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AI concentration risks bigger in Asia with fewer stocks in play



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# MCIT’s Scale Now reports \$12.9mn in deals; demonstrates strong market confidence in Qatar’s scale-up ecosystem

By Santhosh V Perumal  
Business Reporter

Scale Now, which enables Qatari founded technology companies to become global competitors, has secured deals valued at \$12.9mn, positioning Qatar as a regional hub for digital innovation, according to the Ministry of Communications and Information Technology (MCIT).

Of the \$12.9mn in deals secured, as much as \$7.2mn was in B2B (business-to-business) and \$5.7mn in direct investments, said a MCIT presentation made recently after roping in four more partners – Ministry of Commerce and Industry, Invest Qatar, QDB (Qatar Development Bank) and Qatar Research Development and Innovation (QRDI) Council – for the programme.

“Scale Now is more than a programme; it is a coordinated national platform turning digital innovation into tangible economic impact,” MCIT said.

About \$7.2mn in B2B (business to business) transactions; the presentation said it demonstrated strong market validation and confidence in Qatar’s scale-up ecosystem. The Cycle 1 had secured \$5.7mn in direct investments through a mix of private funding, grants, and investor partnerships.

The participating entities from Cycle 1 reported sustained growth, validating the effectiveness of the programme’s capability-building and market access model, it said, highlighting more than 50% average revenue growth and one successful international market expansion in Cycle 1.

The Cycle 1 brought together six market-ready companies delivering solutions from digital payments and marketplaces to airport operations and immersive media.

It saw Mzad Qatar, providing a multi-category marketplace with a digital auction platform that connects buyers and



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sellers; SkipCash, enabling businesses to implement secure online payment solutions through a streamlined digital platform; and EMMA Systems, delivering airport software that improves operational efficiency and data management.

The Cycle 1 also saw ADGS, offering behavioural biometrics and predictive maintenance powered by proprietary AI models; SPONIX, providing immersive video solutions and virtual advertising that enable engaging real-time content during live events; and ClassTap, offering flexible access to more than 3,000 fitness studios and classes through a subscription platform.

Scale Now contributes directly to Qatar’s Digital Agenda 2030’s national employment target by equipping founders and creating high-value digital roles across tech sectors, aiming more than 26,000 ICT (information, communication and technology) jobs by 2030.

“Through its collaborative model, Scale Now is enabling Qatari-founded technology companies to become global competitors, strengthening the nation’s

economic resilience, export potential, and job creation capacity,” it said.

By providing tailored mentorship, strategic partnerships, investment readiness and facilitating access to pilot opportunities, the programme helps high-potential companies transform proven traction into sustainable growth. It strengthens Qatar’s digital economy, aligns with the Digital Agenda 2030 and positions the country as a global hub for innovation and expansion.

“We will refer high-potential companies from Startup Qatar to future Scale Now cohorts, support access to funding and grants, and help shape a connected, resilient ecosystem where innovation and entrepreneurship thrive,” Invest Qatar had said.

Invest Qatar serves as the gateway for foreign investors and entrepreneurs, guiding them through each stage of their business journey – from exploration to expansion – by providing comprehensive insights, market knowledge and facilitating connections with key government and private sector stakeholders.



The award recognises outstanding individuals who have made remarkable contributions to advancing the maritime industry and enhancing its overall performance and efficiency.

## Mwani Qatar CEO awarded ‘Personality of the Year’ at TMS Awards 2025

Capt Abdulla Mohamed al-Khanji, chief executive officer of Mwani Qatar, has been chosen as the “Personality of the Year” at the annual The Maritime Standard (TMS) Awards 2025 ceremony, held at Atlantis, The Palm, in Dubai.

The award recognises outstanding individuals who have made remarkable contributions to advancing the maritime industry and enhancing its overall performance and efficiency.

With more than 22 years of experience in the maritime

industry, Captain al-Khanji has held numerous leadership positions that have significantly contributed to enhancing Qatar’s global standing in maritime transport and trade.

This recognition comes as part of the TMS’ mission to celebrate outstanding leaders who have driven progress in maritime infrastructure, logistics services, and port competitiveness across the region. It highlights the widespread appreciation of Mwani Qatar’s efforts to promote innovation and deliver world-class serv-

ices in the ports and maritime transport sectors.

Held annually in the presence of senior executives and industry leaders from around the world, TMS awards have become one of the most prestigious platforms celebrating excellence and innovation across the shipping, ports, and maritime industries, particularly in the Middle East and the Indian subcontinent. Categories include shipping company of the year, terminal operator of the year, and woman in shipping award.

## Opec+ likely to agree small oil output increase for December

Reuters

London/Moscow

Opec+ will likely agree on Sunday another small hike in oil output targets for December, three sources familiar with the talks said, as the group moderates its drive to regain market share amid predictions of a supply glut next year.

Opec+ has raised output

targets by more than 2.7mn barrels per day – about 2.5% of global supply – since April but slowed the pace in October and November to 137,000 bpd from larger increases amid predictions of a looming oversupply.

New Western sanctions on Opec+ member Russia are adding to challenges in the discussions as Moscow may struggle to further raise output. Eight Opec+ members

– Saudi Arabia, Russia, the United Arab Emirates, Iraq, Kuwait, Oman, Kazakhstan and Algeria – are set to agree on Sunday to increase December output targets by another 137,000 bpd, the three sources said.

Opec, the office of Russian Deputy Prime Minister Alexander Novak, and Saudi Arabia’s government media office did not immediately respond to requests for comment.

## QSE remains bullish for second straight week; M-cap adds QR4.14bn

By Santhosh V Perumal  
Business Reporter

The US Federal Reserve rate cut and easing of the US-China trade tensions had their positive influence on the Qatar Stock Exchange (QSE), where bullish sentiments prevailed for the second consecutive week.

The Gulf institutions were seen increasingly net buyers as the 20-stock Qatar Index settled 0.73% higher this week which saw the market heavyweight Industries Qatar (IQ) report QR3.4bn net profit in the first nine months (9M) of 2025.

