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BUSINESS

CAUTIOUS MOVE: Page 2
Wall Street races to cut its risk from AI's borrowing binge

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Philippine chamber pitches SMEs and technology to Qatar

By Peter Alagos
Business Reporter

Philippine Chamber of Commerce and Industry (PCCI) president Enunina “Nina” Mangio has invited Qatari investors to explore opportunities in the Philippines, particularly in agricultural technology, infrastructure, and technology transfer.

Mangio was recently in Qatar to lead the PCCI delegation during meetings with different private and public sector entities, including the Ministry of Commerce and Industry (MoCI), Qatar Chamber, Qatar Investment Authority (QIA), and tourism officials.

“We are inviting the Qataris to explore what the Philippines has to offer as a possible investment opportunity for agricultural technology, infrastructure, and at the same time, technology transfer of any kind,” Mangio told *Gulf Times* in an exclusive interview.

Mangio underscored the significance of the meetings of the PCCI delegation with Qatari officials, describing these engagements as vital steps in strengthening bilateral business ties and opening new channels for co-operation.

According to Mangio, the PCCI mission comprises 40 delegates representing about 30 companies across diverse sectors, including labour, real estate, monorails, construction, and water technology.

Mangio explained that the chamber’s advocacy focuses on giving small and medium enterprises (SMEs) the chance to expand abroad through partnerships, trade exchanges, and tech-



Philippine Chamber of Commerce and Industry president Enunina “Nina” Mangio.

nology transfer. “Since we are more concerned with the future of our small and medium enterprises, we want them to have the opportunity to expand to other countries and at the same time to be... in partnership or trade exchange or technology transfer,” she explained.

She also highlighted a specific technology pitch for Qatar: seawater treatment for drinking water without brine solution. “This technology is coming from the US and brought to the Philippines, and we have some engineers who are trained in this field, so we want to bring it to

Qatar,” she emphasised. Mangio also reassured potential investors, especially from Qatar, about the Philippines’ business climate: “The Philippines is a very peaceful country, and we can be considered as one of the best investment hubs in the Southeast Asian region.

“The Philippine government is effectively navigating economic challenges to ensure that investors remain unaffected. We are committed to alleviating their concerns by streamlining the ease of doing business while actively addressing any issues that may arise,” she pointed out.

Mangio also co-chaired the Qatar-Philippines Business Meeting alongside Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani, who represented the Qatar side. Both officials reviewed the economic and commercial relations between the two countries.

The meeting, which also discussed the investment climate and the available opportunities across various sectors, was attended by first vice chairman Mohammed bin Towar al-Kuwari, second vice-chairman Rashid bin Hamad al-Athba, and Philippine ambassador Mardomel Celso D Mellicor, as well as many business owners from both sides.

Speaking at the meeting, Sheikh Khalifa lauded Qatari-Filipino relations, saying they witnessed “remarkable development” year-on-year, and were further strengthened by the visit of His Highness the Amir Sheikh Tamim bin Hamad al-Thani to Manila in April 2024, marking a qualitative shift and culminating in the signing of several important agreements.

Sheikh Khalifa stressed that the strong alignment between Qatar National Vision 2030 and the Development Plan of the Republic of the Philippines “forms a solid foundation for building a long-term strategic partnership”. He noted that there are several key sectors that constitute the basis for cooperation between the two countries, such as agriculture and food security, renewable energy, technology and innovation, labour, healthcare, digital transformation, infrastructure development, transportation and water networks, as well as smart city applications and others.

Qatar’s facilities management sector to see CAGR 19.1% to \$20.3bn in 2024-30

By Santhosh V Perumal
Business Reporter

Qatar’s facilities management (FM) industry is slated to see a compound annual growth rate (CAGR) of 19.1% to \$20.3bn in 2024-30 with accelerating urbanisation and realty sector.

The FM industry in Qatar has experienced robust growth, driven by the country’s ongoing infrastructure developments and economic diversification efforts under Qatar National Vision 2030 and propelled by the preparation for the World Cup 2022, according to the listing prospectus of Mosanada Facilities Management Services (MFMS).

These initiatives led to the development of large-scale infrastructure projects, including sporting facilities, healthcare facilities, education, hotels, and transportation systems, which created significant demand for sophisticated FM services to ensure that these facilities are maintained to the highest standards and operate efficiently, it said.

Quoting Prescient Strategic Intelligence, the prospectus said Qatari FM market was valued in 2024 at about \$7.3bn and is projected to grow at a CAGR of 19.1% during 2024 to 2030 to reach \$20.3bn.

“The Qatari FM market is highly competitive and fragmented, with both local and international companies actively participating,” it said.

The key participants in the Qatar market include Elegancia Facility Management (Estithmar Holdings), Waseef Facility Management, Facilities Management & Maintenance (FMM) Company and SNC Lavalin.

These companies offer a range of services that include hard FM (focusing on the management and maintenance of a facility’s physical infrastructure, which includes the upkeep of essential systems such as heating, ventilation, and air conditioning (HVAC), electrical systems, plumbing, and fire safety) and soft FM (involving services that enhance

the day-to-day operational environment of a facility and include cleaning, security, waste management, landscaping, and catering.

One of the significant trends in the Qatari FM industry is the shift towards outsourcing, with a growing preference for bundled and IFM (integrated facility management) services.

“This trend is driven by the need for cost efficiency, better service quality, and the ability to focus on core business activities,” the prospectus said.

The introduction of freehold property ownership for non-Qataris has supported the real estate market, further increasing the demand for professional FM services, it added.

“As urbanisation accelerates and the real estate sector expands, the FM industry in Qatar is poised for continued growth, underpinned by the integration of advanced technologies and the adoption of sustainable practices,” it said.

Parallel to these developments, the Qatari FM market is witnessing a growing emphasis on sustainability and energy efficiency, which is becoming increasingly central to FM operations.

Driven by government initiatives and the rising demand for green buildings, FM companies are expanding their services to include the management of complex systems like energy usage, water conservation, and waste management.

The growth of the green buildings market in Qatar, supported by established building codes, assessment systems such as the Global Sustainability Assessment System (GSAS), and initiatives like Qatar Sustainability Week by the Qatar Green Building Council (QGBC), is broadening the scope of work for FM companies. This shift not only aligns with global environmental goals but also positions the Qatari FM industry as a leader in sustainable FM practices, ensuring that facilities are both efficient and environmentally responsible.

