TARIFFS SPOTLIGHT | Page 4

QSE gains for fourth day as index inches towards 11,400 levels

Friday, August 8, 2025
Safar 14, 1447 AH

GULF TIMES
BUSINESS

UNVIABLE EXPORTS : Page 2

Trump's tariffs seen to cut India GDP by 1% amid a slowing economy

IQ reports QR2bn net profit in H1, approves 26% interim dividend

Market heavyweight Industries Qatar (IQ) – the holding entity of Qatar Petrochemicals, Qatar Fertiliser and Qatar Steel – has reported net profit of QR2bn in the first half (H1) of 2025.

The board has approved a total interim dividend of QR1.6bn, equivalent to QR0.26 per share, representing 26% of nominal share value for the period ended June 30, 2025.

Against H1-2024, production volumes increased, as lower production from the fertiliser segment was fully offset by higher production from the steel segment. Production levels in the petrochemicals remained broadly unchanged.

The consolidated net profit for H1-2025 saw a 27% yearly decline, reflecting lower operating margins, even as revenue improved slightly versus H1-2024.

The group's financial position continues to remain robust, with proportionate consolidated cash and bank balances at QR9.9bn as of June 30, 2025, after accounting for a dividend payout relating to H2-2024 amounting to QR2.6bn, capital expenditure investment, and working capital requirements.

Currently, IQ has no long-term financial debt obligations. It generated positive operating cash flows of QR1.8bn and invested QR1.2bn in capital expenditure and projects under development, thereby generating free cash flow of QR0.6bn.

Petrochemicals segment reported a net profit of QR488mn in H1-2025, down 32% year-on-year, linked to lower revenue and a decline in operating margin contributed to an increase in operating costs.

Revenue declined 6% to QR2.53bn on account of lower sales volumes and a marginal decline in selling prices. The fall in both sales volumes and prices was due to a combination of both internal and external factors.

The fertiliser segment reported a net profit of QR1.1bn in H1-2025, an 8% jump on an annualised basis, primarily driven by higher revenues, supported by improved average realised prices. Revenues were up 6% to QR3.87bn.

The steel segment saw a net profit of QR265mn in H1-2025, a 26% plunge year-on-year.

While gross and operating margins improved (about 1%), supported by improved cost efficiencies, net profit margin declined due to the absence of a one-off gain related to the reversal of a financial guarantee recorded in H1-2024 together with lower results from associates. On a like-for-like basis, profitability remained stable and in line with historical averages.

Segment revenue increased by 20% to QR2.3bn, driven by higher sales volumes resulting from the restart of previously mothballed production facilities.

An aerial view of Qapco facilities in Mesaieed (file). Market heavyweight Industries Qatar (IQ) – the holding entity of Qatar Petrochemicals, Qatar Fertiliser and Qatar Steel – has reported net profit of QR2bn in the first half of 2025.

QCB foreign reserves rise 3.28% to reach QR259.238bn in July

QNA
Doha

The International reserves and foreign currency liquidity at the Qatar Central Bank rose by 3.28% year-on-year in July, reaching QR259.238bn, compared to QR250.981bn during the same period last year.

Data released yesterday by the QCB showed that official international reserves increased by 3.99% at the end of July, equivalent to QR7.681bn, reaching QR199.838bn compared to July 2024. The Bank's holdings of foreign bonds and treasury bills rose by around QR57mn to QR138.754bn compared to the same month last year.

Official reserves are composed of key components: foreign bonds and treasury bills, cash balances with foreign banks, gold holdings, Special Drawing Rights (SDRs), and Qatar's quota at the International Monetary Fund (IMF).

These, combined with other liquid assets (foreign currency deposits), make up what is known as total international reserves. The data also showed that gold reserves increased by about QR13.471bn to QR44.153bn by the end of July, compared to QR30.682bn in July 2024.

Similarly, Qatar's SDR deposit holdings at the IMF rose by QR12mn in July 2025 compared to July 2024, reaching QR5.178bn.

On the other hand, balances with foreign banks declined by around QR5.859bn to QR11.751bn at the end of July, compared to the same month in 2024.

Data released yesterday by the QCB showed that official international reserves increased by 3.99% at the end of July, equivalent to QR7.681bn, reaching QR199.838bn compared to July 2024. The Bank's holdings of foreign bonds and treasury bills rose by around QR57mn to QR138.754bn compared to the same month last year

Global deliveries of 337 under construction LNG vessels will stretch into 2031, says IGU

By Pratap John
Business Editor

Deliveries of some 337 newbuild LNG vessels under construction globally will stretch into 2031, according to International Gas Union.

IGU said in its 'World LNG report 2025' that shipowners expect LNG trade will continue to grow in line with scheduled increases in liquefaction capacity, particularly from the US and Qatar, and fleet renewal demand from oncoming retirements of older, more inefficient vessels. An expected 97 carriers are scheduled to be delivered in 2025, IGU noted.

The orderbook includes 21 icebreaker-class vessels for the Arctic LNG 2 project in Russia. These vessels are highly innovative and require high capital expenditure (CAPEX) which grant them the capability to traverse the Arctic region.

Due to the Russia-Ukraine conflict, these vessels have faced a risk of delayed deliveries or cancellations due to international sanctions on Russia that have complicated equipment delivery and payments.

Of the 64 newbuilds delivered in 2024, all have a capacity of between 174,000 and 200,000 cm, IGU noted.

Vessels of this size remain within the upper limit of the Panama Canal's capacity following its expansion in 2016.

They also benefit from economies of scale, particularly as additional LNG capacity is developed in the US Gulf Coast (USGC) for long-haul delivery to Asia.

QatarEnergy LNG remains at the forefront of rising vessel capacities, ordering 24 new 271,000 cm (QC-max) vessels from Hudong-Zhonghua Shipbuilding for delivery between 2028 and 2031.

These vessels are slightly larger than the 45 Qatari Q-Class newbuilds of over 200,000 cm delivered between 2007 and 2010.

However, moving forward, 200,000 cm vessels, or larger, could find favour due to their economies of scale for long-haul voyages, especially for long-term charters, if some flexibility is maintained (Panama Canal, terminal compatibility, etc).

The current orderbook for such ships comprises 37 vessels, each with a capacity of either 200,000 cm or 271,000 cm, scheduled for delivery between 2025 and 2031.

In total, 7,065 LNG trade voyages were undertaken in 2024, a 0.9% increase from the 7,004 seen in 2023, IGU noted.

This is in line with minimal growth in LNG production. While Asia remains the dominant demand centre with 4,609 trade voyages, European trade voyages declined by 13% to 1,929 in 2024 due to weak market fundamentals through most of 2024, with Europe importing just over 100MT, it said.