The telecom and insurance counters witnessed higher than average demand in the main bourse this week which saw Nakilat report net profit of QR1.31bn in January-September 2025.

The Gulf retail investor turned net buyers in the main market this week which saw Ooredoo Group’s 9M-2025 net profit at QR3.1bn.

The overall sentiments was seen upbeat in the market that otherwise saw shakers

outnumber movers this week, which saw Aamal Company approved the sale of IMO Qatar to Frijns Structural Steel Middle East for QR6.5mn.

The domestic institutions were seen increasingly net profit takers in the main bourse this week which saw Qamco report net profit of QR534mn in 9M-2025. The local retail investors were also increasingly bearish in the main market this week which saw Mesaieed Petrochemical Holding report a net profit of QR520mn in January-September 2025. The foreign individuals turned net sellers in the main bourse this week which saw a total of 0.06mn AlRayan Bank-sponsored exchange traded fund QATR worth QR0.13mn trade across 23 deals.

The foreign funds were seen net profit takers in the main market this week which saw a total of 0.06mn Doha Bank-sponsored exchange traded fund QETF worth QR0.6mn trade across 54 transactions. The Islamic index was seen gaining faster than the other indices of the main market this week, which saw no trading of sovereign bonds.

### WEEKLY REVIEW

Market capitalisation added QR4.14bn or 0.64% to QR654.74n on the back of small and midcap segments this week which saw no trading of treasury bills. Trade turnover fell amidst higher volumes in the main market, while the junior bourse saw declines in turnover and volumes this week which saw the consumer goods, industrials and realty sectors together constitute more than three-fourth of the total trade volumes. The Total Return Index rose 0.73%, the All Share Index by 0.62% and the All Islamic Index by 0.81% this week which saw Meeza report net profit of QR42.4mn in January-September 2025. The telecom sector index surged 2.48%, insurance (2.32%), real estate (0.68%), industrials (0.52%), banks and financial services (0.48%) and consumer goods and services (0.44%), while transport was down 0.08% this week which saw Mekdam Holding Group’s 9M-2025 net profit at QR27.8mn.

The market was skewed towards shakers with as many as 28 constituents reporting declines, while 22 gained and two were unchanged this week which saw Qatar General Insurance and Reinsurance report net profit of QR93.08mn in 9M-2025. Major movers in the main market included QLM, Qatar German Medical Devices, Beema, Ooredoo, Qatar Islamic Insurance, Qatar Islamic Bank, Woqod, IQ, Qatar Insurance, Al Khaleej Takaful and Ezdan. In the juniour bourse, Techno Q saw its shares appreciate this week. Nevertheless, Qatar General Insurance and Reinsurance, Baladna, Qamco, Qatar Oman Investment, Mannai Corporation, Aljjarah Holding, Qatar Electricity and Water, Aamal Company, Mazaya Qatar and Gulf Warehousing were among the shakers in the main market this week. The Gulf institutions’ net buying increased substantially to QR191.29mn compared to QR36.59mn the week ended October 23. The Gulf individual investors turned net buyers to the tune of QR1.61mn against net profit takers of QR6.35mn the previous week. However, the domestic institutions’ net

selling strengthened significantly to QR102.18mn compared to QR5.12mn a week ago. The Qatari individuals’ net selling expanded noticeably to QR78.59mn against QR63.59mn the week ended October 23. The foreign retail investors were net profit takers to the extent of QR7.85mn compared with net buyers of QR5.17mn the previous week. The foreign institutions turned net sellers to the tune of QR2.53mn against net buyers of QR32.94mn a week ago. The Arab individuals were net sellers to the extent of QR1.75mn compared with net buyers of QR0.33mn the week ended October 23. The Arab institutions had no major net exposure against net buyers to the tune of QR0.02mn the previous week. The main market saw 7% contraction in trade volumes to 551.21mn shares but on 14% jump in value to QR1.65bn and less than 1% in deals to 94,631 this week. In the venture market, trade volumes tanked 67% to 0.12mn equities, value by 68% to QR0.27mn and transactions by 65% to 45.





## JPMorgan set to keep lion's share of EA's \$500mn debt fees

**Bloomberg**  
New York

JPMorgan Chase & Co is set to keep 40% of the fees tied to the \$20bn debt financing backing the take-private of Electronic Arts Inc, disappointing a large group of banks that were keen to get a bigger share of the deal.

At 40%, JPMorgan will hold onto about \$200mn of the total fee pool, according to a person with knowledge of the matter, who asked not to be identified discussing private information. The bank initially agreed to solely underwrite the debt commitment for the \$55bn acquisition.

Around 20 lenders including Bank of America Corp, Citigroup Inc and Morgan Stanley joined the debt financing this week, Bloomberg previously reported, clamouring to participate in the biggest buyout of all time. The rest of the underwriting group, which is expected to also include Barclays Plc, Royal Bank of Canada and others, were allocated between 1% and 5% of the financing each – less than many of them had hoped.

Representatives for JPMorgan and Royal Bank of Canada declined to comment. Those for EA and the consortium buying the video-game maker – private equity firm Silver Lake Management, Saudi Arabia's Public Investment Fund and Affinity Partners – didn't respond to requests for comment.

The EA buyout comes amid an uptick in transactions after a prolonged quiet period for mergers and acquisitions. Bankers have been desperate to underwrite M&A and collect some of the most lucrative fees the industry has to offer. For years, they've primarily done the grunt work tied to refinancings and repricings, which yield less revenue and little glamour. Conor Hillery, JPMorgan's co-head for Europe, the Middle East and Africa, expects to see "big M&A in EMEA next year."

The estimated \$500mn fee for EA is based on an average underwriting rate on leveraged buyouts of around 2.5%, Bloomberg previously reported. That will be split between the banks on a proportional basis, depending on what percentage of the deal they take.

With the underwriters in place, the plan is to sell the debt in the leveraged loan and high-yield bond markets in early 2026. Banks are expected to earn a fee of about 2.25% on the loans in the financing, Bloomberg previously reported. Fees for bonds will be higher than those of loans.

