikh Faisal bin Abdulaziz bin Jassem al-Thani, Chairman of Ahlibank. **Right:** Hassan Ahmed AlEfrangi, CEO of Ahlibank.

### Earnings hopes lift QSE as foreign funds up net buying; M-cap adds QR4.24bn

By Santhosh V Perumal

Business Reporter

Corporate earnings expectations yesterday led the Qatar Stock Exchange to surpass the 10,900 levels with ease, mainly on the back of strong buying interests from foreign funds. The transport, banking and insurance counters witnessed higher than average demand as the 20-stock Qatar Index surged as much as 109 points or 0.96% to 10,915.2, although it touched an intraday high of 10,936. The Gulf institutions turned net buyers in the main market, whose year-to-date gains improved to 3.26%. More than 65% of the traded constituents extended gains to investors in the main bourse, whose capitalisation added QR4.24bn or 0.66% to QR647.65bn mainly on mid and small cap segments. The Arab individuals were seen bullish in the main market, which saw as many as 0.05mn exchange traded funds (sponsored by AlRayan Bank and Doha Bank) valued at QR0.46mn trade across 12 deals. However, the local retail investors were increasingly net sellers in the main bourse, whose trade turnover and volumes were on the rise. The Islamic index was seen gaining slower than the other indices of the main market, which saw no trading of treasury bills. The domestic funds turned net profit takers in the main bourse, which saw no trading of sovereign bonds. The Total Return Index soared 1.07%, the All Islamic Index by 0.63% and the All Share Index by 0.92% in the main market. The transport sector index shot up 2.08%, banks and financial institutions (1.18%), insurance (1.18%), real estate (0.96%), telecom (0.71%) and industrials (0.11%); while consumer goods and services fell 0.15%. Major gainers in the main market included Qatar Islamic Bank, Nakilat, Djala, Baladna, Alijarah Holding, Masraf Al Rayan, Widam Food, Al Faleh Educational Holding, Gulf International Services, Qatar Insurance, United Development Company, Barwa and Ooredoo. In the junior bourse, Techno Q saw its shares appreciate in value. Nevertheless, Ahlibank Qatar, Dukhan Bank, Meeza, Qatar General Insurance and Reinsurance, Vodafone Qatar and Al Mahhar Holding were among the shakers in the main market. The foreign institutions' net buying increased substantially to QR76.99mn compared to QR31.27mn the previous day. The Gulf institutions turned net buyers to the tune of QR17.01mn against net sellers of QR6.97mn on Wednesday. The Arab individual investors were net buyers to the extent of QR2.28mn compared with net sellers of QR12.65mn on July 16. However, the local retail investors' net profit booking strengthened drastically to QR77.49mn against QR20.31mn the previous day. The domestic funds turned net sellers to the tune of QR12.49mn compared with net buyers of QR8.05mn on Wednesday. The Gulf individual investors' net profit booking expanded perceptibly to QR3.22mn against QR1.68mn on July 16. The foreign individuals were net sellers to the extent of QR2.66mn compared with net buyers of QR2.55mn the previous day. The Arab institutions' net profit booking increased marginally to QR0.42mn against QR0.27mn on Wednesday. The main market saw a 13% jump in trade volumes to 230.07mn shares, 17% in value to QR659.51mn and 23% in deals to 34,832. In the venture market, a total of 0.05mn equities valued at QR0.13mn changed hands across 11 transactions.



The transport, banking and insurance counters witnessed higher than average demand as the 20-stock Qatar Index surged as much as 109 points or 0.96% to 10,915.2, although it touched an intraday high of 10,936



## Turkiye central bank seen to restart cutting cycle with 250 bps move in July

**Reuters**  
Ankara

Turkiye's central bank is expected to kick off a renewed easing cycle with a 250 basis-point rate cut to 43.50% next week, as disinflation continues and market turmoil has largely faded, a Reuters poll showed on Wednesday.

All 17 economists in the July poll forecast the central bank would cut its one-week repo rate at the July 24 meeting. The median forecast was for a 250 basis-point cut to 43.50%, with predictions

ranging from 42.50% to 44.50%. Thirteen of 17 respondents expected 250 basis points.

Most expect rate cuts to continue in the months ahead, with the policy rate falling to 36% by the end of 2025, according to the median of 17 forecasts.

The monetary easing will likely to continue through at least the third quarter of 2026, an earlier Reuters poll of economists showed.

If delivered, the move would mark the first cut since a surprise 350 basis-point hike in April, which reversed an earlier easing cycle. That tightening helped

stabilise markets after the jailing of Istanbul's mayor triggered a sharp selloff in Turkish assets and the lira in March.

Morgan Stanley expects a 250 basis-point cut this month, followed by three additional cuts of the same size to bring the policy rate to 36% by year-end.

"While we expect a rise in the monthly inflation trend in July due to administered price adjustments, we expect this to be temporary given weaker domestic demand (negative output gap) and our expectation for the bank to deliver prudent rate cuts to keep

the monetary stance tight," the bank said. Annual inflation slowed to 35.05% in June, slightly below expectations.

Monthly inflation was 1.37%, with price declines in key categories such as food and beverages reinforcing the central bank's view that a disinflation trend is taking hold.

Political risks remain on investors' radar. The lira and Turkish bonds weakened last week after the detention of opposition mayors in Adana, Adiyaman and Antalya in a widening corruption probe.