Qatar banks record higher credit issuance in June, reflecting positive outlook on economy

By Pratap John
Business Editor

Total domestic credit issued by local banks reached QR1.33tn in June, up 5.2% on the same period last year, according to the Qatar Central Bank.

An increase in total domestic credit for banks generally means that the banks are lending more money to businesses, individuals, and the government sector within Qatar.

"Higher demand for credit signifies a positive outlook on the Qatari economy and rising consumer confidence," according to an analyst.

"Increased lending often signifies that businesses and individuals are borrowing to invest in projects, expansion, or consumption, which can stimulate economic growth. It also indicates that consumers and businesses are confident about the future, hence willing to take on more debt," he noted.

Bank credit has become attractive for both businesses and individuals with rates remaining stable and expected to fall further this year.

In its latest banking sector indicators, the QCB noted that total domestic deposit increased by 1.9% (on the same period in 2024) to reach QR850.5bn in June.

Higher level of deposits obviously strengthens the banking sector, as banks have more reserves to cover withdrawals and invest in opportunities.

With more deposits, banks have more money to lend, which automatically boosts economic activities such as business expansion, consumer spending, and infrastructure projects.

"More deposits indicate public confidence in the financial system, which is essential for the smooth functioning of the economy," the analyst said.

QCB data reveal broad money supply (M2) increased by 1.1% to QR740.3bn in June. This represents an increase of 1.1% on the same period last year.

M2 includes cash, checking deposits, and easily convertible near money like savings deposits, money market securities, and other time deposits.

An increased money supply has seen stimulating economic activity by making more funds available for businesses and consumers to borrow and spend, which then boosts overall economic growth.

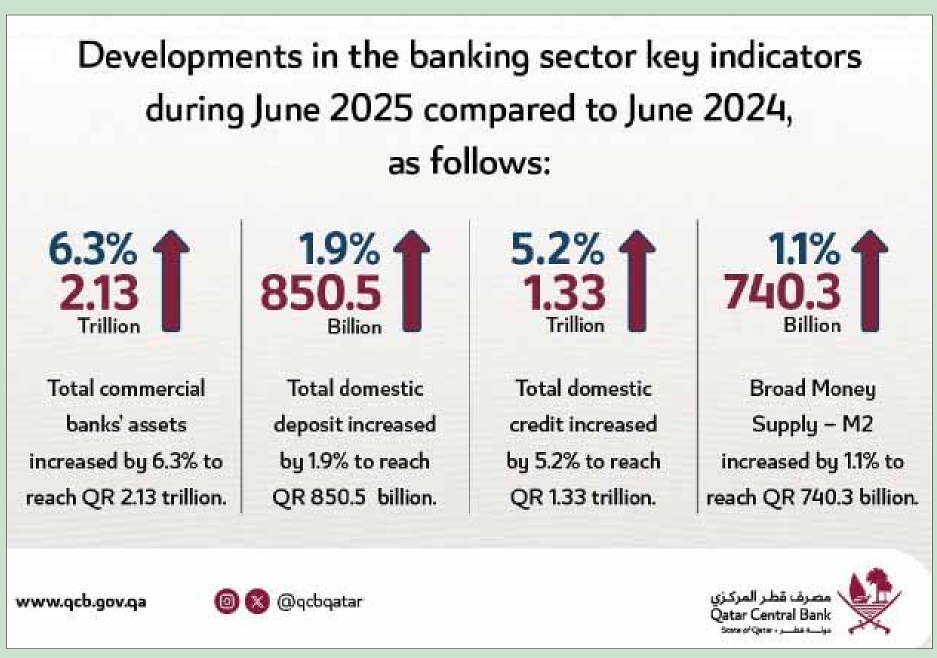
With more money in circulation, there may be more investment in various sectors, leading to potential economic expansion and development.

Total assets of commercial banks in the country increased by 6.3% year-on-year to reach QR2.13tn in June, the QCB said.

Higher assets indicate that banks are growing and managing more resources, which enhance their stability and reliability.

More assets allow banks to extend more loans to businesses and consumers, fuelling economic growth through investments and consumption, analysts say.

It clearly suggests that both domestic and foreign investors have confidence in Qatar's financial system, leading to increased capital inflows.



People work at a garment factory in Tiruppur, in the southern India state of Tamil Nadu. Trump on Thursday doubled tariffs on Indian goods to 50% as penalty for buying Russian oil, in a move that could make exports to the US of many industries uncompetitive.

Trump's additional tariffs seen to cut India GDP by 1%

Bloomberg
New Delhi

US President Donald Trump's additional tariffs on India will further damage the South Asian nation's already slowing economy and shrink its gross domestic product by as much as 1%, analysts said.

Trump on Thursday doubled tariffs on Indian goods to 50% as penalty for buying Russian oil, in a move that could make exports to the US of many industries uncompetitive.

The cumulative tariffs — higher than not just those for India's export rivals such as Vietnam, but also China — could cut outbound shipments to the US by 60% and shave about 1% from GDP, estimates Bloomberg Economics. India's central bank sees the economy expanding 6.5% in fiscal 2026 — same as last year and way below the average 8% growth seen before that.

"The overall hit to GDP could be even higher at 1.1% over the medium term" once tariffs on sectors such as pharmaceuticals and electronics are announced, wrote analysts Chetna Kumar and Adam Farrar.

Analysts see the new levies effective in 21 days hitting exports from labour-intensive sectors such as gems and jewellery, textiles and footwear, potentially halting business in these goods. The move is also expected to force India to actively scout for alternative markets.

New Delhi called the move "unfair, unjustified," blasting Trump for singling out India when other countries are also buying oil from Moscow.

Sonal Varma and Aurodeep Nandi, economists at Nomura Holdings Inc, said the 50% tariff would be similar to a "trade embargo, and will lead to a sudden stop in affected export products." Low value addition and slim margins across many industries could make it hard for smaller firms to compete, they added. The US is India's largest export destination for goods, making up nearly a fifth of total outbound shipments.

Citigroup Inc's Samiran Chakraborty said exports will become "economically unviable" and "a linear extrapolation of the impact might be an underestimation." India's current and capital account flows too will feel the strain, Chakraborty said. With the rupee close to its record low, the central bank may have to intervene to cushion any sharp depreciation, he said.

Citigroup estimates a 0.6-0.8 percentage point downside risk to annual growth from the higher tariffs.

There are "indirect impacts" on India's GDP growth "through trade-related uncertainty as well," wrote Goldman Sachs analysts led by Santanu Sengupta. While the firm sees downside risks to its growth projections, it will wait to reassess the outlook until the new incremental tariffs take effect after the three-week negotiation window.

The government does not expect the damage to be as severe.