The dual-currency loan is expected to pay investors 3.5 percentage points more than the benchmark rate, and will have a discounted price of 99 cents on the dollar and euro.

The cross-border financing is structured with a \$2.5bn term loan A that will target investors looking to buy loans on a take-and-hold basis. That could attract attention from Middle Eastern and Asian banks.

The financing is also set to comprise an \$8bn term loan B, \$2.5bn of unsecured bonds, \$5bn of secured bonds and a \$2bn liquidity facility. The final structure of the transaction will depend on market conditions at the time of the launch.

## Apple predicts jump in sales over holiday season

**Bloomberg**  
New York

Apple Inc predicted a jump in sales over the holiday season after releasing new iPhones, helping to assure investors that its flagship product remains a growth engine. Revenue in the fiscal first quarter, which runs through December, will rise by 10% to 12%, Chief Financial Officer Kevan Parekh said during a conference call with analysts on Thursday. Analysts had predicted 6% on average.

The period is expected to be "our best iPhone quarter ever," he said. Apple is navigating its way through a range of global challenges, including trade tensions, weakness in China and delays developing artificial intelligence features. With the company's latest iPhone release in September, Apple updated the designs and introduced a new ultrathin model called the Air. The lineup remains the company's biggest moneymaker, accounting for roughly half of its revenue. Apple shares rose 2.2% yesterday. They'd been up 8.4%

this year through Thursday's close. In the fiscal fourth quarter, which ended September 27, sales rose 7.9% to \$102.5bn. That slightly beat the \$102.2bn average estimate. Earnings rose to \$1.85 a share, topping the average estimate of \$1.77. The Cupertino, California-based company benefited from stronger-than-expected services growth in the period, helping offset a slowdown in China. The Mac and wearables division also performed better than anticipated.

Tariffs added \$1.1bn in expenses during the quarter, in line with Apple's expectations. The company expects \$1.4bn in tariff costs in the December period. Operating expenses will range from \$18.1bn to \$18.5bn.

Revenue from greater China fell 3.6% to \$14.5bn last quarter, well short of the \$16.4bn that analysts projected. The company faces mounting competition from local smartphone providers and has struggled to offer artificial intelligence features in the country. Still, Chief Executive Officer Tim Cook said he believes Apple will return to growth in the region

during the current quarter. Revenue from the iPhone gained 6.1% to \$49bn in the September period, helped by the new models. Still, that was just short of the \$49.3bn that analysts projected. Apple said it faced supply constraints, which may have limited growth.

The quarter included roughly two weeks of iPhone 17 availability, and initial demand appeared strong – with sellouts reported across Apple retail stores and third-party channels. Most buyers opted for higher-end iPhone 17 Pro models, helping boost Apple's average selling price. The \$999 iPhone Air – more expensive than the model it replaced – also helped on this front.

Services remained Apple's fastest-growing segment last quarter, with revenue rising 15% to \$28.8bn. Analysts had anticipated \$28.2bn. Despite the healthy growth, the services business continues to face challenges from regulators seeking to change App Store policies, which could affect software and subscription revenue. However, Apple secured a recent legal victory when a judge declined to dismantle its \$20bn-a-year search deal with Alphabet

Inc's Google. Mac revenue increased 13% to \$8.73bn, topping the \$8.6bn average projection. The company refreshed its MacBook Air and Mac Studio lines in March and released a new entry-level MacBook Pro earlier this month.

The iPad business, meanwhile, introduced new low-end and Air models in March and updated a Pro version this month. It generated \$6.95bn in revenue, flat from a year earlier.

Sales at the wearables, home and accessories division, which includes AirPods, smartwatches, TV set-top boxes and the HomePod smart speaker, declined less than 1% to \$9.01bn. Analysts had feared a steeper drop in the period. Once viewed as a key growth driver, the wearables division peaked in 2021 with nearly \$15bn in holiday-quarter revenue. Newer products like the Vision Pro headset, recently updated with a faster chip, have struggled to gain traction. Still, Apple could see renewed interest in the coming years with the introduction of smart glasses and a wave of new smart home devices.

## AI concentration risks bigger in Asia with fewer stocks in play

**Bloomberg**  
Hong Kong

The frenzy over artificial intelligence (AI) has helped Asian stocks outperform the world this year. It's also transforming the region's markets in a way that has fund managers racing to keep up.

Fears of concentration in the US have been well documented, as the six largest tech stocks now account for more than 30% of the S&P 500 Index. The concern is the potential impact should there be any rapid unwind of a rally that has seen Nvidia Corp's market cap soar to \$5tn from \$1tn in just two years.

The risks in some Asian markets are even more pronounced, with Taiwan Semiconductor Manufacturing Co alone approaching a weighting of 45% in its benchmark Taiex, three times its level a decade ago. South Korea's Kospi has become a duopoly, with memory-chip giants Samsung Electronics Co and SK Hynix Co making up a combined 30%.

The dominance of tech stocks in Asian benchmarks is upending traditional portfolio strategies. Index trackers face pressure to increase tech exposure just to keep pace, while funds with single-stock limits struggle to match returns in gauges overwhelmingly driven by a handful of chipmakers and internet firms. "Concentration has blurred the line between passive and active trading, as fund flows increasingly cluster around the same few names," said Hebe Chen, an analyst at Vantage Markets in Melbourne. "With fewer avenues for diversified participation, any pause in AI momentum could trigger outsized corrections across the region."

Asia's chipmakers have seen their market values soar, with

TSMC crossing the \$1tn mark in July. Investors chasing beneficiaries of the tidal wave of hyperscaler spending on AI have pushed the MSCI Asia Pacific Index up 26% this year, on track to beat the S&P 500 by the most in eight years.

The latest earnings reports from the region's major players in the AI supply chain have fuelled optimism in the long-term demand trend. Extended surges in stocks on such news indicate that concentration is likely to snowball.

"The high and growing weight of tech stocks in indexes is an issue because benchmarked investors have to increase their allocation into a very small concentrated list of stocks, which in turn drives their prices and index weights even higher," said Vey-Sern Ling, senior equity adviser for Asia technology at Union Bancaire Privée. "It's a vicious cycle which inflates valuations of 'hot' stocks."