The central bank will announce its interest rate decision on July 24.

## Opec says world economy may do better in second half of year

**Reuters**  
London

Opec has said the global economy may perform better than expected in the second half of the year despite trade conflicts and refineries' crude intake would remain elevated to meet the uptick in summer travel, helping to support the demand outlook.

In a monthly report on Tuesday, the Organisation of the Petroleum Exporting Countries left its forecasts for global oil demand growth unchanged in 2025 and 2026 after reductions in April, saying the economic outlook was robust.

"India, China, and Brazil are outperforming expectations so far, while the US and the Eurozone are experiencing a continued rebound from last year," Opec said in the report. "With this, the second-half 2025 economic growth may turn out better than currently expected."

A solid economy shrugging off trade conflicts would make it easier for Opec+, which groups Opec plus Russia and other allies, to proceed with its plan to pump more barrels to regain market share after years of cuts aimed at supporting the market.

Opec+ agreed on July 5 to raise production by 548,000 barrels per day in August, further accelerating output increases at its first meeting since oil prices jumped, then retreated, following Israeli and US attacks on Iran.

Oil prices have not significantly fallen despite the larger than expected Opec+ hike and US President Donald Trump's 50-day deadline for Russia to end the Ukraine war, finding support from rising seasonal demand.

Global refinery crude intake posted a sharp increase of 2.1mn bpd in June from May as refiners returned from maintenance, a sign of a stronger oil market, Opec said in the report, adding that throughput was likely to stay high.

"Refinery intakes globally, and particularly in the US, are expected to keep throughputs elevated to meet the seasonal uptick in transport fuel demand, especially that of gasoline, jet/kerosene and residual fuel," Opec said.

Opec's demand forecasts are at the higher end of the industry range, as the agency expects a slower energy transition than some other forecasters.

The International Energy Agency last week trimmed its demand forecasts but said the market may be tighter than it appears as refineries ramp up processing to meet summer travel demand.

Opec's report also showed that in June Opec+ pumped 41.56mn bpd, up 349,000 bpd from May. This is slightly less than the 411,000 bpd hike called for by the group's increase in its June quotas.

The actual hike was smaller than the headline increase in quotas partly because some nations, such as Iraq, cut output as part of a pledge to make further reductions for earlier pumping above targets.

Still, output in Kazakhstan, which is under pressure to comply with Opec+ quotas, rose last month after slightly falling in May and remained above the country's quota.

According to Opec, Kazakhstan's oil production rose by 64,000 bpd in June to 1.847mn bpd.

## Musk's xAI in talks with Saudi's Humain on data centre deal

**Bloomberg**  
Riyadh/Dubai

Elon Musk's artificial intelligence startup, xAI, is in discussions to lease data centre capacity in Saudi Arabia, according to people familiar with the matter, part of an effort to expand its infrastructure in regions offering cheap energy and political goodwill.

The company is in early talks with two potential partners: Humain, a Saudi-backed artificial intelligence firm offering xAI several gigawatts of capacity, and another company building a smaller but more immediately available 200-megawatt facility, the people said, asking not to be named discussing private talks.

The Humain proposal, while massive in ambition, remains distant. While the AI company is backed by Saudi's Public Investment Fund, the firm has yet to break ground on much of the infrastructure it's pledged to build. Any arrangement with xAI would offer Musk computing resources years down the road instead of being a near-term solution.

By contrast, the other potential partner is already working on a 200-megawatt facility, one of the people said, making it a more realistic short-term option for xAI. In both cases, xAI would not own the facilities but instead rent capacity — essentially leasing space in the data centres to power its compute-intensive AI models.

Representatives for Elon Musk, xAI and Humain didn't respond to requests for comment.

AI companies like xAI, OpenAI and Meta Platforms Inc are building or leasing massive data centres to train and run the AI models that power chatbots, like xAI's Grok. Those data centres are expensive to build and operate and use immense amounts of power. If Humain succeeds in developing a multi-gigawatt data centre, it would likely be one of the largest in the world. A one gigawatt facility, for example, consumes the same amount of energy used to power nearly 900,000 homes annually, according to Carbon Collective.

"It makes a lot of sense. As power demand goes way up, you're going to need to see some balance between the cost



The xAI logo on a smartphone arranged in New York. AI companies like xAI, OpenAI and Meta Platforms are building or leasing massive data centres to train and run the AI models that power chatbots, like xAI's Grok.

of running these data centres with the cost of powering them," said Kathryn Huff, who served as a top administrator at the Energy Department's nuclear office under US President Joe Biden and is now at the University of Illinois at Urbana-Champaign. "I immediately think of countries that might build new nuclear as options for that," she said on Bloomberg Television Wednesday in response to the news of xAI's talks.

Inside Humain, a technical team led by Jeff Thomas is responsible for building the data centre infrastructure, while commercial negotiations are being handled by Saeed al-Dobas. The project may tie back to Saudi Arabia's earlier investment in xAI, which was part of a broader effort by Saudi royal Alwaleed bin Talal to deepen ties between the kingdom and Musk's ventures.

The potential Saudi move fits a broader trend for Musk, who is explor-

ing infrastructure for xAI where power is cheap and capital is abundant, one of the people said. The exploration comes amid heightened geopolitical and commercial tensions in the US, where Musk has clashed with lawmakers and regulators despite spending much of this year closely advising President Donald Trump. Musk has already built a massive data centre facility in Memphis, which houses a supercomputer called Colossus, and has publicly teased plans for a second facility nearby.