Dammu Ravi, secretary for economic relations in India's foreign ministry said India will look at other opportunities if US becomes "difficult to export," mentioning South Asia, Africa and Latin America as potential markets.

"It's very natural for countries to look for alternatives when you are affected by a wall of tariffs in any part of the world," he said.

If high tariffs persist, analysts expect policy support from the government and the Reserve Bank of India to boost growth. The levies are applicable on two-thirds of India's shipments — worth $58bn — to the US, according to Morgan Stanley.

Kuwait oil minister says Opec monitoring market, Trump remarks on Russian oil

Reuters
Kuwait

Kuwait's Oil Minister Tariq al-Roumi said on Thursday that Opec is closely monitoring global oil supply, demand trends, and US President Donald Trump's recent remarks on Russian oil.

"Through Opec, we are monitoring the market in terms of supply and demand, and we are monitoring the US President's statements," al-Roumi told reporters, adding that he expects oil prices to be below $72 per barrel.

The minister described the market as healthy, with demand growing at a moderate pace.

Oil prices slid about 1% to an eight-week low on Wednesday after US President Donald Trump's remarks about progress in talks with Moscow created uncertainty over whether the US would impose further sanctions on Russia.

Trump has threatened additional sanctions on Moscow if no moves are made to end the war in Ukraine.

Washington imposed on Wednesday an additional 25% tariff on Indian goods, citing New Delhi's continued imports of Russian oil.

The CEO of Kuwait Petroleum Corp said that the country's quota production according to Opec's latest agreement is 2.548mn barrels per day (bpd) and it has capacity to produce more.

"We are producing this quota, and we have a production capacity that far exceeds that, and we use this capacity when necessary," Sheikh Nawaf S al-Sabah said to reporters.

Opec and its allies, together known as Opec+, agreed on Sunday to raise oil production by 547,000 barrels per day for September.

The latest in a series of accelerated output increases aimed at capturing market share was in line with market expectations and marked a full and early reversal of the group's largest tranche of output cuts, amounting to about 2.5mn bpd, or about 2.4% of global demand.

China says trade jumps in July

AFP
Beijing

China's exports beat expectations and rose 7.2% year-on-year in July, official data showed Thursday, as overseas shipments buoyed its struggling economy even as it navigated a shaky trade war truce with the US.

The two economic superpowers agreed in Stockholm last month to hold further talks on extending the tariff truce.

That deal has temporarily set fresh US duties on Chinese goods at 30%, while Beijing's levies on US goods stand at 10%.

The accord — initially agreed in Geneva in May — brought down triple-digit tariffs each side had imposed on the other after Donald Trump launched his "Liberation Day" levies on April 2.

The 90-day truce is set to end on August 12, when the original duties could snap back.

US Trade Representative Jamieson Greer said following the Stockholm talks that Trump would have the "final say" on any extension of a tariffs truce between Washington and Beijing.

Higher tariffs on dozens of trading partners — including a blistering 35% on Canada — came into force Thursday as Trump seeks to reshape global trade to benefit the US economy.

He has also threatened to impose 100% tariffs on semiconductor imports.

Thursday's data showing an increase in China's overseas shipments last month outpaced a Bloomberg forecast of 5.6%.

But the figures also showed that China's exports to the US, its largest trading partner, continued to fall, sinking 6.1% from the previous month.

And imports — a key gauge of struggling domestic demand — jumped 4.1% year-on-year in July, compared with a Bloomberg forecast of a 1% fall.

Zhiwei Zhang, president and chief economist at Pinpoint Asset Management, said the data showed "exports supported the economy strongly so far this year".

"Export growth may slow in coming months, as the front loading of exports due to US tariffs fades away," he said.

CORPORATE RESULTS

Maersk boosts profit outlook as container demand defies trade fears

Shipping group Maersk raised its full-year profit forecast on Thursday as robust global container demand defied fears that tariffs would hit trade, although the company predicted a slowdown later this year.

Maersk, viewed as a barometer of world trade, said it now expected global container volumes to increase by 2% to 4% this year, compared with a range of down 1% to up 4% estimated in May. The new range implies lower second-half growth, it said.

A drop in US imports after President Donald Trump unleashed a barrage of tariffs on foreign goods "was more than offset" by strong growth in imports into other regions, including Europe, the Danish firm said in its second-quarter earnings statement.

CEO Vincent Clerc told reporters that most customers — which include Walmart and Nike — are taking a wait-and-see approach to potential changes in their supply chains, and that container shipping was immune to trade tariffs in the short term.

Chinese shipments into Europe and other regions started increasing last year and continued into 2025, Clerc said, adding that Maersk's own data did not suggest this growth was fuelled by US tariffs.

"The normal relationship between how things are going in the US and how things are going in the rest of the world is changing as China plays a larger and larger role in the global economy," Clerc told reporters in Copenhagen.

"This has meant that despite volitility in the US, we have seen very stable high demand for container shipping in the rest of the world," he said.

Trade between China and the US plummeted earlier this year amid escalating tit-for-tat tariffs.

While a truce was agreed, investors remain on edge over whether the world's two largest economies can clinch a deal before an August 12 deadline.

Maersk said it now expected underlying earnings before interest, tax, depreciation and amortisation this year of between $8bn and $9.5bn, compared with its previous guidance of between $6bn and $9bn.

It said EBITDA rose 7% year-on-year in the second quarter to $2.3bn, above the $1.98bn expected by analysts.

Sales rose 3% year-on-year to $13.1bn, also beating the $12.61bn forecast by analysts in a company poll.

SMIC

China's top chipmaker SMIC reported a decline in second-quarter profits on Thursday as tensions between Beijing and Washington over critical technologies threaten a fragile trade truce.

China has sought to increase its self-reliance in the field of semiconductors, which are used in everything from televisions and cars to weapons and supercomputers.

The US has moved to deny Chinese firms access to its advanced technology and tightened curbs on exports of state-of-the-art chips and the equipment to make them.

Those restrictions have targeted Semiconductor Manufacturing International Corp (SMIC), which is listed in Hong Kong and in its home city Shanghai.

SMIC reported in a filing to the Hong Kong Stock Exchange that second-quarter profit attributable to owners stood at $132mn, down 19.5% compared to the equivalent period last year.

The drop comes after SMIC saw profit jump 161.9% year-on-year in the first three months of 2025.

SMIC said second-quarter revenue rose 16.2% year-on-year to $2.2bn, but was down 1.7% on the previous quarter.

US President Donald Trump announced hours earlier a 100% tariff on semiconductors from firms that do not invest in the US.

More than 84% of SMIC's revenue during the first quarter came from customers in China, the results said.

The company also said it expects revenue to increase by five to 7% in the next quarter compared to the April-June period.

