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US 30-year yield highest since September in wake of Fed moves

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Anastasiya Zubritskaya, COO of Remozo (2nd from left), shares insight on the panel discussion 'Fintech Solutions for SMEs - Unlocking Growth Potential' while looking on are (from left) moderator Vanessa Rameix, regional director - The Business Year Qatar; Daniel Sansano, CEO of Daniel Sansano Capitals Inc; and Mal Filipowska, head of portfolio and platforms at Seedstars. PICTURE: Thajudheen

Experts outline fintech pathways for SMEs global expansion

By Peter Alagos
Business Reporter

Industry leaders have highlighted the key challenges facing small and medium sized enterprises (SMEs), as well as the digital solutions that can help them access international markets. Speaking at a panel discussion held on the sidelines of the recently concluded Mena Fintech Festival 2025, Anastasiya Zubritskaya, COO of Remozo; Mal Filipowska, head of portfolio and platforms at Seedstars; and Daniel Sansano, CEO of Daniel Sansano Capitals Inc; agreed that SMEs remain the backbone of economies across emerging markets, yet continue to struggle with financing, compliance, and scaling.

Filipowska, whose company invests across 41 countries, pointed to access to working capital as the most pressing obstacle. "This is still one of the biggest issues that SMEs face globally, regardless of whether it's in Mexico, in Uganda, or the Middle East; still, there is not enough working capital provided to those young start-ups and SMEs that don't have a long history," she said, noting that Seedstars is preparing a fund dedicated to SME support.

Similarly, Sansano argued that re-

liance on traditional bank loans with high interest rates leaves many enterprises unable to grow. "No matter how great your idea is, if it lacks funds, then that's the problem," he pointed out.

He explained that his firm has introduced a simplified funding model that requires only a pitch and identification to eliminate tedious paperwork that often discourages many entrepreneurs. Zubritskaya, meanwhile, pointed to operational infrastructure as one of the main challenges.

She said SMEs seeking to hire global talent or manage cross-border payments often lack the resources to build compliant systems.

She urged companies to adopt employer-of-record and contractor-of-record services to reduce regulatory risk: "Automated compliance and ready-made infrastructure make it easier and cheaper to meet frameworks across borders."

The panel also examined how fintech tools can support global expansion. Filipowska highlighted embedded finance in B2B marketplaces as a transformative solution, particularly in fragmented industries, such as construction in African countries, citing Kenya.

By integrating lending and factoring directly into marketplaces, Filipows-

ka emphasised that SMEs can access capital more efficiently, adding that artificial intelligence (AI) is increasingly used to optimise credit scoring and underwriting.

Sansano emphasised AI's role in customer service and forecasting tools that help SMEs identify profitable markets and products abroad: "Adaptability is the key to survival in this ecosystem. SMEs should embrace innovation rather than cling to traditional practices."

Zubritskaya cautioned that global operations are no longer straightforward, as regulators demand localisation and stricter documentation. She pointed to Uzbekistan, where local payment cards dominate, as an example of how SMEs must tailor their strategies to each market.

Citing Qatar's efforts to address challenges in its SME ecosystem, Filipowska lauded the infrastructure provided by Qatar Development Bank (QDB) and incubators but called for more frequent hackathons and media- tion platforms to connect startups with regulators and banks.

On the other hand, Sansano underscored the value of education and mentorship, noting that incubation programmes must be regularly paired with updated training in finance, compliance, and operations.

Oman's OQ in talks with partners for Duqm petrochem project as Sabic withdraws

Reuters
Dubai

Oman's state energy group OQ is in talks with new potential partners for its planned petrochemical complex in Duqm after Saudi Arabia's Sabic withdrew, said OQ CEO Ashraf al-Mamari. Sabic decided "to withdraw from the project, so now it is us and the Kuwaiti side", al-Mamari told Reuters in an interview, without giving details on the reason for the decision. Sabic, whose withdrawal from the project in Oman has not been previously reported, had no immediate comment. Duqm port on Oman's southwest coast is close to its major oil and gas projects, where OQ and Kuwait Petroleum International last year inaugurated a \$9bn refinery called OQ8, with plans for a petrochemical project close by.

"Currently it's on a 50-50 (shareholding) basis and in parallel, we are discussing with some partners if they would be interested in joining as a third partner," al-Mamari said. "We are discussing with both technology solutions providers and partners or even financial partners. When it comes to the equity share and split, we did not decide that yet, which will depend on the progress of the project," he said. Sabic is restructuring as the chemicals industry faces with weak demand. It is 70% owned by oil giant Aramco, which is cutting costs and selling assets as it balances capital expenditure with lower oil prices and shareholder payouts. OQ is owned by Oman's sovereign wealth fund and has a portfolio of companies ranging from exploration and production to refining, chemicals, trading, hydrogen and renewables.