Musk and xAI recently closed a \$10bn funding round split equally between equity and debt, and Musk posted on his X social platform last week that the startup has "plenty of capital." But the mechanics of how and where it deploys that capital are still taking shape.

Internally, xAI founding team member and former Tesla Inc employee Ross Nordeen is driving these infrastructure

negotiations, functioning as xAI's key dealmaker and strategist for location and scale, according to people familiar with the company. While former Tesla and X executive Andree Jacobson is helping lead the technical side at xAI, Nordeen is widely seen as the "Omead" figure inside xAI — a reference to former Tesla employee and Musk confidant Omead Afshar.

The xAI team is also considering the UAE for data centre deals has been in contact with Abu Dhabi-based AI firm G42, one of the people said. G42 declined to comment. The company has weighed data centre deals in some countries in Africa as well that have access to cheaper energy and operating costs, two of the people said.

Still, Saudi Arabia's abundance of sovereign wealth and access to specialised chips make it the most attractive option, two of the people said.

## CORPORATE RESULTS

## Taiwan's TSMC says Q2 profit jumps 60% on AI demand



Taiwanese chipmaking giant TSMC reported on Thursday a forecast-beating 60% rise in net profit for the second quarter on sustained demand for artificial intelligence technology. Taiwan Semiconductor Manufacturing Company is the world's largest contract maker of chips and counts Nvidia and Apple among its clients.

The firm said its net profit for the three months to June soared 60.7% from a year ago to NT\$398.3bn (\$13.5bn).

That beat expectations of NT\$376.97bn, according to a Bloomberg News survey of analysts.

Second-quarter revenue was up 39% on-year, also topping forecasts.

Chips are essential for generative AI, which has exploded in recent years and transformed the global economy, and demand for them was expected to remain "robust", TSMC chairman and chief executive CC Wei told a briefing on Thursday.

TSMC also upgraded its revenue forecast for the year, easing fears of an AI slowdown and pushing its US stock futures higher.

Nvidia said this week it will resume sales of its H20 AI chips to China after Washington pledged to remove licensing restrictions that had halted exports.

Wei welcomed Nvidia's "good news". "China is a big market and my customer can still continue to supply the chip to the big market and it's very positive news for them, and in return it's very positive news for TSMC," Wei said.

The quarterly results follow US President Donald Trump's latest barrage of tariffs and renewed threats to impose levies on pharmaceutical products and chips.

### Travelers

Property and casualty insurance giant Travelers Companies trounced Wall Street esti-

mates for second-quarter profit on Thursday, driven by stronger underwriting and higher investment returns.

Insurance demand has remained strong despite economic uncertainty, as businesses and individuals maintain or increase coverage to protect against financial risks, natural disasters and other potential losses.

Net written premiums, the total value of policies sold after accounting for reinsurance, rose 4% in the second quarter to \$11.5bn. Shares of the company, whose earnings often serve as a bellwether for the sector and broader trends in underwriting, rose 1.1% before the bell.

Catastrophe losses from hurricanes, wildfires and severe storms are a key swing factor for insurers, with the scale and timing of such events often sharply affecting quarterly earnings despite efforts to price in risks and share them through reinsurance.

### Swatch

Swatch Group said on Thursday that weak sales in China wiped out growth elsewhere in the first half of the year for the world's top watch company, leaving it barely profitable.

Net sales fell 11.2% to 3.1bn Swiss francs (\$3.8bn), while net profit plunged 88% to 17mn francs.

"The decline in sales is exclusively attributable to China," the company said, adding that sales in other regions reached record levels set in 2023 and 2024.

"As feared, another half-year with a lot of sand in the gears", said Patrik Schwendimann, analyst at the Zurich Kantonalbank, in a market commentary.

Besides its eponymous Swatch watches, the company owns high-end brands such as Omega, Longines and Tissot, and like

other luxury firms the demand of Chinese consumers for Western goods has made it a top market.

But Swatch said the region's share in total sales have fallen from a third to just under a quarter as China's economy has struggled, with a real estate crisis hampering consumption by many households.

Sales to Chinese wholesalers fell by 30% during the first half of the year and were down by 15% in Swatch's retail stores. Sagging consumer demand in Hong Kong, Macao and Southeast Asia also had a negative effect, the firm added.

### EasyJet

The boss of British no-frills airline EasyJet on Thursday bemoaned "unacceptable challenges" for staff and passengers resulting from strike action by air traffic controllers in France earlier this month.

Chief executive Kenton Jarvis said the two days of stoppages "created unexpected and significant costs for all airlines", with EasyJet taking a hit of around £15mn (\$20mn).

The carrier, however, remained on course for "good" full-year profit growth despite "recent higher fuel costs", it said in an earnings statement that showed EasyJet grew pre-tax profits in its third quarter.

EasyJet, which flies mainly across Europe, said Thursday that its pre-tax profit jumped by 21% to £286mn in the three months to the end of June, compared with one year earlier. Revenue climbed more than 10% to £2.9bn, it added.

### United Airlines

United Airlines reported a drop in second-quarter profits on Wednesday on higher costs

and predicted a rise in travel as geopolitical worries ease.