SMIC acknowledged this year that its 2024 profit had plunged significantly from 2023 on the back of souring trade relations between Beijing and Washington.

Deliveroo

Food delivery app Deliveroo on Thursday reported that it fell back into a loss in the first half of 2025, citing costs related to its takeover by US rival DoorDash.

Net loss stood at £19.2mn ($26mn) in the six months to the end of June, compared with a net profit of £1.3mn during the same period one year earlier, according to an earnings statement.

The London-listed firm, which agreed a £2.9bn takeover by DoorDash in May, said it is on track to finalise the deal in the final quarter of the year.

Deliveroo had reported its first annual profit in March following sizeable full-year losses owing to high investment costs since American Will Shu founded the company in 2013.

Despite slipping back into the red in the first half of 2025, Shu noted that "both growth and profitability are accelerating".

The company attributed the latest loss predominantly to "advisory and legal fees in relation to the DoorDash acquisition," without which it expected to have made a net profit.

Revenue grew 8% to £1bn, while orders also grew eight %.

"I'm excited for what the partnership with DoorDash can bring in the future," Shu added.

The combined group is set to create a delivery service present in more than 40 countries, serving around 50mn monthly-active users.

Sony

PlayStation-maker Sony raised its annual profit forecasts on Thursday, citing strong performance in its key gaming business and a smaller-than-expected negative impact of US trade tariffs.

The Japanese electronics and entertainment conglomerate said "user engagement continued its strong momentum" in the video game sector.

Its shares surged more than 6% in Tokyo after the announcement.

Monthly active users in June and total gameplay hours on PlayStation consoles in the April-June quarter both increased six %, year-on-year, it said.

It added that "the situation surrounding the additional US tariffs is still fluid, and we intend to continue to monitor it and take action to minimise its impact".

"The impact of the additional US tariffs on operating income is estimated to be approximately ¥70bn ($470mn), a decrease of ¥30bn from the previous forecast." The company hiked its net profit forecast for the current 2025-26 financial year to ¥970bn ($6.6bn), up from the previous estimate of ¥930bn.

But even the higher forecast would not top the record net profit of ¥1.1tn that Sony logged in the previous financial year.

Atul Goyal, an equity analyst at Jefferies, said ahead of the earnings release that the massively anticipated global release of the game "Grand Theft Auto VI" in May 2026 "could lead to peak game profits" for Sony.

The PlayStation 5, which launched in 2020, is entering a "late" stage of the usual lifecycle for a console, Goyal said.

"Sony's outlook hinges on navigating tariff headwinds near-term, leveraging GTA6's blockbuster potential... and cyclical console risks," he said.

Siemens

Siemens warned on Thursday that US tariffs were prompting its customers in key sectors to slow investment decisions, even as the German industrial giant reported forecast-beating quarterly profits.

The group booked net profits of €2.2bn ($2.6bn) from April to June, up 5% from a year earlier, as strong orders at its division that makes trains offset problems at its factory automation unit.

Sales grew by 5% to €19.4bn, and Siemens's shares jumped over 4% in Frankfurt after the results were released.

But chief financial officer Ralf Thomas cautioned that Siemens's sprawling global business was not immune from heightened global volatility unleashed by US President Donald Trump's tariff blitz.

"Ongoing tariff uncertainties and trade tensions have dampened further recovery because of a rather cautious investment sentiment in important customer industries," he said.

He pointed to industries such as the automotive and production of industrial machinery ones.

CEO Roland Busch added that, in several key industries, "sales cycles have been extended and investment decisions are taking longer".

Busch said the US levies were impacting the group's unit that deals with factory automation, which had already been facing problems.

"Orders in the digital industry business recovered less strongly than anticipated due to the continuing high level of uncertainty regarding the future tariff environment and ongoing trade disputes," he said.

Bloomberg QuickTake Q&A

Why Trump's auto tariffs are poised to drive up car prices

By Ryan Beene

President Donald Trump is betting that tariffs on imports of vehicles and automotive parts will bring more manufacturing to US shores.

Realising that ambition rests on a major overhaul of the globally integrated supply chains the auto industry has spent decades fine-tuning. Cars aren't single-origin products like coffee. They're made up of tens of thousands of components — from transmissions to alternators to individual springs — that are sourced from all over the world. Shifting production of more of those parts to the US would be an expensive transition for carmakers. American consumers are likely to feel the pain too, as tariffs are widely expected to push up vehicle prices by thousands of dollars.

What US tariffs does the auto industry face?

A 25% levy on all foreign-made vehicles brought into the US kicked in on April 3. There's an exemption for cars that comply with the terms of a free trade agreement between the US, Mexico and Canada, known as the USMCA: The import tax will only be charged on the share of non-US content in those vehicles.

Auto parts also faced a 25% duty, but after industry pushback, Trump modified the arrangement so carmakers that produce and sell completed automobiles in the US can claim an offset worth up to 3.75% of the value of US-made vehicles. This is set to fall to a maximum of 2.5% after one year, and then be eliminated the following year, a bid to motivate domestic manufacturing. Components that comply with the USMCA will be spared from the 25% levy.

Trump granted the auto sector further relief by exempting it from separate import taxes on steel and aluminium products that went into effect in March, in an effort to avoid multiple tariffs stacking on top of each other.

How have Trump's auto tariffs evolved?

The president had previously said that the auto tariffs were "permanent." But they've been subject to some alterations since they were first announced, with reductions for some of the biggest exporters of vehicles to the US.