The problems can be acute for those with mandates to invest in specific markets.

"High concentration in single-country benchmarks makes investing in single-country funds like South Korea and Taiwan more challenging," said Ken Wong, an Asian equity portfolio specialist at Eastspring Investments Hong Kong.

Even markets less tech-dominated have been impacted. Japan's top AI plays Advantest Corp and SoftBank Group Corp have climbed to become the heaviest stocks in the price-weighted Nikkei 225 at more than 10% each – a level that could force trimming under the compiler's rules. Components maker Delta Electronics (Thailand) Pcl ran into bourse-imposed 10% caps on key gauges earlier this year.

Broader regional trading has become challenging also. The top five stocks in the MSCI Asia



Signage for artificial intelligence at the MWC Shanghai tech show. The frenzy over AI has helped Asian stocks outperform the world this year. It's also transforming the region's markets in a way that has fund managers racing to keep up.

Pacific Ex-Japan Index now have a total weight of 29%, near the highest since 2019, according to Citigroup Inc. Alibaba Group Holding Ltd and Tencent Holdings Ltd are among those with the highest long-crowding scores, along with TSMC, analysts including Yue Hin Pong wrote in a note this month.

Tech dominance in the MSCI Emerging Markets Index is even more extreme, with the gauge more concentrated than it's been in 20 years, Bloomberg Intelligence analysts including Kumar Gautam wrote in a note Friday.

Some index providers have moved to help investors navigate the problems. FTSE Russell has capped weightings in some indexes, while MSCI and S&P Global have begun providing alternative capped versions of key

gauges.

For active funds governed by European rules, a 10% limit on single-stock exposure is a major hurdle. TSMC's share of the MSCI Asia Pacific Ex-Japan crossed that threshold last year and has climbed to over 12%.

"We have a long-term conviction in TSMC, and now the 10% limit constrains our ability to maintain that full overweight," said Jian Shi Cortesi, a fund manager at GAM Investment Management in Zurich. "We have pivoted part of this exposure into other companies with similarly strong competitive moats," such as Tencent" and Foxconn Industrial Internet Co. Other investors seeking substitutes for Asia's largest stock prefer options more directly related.

For accounts with 10% restric-

tions, "we tend to want to find stocks as close to TSMC in the value chain as possible," such as ASE Technology Holding Co, Hon Hai Precision Industry Co, Chroma ATE Inc and Globalwafers Co, said Xin-Yao Ng, a fund manager at Aberdeen Investments. "There are many liquid Taiwan tech names with high correlation," and a lot are doing even better than TSMC, he added.

While the changed landscape has made fund managers' jobs more difficult, the stock gains have been large in absolute terms. TSMC is up 40% year to date while SK Hynix has soared more than 220%. Plans by the likes of Meta Platforms Inc. and Amazon.com Inc to keep pouring out cash for tech hardware may keep fuelling the rally.

## Tesco meal deal highlights enduring threat to BoE inflation goal

**Bloomberg**  
London

UK homeowners looking to learn how quickly mortgages rates will come down could do worse than study the price of a humble Tesco meal deal. Britain's biggest supermarket chain caused a stir in 2022 when it increased the cost to shoppers of the popular sandwich, snack and drink combo, which had been priced at £3 (\$3.95) for a decade. Three years on, after a cost-of-living crisis and two more price rises, it now costs £4.25 – but remains a lunchtime staple. Tesco and other large businesses still have more leeway to raise prices without turning off consumers than metrics like Britain's flagging household confidence have been suggesting, according to economists. That pricing power provides a warning that inflation – currently running at close to double the Bank of England (BoE)'s 2% target – isn't going away any time soon. That contrasts with current thinking in the financial markets: Softer-than-expected inflation data this month has spurred traders to raise bets on a BoE interest-rate cut before the

end of the year. But optimism that cost-of-living pressures are fading away may be premature.

"Companies' pricing power is still solid," said Andrew Wishart, senior UK economist at Berenberg. "As long as demand is strong enough for companies to raise prices to cover increases in costs, and workers to respond by demanding inflation-matching or -exceeding pay rises, a wage-price spiral will persist."

Tesco's most recent increase in its meal deals was 25 pence. Its rival Sainsbury's also lifted the cost of its meal deals this summer, while businesses more widely plan to raise prices by 3.7% over the coming year, the BoE said earlier this month in a report. That ability to raise prices has helped firms weather Labour's increases to payroll taxes and the minimum wage. But it's also contributed to stubborn inflation that, even though lower than expected, still came in at 3.8% in September. After cutting interest rates five times since the middle of last year, BoE Governor Andrew Bailey and his colleagues are increasingly divided over when to ease them again as they balance a deteriorating jobs market against



sticky pay growth. External rate-setter Catherine Mann, who has favoured keeping rates on hold for longer, warned firms are exploiting consumers' high inflation expectations to raise prices, rather than showing more "disciplined" pricing strategies. "Over the last few years, consumers' ability to absorb price increases and adjust volumes and the mix of products has been surprising," said Raoul Ruparel, director of the Boston Consulting

Group's Centre for Growth. The BoE officials who make decisions on interest rates closely track grocery costs, which heavily influence Britons' wage demands. That explains why a recent run of soft data has increased expectations that with meetings in November and December, they may yet cut rates again this year. The British Retail Consortium this week published figures showing the steepest monthly fall in food prices since late 2020. That came

hot on the heels of the CPI number which undershot forecasts as grocery bills declined month-on-month for the first time in over a year. But the dip is likely to be short-lived. While global commodity prices have eased cost burdens in recent weeks, grocers continue to feel the impact of Chancellor of the Exchequer Rachel Reeves' tax rises. Food prices are still 4.3% higher than a year ago. And supermarket bosses said that food inflation will rise again next year, warning Reeves to avoid hiking costs on the sector in her budget on November 26.