The carrier, which was forced to scale back operations at its New York-area hub for part of the quarter due to air traffic control problems, said it saw an increase in bookings in early July and attributed the improvement to "less geopolitical and macroeconomic uncertainty." While revenues edged up 1.7% in the first quarter to \$15.2bn compared with the year-ago period, profits fell 26.4% to \$973mn.

United had higher salary costs compared with the year-ago period. The carrier also accounted for \$561mn in one-time costs in connection with a tentative labour agreement with its flight attendants union.

United pointed to a turnaround in its performance at Newark, New Jersey after problems with the airport's air traffic operation led to delays and flight cancellations throughout much of May.

### Novartis

Swiss pharmaceuticals giant Novartis posted Thursday a 29% increase in first-half net income, at \$7.6bn — and unveiled its new chief financial officer.

The Basel-based firm's net sales increased 12% to nearly \$27.3bn between January and June, it said in a statement.

Generic competition reduced its sales by 2%. In the first half of 2025, sales of Entresto — its flagship drug to treat chronic heart failure — reached \$4.6bn, up 22%. Generic versions are expected to hit the market in the second half of the year.

Novartis chief executive Vas Narasimhan also pointed to the strong performance of other treatments such as Kisqali, for breast cancer, and Pluvicto, for prostate cancer.



Bloomberg QuickTake Q&A

# What happens if Trump fires Fed chair Jerome Powell?

By Erik Larson, Greg Stohr and Catarina Saraiva

Donald Trump's relentless pressure on Jerome Powell is once again roiling markets and raising questions about what would happen next if the president fired the embattled Federal Reserve chair. Such a move would be a first in US history and would almost certainly trigger a landmark lawsuit that would grip both Washington and Wall Street and ultimately be decided by the US Supreme Court. The latest turmoil erupted July 16 amid reports that Trump was expected to move soon against Powell, who's been in the president's crosshairs for failing to heed his calls for lower interest rates. Trump pushed back on the reports, saying Powell's ouster was "highly unlikely, unless he has to leave" due to "fraud." That was a reference to cost overruns for renovations at the Fed headquarters, which Trump and his allies have been zeroing in on as a potential reason to fire Powell "for cause." Section 10 of the Federal Reserve Act, the law that governs the central bank, says members of the Fed's Board of Governors, of which the chair is one, can be "removed for cause." Whether cost overruns amount to such wrongdoing would be a novel matter for the courts.

## What would likely happen next if Trump fired Powell?

The firing would take effect right away, but Powell could immediately sue, most likely in Washington federal court, and ask for an injunction reinstating him while the litigation moves forward. Both sides would file briefs outlining their arguments, giving Powell an opportunity to portray his firing as unjustified. The judge could hold a hearing before issuing a decision on the injunction. The outcome might hinge on whether Powell sways the judge that he - and the Fed - would suffer "irreparable harm" during the case if the status quo weren't maintained. The ruling on the injunction would be crucial because it could be months or longer before a judge rules on the merits of the case. If Powell's request for an injunction were denied, his firing would remain in effect and the Fed vice chair would serve as chair. That post is currently held by Philip Jefferson. Jefferson was nominated to the Fed board by then-President Joe Biden in 2022. Powell was nominated as chair in 2017 by Trump, during his first term as president. If the injunction were granted, Powell could

remain in office while the case moves forward. Either side could appeal, meaning a federal appeals court panel would weigh in, potentially followed by the Supreme Court. A Supreme Court decision on an injunction in all likelihood would resolve the case. Although the losing side could continue litigating the case, the chances of the justices effectively reversing themselves later on would be small.

## What would the Supreme Court likely do if the case got there?

The Supreme Court indicated in May that Trump can't simply fire Powell without any grounds. In letting Trump oust officials at two other agencies without having to give a justification, the court majority said the decision didn't mean the president wielded similar authority at the Fed. The court called the central bank a "uniquely structured, quasi-private entity." Still, the ruling left open the possibility that Powell could be fired for cause. And Trump's Supreme Court track record is likely to put him in a strong position should the case land there. The court's conservative supermajority has repeatedly declined to second-guess Trump's judgments, conferring broad criminal immunity on the president last year and then granting a barrage of requests to let policies of his that are under legal challenge take effect this year. "They are getting out of Trump's way," said Jed Shugerman, a Boston University law professor who is an expert on presidential power. Even if lower court judges or the Supreme Court finds Trump unlawfully fired Powell, it's not clear he'd be able to stay in his job, said Jonathan Shaub, an executive power expert at the University of Kentucky J. David Rosenberg College of Law who has served under Democratic presidents in the White House and Justice Department. He pointed to two indicators. First, in a June 27 ruling in the legal fight over Trump's policy restricting birthright citizenship, the Supreme Court narrowed the authority of federal judges to provide "equitable relief," which is a court-ordered remedy requiring a party to do or stop doing something, rather than paying money to settle a lawsuit. Second, Justice Neil Gorsuch wrote an opinion earlier in the year suggesting it wasn't appropriate for courts to reinstate high-level officials.