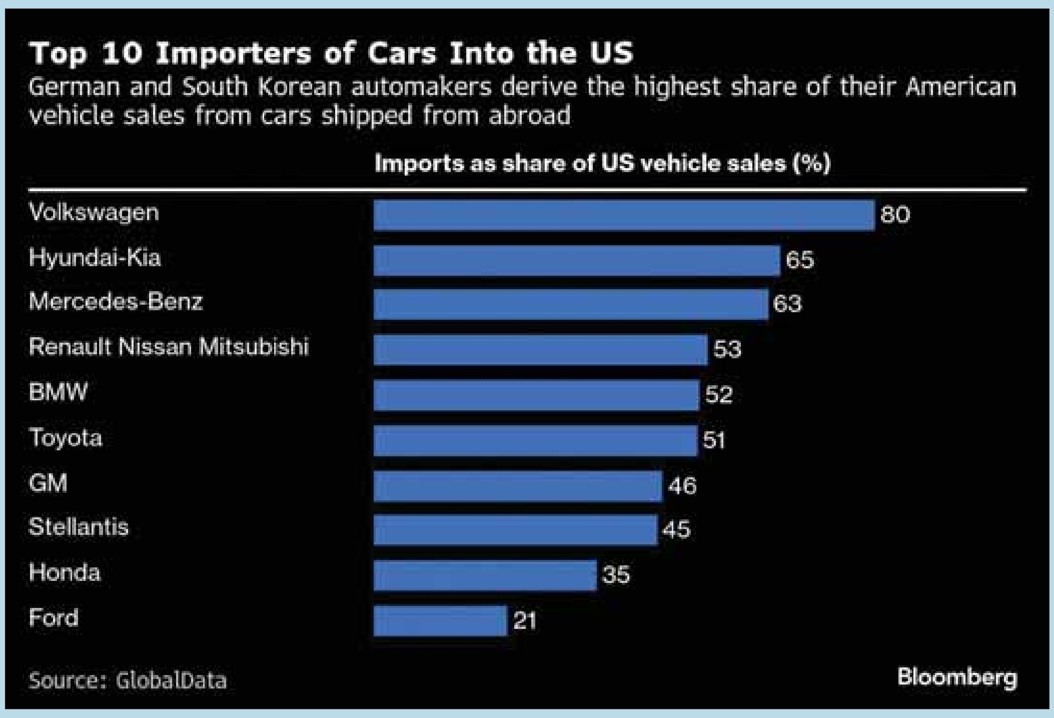
Trade agreements the US reached with the European Union, Japan and South Korea lowered tariffs on vehicles imported from those trade partners to 15% from 25% previously. A separate deal with the UK cut the duty to just 10%, but only for the first 100,000 UK cars sold in the US. Every vehicle above that faces a 27.5% tariff.

While that's good news for the likes of South Korea's Hyundai Motor Co and Japan's Toyota Motor Corp, the moves have stirred some discontent in Detroit. The American Automotive Policy Council, which lobbies for Ford Motor Co, General Motors Co and Stellantis NV, decried the US-Japan pact as a "bad deal" because it lowered duties on imported Japanese vehicles with "virtually" no US parts content.

Jim Farley, Ford's chief executive officer, took the pushback a step further. Lowering tariffs on Japanese imports, he says, puts Ford's US-made vehicles at a major cost disadvantage, to the tune of about $5,000 when comparing a Ford Escape small SUV made in Kentucky with a competing Toyota Rav4 built in Japan. (Toyota also builds Rav4s for US consumption in Ontario, Canada and Kentucky.) Farley said the calculation factors in Japan's lower labour and currency costs, as well as higher expenses his company faces from Trump's array of tariffs, including those on steel and aluminium via higher prices charged by Ford's suppliers.

How reliant is the US on auto imports?

Very. Around 50% of the roughly 16mn new passenger vehicles sold in the US in 2024 were assembled outside of America, according to automotive researcher GlobalData.



Most of those imports came from five countries: Mexico, Japan, South Korea, Canada and Germany.

Even historic US car brands make a lot of their vehicles in other countries. America's largest automaker, GM is also its top auto importer by volume. It brought 1.23mn cars into the US last year, according to GlobalData, including more than 400,000 vehicles from its factories in South Korea, where it makes the relatively budget-friendly Trax and Trailblazer, both Chevrolet SUVs.

In percentage terms, 46% of GM's US sales come from imported cars. That leaves the company more exposed to tariffs than its fellow Detroit automakers — Ford and Stellantis — but better positioned than most of its European and Asian rivals.

Toyota is the second-biggest importer of cars into the US, leaning on these shipments for just over half of its US sales. The carmaker imported 1.2mn vehicles into America last year, including more than 500,000 from Japan. Hyundai, meanwhile, sent 1.1mn vehicles to the US last year — including Kia and Genesis branded models — which accounted for almost two-thirds of its American sales. The vast majority of those cars came from its home country, South Korea.

Is there such a thing as a 100% made-in-America vehicle?

No. A substantial portion of the content in vehicles built in the US comes from factories abroad. A White House fact sheet said a conservative estimate of the average share of foreign content is 50%, but that the true figure is likely to be closer to 60%.

North America's car manufacturing sector is particularly interconnected. The USMCA and its predecessor Nafta have allowed automakers to effectively operate as if there were no borders for the past 30 years, taking advantage of Canada's natural resources, Mexico's low-cost labour, and the huge consumer market in the US. Raw materials and parts often move between the three countries several times before making it into an assembled car. So assigning the plethora of new tariffs for vehicles sold in the US will be a complex operation.

How is Tesla affected by tariffs?

Tesla has been touted as one of the automakers that will feel the least pain from Trump's auto tariffs, because it produces all the electric vehicles it sells in the US at factories in California and Texas.

But only around 60-75% of the components Tesla uses for those EVs are manufactured in America or Canada, depending on the model, according to a 2024 filing by the US National Highway Traffic Safety Administration. The majority of the remaining parts come from Mexico.

When the company was given the opportunity by the Trump administration to comment on the government's trade practices, the EV maker said there was only so much that it can procure in the US. "Even with aggressive localization of the supply chain, certain parts and components are difficult or impossible to source within the US," unidentified Tesla representatives wrote in a letter to Jamieson Greer, the US trade representative, dated March 11.

How have automakers reacted to Trump's tariffs?

Many withdrew their financial forecasts for the year due to tariff uncertainty. Some, such as Jeep maker Stellantis, have paused production in Canada and Mexico, while others have announced plans to increase manufacturing in the US. GM, for example, plans to spend $4bn to boost production at its US factories over the next two years, trimming its exposure to imports from Mexico.

The automaker hopes relocating some parts production, internal cost cuts and other measures will offset at least 30% of its $5bn exposure to the duties this year.

Ford, meanwhile, expects the tariffs to squeeze its 2025 earnings by about $3bn, and hopes to offset $1bn of that through cost cuts. The automaker offered discounts across almost its entire lineup for most of the year to keep customers coming to showrooms. It has also hiked the sticker price on three models built in Mexico by as much as $2,000, according to a company memo to dealers seen by Bloomberg News.

The profit squeeze shows how automakers have thus far preferred to absorb higher tariff costs rather than raise prices. But dealers will eventually run out of cars built before the tariffs took effect. Industry watchers broadly expect prices to go up later this year.

Beyond the US automakers, embattled Nissan Motor Co of Japan has decided to stop selling a pair of Mexican-built SUVs in the US and reversed a decision to cut production of the Rogue compact crossover SUV at its plant in Tennessee.

Mercedes-Benz Group AG plans to shift production of a "core segment vehicle" to its factory in Alabama by 2027. But it's also weighing whether to pull its least expensive cars, such as the GLA small SUV, from the market, because the tariffs could turn already-thin profit margins into losses if the additional costs aren't passed on to customers, Bloomberg reported.