Bruna Skarica, chief UK economist at Morgan Stanley, said "apparent robust pricing of UK supermarkets" is the main upside risk to her forecast that food inflation will slow towards the end of the year. For big firms, their pricing power has contributed to a small rise in profitability. Profits as a share of revenue among FTSE 250 companies increased to 4.7% at the end of the third quarter, from around 4.3% a year earlier, data compiled by Bloomberg show. While grocers have focused on keeping essentials affordable, fears of an all-out price war haven't materialised. Instead, they've

protected their thin margins by offering more premium ranges and adjusting their mix of products. The largest companies stand in contrast to smaller peers, however. Across the private sector overall, profits as a share of income have fallen to their lowest since 2011 as companies' earnings are increasingly absorbed by wage bills, according to national-accounts data. A BoE index of firms' margins slipped after the Labour government raised payroll costs earlier this year. Besides strong pricing power, large firms are better placed to absorb costs by investing in automation or delaying expansion. Small companies have less room to manoeuvre and are not in a position to keep prices subdued for much longer. UK wage costs across the private sector have grown twice as fast as profits since 2019, BCG analysis of official data shows. The reverse is true in the US, while the two have moved in tandem in the European Union. "It's potentially one of the reasons why inflation has been more persistent here," Ruparel said. "Companies have had to try and rebuild their margins, and so they feel they need to continue to try and push price increases."



# China's factory slump sparks new stimulus calls despite US trade truce

**Bloomberg**  
Beijing

China's factory activity slumped for the longest streak in more than nine years, prompting fresh calls for greater policy support even as the country reached a trade truce with the US.

The official manufacturing purchasing managers' index fell more than expected to 49 in October, suggesting activity dropped the most in six months just before a leaders' meeting stabilised ties this week. New orders shrank the most since 2023 as demand took a hit from trade barriers and weak sentiment at home.

"It is a discouraging start to the fourth quarter," said Lynn Song, chief Greater China economist at ING Bank NV. The data released yesterday is "a reminder that policy support is still needed" to shore up areas of weakness in the economy.

Huo Lihui, a statistician at the National Bureau of Statistics, blamed the sluggish activity on the fewer working days in October because of national holidays and "increased complexity in global environment." Tensions between the world's largest economies escalated that month over export controls, with US President Donald Trump threatening additional 100% tariffs on imports from China.

The output sub-index fell below the 50 mark that separates contraction from growth for the first time since April, when Trump unleashed his so-called Liberation Day tariffs. The new export order sub-index also recorded its worst reading since then.

"Despite the soft data, more stimulus in the fourth quarter looks unlikely. Improving external environment — helped by recent trade



Workers on the production line for a kitchen utensils factory near Zhuhai. China's factory activity slumped for the longest streak in more than nine years, prompting fresh calls for greater policy support even as the country reached a trade truce with the US.

agreements with the US — and progress toward meeting the growth target reduce the need for additional easing," say Chang Shu and Eric Zhu, Bloomberg analysts.

Given the broad slowdown in factory activity, manufacturers will likely find relief from the deal reached between Trump and Chinese President Xi Jinping that reduced tariffs on made-in-China products. But weak domestic demand and uncertainties in US-China relations will continue to cast a shadow over their outlook.

The non-manufacturing measure in construction and services inched up to 50.1. Unlike factories, the services sector probably benefited from the eight-day National Day holidays.

Some Chinese exporters who

spoke with Bloomberg News expressed optimism the deal will boost orders for their goods, although that prospect no longer excites them as it once did. Many said they've learned their lessons from Trump's trade brinkmanship and now realise they can't rely solely on access to the world's biggest consumer market.

With net exports making up nearly a third of China's growth this year, these companies' ability in finding new customers outside the US has helped put the economy on track to reach the annual expansion target of around 5%. However, many analysts predict the final three months of 2025 will see the slowest performance since zero-Covid lockdowns rolled production in 2022.

"The latest result from the

Trump-Xi summit may provide some positives going forward. But policy support will be necessary to stop the deteriorating momentum," said Zhaopeng Xing, senior China strategist at Australia & New Zealand Banking Group.

China already injected additional stimulus worth 1tn yuan (\$141bn) since late September, including unused bond quota for provinces to expand investment and repay arrears owed to companies, as well as new funding for policy banks to spur investment.

The People's Bank of China is still expected to cut its policy interest rate and lower the amount of cash banks need to set in reserves, which would unleash liquidity, based on Bloomberg's survey of economists this month.

## Investors snap up Japan's two-year bonds after BoJ caution

**Bloomberg**  
Tokyo

Japan's two-year government bond auction drew solid demand on speculation the Bank of Japan (BoJ) isn't rushing into the next interest rate increase.

The bid-to-cover ratio, a measure of demand, was 4.35, compared with 2.81 at the last auction and a 12-month average of 3.7.

The two-year yield, which is sensitive to monetary policy expectations, extended declines, falling 1.5 basis points on the day to 0.91%.

The auction comes 24 hours after the BoJ's first policy decision Thursday under the new prime minister, Sanae Takaichi, who's seen as an advocate of relatively low rates. Governor Kazuo Ueda gave few hints about the next rate hike at a press conference afterward, saying that the central bank isn't falling behind the curve in the fight against inflation.

"Buying sentiment was boosted by the BoJ meeting and Ueda's press conference which were perceived as dovish," said Miki Den, senior rates strategist at SMBC Nikko Securities Inc.

"While the possibility of a rate hike in December remains, the prevailing view is that even if the BoJ hikes, it will maintain a cautious stance once the policy rate reaches 1%." "Bond investors see the 0.95% average yield as far enough above the BOJ's policy rate to provide a solid cushion against any near-term volatility.

Moreover, the signals from this week's BoJ decision and Ueda's briefing suggest there is a high bar to hiking rates in December.

This gives buyers of 2-year JGBs even more time to enjoy the carry and roll. Indeed,

traders are pricing less than 50% odds of a 25-bp hike by year-end.

Meanwhile, MUFJ-MS bought almost half of the entire debt sale, which suggests there won't be much leakage into secondary markets", says Mark Cranfield, Markets Live Strategist at Bloomberg.