## What would a legal case hinge on?

It would depend on what reason or reasons Trump gave. If the president were to take the

## Trump raises pressure on Powell with a 'threat' while calling firing 'unlikely'

President Donald Trump said he's not planning to fire Jerome Powell, and still managed to make it sound like a threat. Trump's comments capped a hectic few hours that took his pressure campaign against the Federal Reserve chief to a new level - and sent markets into a short-lived nosedive, reports Bloomberg. He ran the idea of sacking Powell by a receptive group of Republican lawmakers late Tuesday. An aide said Wednesday morning he was likely to follow through. Then the president publicly back-pedaled - with a major caveat. "I don't rule out anything, but I think it's highly unlikely, unless he has to leave for fraud," Trump said Wednesday when asked about axing the Fed chair. It was a nod to the latest front that Trump has opened against Powell: Intensifying scrutiny of the Fed's renovation of its two main buildings in Washington. The president and his allies say the project is unnecessarily lavish and way over-budget, and they've hinted at financial wrongdoing, too. All of this is rooted in Trump's view that the Fed is keeping interest rates too high - and it's increasingly disturbing for investors, who tend to think central bankers should be left alone by politicians, not besieged by them. Markets have gotten used to Trump's verbal attacks on Powell, a staple of his rhetoric for years. They were briefly confronted on Wednesday with the possibility that words might translate into action - and soon. Reaction was sharp: The dollar slumped more than 1%, and long-term Treasury yields spiked. The moves were largely reversed after the president signalled a reprieve. The question now is how long that will last.

"for cause" route, accusing Powell of mismanaging the Fed headquarters renovation, the case might hinge on the details of that project and who made the decisions that led to the cost overruns. Laws that describe "for cause" generally define the term as encompassing three possibilities: inefficiency; neglect of duty; and malfeasance, meaning wrongdoing, in office. There's no consensus on what the terms, which gained prominence in Congress more

than a century ago, mean specifically. A judge would have to decide, based on arguments from both sides, whether Powell's role in the renovation cost overruns amounted to any of the three. But clear legal precedents would be few and far between. The Supreme Court has never considered whether a president had adequate grounds to dismiss an official for cause. "We've never tested this kind of statute before, and certainly not in the context of the Fed," said Adam White, a scholar who focuses on the Supreme Court and the administrative state at the American Enterprise Institute. A report by Columbia Law School lecturers Jane Manners and Lev Menand said that inefficiency in this context has been described as "wasteful government administration caused by inept officers," while malfeasance in office has been characterised as a "wrongful act committed in the execution of one's duties that caused injury to others." Neglect of duty, they said, indicated a "failure to perform one's duties in a way that caused injury to others." It would be up to the courts to decide how the "for cause" standard applied to any lawsuit by Powell.

## What's the issue with the Fed's renovation project?

The Fed is in the midst of the first large-scale renovation of its two main buildings in Washington since they were built in the 1930s. The central bank has said the project is designed to reduce costs over time by consolidating the bank's operations. The renovation plans were first approved by the Fed's board in 2017. Since then, the price tag has swollen. According to Fed budget documents for 2025, the overall cost estimate for the project has risen to \$2.5bn, compared with \$1.9bn in 2023. The bank attributes the increase in the estimate mainly to design changes that were a result of consultations with review agencies, differences between estimated and actual costs, and unforeseen circumstances such as finding more asbestos than anticipated. A number of Trump allies have seized on the renovation in an apparent effort to build a case to justify firing Powell. Bill Pulte, director of the Federal Housing Finance Administration has alleged, without providing details, that Powell lied about the specifics of the project during a June 25 Senate hearing. Pulte has asserted this would warrant removing Powell "for cause" and called on Congress to investigate. A Fed

official said that Powell's statements were truthful. Russell Vought, director of the White House Office of Management and Budget, said in a July 10 social media post that the renovation project was "an ostentatious overhaul." Trump has said that Powell should be investigated for fraud related to the renovations. At Powell's request, the Fed's Inspector General has launched an investigation of the project's cost increases.