How will Trump's tariffs impact car prices in the US?

American drivers were already being squeezed before the tariffs landed. The average sticker price of a new passenger vehicle in the US was around $47,500 as of March, a 22% increase from five years earlier, according to data from valuation specialist Kelley Blue Book. As car prices have risen and high interest rates have made for expensive financing, delinquencies on auto loans were hovering near their highest level in more than 30 years in March.

And now import taxes have been added to the mix, threatening to drive vehicle prices up even further. Automakers and parts manufacturers can absorb some of the added costs, but in most instances, at least some of the extra expenses will eventually be passed on to consumers.

The impact could be particularly pronounced at the cheaper end of the market, as many of the least expensive models are built outside the US to maximise already-low profit margins. Ford, for example, assembles its Maverick compact pickup truck, which starts at $27,000, in Mexico, while GM ships its Buick Envista, which has a base price of $25,095, from South Korea. There's much speculation over just how much car prices could go up due to the auto tariffs, but the consensus is that the increase will be in the region of thousands of dollars.

Taking into account the revisions Trump made to the levies, consulting firm Anderson Economic Group estimates prices could rise by more than $12,000 for luxury SUVs, battery-powered EVs and cars assembled in Europe and Asia. Even vehicles made in the US with substantial domestic content could see $2,000 to $3,000 added to their price tag.

How long will it take for tariffs to impact car prices in the US?

Any price increases may not materialise immediately, as dealers typically stock two to three months' supply of new cars. That said, the rush to buy vehicles ahead of the new import taxes kicking in has reduced pre-tariff inventories more quickly than usual, which could lead to a summer sticker price shock.

Higher prices won't just be a new car problem. As prices climb for vehicles fresh off the assembly line, many buyers will likely look for second-hand alternatives, pushing up the prices of those too. And with auto parts due to join the tariffs mix, repairs will get even more expensive and insurance premiums could rise as well to cover the higher breakdown costs.

How easy is it to shift auto production to the US?

There won't be an immediate surge in US car manufacturing. While carmakers can look to increase output at their existing American plants, new factories — for both vehicle assembly and parts production — would require billions of dollars and take years to complete. It's also an expensive process to wind down plants elsewhere.

To commit to such investments, companies need to be assured of a stable business environment, and there's little visibility over whether Trump's on-again, off-again tariff strategy could result in the auto levies being amended again within days, weeks or months — either up or down.

For some manufacturers, the economics of setting up shop in America may just not stack up. For most component producers, it would be more expensive to produce in the US than paying the 25% tariff, according to Bank of America analysts.

And even if Trump succeeds in coaxing companies to build more vehicles in the US, his intended jobs boom may not follow, as companies could lean on automation rather than large numbers of human workers to keep production costs down.

Trump planning 100% chips tariff, exempting firms that invest in US

Bloomberg
Washington

Donald Trump declared plans for a 100% tariff on semiconductor imports while promising to exempt companies such as Apple Inc that move production back to the US, triggering a scramble among trading partners and companies worldwide to make sense of the threat.

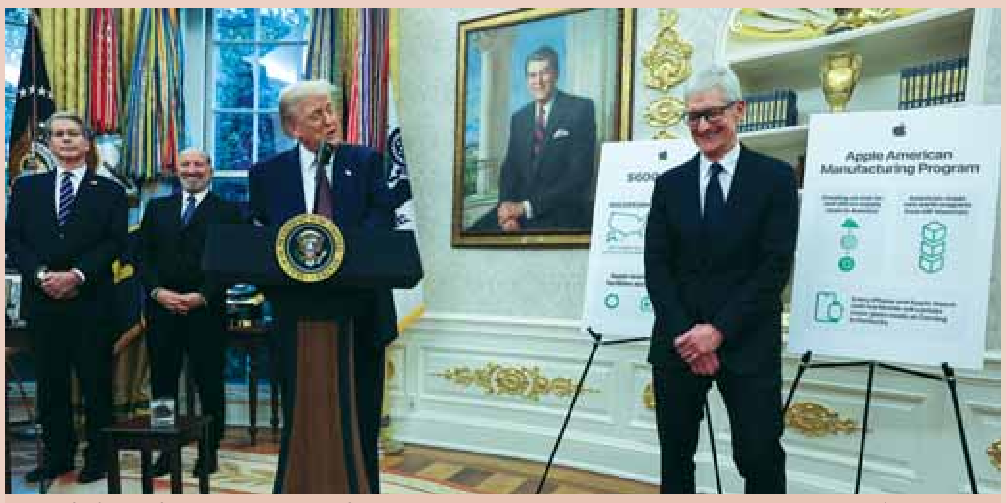
The US president announced his intentions from the Oval Office flanked by Apple Chief Executive Officer Tim Cook, who unveiled plans to invest another $100bn into domestic manufacturing. Any company that demonstrates a similar commitment would be exempt from tariffs on chips — though the White House will levy a separate tax on imports of electronics products from smartphones to cars that employ semiconductors.

Trump's surprise declaration further upends a global electronics supply chain undergoing a seismic shift following decades of reliance on China. Apple joined a parade of companies from Taiwan Semiconductor Manufacturing Co to Nvidia Corp that have pledged to spend more than $1tn collectively since Trump's ascension, seeking to assuage an administration keen to bring manufacturing back home. While much of the capital in those pledges represented prior commitments or longer-term plans, they appear to be working.

On Thursday, Taiwan's National Development Council Minister Liu Chin-ching said TSMC is exempted from the 100% US chips tariffs although some local companies will be affected. South Korean Trade Minister Yeo Han-koo told local broadcaster SBS that neither Samsung Electronics Co nor SK Hynix Inc chips would incur those levies. Both South Korean chip firms have pledged investments in the US.

"We're going to be putting a very large tariff on chips and semiconductors, but the good news for companies like Apple is, if you're building in the US, or have committed to build, without question, committed to build in the US, there will be no charge," Trump told reporters.

While the mooted 100% headline figure would far outstrip analysts' projections, the promise of widespread exemptions calmed markets. US futures rose while



Apple CEO Tim Cook reacts while US President Donald Trump speaks, as they present Apple's announcement of a $100bn investment in US manufacturing, as Treasury Secretary Scott Bessent and Commerce Secretary Howard Lutnick stand, in the Oval Office at the White House in Washington, DC on Wednesday.

Asian tech stocks turned in a mixed performance. An exemption amounts to a major victory for Apple and Cook, who were bracing for substantial tariffs.

From TSMC to Eli Lilly & Co, more than a dozen major firms have announced major investment plans since Trump won the 2024 presidential election, with CEOs flying to his Mar-a-Lago resort in Florida and then to the White House once he was sworn in.