In another sign of strong appetite at the auction, the gap between average and lowest-accepted prices, known as the tail, shrank to 0.002, the smallest since 2021, from 0.029 at the previous auction. MUFJ-MS bought almost half of the entire debt sale.

"With one company securing half the allocation, other investors who missed out will likely have to buy in the secondary market," said Kazuhiko Sano, chief bond strategist at Tokai Tokyo Securities. "There may be some short-term ripple effects on the market."

Two board members dissented against the BoJ decision, unchanged from the September meeting.

Overnight index swaps show less than a 50% chance of a rate hike by year-end, and around an 85% chance by January.

Still, the yen weakened to its lowest level since February against the dollar on Thursday and Tokyo inflation data out today showed a faster pace, keeping pressure on the BoJ to raise rates sooner.

US Treasury Secretary Scott Bessent also said this week that it's critical that the Japanese government gives the BoJ plenty of space to conduct policy to anchor inflation expectations and avoid currency volatility.

"The market is expecting the BoJ to hike rates by January," says Naoya Hasegawa, chief bond strategist at Okasan Securities. "Bonds are unlikely to surge significantly following this auction result."

## Asia markets diverge on heels of Apple, Amazon earnings

**AFP**  
Hong Kong

Asian stock markets presented a mixed bag yesterday, with falls in China and gains in Japan and South Korea coming after better-than-expected earnings reports from US tech behemoths Apple and Amazon.

In Tokyo, the Nikkei 225 closed up 2.1% to 52,411.34 points; Hong Kong — Hang Seng Index ended down 1.1% to 25,986.71 points and Shanghai — Composite closed down 0.8% to 3,954.79 points yesterday.

Investor confidence in artificial intelligence has fuelled a rally in global stock markets this week that made California-based chip designer Nvidia the first \$5tn firm. Rosy sentiment was further boosted by a detente in the US-China trade war, with leaders

agreeing on Thursday to walk back punitive measures that had disrupted international supply chains and manufacturing sectors.

But that boom showed signs of flagging on Thursday as investors processed comments by US Federal Reserve Chair Jerome Powell the previous day that cast doubt on another interest rate cut in December.

The three major Wall Street indices retreated on Thursday, with the Nasdaq dropping the most at 1.6%. An earnings report released by Apple after US markets closed showed quarterly revenue that beat estimates, powered by iPhone and services revenue.

Amazon also reported earnings that were better than expected, driven by surging demand for its cloud computing services.

Tokyo's main benchmark gained more than 2% yesterday while

Seoul added half a per cent, with both reaching record closes.

Japan's climb came despite a sharp plunge in Nissan shares after the automotive giant said it expected to suffer an operating loss in its current fiscal year ending in March.

Trading in Seoul ended just after an announcement by US tech giant Nvidia that it will supply 260,000 of its most cutting-edge chips to South Korea.

The statement came as CEO Jensen Huang met South Korean President Lee Jae Myung on the sidelines of the Apec summit.

Also in attendance on Friday were leaders including Chinese President Xi Jinping and Prime Minister Mark Carney of Canada.

Taipei finished slightly down and Sydney closed flat.

In Hong Kong, shares of Chinese electric vehicle powerhouse BYD tumbled after results announced on Thursday evening showed a



A pedestrian crosses the road in front of the Tokyo Stock Exchange. The Nikkei 225 closed up 2.1% to 52,411.34 points yesterday.

33% year-on-year slump in third-quarter profit.

Hong Kong's main benchmark was down by more than 1% in the final

hour of trading. Shanghai closed the day 0.8% lower.

"While (BYD's) near-term domestic growth may face headwinds from

ongoing price discipline and evolving government policies, the international segment offers a robust counterbalance," HSBC analyst Yuqian Ding said in a report.

Challenges in the Chinese economy were further highlighted by official data yesterday that showed factory activity shrinking in October for the seventh successive month.

Xi and US President Donald Trump struck several key deals during Thursday's meeting that had been anticipated by observers.

Washington agreed to cut some tariffs on Chinese goods, while Beijing committed to keep supplies of critical rare earths flowing.

Trump and Xi have not yet signed a comprehensive trade agreement, and experts say the meeting amounted to a tentative one-year truce in the trade war between the world's top two economies.

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## Qatar Airways named ‘Best Airline in World’ at Business Traveller Awards 2025

**QNA**  
London

Qatar Airways has been named the ‘Best Airline in the World’ at the Business Traveller Awards 2025. Held at the Sky Garden in London, the Business Traveller Awards ceremony brought together influential figures from across the travel and hospitality industry to celebrate outstanding achievements. Qatar Airways was recognised by a panel of industry experts, each bringing decades of experience and a sharp eye for excellence, for its role in advancing the aviation industry.

Qatar Airways was also awarded Best Business Class in the World, Best Economy Class in the World, Best Frequent Flyer Programme in the World, Best Airline Lounge in the World (Al Mourjan Lounges, DOH), and Best Airline Between Europe and the Middle East. Qatar Airways Chief Commercial Officer Thierry Antinori said: “We are honoured to receive these prestigious accolades that reflect our unwavering commitment to excellence. Being named World’s Best Airline, alongside recognition for our Business and Economy Class cabins, loyalty programme, and lounges, is a testament to our dedication to delivering unparalleled experiences, to our customers at each travel touchpoint.

These awards reaffirm our position as a global leader and top innovator in the industry, and inspire us to continue setting new leading standards for comfort, connectivity and service.” Ink Global Chief Commercial Officer Michael Keating said: “Qatar Airways performed outstandingly well



Qatar Airways was recognised by a panel of industry experts, each bringing decades of experience and a sharp eye for excellence, for its role in advancing the aviation industry.

In this year’s Business Traveller Awards, winning five of the seven global airline categories and six awards in total. From its industry-leading Business Class product to exceptional inflight service and innovations such as free Starlink Wi-Fi, Qatar Airways is a truly deserving winner. We were delighted to celebrate their success at the Global Awards ceremony in London, and Business Traveller looks forward to seeing how the airline continues to pioneer world-class travel in the years ahead.” These recognitions mark another milestone in what has been an outstanding year for Qatar Airways, as the airline continues to expand its global network of over 170 destinations globally, elevate its product offerings, and drive innovation in service excellence.