Strong oil prices, bright rate-cut prospects lift QSE sentiments

By Santhosh V Perumal
Business Reporter

WEEKLY REVIEW

Strengthened oil prices and brightened hopes of rate cut in the US had their positive influence on the Qatar Stock Exchange (QSE), which closed higher for the second consecutive week.

The banks and telecom counters experienced higher than average demand as the 20-stock Qatar Index rose 0.64% this week which saw the Qatar Financial Markets Authority’s slew of measures, including doing away with multiple listing advisors and determining the reference price through pre-listing auction in direct listing.

The positive momentum in the headline index came despite shakers outnumber movers by a slender margin.

About 53% of the traded constituents were in the red in the main bourse this week which saw Mosanada Facility Management Services, which will soon be listed, plan diversification into non-sports sectors and explore expansion into other Gulf markets through strategic partnerships.

The consumer goods, industrials and banking sectors accounted for about 77% of the trading volumes in the main bourse this week which saw a total of 0.22mn AlRayan Bank-sponsored exchange traded fund QATR worth QR0.5mn trade across 78 deals. The Islamic index was seen outperforming the other indices of the main market this week, which saw a total of 0.02mn Doha Bank-sponsored exchange traded fund QETF worth QR0.03mn trade across nine transactions. Market capitalisation added QR2.92bn or 0.46% to QR639.65bn on the back of mid and microcap segments this week which saw no trading of sovereign bonds and treasury bills.

Trade turnover and volumes were on the decline in the main bourse, while the venture market saw increased turnover and volumes this week, which saw Qatar’s commercial banks witness 6.3% year-on-year jump in total assets to QR2.13tn in October 2025.

The Total Return Index rose 0.64%, the All



The banks and telecom counters experienced higher than average demand as the 20-stock Qatar Index rose 0.64% this week

Share Index by 0.63% and the All Islamic Index by 0.79% this week which saw Qatar report strong year-on-year expansion in cargo and container movements through

Mesaieed, Doha and Al Ruwais ports in November 2025.

The banks and financial services index shot up 1.31%, telecom (0.97%), insurance

(0.42%) and transport (0.06%); while industrials declined 0.58%, consumer goods and services (0.57%) and real estate (0.19%) this week which saw Baladna replace Barwa Real Estate Company in the main 20-stock QSE index.

Major gainers in the main market include Inma Holding, QLM, AlRayan Bank, Qatar Islamic Bank, Meeza, Ahlibank Qatar, Aamal Company, Qamco, Ooredoo, Vodafone Qatar and Milaha.

In the junior bourse, Techno Q saw its shares appreciate in value this week. Nevertheless, Gulf Warehousing, Gulf International Services, Baladna, Mannai Corporation, Qatar Oman Investment, Medicare Group, Widam Food, Qatar National Cement, Industries Qatar, Ezdan, Mazaya Qatar and Nakilat were among the shakers in the main bourse this week.

The main market saw 33% plunge in trade volumes to 545.33mn shares, 38% in value to QR1.62bn and 31% in deals to 101,736 this week.

In the venture market, trade volumes more than doubled to 0.56mn equities and value also more than doubled to QR1.23mn on more than tripled transactions to 174.

Netflix to buy Warner Bros Discovery’s studios, unit for \$72bn

Reuters
New York

Netflix yesterday agreed to buy Warner Bros Discovery’s TV, film studios and streaming division for \$72bn, a deal that would hand control of one of Hollywood’s most prized and oldest assets to the streaming pioneer. The agreement follows a weeks-long bidding war in which Netflix offered nearly \$28-a-share, eclipsing Paramount Skydance’s close to \$24 bid for the whole of Warner Bros Discovery, including the cable TV assets slated for a spinoff. Buying the owner of marquee franchises including *Game of Thrones*, *DC Comics*” and *Harry Potter* will further tilt the balance of power in Hollywood in favour of Netflix, which has so far built its dominance without major deals or a large content library. The two companies together will “help define the next century of storytelling”, said Netflix co-CEO Ted Sarandos, who had once said “the goal is to become HBO faster than HBO can become us”. Warner Bros Discovery shares rose nearly 4.4% to \$25.6 premarket, while Netflix fell about 3% and Paramount 2.2%. Paramount and Comcast, the third suitor,

did not immediately respond to requests for comment. Paramount offered \$30 a share for Warner Brothers Discovery, CNBC reported in a news flash. Reuters could not verify the report and it was not immediately clear when the offer was made. The Netflix deal, however, is likely to face strong antitrust scrutiny in Europe and the US as it would give the world’s biggest streaming service ownership of a rival that is home to HBO Max and boasts nearly 130mn streaming subscribers. David Ellison-led Paramount, which kicked off the bidding war with a series of unsolicited offers and has close ties with the Trump administration, had questioned the sale process earlier this week and alleged favourable treatment to Netflix. Even before the bids were in, some members of Congress said a Netflix-Warner Bros Discovery deal could harm consumers and Hollywood. Cinema United, a global exhibition trade association, has said the deal poses an “unprecedented threat” to movie theatres worldwide, while former WarnerMedia CEO Jason Kilar said he could not think of “a more effective way to reduce competition in Hollywood than selling WBD to Netflix”. Looking to allay some concerns, Netflix

said the deal would give subscribers more shows and films, boost its U.S. production and long-term spending on original content and create more jobs and opportunities for creative talent. The company argued in deal talks that a combination of its streaming service with HBO Max would benefit consumers by lowering the cost of a bundled offering. The company has told Warner Bros Discovery it would keep releasing the studio’s films in cinemas in a bid to ease fears that its deal would eliminate another studio and major source of theatrical films, according to media reports. “In light of the current regulatory environment this will raise eyebrows and concerns. The combined dominant streaming player will be heavily scrutinised,” said PP Foresight analyst Paolo Pescatore. “We should expect this to wrangle on given Paramount Skydance pursuit for Warner Bros Discovery.” Comcast, the third suitor, was trading little changed. Paramount and Comcast did not immediately respond to requests for comment. Under the deal, each Warner Bros Discovery shareholder will receive \$23.25 in cash and about \$4.50 in Netflix stock per share, valuing Warner at \$27.75 a share,

or about \$72bn in equity and \$82.7bn, including debt. The deal represents a premium of 121.3% to Warner Bros Discovery’s closing price on September 10, before initial reports of a possible buyout emerged. The deal is expected to close after Warner Bros Discovery spins off its global networks unit, Discovery Global, into a separate listed company, a move now set for completion in the third quarter of 2026. Netflix has offered Warner Bros Discovery a \$5.8bn breakup fee, while Warner Bros Discovery would pay Netflix \$2.8bn if the deal collapses. Netflix said it expects to generate at least \$2bn to \$3bn in annual cost savings by the third year, after the deal closes. Analysts have said Netflix is driven by a desire to lock up long-term rights to hit shows and films and rely less on outside studios as it expands into gaming and looks for new avenues of growth after the success of its password-sharing crackdown. Its shares are up just 16% this year, after surging more than 80% in 2024, as investors worry its breakneck growth could be slowing, especially after it stopped disclosing subscriber figures earlier this year.