Sentiment has been "boosted by Apple's $100bn US manufacturing commitment and relief that Trump's 100% chip tariff is unlikely to disrupt major supply chains," said Billy Leung, a Sydney-based investment strategist at Global X ETFs. "TSMC's alignment with US buildout plans, plus underpositioning in Apple, have helped support this bounce."

But the bigger question may be Trump's intentions when it comes to electronics, given the US is the world's biggest market for consumer technology. The president has said he could unveil separate levies on all products containing semiconductor chips as soon as next week — in theory, that encompasses most everything from cars and appliances to clock radios.

Apple's additional $100bn US investment will include a new manufacturing program designed to bring more of Apple's production to the US. Partners include glass-maker Corning Inc, Applied Materials Inc and Texas Instruments Inc.

Corning will dedicate an entire factory in Kentucky to Apple glass production, increasing that company's workforce in the state by 50%, the iPhone maker said. Corning was already a supplier to Apple, making glass for the very first iPhone at the same factory.

Apple had previously pledged to spend $500bn in the US over the next four years, a slight acceleration over its prior investments and previously announced plans, adding about $39bn in spending and an additional 1,000 jobs annually. The announcement will bring Apple's cumulative commitment to $600bn.

Christopher Waller.

Waller emerges as favourite for Fed chair among Trump team

Bloomberg
Washington

Federal Reserve Governor Christopher Waller is emerging as a top candidate to serve as the central bank's chair among President Donald Trump's advisers as they look for a replacement for Jerome Powell, according to people familiar with the matter.

Trump advisers are impressed with Waller's willingness to move on policy based on forecasting, rather than current data, and his deep knowledge of the Fed system as a whole, the people said.

Waller has met with the president's team about the role, but has yet to meet with Trump himself, the people said on the condition of anonymity to discuss private deliberations.

Kevin Warsh, a former Fed official, and Kevin Hassett, currently Trump's National Economic Council director, also remain in contention for the job, the people said, which will open up when Powell's tenure as chair expires in May 2026.

"President Trump will continue to nominate the most competent and experienced individuals," White House Spokesman Kush Desai said in a statement. "Unless it comes from President Trump himself, however, any discussion about personnel decisions should be regarded as pure speculation."

A representative for the Fed declined to comment.

Trump said on Wednesday that the administration has narrowed the list of candidates for Fed chair to three people. Treasury Secretary Scott Bessent, Vice-President JD Vance and Commerce Secretary Howard Lutnick are on the search committee, Trump said.

Hassett has met with Trump to discuss the chair job and has also impressed both the president and the team, Bloomberg News has reported. Warsh interviewed for the job in 2017 but was ultimately passed over for Powell. In November, he was also considered to serve as Treasury secretary.

Last week, Waller was one of two Fed board members to vote against the central bank's decision to hold its benchmark rate steady for a fifth consecutive time. He and his colleague Michelle Bowman, both Trump nominees, preferred a quarter-point reduction, citing growing signs of labour-market weakness.

Germany's factory output falls to lowest since pandemic in 2020

German industrial production slumped in June to its lowest level since the pandemic in 2020, data showed on Thursday, underlining the fragility of Europe's top economy even before US President Donald Trump's new tariffs kicked in, reports AFP.

Factory output fell 1.9% month-on-month, federal statistics agency Destatis said, steeper than a drop of 0.5% forecast by analysts polled by financial data firm FactSet.

There were particularly heavy falls in the machinery and pharmaceutical sectors, helping to drag overall output down to levels last seen in May 2020 during the coronavirus pandemic.

Destatis also made a major revision to May industrial production data, saying the indicator fell 0.1%. It had previously reported a healthy rise of 1.2%.

ING bank analyst Carsten Brzeski said the dire data could prompt a downward revision to an already poor initial estimate showing that the economy shrank slightly in the second quarter.

"This is bad news," he said. "At face value, industry remains stuck in a very long bottoming out."

Fixing the eurozone's traditional export powerhouse has been a key priority for Germany's conservative Chancellor Friedrich Merz, with the economy battered in recent years by high energy costs and fierce Chinese competition.

QSE gains for fourth day as index inches towards 11,400 levels

By Santhosh V Perumal
Business Reporter

Amidst global apprehensions over the impact of the US tariffs on several trading partners, the Qatar Stock Exchange yesterday entered the fourth day of bull-run with its key index inching towards 11,400 levels and capitalisation add about QR3bn.

Foreign funds were seen increasingly into net buying as the 20-stock Qatar Index gained as much as 38 points or 0.33% to a new multi-year high of 11,363.71 points, recovering from an intraday low of 11,307 points.

The Gulf institutions were increasingly bullish in the main market, whose year-to-date gains improved further to 7.5%.

About 55% of the traded constituents extended gains to investors in the main bourse, whose capitalisation added QR2.9bn or 0.43% to QR676.28bn mainly on small and microcap segments.

The Gulf retail investors turned net buyers in the main market, which saw as many as 0.02mn exchange traded funds (sponsored by AlRayan Bank and Doha Bank) valued at QR0.05mn trade across eight deals.

The foreign individuals' weakened net profit booking had its influence on the main bourse, whose trade turnover fell amidst higher volumes.

The Islamic index was seen outperforming the main barometer of the main market, which saw no trading of treasury bills.

Foreign funds were seen increasingly into net buying as the 20-stock Qatar Index gained as much as 38 points or 0.33% to reach a new multi-year high of 11,363.71 points, recovering from an intraday low of 11,307 points

The Arab retail investors were seen net buyers, albeit at lower levels, in the main bourse, which saw a total of 0.03mn sovereign bonds valued at QR344.07mn change hands across five transactions.

The Total Return Index gained 0.42%, the All Islamic Index by 0.34% and the All Share Index by 0.41% in the main market.

The banks and financial services sector index rose 0.52%, transport (0.47%), telecom (0.41%), industrials (0.36%) and real estate (0.32%); while consumer goods and services declined 0.29% and insurance 0.02%.

Major movers in the main market included Estithmar Holding, Qamco, Dlala, Barwa, Baladna, QNB, Medicare Group, Mazaya Qatar, Ooredoo and Vodafone Qatar.

Nevertheless, Qatar General Insurance and Reinsurance, Ahlibank Qatar, Meeza, Qatar Electricity and Water, Qatari Investors Group and Woqod were among the shakers in the main bourse. In the venture market, Techno Q saw its shares depreciate in value.

The foreign institutions' net buying increased substantially to QR61.14% compared to QR28.66mn on August 6.

The Gulf institutions' net buying strengthened significantly to QR30.84mn against QR8.39mn the previous day.

The Gulf individual investors turned net buyers to the tune of QR2.38mn compared with net sellers of QR1.48mn on Wednesday.