## How quickly could a new permanent chair take the helm if Powell is removed?

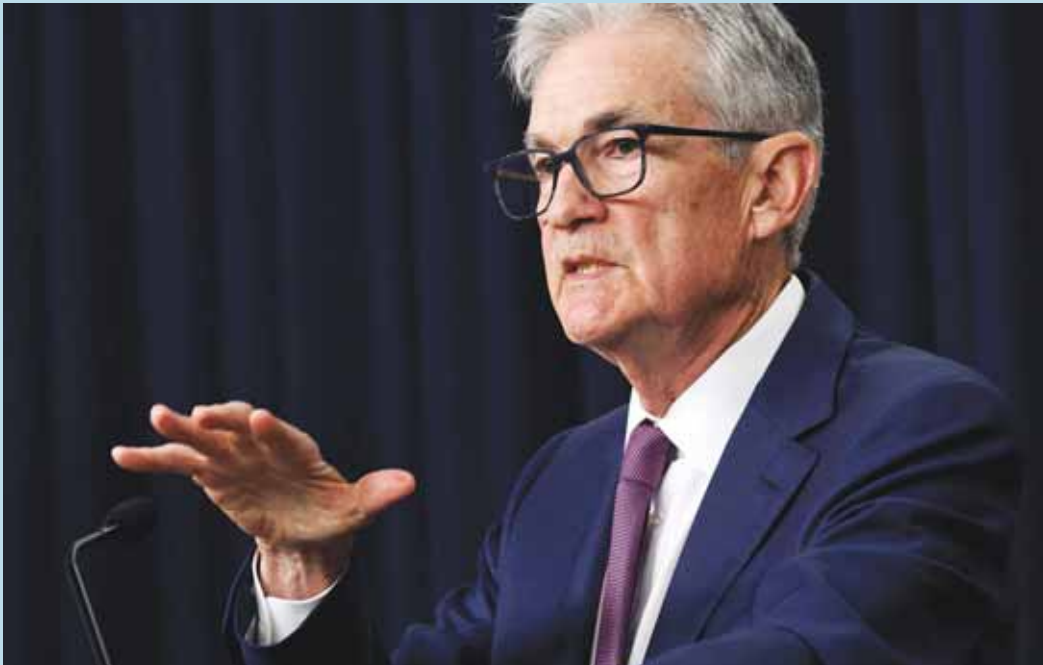
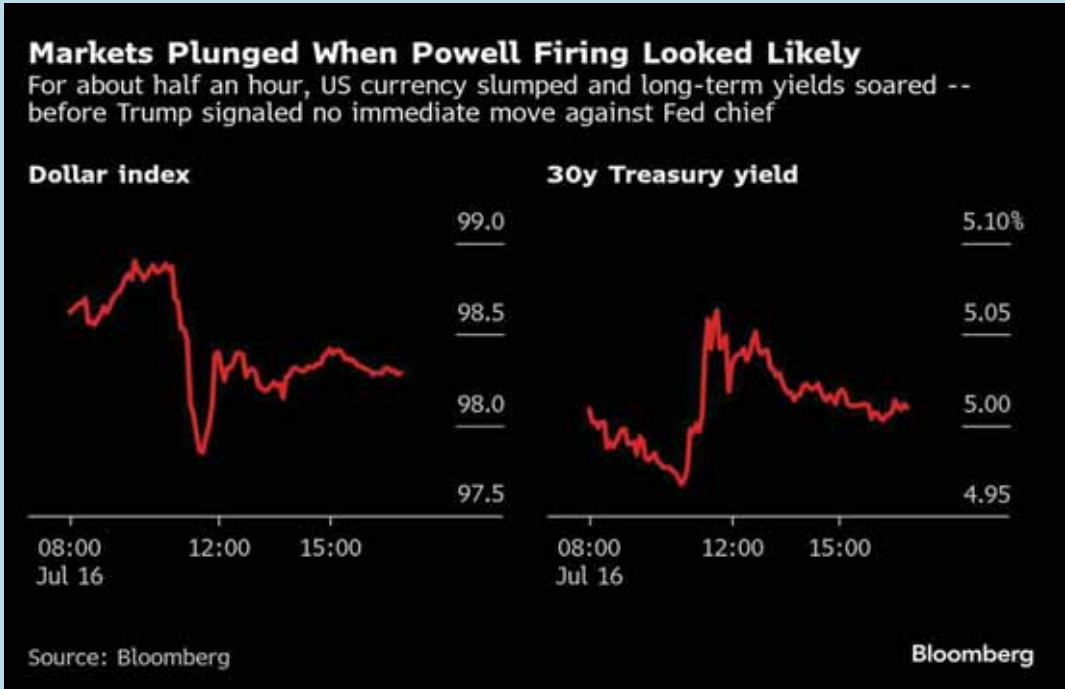
A new, permanent chair would need to be nominated by Trump and confirmed by the Senate, a process that typically takes some weeks if not months. In the interim, the Federal Reserve Act states that the vice chair "shall serve in the absence of the Chairman."

## What would Powell's dismissal mean for interest rates?

Removing the Fed chief wouldn't necessarily solve Trump's main beef with the central bank. He wants lower interest rates, but a new chair couldn't deliver that alone. Rates are set by the Federal Open Market Committee, which is currently headed by Powell. The FOMC has the ability to elect its own chair. That position has typically been held by the Fed chair, though it can be held by any one of the other 18 policymakers on the committee. All 19 members participate in FOMC meetings and 12 vote. That means a new chair would have to win over the other members with a reasonable case for cutting rates.

## How would financial markets react to Powell's dismissal?

Investors value the Fed's status as an independent organisation. Without it, the central bank's pledge to keep inflation in check lacks credibility. And expectations for higher inflation can drastically shift the price of financial assets. Within 30 minutes of a Bloomberg report that Trump would likely fire Powell, the S&P 500 index of US stocks fell 1%, the yield on the 30-year US Treasury bond rose 10 basis points, and the Bloomberg Dollar Spot Index declined 1.2%. Bloomberg Economics' Anna Wong said that if Trump actually moves to dismiss the Fed chair, it would result eventually in slower economic growth, higher unemployment and sticky inflation.



Federal Reserve Bank Chair Jerome Powell.

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## US retail sales beat expectations; labour market stable

**Reuters**

Washington

US retail sales rebounded more than expected in June, suggesting the economy was regaining momentum and giving the Federal Reserve cover to delay cutting interest rates while it gauges the inflation fallout from import tariffs.

The economy's improving fortunes were reinforced by other data from the Labor Department on Thursday that showed first-time applications for unemployment benefits dropped to a three-month low last week, consistent with steady job growth in July. The US central bank is under pressure from President Donald Trump to lower borrowing costs. The Fed is, however, expected to keep its benchmark overnight interest rate in the 4.25%-4.50% range at its policy meeting later this month.