Canada’s jobless rate shrinks to lowest in 16 months

Canada’s unemployment rate in November falls to 6.5%; economy adds a net of 53,600 jobs in November; Canada has now added 181,000 new jobs since September; average hourly wage growth of permanent employees at 4%

Reuters
Ottawa

Canada’s unemployment rate once again defied expectations and fell to a 16-month low in November as a solid gain in part-time jobs boosted the number of people employed for the third time in a row, data showed yesterday.

The unemployment rate fell 0.4 percentage points in November to 6.5%, the lowest since July 2024, Statistics Canada said, adding it was led by 53,600 net job gains in November mainly among youth.

The job gains were driven by a 63,000 net addition in the part-time workforce linked to the healthcare and social assistance sector, StatsCan said.

With three months in a row of job gains, the Canadian economy has now added 181,000 new jobs since September, offsetting an almost no change in jobs for the first eight months when US tariffs and trade uncertainty choked hiring.

Analysts polled by Reuters had forecast employment to decrease by 5,000 jobs in November and the jobless rate to tick up to 7%.

The improvement in the unemployment rate was also helped slightly by a reduction in the total labour force as immigration curbs instituted by the government sent less people into the job market.

Canada’s unemployment rate had been steadily climbing since March when President Donald Trump unleashed a raft of tariffs on critical sectors such as steel, aluminium, cars and every other industry that did not comply with a free trade deal.

The impact has been more acute among the youth, or those aged between 15 and 24 years. But November and October were the outliers. Employment in this category was up by 50,000 in November, and with October, these were the first jumps in youth employment since the start of the year, StatsCan said.

The youth unemployment rate fell 1.3 percentage points to 12.8% in November, following a slight decline in October. In September the youth unemployment rate had peaked at a 15-year high. Employment among the core-aged group, which accounts for two-thirds of the total labour force, was little changed in November.

The average hourly wage of permanent employees - a gauge closely tracked by the Bank of Canada to ascertain inflationary trends - stayed at 4% in November, same as the previous month.

The labour force data is the last major data set to come before the Bank of Canada’s monetary policy decision next week. Money markets are seeing an almost 93% chance of a hold, and Friday’s numbers are likely to further bolster the expectations.

Wall Street races to cut its risk from AI’s borrowing binge

Bloomberg
New York

Wall Street is gearing up to lend massive amounts of money to the biggest players in artificial intelligence — and simultaneously trying to figure out how to protect itself from any bubble that its financing may be helping to inflate.

The urgency at banks to shed risk is visible all over credit markets. The cost of protecting Oracle Corp debt against default using derivatives has risen to the highest since the Global Financial Crisis. Morgan Stanley has looked at using a significant risk transfer — a form of insurance against loan losses — to diffuse some of the risk tied to its tech company borrowers.

Mega offerings from tech behemoths including Oracle, Meta Platforms Inc and Alphabet Inc have helped push global bond issuance to more than \$6.46tn in 2025. These hyperscalers, along with electric utilities and other firms, are expected to spend at least \$5tn as they race to build data centres and other infrastructure for a technology that’s promising to revolutionise the world’s economy.

The sums are so large that issuers will have to tap just about all major debt markets, according to JPMorgan Chase & Co. It could take years for these tech investments to pay off — if they pay off at all. The rush has left some lenders over-exposed, so they’re using a series of tools — credit derivatives, sophisticated bonds and some newer financial products — to shift the risk of underwriting the AI boom to other investors.

“The technology is impressive. But that doesn’t mean you’re going to profit from it,” said Steven Grey, chief investment officer at Grey Value Management.

Those risks became more real last week when a major outage halted trading at CME Group Inc



The logo of artificial intelligence. Wall Street is gearing up to lend massive amounts of money to the biggest players in AI — and simultaneously trying to figure out how to protect itself from any bubble that its financing may be helping to inflate.

and reminded investors that data-centre customers can leave if there are repeated breakdowns. In the aftermath, Goldman Sachs Group Inc. paused a planned \$1.3bn mortgage bond sale for CyrusOne, the data-centre operator.

Banks are turning to the credit derivatives markets to reduce their exposure. Trading of Oracle’s credit default swaps ballooned to about \$8bn over the nine weeks ended November 28, according to an analysis of trade repository data by Barclays Plc credit strategist Jigar Patel. That’s up from around \$350mn in the same period last year.

Banks are providing the bulk of massive construction loans for data centres where Oracle is the intended tenant, which is likely driving much of the Oracle hedging, according to a recent Morgan Stanley research report. These include a \$38bn loan package and a \$18bn loan to build multiple new data centre facilities in Texas, Wisconsin and New Mexico.

Prices for other swaps are

climbing, too. A five-year CDS agreement to protect \$10mn of Microsoft Corp. debt from default would cost about \$34,000 annually, or 34 basis points on Thursday. In mid-October, it was closer to \$20,000 a year.

The spread on Microsoft default swaps is remarkably wide for a AAA rated company, according to Andrew Weinberg, a portfolio manager at Saba Capital Management, a hedge fund management firm that has been selling protection. By comparison, protection on Johnson & Johnson, the other US company rated AAA, cost about 19 basis points a year on Thursday.

“Selling protection on Microsoft at greater than 50% wider levels than fellow AAA rated J&J is a remarkable opportunity,” Weinberg said. A representative for Microsoft, which hasn’t issued debt this year, declined to comment.