The Arab retail investors were net buyers to the extent of QR0.02mn against net profit takers of QR2.49mn on August 6.

The foreign individual investors' net selling decreased markedly to QR1.6mn compared to QR3.99mn the previous day.

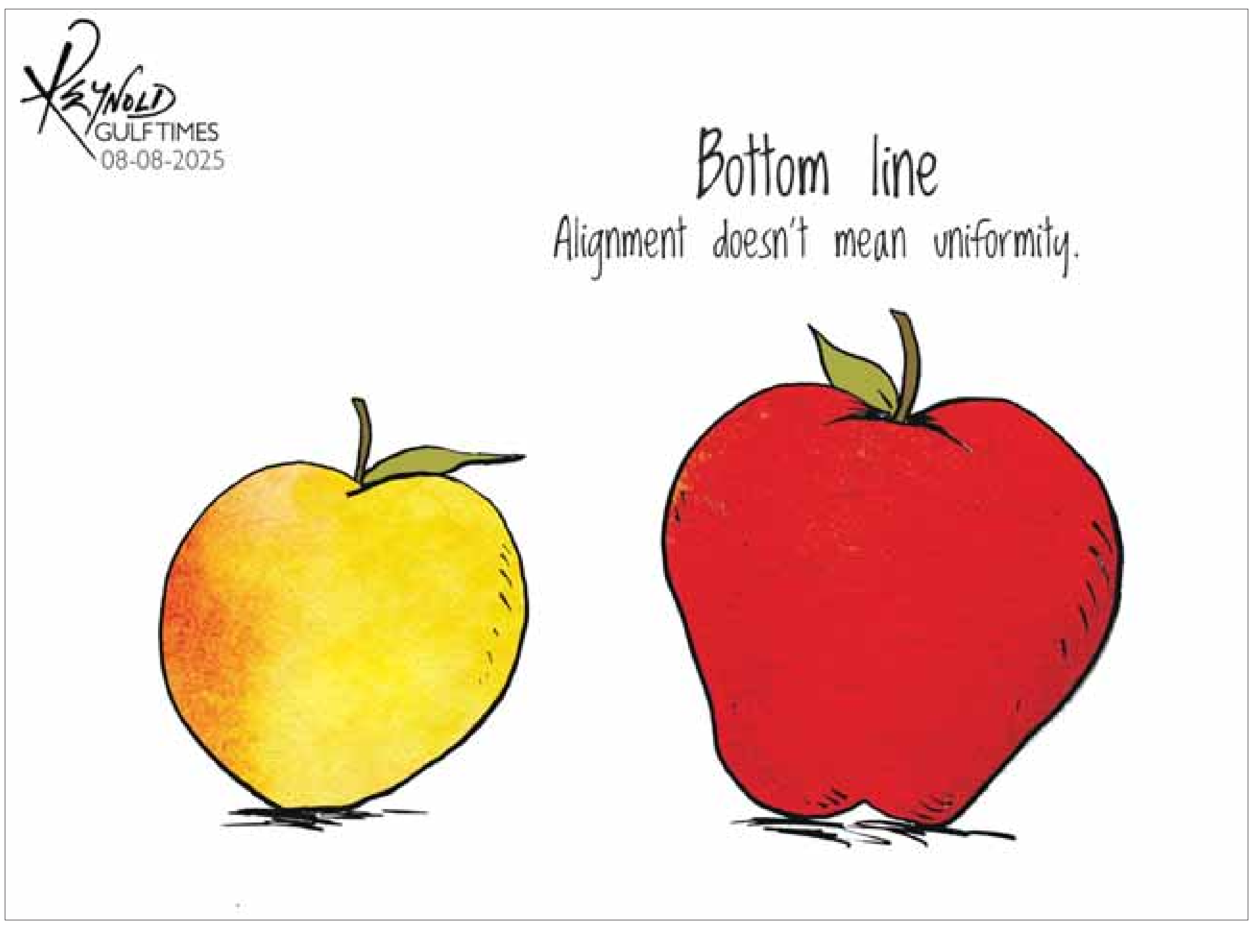
The Arab institutions' net profit booking weakened marginally to QR0.05mn against QR0.24mn on Wednesday.

However, the local retail investors' net selling expanded noticeably to QR75.63mn compared to QR54.44mn on August 6.

The domestic institutions turned net sellers to the tune of QR17.1mn against net buyers of QR25.59mn the previous day.

The main market saw a 2% jump in trade volumes to 245.26mn shares but on less than 1% fall in value to QR538.01mn and 9% in deals to 23,561.

In the venture market, a total of 0.04mn equities valued at QR0.1mn changed hands across 17 transactions.



Bank of England cuts rates to 4% after narrow 5-4 vote

Reuters
London

The Bank of England cut interest rates on Thursday but four of its nine policymakers — worried about high inflation — sought to keep borrowing costs on hold, suggesting the BoE's run of rate cuts might be nearing an end.

The contrasting views of the BoE's top officials meant the Monetary Policy Committee held two votes for the first time since it was created in 1997 in order to reach a decision.

With the MPC facing the conflicting risks posed by an inflation rate that the BoE forecasts will soon be double its 2% target and a worsening of job losses, Governor Andrew Bailey and four colleagues backed lowering Bank Rate to 4% from 4.25%.

But that was only after a first round of voting ended in a 4-4-1 split, with external MPC member Alan Taylor initially backing a half-point cut.

"It remains important that we do not cut Bank Rate too quickly or by too much," Bailey told a press conference after the decision, highlighting that the rise in inflation was expected to be short-lived. "We stand ready to adjust our course if we see shifts in the balance of risk to the medium-term outlook for inflation."

The four members of the MPC who backed keeping rates on hold included Clare Lombardelli, the deputy governor for monetary policy, who broke from the majority for the first time. Chief Economist Huw Pill also voted to keep Bank Rate at 4.25%.

British short-term government bond yields rose sharply and stocks fell after the announcement. Sterling jumped by about half a cent against the US dollar.

Investors trimmed their bets on the possibility of another BoE rate cut by the end of 2025 and were only fully pricing in a cut to 3.75% in February next year, according to data from LSEG.

"The close vote split and the minutes of the meeting underscore the division on the MPC," KPMG UK's chief economist Yael Selfin said. "The division reflects the two-sided risks to the inflation outlook and the uncertainty under which policymakers are operating."

Selfin said she expected one final BoE rate cut in November.

The central bank repeated its guidance about "a gradual and careful approach" to further cuts in borrowing costs but added a new line to its message on the outlook. "The restrictiveness of monetary policy had fallen as Bank Rate had been reduced," it said.

It repeated that there was no pre-set path for borrowing costs.