Al-Mamari said it is also in early talks with foreign investors, including US and Asian firms, about potential partnerships and equity investments in some of its "key projects", citing higher investor confidence as the country's and OQ's credit ratings have improved in recent years. Oman, a non-Opec oil producer, is following other Gulf countries in economic diversification efforts, including with a privatisation drive to attract foreign investors. That, along with fiscal reforms, has helped the Sultanate pay down debt and turn its large fiscal deficit into a surplus since 2022. Credit rating agency Fitch upgraded it to investment grade this week. OQ, which in recent years listed some of its units including its exploration and production business OQEP, is assessing floating up to two more in 2026, al-Mamari said.

US Fed dissenters flag need for more data, inflation risks

AFP
Washington

Two officials who voted against the Federal Reserve's decision to lower interest rates again this week cited a need for more economic data and too-hot inflation in explaining their decisions yesterday.

Chicago Fed President Austan Goolsbee had joined Kansas City Fed President Jeffrey Schmid in pushing to keep rates unchanged instead at the central bank's two-day policy meeting, which ended on Wednesday.

Also dissenting was Fed Governor Stephen Miran, who wanted a half-percentage-point cut, double the quarter-point reduction that most officials supported. Analysts noted that this marks the first time the Fed has seen three dissents since 2019, underscoring tensions be-

tween the need to lower rates to boost a flagging labour market and keeping them elevated to tackle inflation. Complicating the Fed's job this time was a lengthy government shutdown between October and mid-November, which halted the release of fresh economic data on the state of the world's biggest economy.

"I believe we should have waited to get more data, especially about inflation, before lowering rates further," said Goolsbee in a statement yesterday.

With Wednesday's cut, the central bank has lowered rates thrice this year. But Goolsbee warned that inflation has been above the Fed's two-percentage target for several years.

Further progress in cooling price hikes has also "stalled for several months" as firms and consumers grapple with higher tariffs introduced by Donald Trump since he returned to the presidency.

US inflation may slow, but affordability debate is likely to keep raging

Reuters
Washington

Even if overall inflation slows next year as the US Federal Reserve anticipates, President Donald Trump will still face political headwinds over the cost of living with home mortgage rates expected to remain comparatively high, tariff-related price increases on goods seen persisting through the first part of the year, and cost pressures building around items like beef and electricity that can have an outsized influence on consumer perceptions.

Fed economic projections issued on Wednesday held good news for the administration, with policymakers expecting inflation to cool over the coming year, while economic growth accelerates.

Across the broad array of services that account for most economic activity, "disinflation appears to be continuing," Fed Chair Jerome Powell said, while goods

inflation should "come down in the back half" of 2026 as firms finish dividing tariff costs among consumers, their suppliers and their own operating margins. But in a midterm election year Trump and Republicans face a problem all politicians share. Consumers - voters - focus far less on the macroeconomic generalities analysed by economists, for whom inflation is a carefully weighted average rate of price changes across all goods and services, and more on what their local grocery charges for milk, how much the utility bill has risen, and what insurers charge to renew their homeowners policy.

Trump, whose administration has become concerned about low poll numbers particularly on the economy, with affordability a central issue, can rightfully note that overall inflation has been pretty modest on his watch so far. The Consumer Price Index from his inauguration through September is up about 1.6%, equivalent to a

roughly 2.4% annual pace and not far off of the central bank's 2% target, though that is measured slightly differently. Food at home, the rough equivalent of grocery prices, is up even less at 1.4%. But prices haven't fallen as Trump promised during his election

campaign and early on in his administration, with consumers still struggling through what has now become a nearly five-year case of rolling sticker shock. Some prominent CPI line items have in fact spiked sharply in recent months, a fact that may

turn hamburger into the same sort of political cudgel for Democrats that egg prices were for Trump last year.

In September, ground beef was 14% more expensive than when Trump resumed office; electricity prices were up over 4%, or around 6% on an annualised basis, and expected by many forecasters to go higher; and homeowners insurance was rising at a roughly 10% annual pace.

There were also cautionary notes in Powell's commentary to indicate the affordability fight will persist. Powell singled out the housing market as one part of the economy that continues to struggle, with likely little respite coming from the Fed's recent rate cuts. While its benchmark interest rate does influence long-term mortgage rates, government debt and other securities, Powell said the housing problem is one of chronic undersupply.