There are similar opportunities with Oracle, Meta and Alphabet. Despite their large debt raises, their credit default swaps

are trading at high spreads relative to their risk of default, selling protection makes sense, Weinberg said. Even if the companies get downgraded, the positions should perform well because they already incorporate so much potential bad news, he said.

A spokesperson for Oracle declined to comment. Spokespeople for Meta and Alphabet didn’t respond to requests for comment.

Morgan Stanley, a key player in financing the artificial-intelligence race, has considered offloading some of its data-centre exposure via a transaction known as a significant risk transfer, which can give a bank default protection for between 5% and 15% of a designated portfolio of loans. SRTs often entail selling bonds known as credit-linked notes, which can have credit derivatives tied to companies or a portfolio of loans embedded in them. If the borrowers default, the bank can get a payout to cover its loss.

In this case, Morgan Stanley held preliminary talks with po-

tential investors about an SRT tied to a portfolio of loans to businesses involved in AI infrastructure, Bloomberg reported on Wednesday. A representative for Morgan Stanley declined to comment.

“Banks are fully aware of the market’s recent concerns with possible overinvestment and overvaluation,” said Mark Clegg, a senior fixed-income trader at Allspring Global Investments, which advised on about \$629bn as of the end of September. “It should be a shock to no one that they may be exploring hedging or risk transfer mechanisms.”

Private capital firms including Ares Management Corp have been angling to take some of banks’ exposure in SRTs tied to data centres, according to people with knowledge of the matter. The firm has been talking to banks about possible transactions, the people said. Ares declined to comment.

Banks are looking to create other products to allow them to offload credit risk tied to hyperscalers. At least two firms have tried to put together baskets of credit derivatives tied to technology companies, akin to an equity sector exchange-traded fund, according to people with knowledge of the matter. Citadel Securities started making markets for two baskets of corporate bonds from hyperscalers, allowing investors to quickly add or reduce exposure to the companies.

Adding to the urgency is the massive size of the latest debt offerings. Not too long ago, investors considered a \$10bn deal in the US high-grade market a big one. Marketing it might have taken a few days, including investor conference calls and individual meetings with money managers.

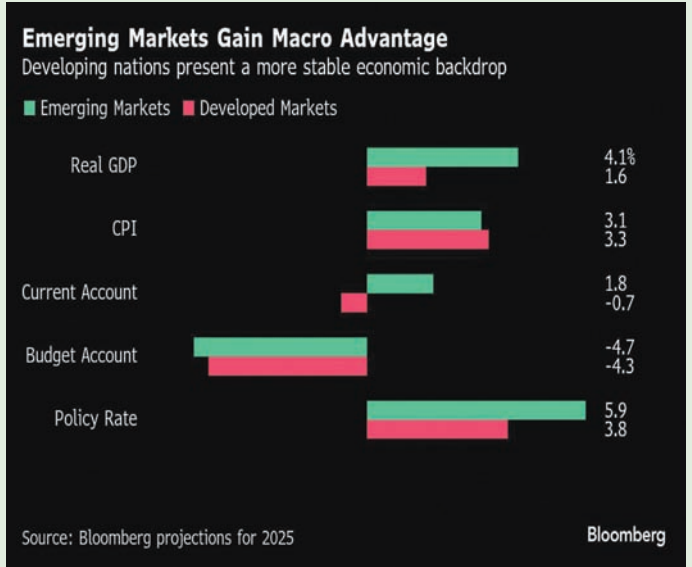
But with multi-trillion-dollar market-cap companies and funding needs in the hundreds of billions of dollars, a \$10bn sale is a “drop in the bucket,” according to Teddy Hodgson, global co-head of investment grade debt capital markets at Morgan Stanley.

Bond investors view some emerging markets look safer than US

Bloomberg
London

Global bond investors are beginning to view select emerging markets as safer than many far richer nations, a momentous shift that’s setting the stage for the next phase of outperformance in the asset class. The trend is most evident in the sovereign and corporate securities from AA-rated countries like the United Arab Emirates, Qatar, Taiwan, South Korea and Czech Republic. They have delivered stronger total returns this year than equally rated developed-world credits, in dollars as well as in local currencies. And for some of these nations, dollar borrowing costs are slipping toward those of the US, long considered the safest market of all. What’s more, there are signs of a broader risk convergence, one that’s encompassing even economies with lower credit scores. The outperformance stems to a large extent from the progress that swathes of the developing world

have made in cutting debt, taming inflation and improving current-account balances. But it’s also down to unprecedented fiscal backsliding in the Group of Seven industrialised nations, where debt-to-output ratios are set to rise for years more, eroding their safe haven status. “If I want fiscal conservatism and policy orthodoxy, I go to the emerging-market world currently, not developed markets,” said James Athey, a portfolio manager at Marlborough Investment Management. He’s upped emerging-debt allocations, buying Mexican peso debt, in addition to Chilean local bonds and South African dollar-denominated securities. In terms of annual bond gains, 2025 is set to be the strongest year in emerging markets since before the pandemic. In the sovereign dollar-debt market, investors now demand the smallest premium in seven years over Treasuries. For AA-rated issuers, that spread has shrunk to a record 31 basis points. And since late 2024, average local-currency debt yields have been below Treasury rates,



with the discount widening to a record this August. China, Thailand, Malaysia and Lithuania are among countries that borrow at lower rates at home than the US can. To be clear, the emerging-market uni-

verse contains many fragile credits, mostly in Africa and Latin America, where debt distress and political instability are constant risks. Only a handful of sovereigns carry AA ratings — too few for investors to deploy

meaningful capital. Investors also tend to treat developing countries as a group, selling indiscriminately when sentiment sours, and dumping strong credits with the weak. And much of this year’s outperformance is down to dollar weakness and lower US interest rates. That’s re-ignited the carry trade, luring capital to high-yielding markets like Lebanon and Argentina. And finally, factors such as longer bond duration and lower new debt supply have also helped. For all that, there’s a palpable shift underway: Instead of merely seeking carry, many investors say they are committing to emerging markets because key macro fundamentals are flipping in their favour. For instance, inflation has fallen below advanced-economy levels — a rare reversal seen only once in the past 35 years — even as central banks keep interest rates an average 2.1 percentage points above developed-market levels. The advantage extends to external and fiscal fronts too. While emerging economies, on average, run current-

account surpluses, richer nations sit in deficit. Budget gaps are similar across both groups, but growth in developing nations is far stronger, with output expected to expand about 2.5 percentage points faster this year. “It’s ironic that EMs, once seen as serial defaulters, are now the ones with primary surpluses and inflation under control, while developed markets are running persistent fiscal deficits,” said Marco Ruijter, a fund manager at William Blair. Nowhere is the change as stark as in the US, where President Donald Trump’s trade and taxation policies are forecast to significantly expand US deficits. Government debt now tops 100% of annual output, the US budget deficit equates to almost 6% of GDP, and annual debt-servicing costs surpassed \$1tn for the first time ever. “If someone didn’t tell you the country and they showed you the US metrics, you wouldn’t want to touch that with a 10-foot pole, it’s so horrible,” said Erik Weisman, a fund manager at \$660bn MFS Investment Management.