## Canada’s GDP contracts in August, might avoid a recession in Q3

**Reuters**  
Ottawa

Canada’s GDP contracted in August against a consensus estimate of flat growth, data showed yesterday, and an advance estimate suggested the economy might escape a recession in the third quarter.

The economy shrank by 0.3% in August following upwardly revised growth of 0.3% in the prior month, Statistics Canada said, effectively nullifying any growth so far in the current quarter.

This was the fourth monthly contraction in five months and was led by a drop in growth in both the services and goods sectors.

An advance indicator suggested that the monthly GDP would likely expand by 0.1% in September, taking the total annualised growth of the third quarter to 0.4%.

The advance estimate is not always accurate and could

change. The annualised quarterly estimate is based on industrial output data while StatsCan will publish the annualised quarterly GDP based on income and expenditure.

A likely growth in GDP in the third quarter, which hinges on the economy boosting its output in September, means Canada could avoid slipping into recession.

Two quarterly contractions in a row are considered to constitute a recession.

Canada’s GDP had shrunk in the second quarter by 1.6% as the impact of tariffs and general trade uncertainty reduced exports and hurt growth.

“Canada’s economy is on the precipice of a recession,” said Michael Davenport, Senior Economist at Oxford Economics, adding he expected the economy to struggle in the near term.

Some economists hope that next week’s federal budget could help in boosting spending and de-

mand and help to grow the economy. The Canadian dollar weakened further after the data and was trading down 0.27% at 1.4022 to the US dollar, or 71.32 US cents. Yields on two-year government bonds dropped by 1.5 basis points to 2.397%.

The manufacturing sector, which is the hardest hit due to US tariffs and accounts for almost a tenth of the GDP, contracted by 0.5% in August, data showed.

The biggest drop, however, was seen in mining, quarrying and oil and gas extraction, which contracted by 0.7%, primarily due to a 1.2% drop in metal ore mining and a 5% drop in coal mining.

Within the services sector, the main contractions were seen in transportation and warehousing, in part because of an airline strike, as well as wholesale trade.

However, growth in retail trade and real estate and rental and leasing helped offset some of the drop in the sector.

# Fed hawks blast rate cut, say US inflation is too high

**Reuters**  
Washington

Two regional Federal Reserve bank presidents yesterday aired their disagreement with the US central bank’s decision to cut interest rates this week, saying the labour market doesn’t need the support and inflation is too high to warrant such a move.

The strikingly frank remarks — from Dallas Fed President Lorie Logan and Kansas City Fed President Jeffrey Schmid — underscore discomfort within the central bank over the direction of policy and suggest a rising bar for another rate cut at its December 9-10 meeting, unless something changes dramatically in the economy.

“I did not see a need to cut rates this week,” Logan told a Dallas Fed banking conference. “And I’d find it difficult to cut rates again in December unless there is clear evidence that inflation will fall faster than expected or that the labour market will cool more rapidly.” It’s quite rare for a Fed policymaker to say so clearly and so far in advance of a rate-setting meeting what their rate-path preferences are.

On Wednesday, after the central bank’s policy-setting committee voted 10-2 to lower its benchmark interest rate to the 3.75-4.00% range, Fed Chair Jerome Powell delivered his own unusually clear warning to markets: a December rate cut, he said, was “not a foregone conclusion, far from it.”

Logan’s remarks yesterday help show why. “The risks to the labour market do lie mainly to the downside,” Logan said, nodding to the reason that Powell gave for this week’s rate cut.

She added that she has a close eye on recent layoff announcements and noted that a sudden drop in the stock market and a longer-than-ex-



The exterior of the Federal Reserve building in Washington, DC. Two regional Fed bank presidents yesterday aired their disagreement with the US central bank’s decision to cut interest rates this week, saying the labour market doesn’t need the support and inflation is too high to warrant such a move.

pected government shutdown could pose risks to spending and economic activity.

But “the remaining risks to employment are ones we can monitor closely and respond to if they are becoming more likely to materialise, not ones that currently warrant further preemptive action,” Logan said.

She added that inflation is too high and too slow to return to the Fed’s 2% target.

Logan is not a policy-voting member this year.

Schmid, who does have a vote on the policy-setting committee this year and dissented on this week’s move, explained on Friday in a written release that he, like

Logan, feels the labour market is largely in balance.

Any weakness, he said, is “more likely than not” due to structural changes in technology and demographics rather than slowing underlying demand.

Judging from healthy consumer spending and business investment, the economy still has momentum, he said.

“I do not think a 25-basis-point reduction in the policy rate will do much to address stress in the labour market,” Schmid said.

A cut, however, “could have a longer-lasting effect on inflation if the Fed’s commitment to its 2% inflation target comes into question,”

he said. Fed Governor Stephen Miran also dissented this week, but in favour of a larger half-percentage-point cut.

Financial markets pared expectations on a rate cut in December after Powell signalled it could be in doubt, but are still betting two-to-one the central bank will cut rates by a quarter of a percentage point at its final meeting of the year.

Even with the US government shutdown and the lack of official economic data creating uncertainty about current conditions — one reason Powell gave for a possible pause in December — Logan said she feels she has visibility into the state of the economy.

## Exxon, Chevron top estimates with oil output increases

**Bloomberg**  
New York

Exxon Mobil Corp and Chevron Corp outperformed Wall Street expectations after new oilfield projects and acquisitions boosted crude output.

Exxon’s adjusted third-quarter profit per-share was 7 cents higher than analysts forecast, while Chevron posted an almost 20-cent surprise yesterday. For Exxon, it was the sixth consecutive beat, buoyed by the startup of the explorer’s latest Guyana development.

Chevron rose as much as 3.1% in New York. Exxon, meanwhile, dipped as much as 1.5% after a spate of acquisitions during the period pressured free cash flow.