"For today, the message is clear," said Carl Weinberg, chief economist at High Frequency Economics. "The consumer is in good shape and does not need a boost from Fed rate cuts for now." Retail sales increased 0.6% last month after an un-revised 0.9% drop in May, the Commerce Department's Census Bureau said.

Economists polled by Reuters had forecast retail sales, which are mostly goods and are not adjusted for inflation, would gain 0.1%. Sales advanced 3.9% on a year-over-year basis. Part of the nearly broad rise in retail sales last month was likely due to tariff-driven

price increases rather than volumes. Inflation data this week showed solid increases in June in the prices of tariff-sensitive goods like household furnishings and supplies, appliances, sporting goods and toys.

Still, the retail sales rebound after two straight monthly declines was welcome. Sales had declined as the boost from households rushing to buy motor vehicles to avoid higher prices from import duties waned. Some economists said worries of even higher prices were behind the rise in sales last month.

"Inflation fears may actually be boosting retail sales today as consumers make purchases before even higher prices hit in the months ahead," said Scott Anderson, chief US economist at BMO Capital Markets. Auto dealerships led the rise in sales, with receipts increasing 1.2% after decreasing 3.8% in May. Building material garden equipment store sales increased 0.9%, as did receipts at clothing retailers. Online retail sales climbed 0.4%, while those at sporting goods, hobby, musical instrument and book stores rose 0.2%. Sales at food services, the only services component in the report, increased 0.6%. Economists view dining out as a key indicator of household finances. But receipts at electronics and appliance stores dipped 0.1%, as did those at furniture outlets. Economists said this suggested tariff-related price rises were suppressing demand.

Retail sales excluding automobiles, gasoline, building materials and food services increased 0.5% last month after a downwardly revised 0.2% in May. These so-called core retail sales, which correspond most closely

with the consumer spending component of gross domestic product, were previously reported to have increased 0.4% in May.

Despite the downward revision to the May data, consumer spending likely picked up after nearly stalling in the first quarter. The Atlanta Fed is currently forecasting GDP rebounded at a 2.6% annualised rate in the second quarter after contracting at a 0.5% pace in the January-March period.

Consumer spending is being supported by a stable labour market. A separate report from the Labor Department showed initial claims for state unemployment benefits dropped 7,000 to a seasonally adjusted 221,000 for the week ended July 12, the lowest level since April. Economists had forecast 235,000 claims for the latest week.

Motor vehicle assembly plant closures due to maintenance, annual retooling for new models and other reasons could be influencing the data. Auto manufacturers typically idle assembly lines in summer, though the timing often varies, which could throw off the model that the government uses to strip out seasonal fluctuations from the data. Nonetheless, layoffs remain historically low.

The claims report covered the period during which the government surveyed employers for the nonfarm payrolls component of July's employment report. Claims fell between the June and July survey periods. Nonfarm payrolls increased by 147,000 jobs in June, though nearly half of the positions were in the government sector, mostly state education.



A container ship departs the Port of Newark for the Atlantic Ocean. US President Donald Trump said he would send letters to more than 150 countries notifying them their tariff rates could be 10% or 15% as he forges ahead with his trade agenda.

# Trump eyes tariff rate of 10% or 15% for more than 150 countries

**Bloomberg**

Washington

President Donald Trump said he would send letters to more than 150 countries notifying them their tariff rates could be 10% or 15% as he forges ahead with his trade agenda.

"We'll have well over 150 countries that we're just going to send a notice of payment out, and the notice of payment is going to say what the tariff rate will be, Trump told reporters on Wednesday at the White House.

"It's all going to be the same for everyone, for that group," Trump added, saying that the trading partners that

would receive those letters were "not big countries, and they don't do that much business."

In an interview with Real America's Voice broadcast later on Wednesday, Trump said the rate would "be probably 10 or 15%, we haven't decided yet."

Trump in recent days has unleashed a barrage of tariff demands, informing other economies of new duties that will kick in on August 1 if they cannot negotiate better terms with the US. The letters extended what was initially a July 9 deadline for another three weeks, setting off a frantic dash for trading partners looking to avoid higher levies.

"For much of the world — and Asia in particular, which faces among the

highest levies — the rate announcement could be read as a positive, providing some certainty for smaller countries with a lower rate than initially threatened," said Alicia Garcia Herrero, chief Asia Pacific economist at Natixis. The rate also signals "Trump is realising that too high tariffs are disruptive," she said.

While Trump and his advisers initially expressed hopes of securing multiple deals, the president has been touting the tariff letters themselves as "deals" and suggesting that he is uninterested in back-and-forth negotiations. Still, he has left the door open for countries to make agreements that could lower those rates.

The rates imposed so far are largely

similar to those Trump threatened in April and then quickly paused after market volatility, but the letters have injected further uncertainty into financial markets and surprised partners such as the European Union, which had been hoping to conclude tentative deals with the US.

"We could make a deal possibly with Europe. You know, it's, I'm very indifferent to it," Trump said in the Real America's Voice interview, suggesting he saw the letter he sent the EU as a deal.

Asked in the interview what he believed would happen with Canada, which is facing a 35% tariff on some goods in August, the president said it was "too soon to say."

## Currency inflows to Russia dwindle as trade shifts to roubles

**Bloomberg**

London

The flow of foreign currency into Russia is drying up as trade increasingly shifts to rouble payments, reflecting the impact of Western efforts to limit Russian cross-border transactions.