Japan's household outlays drop in sign of prices hitting demand

Bloomberg
Tokyo

Japan's households unexpectedly cut spending for the first time in six months, in a sign of the fragility of domestic demand as the Bank of Japan (BoJ) prepares to consider raising borrowing costs later this month.

Outlays by households adjusted for inflation fell 3% in October from a year earlier, led by spending declines in transport and housing, the Ministry of Internal Affairs and Communications reported yesterday. Economists had expected a 1% gain.

Private spending is a key component in the BoJ's goal of achieving a virtuous economic cycle in which wage gains help fuel demand-led price increases. Domestic consumption has expanded for three straight quarters, albeit at a subdued pace. Still, that hasn't been enough to prevent a contraction in the third quarter as US tariffs dragged on economic growth. Revised data for Japan's gross domestic product is due Monday.

"You can see how consumption remains weak," said Masato Koike, senior economist at Sampo Institute Plus. "Given the level of inflation, it's difficult for spending to grow from disposable income, and outlays on food and cars are declining."

The BoJ said in its October outlook report that private consumption will likely stay more or less flat for now before gradually returning to "a moderate increasing trend, with a continued rise in employee income." The negative number Friday will add an element of complexity as the BoJ moves toward its next rate



An electronics store in the Akihabara area in Tokyo. Japan's households unexpectedly cut spending for the first time in six months, in a sign of the fragility of domestic demand as the Bank of Japan prepares to consider raising borrowing costs later this month.

hike, but isn't expected to derail that trajectory.

BoJ Governor Kazuo Ueda gave a signal Monday that the board is moving toward a hike as soon as Dec 19, by explicitly mentioning the fact that the bank will consider a rate hike. Overnight index swaps point to about a 90% probability of a December rate increase.

"Weak consumption is a headwind for rate hikes," said Koike. "But at the same time the reason for the fragility is inflation encouraged by a weak yen, so a December rate hike is basically expected at this point."

Consumption makes up more than half of Japan's GDP and will be crucial to whether the economy returns to a growth path after recording the first contraction in six quarters during the summer.

Data due Monday are expected to show economic growth in the three months through September was weaker than the preliminary report, when exports slumped in the face of US tariffs and private

consumption offered only anaemic support. The capital spending component is forecast to be revised lower after recent data for the period were feeble.

Looking ahead, the strength of consumption will depend largely on the interplay between prices and wages. The nation's inflation gauge has stayed at or above the BoJ's 2% target for 43 months, the longest stretch since 1992. Data Monday may show that real wages fell for a 10th month in October, underscoring how steady gains in nominal pay aren't keeping up with price growth.

To ease the burden on households, Prime Minister Sanae Takaichi last month announced ¥2.9tn (\$18.7bn) in price relief measures as part of an economic package, including subsidies for utility bills and reductions in some taxes. The government estimates these steps will together shave an average 0.7 percentage point off the nation's overall inflation index between February to April.

The effectiveness of these measures will likely influence Takaichi's popularity, as persistent inflation fuelled voter frustration that led to successive setbacks in two national elections and helped remove her predecessors from office. A poll conducted by Nikkei last weekend showed her approval rating at 75%, remaining high by historical standards.

Wage trends will also shape private spending. In the latest development, several major labour unions formally announced their targets for the annual pay negotiations culminating in March. Most are maintaining their goals after securing the largest pay gains in more than three decades earlier this year, suggesting momentum remains intact.

"Looking ahead, I expect private consumption to be on a recovery trend," said Sampo's Koike. "Nominal pay continues to rise at a high pace and given inflation is expected to be more subdued spending is likely to recover with an improvement in real wages."

India central bank cuts rates amid US trade deal limbo

AFP
Mumbai

India's central bank cut interest rates yesterday as low inflation provided room to help cushion the world's fastest-growing major economy against US President Donald Trump's tariff blitz. The Reserve Bank of India (RBI) said the benchmark repo rate, the level at which it lends to commercial banks, would be reduced by 25 basis points to 5.25% after a unanimous vote by its monetary policy committee.

Some analysts had expected the central bank to keep it steady, given that it has already cut rates by more than 100 basis points in three tranches this year, and India's GDP growth hit a six-quarter high in the July-September period. But a majority had argued that easing price pressures and mounting risks to India's economic outlook stemming from Trump's tariffs justify a reduction. The world's fifth-largest economy is currently grappling steep tariffs of 50% on most goods, with exporters warning of cancelled orders and widespread job losses.

While Indian officials remain optimistic over finalising the first phase of a trade deal with the US by the end of

this year, neither side has announced a breakthrough. Experts project that prolonged tariffs could shave anywhere between 60 to 80 basis points off India's economic growth this fiscal year.

RBI Governor Sanjay Malhotra said its monetary policy committee also decided to purchase government securities of more than \$111mn from the open market and a three-year dollar-rupee buy-sell swap of \$5bn this month amid "evolving liquidity conditions."

Malhotra added that the central bank has decided to maintain "a neutral stance", suggesting there was room for further rate cuts.

Indian policymakers have been faced with multiple challenges this year including a growth slowdown, a sinking rupee, and slumping exports. Prime Minister Narendra Modi has unveiled sweeping consumption tax cuts and pushed through labour law reforms after the country's economic growth hit a four-year-low in the fiscal year that ended March 31.

Easing inflation also allowed the RBI to cut rates for the first time in nearly five years in February and follow it up with two other reductions in April and June before holding them steady in the last two policy meetings.