North America’s largest oil companies are pursuing divergent paths as global oil markets slip into what is widely expected to be a hefty supply glut. As Exxon presses head with a raft of expansion projects despite slumping crude prices, Chevron is positioning itself to wring cash from operations to weather the market downturn.

This is all happening against the backdrop of efforts by the Opec+ alliance to recapture market share by unleashing more crude onto global markets. Brent crude, the international benchmark, already is on pace for its worst annual decline in half a decade.

The US supermajors followed European rival Shell Plc in posting stronger-than-expected results. TotalEnergies SE reported profit that was in line with expectations. BP Plc is scheduled to disclose results next week. For Exxon, eight of the 10 new developments

slated for this year have already started up and the remaining two are “on track,” Chief Executive Officer Darren Woods said in a statement.

Woods is betting Exxon’s low debt level means he has ample capacity to fund growth projects that span from crude in Brazil to chemicals in China while maintaining a \$20bn annual buyback program despite weak oil prices. His goal is to be ready to capitalise on an upturn in commodity prices, which analysts say could come as soon as next year.

Exxon’s third-quarter earnings benefited from the start-up of Yellowtail, a 250,000 barrel-a-day development in Guyana, the country’s biggest yet.

Exxon spent \$2.4bn on “growth acquisitions” during the period that included several acreage deals in the Permian Basin, where production amounted to a record 1.7mn barrels a day. Free cash flow was \$6.3bn.

Having struggled for years to arrest declining output, Exxon is now ramping up fossil-fuel production, with analysts forecasting a roughly 5% increase in oil and natural gas output next year, according to data compiled by Bloomberg. Much of that is seen coming from Guyana, where Exxon made the biggest discovery in a generation in 2015.

Its plans include adding three more floating production vessels in the country through 2029, boosting Guyana’s daily production capacity to nearly 1.5mn barrels, the equivalent to the current output of Opec member Nigeria. Quarterly production from the South American country surpassed 700,000 barrels a day, a record.

# Meta defies AI spending gloom with record-breaking bond sale

**Bloomberg**  
San Francisco

Meta Platforms found record-shattering demand for its bond sale on Thursday even as its shares plunged, in a sign that bond investors are looking past any concerns about its artificial-intelligence (AI) spending plans. The company sold \$30bn of bonds, the largest high-grade US note sale since 2023, drawing the most ever orders at \$125bn. That came on a day where Meta’s shares dropped as much as 14%, after it had posted quarterly earnings late Wednesday, and stock investors recoiled at how much the company planned to spend on AI. Chief Executive Officer Mark Zuckerberg has said that Meta will spend hundreds of billions of dollars over the next decade on data centres and other AI infrastructure to try to achieve human-level AI capabilities and integrate them into its products, including Facebook and Instagram. On Wednesday, Meta said its capital expenditure this year would be as much as \$72bn, a figure that will grow even faster next year.

At least part of that spending will be fuelled by borrowing. And for now, US corporate bond investors are eager to lend to Meta. Their demand is partly because investors have been pouring money into short- and intermediate-term high-grade bond funds for 25 consecutive weeks, looking to lock in yields before they fall further. It’s the longest inflow streak in four years, according to LSEG Lipper. Meanwhile, most corporate bond sales this year have been refinancing existing debt, rather than new net borrowing. That’s left investors clamouring for new bonds, according to Robert Cohen, head of global developed credit at DoubleLine Capital. The timing for the AI debt binge is “perfect” said Cohen. “The capital markets would be happy to finance these deals as long as they’re structured properly.” The stock and bond markets may have reacted differently because they are looking at different parts of the company’s earnings report. Shares of Meta dropped in part because the company said in its earnings report that it took a one-time, non-cash charge of



Meta Platforms signage during the Meta Connect event in Menlo Park, California. Meta found record-shattering demand for its bond sale on Thursday even as its shares plunged, in a sign that bond investors are looking past any concerns about its artificial-intelligence spending plans.

about \$15.9bn in the third quarter tied to tax cuts in the US. The hit is not enough to disrupt its creditworthiness, according to Steve Sosnick, chief strategist at Interactive Brokers. But the company’s cash flow from operating activities was \$30bn for the quarter. For bond investors, who worry more about whether they will get paid back in full and

on schedule, Meta’s Thursday offering is “quite appealing,” he said. “The company continues to demonstrate that they possess the earnings power to generate the cash flows sufficient to meet the bond investors’ primary objective about getting paid back as expected,” said Sosnick. The firm is also facing doubts from equity investors about

whether AI can supercharge its advertising business at a level that would justify its plans to spend meaningfully more on data centres and chips next year. But earnings report from competitors Alphabet and Microsoft Corp left no doubt that demand for data centres overall hasn’t yet been met. Microsoft’s backlog for commercial customers, which includes some non-cloud expenditures, was \$392bn. Google’s was \$155bn, almost double where it stood just 18 months ago.

Tech companies have been borrowing heavily to fund their AI needs — about \$157bn in US public bond markets as of late September, according to data compiled by Bloomberg. And more debt is coming, with big tech companies expected to spend about \$3tn on infrastructure like data centres between now and the end of 2028, according to Morgan Stanley. “The magnitude of the numbers and the way the numbers are kind of going parabolic, you have to take a step back and think about things a little differently,” said Thomas Murphy, a portfolio manager at Columbia

Threadneedle Investment. Oracle Corp sold \$18bn of investment-grade bonds last month, and banks this week kicked off a \$38bn debt offering that will help fund data centres tied to the company. The company saw its cash flow flip negative this year for the first time since 1992 and analysts anticipate the metric will be in free fall over the coming years before returning to positive in 2029. Debt investors have been buying protection against the company defaulting on its debt, a trend that Morgan Stanley sees continuing in the near term. DoubleLine’s Cohen has been buying the new AI debt but in small amounts and prefers transactions that are backed by a high grade issuer. He’s keen on deals that come with a guarantee of some sort, including lease payments and he’s been conservative on junk AI deals because it’s uncertain how much capacity is needed in the next few years. “The devil’s in the details,” said Cohen. “There’ll be good projects and bad ones and we are being very careful about that because we know that not every product’s going to work.”