More than half of Russian exports are paid for in roubles, according to Bank of Russia data published late Wednesday. Payments in so-called friendly currencies — mainly the Chinese yuan — now account for just a third of receipts, down from nearly half at their peak a year earlier, while "unfriendly" currencies make up only 15%.

The shift comes amid a roughly 6% drop in export volumes in the first five months of the year, driven by softer commodity prices. Combined, those trends are reducing foreign currency inflows into Russia's economy at a time when access to global markets remains limited.

Russia was increasingly betting on the yuan after Western sanctions over the 2022 invasion of Ukraine effectively froze its access to dollar and euro transactions. But that workaround has lost momentum since the US tightened secondary sanctions on banks dealing with Russian entities in the middle of 2024. The yuan's rapid rise in Russia's trade and financial system stalled — and then reversed.

The central bank, which had previously reported a surge in yuan usage in the Russian banking system, has since stopped publishing detailed figures. The Moscow Exchange — where the yuan is now the only major traded currency — no longer discloses turnover. Volumes fell to a two-year low in May and remained low in June, the *Kommersant* newspaper reported last month.

**Russia was increasingly betting on the yuan after Western sanctions over the 2022 invasion of Ukraine effectively froze its access to dollar and euro transactions. But that workaround has lost momentum since the US tightened secondary sanctions on banks dealing with Russian entities in the middle of 2024. The yuan's rapid rise in Russia's trade and financial system stalled — and then reversed**

In May, the latest reporting month, more than 50% of export revenues from trade contracts were settled in roubles even with countries in Asia while the share of yuan payments dropped to 37%, data shows. African nations paid for more than 80% of Russian exports in roubles, while the level was around 60% for buyers in Europe.

As the rouble's share in export payments has grown, the volume of foreign currency sales by exporters on the local market shrank to the lowest level since at least the beginning of 2023 — even though they converted as much as 100% of receipts, the central bank said in a report this month.

On the other hand, corporate demand for foreign currency is also contracting, having halved compared with last year's average monthly levels. One of the important drivers may be the growing use of roubles to pay for imports, according to Stanislav Murashov, economist at Raiffeisenbank in Moscow.

"The main goal of switching trade to roubles was to avoid frozen or delayed payments," Murashov said. "It's about mitigating sanctions risk and keeping payments flowing."

Still, there were side effects, such as an unexpectedly strong rouble, which — combined with lower commodity prices — has delivered a double blow to budget revenues, he said.

The share of imports paid for in foreign currencies has dropped to around 45%, with the rest settled in roubles, the central bank's data shows.

"The near-zero yuan repo rate speaks volumes about the lack of demand for the Chinese currency," said Dmitry Polevoy, investment director at Moscow-based Astra Asset Management. But changes in the currency structure of settling contracts "shouldn't be mistaken for de-dollarisation — it's simply become easier to settle in roubles under sanctions," he said.

With even banks in friendly countries now reluctant to handle Russia-related direct payments due to rising risks of secondary sanctions, businesses have adopted alternatives at the cost of higher transaction expenses.

Analysts at the Center for Analysis and Strategies in Europe described the most sanctions-resilient scheme as one which involves "mirror" rouble and yuan accounts.

## India backs deeper cash market trading after Jane Street ban

**Bloomberg**

Mumbai

India's securities regulator is exploring ways to deepen the cash equities market and extend the tenor of derivatives, as part of its effort to wean retail investors off speculative short-term contracts. Short-term derivatives dominate trading volumes, with activity peaking on expiry days, Securities and Exchange Board of India board member Ananth Narayan said at an industry event on Thursday. He didn't specify how SEBI plans to boost cash trading.

Narayan's comments come as India's derivatives turnover has ballooned to more than 300 times the size of its cash equities market — a skew that's come into focus following SEBI's recent crackdown on Jane Street Group. The regulator accused the US firm of exploiting thin liquidity in the cash and futures segments to manipulate prices.

Jane Street has denied the allegations. "Our Indian derivative market ecosystem is quite unique, in that on expiry days, comparable turnover in index options are often 350 times or more than the turnover in the underlying cash market," said Narayan, who signed the 105-page order against Jane Street. "The imbalance is obviously unhealthy." In India, index options expire weekly and have

been credited by the SEBI for fuelling a boom in retail trading. Equity derivatives volume surged more than 40-fold in the five years through a peak in early 2024, making the country the world's biggest options market. At one point, turnover even exceeded the size of the national economy.

As the boom drew global giants like Jane Street, Citadel Securities and Optiver, a SEBI study revealed that retail investors lost over \$12 billion in derivatives trading in the year ending March — a staggering figure that has amplified calls for reform.

The regulator has already taken steps. Late last year, it forced the National Stock Exchange of India Ltd to eliminate the weekly Nifty Bank Index options contract — one of the most actively traded and a key component of the Jane Street strategy cited in SEBI's July 3 order. It also tripled the minimum capital required to trade options in a bid to discourage speculative participation.

With retail losses deepening, concerns are growing that the regulator could impose stricter curbs.

"We recognise the potential concerns of market infrastructure institutions, brokers, and other intermediaries, whose revenues may depend heavily on these short-term derivative volumes," Narayan said. "But we must ask ourselves collectively — is all this at all sustainable?"