EM stocks, currencies edge higher

Reuters
Singapore

Emerging market stocks and currencies were set for weekly gains yesterday as investors turned their focus to upcoming US Personal Consumption Expenditures data amid expectations the Federal Reserve will cut interest rates next week.

MSCI's gauge of emerging market stocks was up 0.83%, while its currencies index was up 0.1%.

Geopolitical risks, including the war in Ukraine and the contentious election in Honduras, have kept investors on edge this week. However, they have tentatively added risk as US

inflation indicators support expectations of a Fed easing.

Softer US rates tend to ease pressure on funding costs for emerging market companies, reduce the strength of the dollar and boost the appeal of regional currencies.

Valuations in emerging markets remain a central part of the investment case, especially for those looking for an alternative to the US where AI optimism has fuelled massive stock rallies.

"Having likely seen the worst of the tariff noise; and with a combination of softer dollar, stronger core equities and lower oil prices, we see emerging markets' resilience as having more room to run," Deutsche Bank analysts wrote in a note.

In Ukraine, dollar-denominated bonds were largely steady. A key group of creditors to the country said on Thursday it could not yet back Kyiv's proposal to swap \$2.6bn in GDP-linked warrants for bonds.

Ukraine has struggled to rework the complex and costly GDP-linked instruments, which mature in 2041 and were issued in 2015 to clinch a debt restructuring in the wake of Russia's annexation of Crimea.

Poland's equities index was flat. Central bank governor Adam Glapinski said policymakers would probably move to a wait-and-see mode for a while after lowering interest rates.

The Polish zloty was flat against the euro.

Asia equity markets rise on positive lead from Wall Street

AFP
Hong Kong

Asian equity markets rose going into the weekend yesterday following a broadly positive lead from Wall Street as a mixed bag of US data did little to change expectations the Federal Reserve will cut interest rates next week.

Investors have in recent sessions struggled to match last week's healthy gains fuelled by comments from central bank officials indicating their preference for a further easing of monetary policy.

However, optimism has been helped by reports reinforcing the view that the jobs market is softening, including payrolls firm ADP saying more than 30,000 posts were lost in November.

And while figures Thursday on jobless claims and layoffs came in slightly better than expected, markets have priced the

chances of a rate cut next Wednesday at around 90 percent.

Focus is now on the release of the personal consumption expenditures (PCE) index, the Fed's preferred gauge of inflation, with a below-forecast reading tipped to ramp up hopes for several more rate reductions in 2026. Data on income and spending is also due to come out.

Still, debate continues to swirl over the bank's plans for the next 12 months as inflation remains stubbornly above target.

"While the US labour market is showing signs of slowing with the latest ADP report seeing a decline in hiring, there is a sense that it is still reasonably resilient," said Michael Hewson at MCH Market Insights.

With key jobs creation data not due until after the Fed's decision, "any further move to cut rates by another 25 basis points could well be a leap of faith on the part of some members of the committee", he wrote. He warned that "markets are

pricing in the likelihood of another cut, which means any delay could prompt a significant adverse reaction".

"Of course, there is another scenario where the Fed cuts rates, but then signals a pause as it looks to assess the effect that three successive rate cuts have had on the US economy,"

Meanwhile, Michael Krautzberger, of AllianzGI, said in a commentary: "Despite uncertainty, in our view, recent (policy board) statements, macro data, and market pricing point toward a 25 basis point cut" next week.

"Looking further, we maintain our forecast of a total 50 basis points in additional insurance cuts to a Fed funds target range of 3.25-3.5% by mid-2026, assuming a non-recessionary base case."

In New York, the S&P 500 and Nasdaq ended slightly higher but the Dow was marginally off.

After a slow start in Asia, most markets

enjoyed a positive run-in to the weekend. Hong Kong and Shanghai reversed morning losses while there were also gains in Sydney, Seoul, Taipei, Manila and Jakarta.

Mumbai got a boost from an interest rate cut by the Indian central bank, as low inflation provided room to help cushion the economy against US President Donald Trump's tariff blitz. The rupee, which this week hit a record low against the dollar, rose.

London, Paris and Frankfurt opened on the front foot.

Tokyo shed more than one percent, having jumped more than two percent Thursday, while Singapore and Wellington also slipped.

On currency markets the Japanese yen extended gains against the dollar as traders grow increasingly confident the Bank of Japan will hike its own borrowing costs later this month.

In corporate news, Chinese artificial

intelligence chip maker Moore Threads Technology soared more than 500% on its debut in Shanghai after raising \$1.1bn in an initial public offering.

The blockbuster opening - which came after the IPO was more than 4,000 times oversubscribed - suggested there was plenty of confidence in the country's homegrown AI chip industry.

"The noise is real, but so is the signal: this IPO has become a barometer for faith in China's next-gen AI chip ambitions," said Dilin Wu, research strategist at Pepperstone.

"Investors are buying into the story of China building a serious homegrown (graphics processing unit) amid global supply constraints," she said.

In Tokyo, the Nikkei 225 closed down 1.1% to 50,491.87 points; Hong Kong - Hang Seng Index ended up 0.6% to 26,085.08 points and Shanghai - Composite closed up 0.7% to 3,902.81 points yesterday.

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US consumer spending slows in September as prices remain high

Consumer spending increases 0.3% in September; personal consumption expenditures price index rises 0.3%; core PCE gains 0.2%; advances 2.8% year-on-year; consumer sentiment improves in early December

Reuters
Washington

US consumer spending increased moderately in September after three straight months of solid gains, suggesting a loss of momentum in the economy at the end of the third quarter as a lacklustre labour market and rising cost of living curbed demand. The report from the Commerce Department yesterday also showed annual inflation rising at its fastest pace in nearly 1-1/2 years in September. President Donald Trump's sweeping tariffs on imported goods have raised prices for consumers, though the increase has been gradual. Trump is taking heat from Americans

frustrated over high inflation, with his approval rating declining in recent weeks. A survey from the University of Michigan said the overall tenor of households' views in early December was "broadly sombre as consumers continue to cite the burden of high prices". "The fundamentals for consumers look challenging," said Oliver Allen, senior economist at Pantheon Macroeconomics. "The soft September sets the stage for more consumer weakness in the fourth quarter."

Consumer spending, which accounts for more than two-thirds of economic activity, rose 0.3% after a downwardly revised 0.5% gain in August, the Commerce Department's Bureau of Economic Analysis said. Economists polled by Reuters had forecast consumer spending advancing 0.3% after a previously reported 0.6% rise in August.

The report was delayed by a record 43-day government shutdown. The increase in spending reflected higher prices, particularly for gasoline and other energy



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goods. Outlays on motor vehicles, recreational goods and vehicles as well as other long-lasting manufactured products fell. Spending on clothing and footwear declined. Overall outlays on goods were unchanged.

Spending on services increased 0.4%, led by housing and utilities. Consumers also boosted spend-

ing on healthcare, financial services and insurance as well as hotel and motel rooms, and transportation services like airline tickets. Economists have attributed the increased spending on services to high-income households whose wealth was boosted by a stock market rally.

Labour market stagnation has

hurt middle- and lower-income households, which are also being squeezed by tariffs, economists said, creating what they called a K-shaped economy. Economists at Goldman Sachs in a note this week expected weak income growth because of tepid job growth and cuts to government assistance programs like Medicaid and Supplemental Nutrition Assistance Program benefits, formerly known as food stamps, to weigh on spending by low-income households in 2026.

When adjusted for inflation, spending was unchanged after rising 0.2% in August. Still, consumer spending likely grew at a brisk pace in the third quarter, underpinning the overall economy. The Atlanta Federal Reserve is estimating gross domestic product grew at a 3.8% annualised rate in the July-September quarter, which would match the second quarter's pace.

The BEA will publish its delayed initial third-quarter GDP estimate on December 23. Businesses have either absorbed the import duties

or sold inventory accumulated before the taxes kicked in, limiting the pace of increase in inflation.

The Personal Consumption Expenditures (PCE) Price Index increased 0.3% in September, matching August's gain, the BEA said. In the 12 months through September, the PCE Price Index advanced 2.8%. That was the largest year-on-year advance since April 2024 and followed a 2.7% rise in August.

Excluding the volatile food and energy components, the PCE Price Index gained 0.2% after rising by the same margin in August. In the 12 months through September, the so-called core inflation index increased 2.8% after rising 2.9% in August.

The Federal Reserve tracks the PCE price measures for its 2% inflation target. Some economists said the outdated PCE inflation data favoured the US central bank cutting interest rates next Wednesday. Financial markets have almost priced in a 25-basis-point rate cut, CME Group's Fed-Watch tool showed.

Economists see two Fed interest rate cuts in 2026 following December move

Bloomberg
Washington

Federal Reserve officials will vote to cut interest rates again next week to safeguard against rising risks of a sharp deterioration in the labour market, according to economists surveyed by Bloomberg.

The median respondent sees the US central bank following up that move with two more quarter-point cuts in 2026, starting in March. Next week's cut would extend a string of reductions at the last two policy meetings, in September and October.

A sizeable majority also expect Fed officials to again state that "downside risks to employment rose in recent months," as they did in October. The Fed will announce the decision on December 10 at 2pm in Washington, and Chair Jerome Powell will hold a press conference 30 minutes later.

"Fed doves appear to slightly be in primacy over the hawks," said Dennis Shen, an economist at Scope Ratings. "If the Federal Reserve does ease again, we would expect Powell to emphasise a temporary pause afterward, awaiting further economic signals."

Policymakers are deeply divided over the balance of risks between their mandates of price stability and full employment. A number of regional Fed bank presidents have expressed concerns about persistent inflation as price increases from tariffs make their way to consumers. Others have argued there's still room for another cut to shore up the labour market.

Economic data released since the last meeting hasn't given them much clarity. Large companies including Verizon Communications



The Federal Reserve building in Washington. Fed officials will vote to cut interest rates again next week to safeguard against rising risks of a sharp deterioration in the labour market, according to economists surveyed by Bloomberg.

Inc and Amazon.com Inc have announced significant job cuts in recent months, but weekly filings for unemployment insurance remain subdued.

The Bureau of Labor Statistics, meanwhile, has yet to publish an updated inflation report after warning it would take some time to resume regular publication of economic data following a government shutdown that spanned much of October and November. The latest official figures showed the consumer price index accelerated to 3% in September.

Most economists said a significant weakening of the job market remains the main challenge ahead for policymakers. Only 18% of respondents saw more meaningful inflation as the greater risk. The survey

of 41 economists was conducted from November 28-December 3.

Fed officials will also release a new set of economic projections next week. The median respondent said they expect policymakers to nudge their forecast for economic growth this year higher, while trimming estimates for inflation. The projected unemployment rate for 2026 could also see a slight upward revision.

The vast majority of respondents see another split vote next week as tensions grow on the central bank's rate-setting committee. Kansas City Fed President Jeff Schmid is expected to dissent again after voting against the October rate cut. More than one-third also believe St Louis Fed President Alberto Musalem will lodge a dissenting vote, given his recent comments expressing con-

cerns about inflation. Fed Governor Stephen Miran, meanwhile, is expected to vote against a quarter-point cut again after dissenting in favour of half-point reductions in September and October.

The US central bank in recent years has forged monetary policy decisions by consensus. Almost all economists now see the Federal Open Market Committee shifting toward a process characterised by majority rule, according to the survey, though respondents were evenly split on whether or not most meetings in 2026 would see dissenting votes.

Most economists believe the administration will pick National Economic Council Director Kevin Hassett to succeed Powell when his term as chair expires in May.

State Street looks to ETFs, alternatives to deepen Saudi push

loomberg
Riyadh

State Street Corp is deepening its expansion in Saudi Arabia as it looks to cash in on booming demand for exchange-traded funds and growing appetite for alternative investments from clients including family offices.

The global asset manager with \$5tn in assets plans to add a dozen staff in Riyadh in the next two years, boosting headcount that stands around 30 currently, according to Oliver Berger, the head of the strategic growth markets unit, and Emmanuel Laurina, head of Middle East and Africa.

State Street also aims to launch a range of new Saudi ETFs and will begin offering custodian services in the kingdom in 2027, they said in an interview. It currently manages about \$60bn in assets for clients in the country and \$135bn for the broader Middle East and Africa region.

"What we have seen in Saudi is an absolute acceleration in how local investors are going about their plans and how they execute against Vision 2030," Berger said. "We see high demand for multi-asset class structures.

The rise and emergence of alternative investments has been significant."

State Street, which launched its regional headquarters in Riyadh in October, is doubling down on the kingdom as it estimates financial assets and the pool of clients will continue to grow amid Vision 2030 progress.

Family offices and private

wealth managers in Saudi are among those becoming more active with their money as the kingdom pursues that economic diversification agenda, which includes developing new industries, robust financial markets and an open environment for foreign investment.

That's created more demand for exposure to international and alternative assets from family offices and private wealth managers in particular, State Street said, as they seek to move beyond traditional businesses like real estate.

Sovereign players, by contrast, are seeking to invest more in the region.

"For our government clients in Saudi Arabia, where we have only managed global asset classes for them, the narrative has shifted toward Mena fixed income and equities," said Laurina.

ETFs have become particularly prominent in portfolios in the last 18 months, he added. "There has been a marked acceleration of that in 2025."

State Street already operates Saudi bond ETFs and has partnerships with the kingdom's \$320bn pension fund manager and the National Development Fund to develop more.

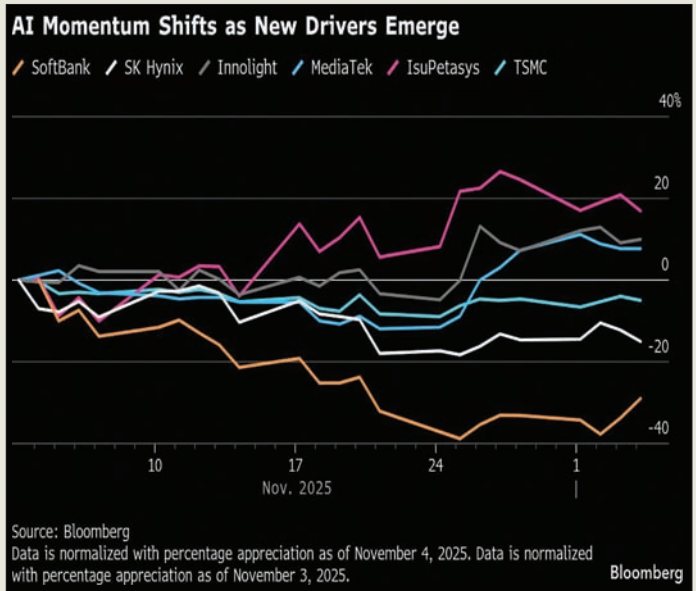
Laurina declined to comment on specific rollout of new ETF products but highlighted strong demand from clients for investments like passive sukuk products and thematic and income strategies. State Street said in addition to expanding in Saudi Arabia, it will open an office in Kuwait in early 2026. It has about 50 staff in the UAE and will continue growing there, too.

Big shift in AI stock trade drives hunt for new stars in Asia

Bloomberg
Hong Kong

The hunt is on for new Asian equity winners from the artificial intelligence (AI) trade, as a technological shift and bubble fears reshape the investment universe. As the massive stock rally unleashed by the launch of OpenAI's ChatGPT enters its fourth year, leading regional beneficiaries including Taiwan Semiconductor Manufacturing Co and SK Hynix Inc are flagging. Investor attention is turning instead to smaller, lesser-known names such as MediaTek Inc and Zhongji Innolight Co. High-profile firms that are still essential to the nuts-and-bolts requirements of AI are likely to see their stocks bounce back after some cooling off. But they could start sharing the spotlight as focus progresses from training of large language models to everyday application of the technology — as well as how to bring down the costs. "The market is pricing in a new

narrative, a new paradigm, which is: what if the dominant LLM isn't just OpenAI? And that's why everything is happening," said Andy Wong, head of multi-asset investment at Pictet Asset Management in Hong Kong. "You need to digest what's going on, recalibrate, and then apply a new risk premium." The chain reaction was set off last month with Alphabet Inc.'s launch of an upgraded Gemini model and its reported deals with other firms for its in-house AI chips. Amazon.com Inc's latest accelerator added to the shift away from AI stock trades that had concentrated on OpenAI and dominant semiconductor firm Nvidia Corp. Japan's SoftBank Group Corp, seen as a proxy for OpenAI given the close ties between the two companies, saw its stock slump 38% in November to cap its worst month in 25 years. Shares of Nvidia's key foundry TSMC and memory provider SK Hynix fell 4% each last month, letting some steam out of their big rallies. While ChatGPT is being threatened by a growing host of competitors,



Nvidia's AI training processors are losing market attention as application-specific integrated circuits come more to the fore. With that, investors are becoming concerned about negative implications for product pricing.

If LLMs become commoditised, "the ones with cheaper costs will become the winner," said Han Sangkyoon, chief investment officer at Quad Investment Management in Seoul. He expects the next six months to be crucial in

"how the bubble created by Nvidia and OpenAI could burst." Rather than completely abandon the AI trade, investors are moving to other stocks. MediaTek, a Taiwan-based chip designer working with Alphabet, logged its best week since 2002 following the Gemini debut. South Korea's IsuPetasys Co, which supplies printed circuit boards for Alphabet, climbed 18% to a fresh record high last week. Such moves highlight how, regardless of the ultimate brand name or which US megacap sits at the top of the supply chain, there is a string of Asian suppliers that can reap rewards. "Around 90% of the hardware manufactured globally, which is fitting into data centres — servers, testing environment, anything you need from manufacturing the chips, memory cards, or even testing, cooling systems — all comes from Taiwan, Korea, Japan, Thailand, and even mainland China," said Egon Vavrek, head of emerging markets and Asia equities at BlackRock Inc. While the US and China are competing in the AI arms race,

their supply chains are still somewhat dependent on each other. Shandong-based optical transceiver maker Zhongji revenue, for example, gets 22% of its revenue from Alphabet and 11% from Amazon. Its stock rose 11% last week to a new peak. Not that the established leaders of the AI boom are done. In a note Friday, Goldman Sachs analysts led by Timothy Moe concluded that the sector is not currently in a bubble, and even if it enters one "the negative impact on Asian tech companies would come later and most likely at higher share price levels." TSMC has the most advanced chipmaking technology and provides outsourced manufacturing for all the major players. It's shares are still poised for a third-straight year of gains that has taken its market value to more than \$1tn. SK Hynix and Samsung Electronics Co together account for over 90% of global market share in the high-bandwidth memory that is another essential component of AI technology, according to research from Macquarie Group Ltd.