Mortgage rates have moderated since nearing 8% a little over two

years ago, but they've remained around 6.2% since September, after investors began pricing in what became quarter-point Fed rate cuts in September, October and December. With the Fed on hold for now and other factors holding up longer-term interest rates, they may not move much further.

Real estate firm Redfin this week reported both sellers and buyers pulling back, with sales prices rising nonetheless and mortgage rates likely to "remain largely unchanged in the near term."

Mortgage rates remain far above the ultra-low rates seen in the roughly 15 years following the 2007-to-2009 financial crisis, when Fed policy aimed specifically at holding down long-term borrowing costs.

Absent a serious recession or financial swoon, sub-3% mortgages are unlikely to reappear. The collapse of the housing industry during that crisis still echoes through what Powell said was years of underbuilding.

Deutsche Bank and Goldman see Fed cuts rekindling dollar slide

Bloomberg
Washington

Deutsche Bank AG, Goldman Sachs Group Inc and other Wall Street banks are forecasting that the US dollar will resume its slide next year as the Federal Reserve keeps nudging down interest rates.

The currency has stabilised over the past six months after tumbling by the most since the early 1970s during the first half of the year when President Donald Trump's trade war unleashed havoc in global markets.

But strategists expect the greenback to weaken again in 2026 as the US central bank continues to ease monetary policy just as others hold steady or move closer toward raising rates. That rift would give investors an incentive to sell US debt and shift the cash to countries where payouts are higher.

As a result, forecasters at more than half a dozen major investment banks are largely predicting that the dollar will slip against major counterparts like the yen, euro and pound. According to the consensus estimates compiled by Bloomberg, a widely tracked index of the dollar will weaken some 3% by the end of 2026.

"There is ample room for markets to price in a deeper cutting cycle," said David Adams, head of G10 foreign-exchange strategy at Morgan Stanley, which expects the dollar to drop 5% in the first half of the year. "That leaves plenty of capacity for further dollar weakness."

The dollar's decline is expected to be more muted and not as broad as it was this year, when it lost ground against all of the major currencies, leaving the the Bloomberg Dollar Spot Index down nearly 8% in its deepest annual drop since 2017. And the outlook hinges on anticipation that the US job market will continue to weaken — which remains uncertain, given the surprising



Deutsche Bank, Goldman Sachs Group and other Wall Street banks are forecasting that the US dollar will resume its slide next year as the Federal Reserve keeps nudging down interest rates

resilience of the post-pandemic economy.

Currency forecasting is also particularly vexing. When the dollar was surging late last year as investors piled into the so-called Trump trade, betting his policies would spur growth, strategists expected the the rally would reverse by mid-2025, only to get caught off guard by the scale of the drop during the first half of the year.

But strategists see the broad contours heading into the new year as a recipe for a weaker dollar. Traders are pricing in two more quarter-point Fed rate cuts next year, and it's possible that whoever Trump picks to replace Chair Jerome Powell may give in to White House pressure to lower rates even more. Meanwhile, the European Central Bank is expected to hold rates steady while the Bank of Japan nudges them upward.

"We see risks stacked more

against the dollar than in favour of the dollar," Luis Oganés, London-based head of global macro research at JPMorgan, said at a news conference on Tuesday.

A weaker dollar would have ripple effects in the broader economy by pushing up the cost of imports, increasing the value of corporate profits from overseas, and boosting exports — which would likely be welcomed by a Trump administration that's complained about the US trade deficit. It could also extend rallies in emerging markets as investors shift cash there to seize on higher interest rates.

That movement propelled emerging-market carry trades — which entail borrowing in low-rate countries and investing where yields are higher — to the biggest returns since 2009. JPMorgan and Bank of America Corp. both see potential for additional gains, flagging the Brazilian real and a handful Asian currencies

— like the South Korean won and Chinese yuan — respectively.

At Goldman Sachs, analysts led by Kamakshya Trivedi this month also noted that the market is starting to price a more optimistic economic outlook into other G10 currencies — like Canada's and Australia's — following stronger-than-expected data. They noted the dollar's "tendency to depreciate when the rest of the world is doing well."

The contrarians who expect the dollar to gain against some other major currencies point primarily to the robust US economy.

That growth, powered by the artificial-intelligence boom, will lure investment flows into the country that drive up the value of the dollar, analysts at Citigroup Inc and Standard Chartered said. "We see strong potential for a dollar cycle recovery in 2026," the Citigroup team led by Daniel Tobon wrote in their annual outlook.

Russian central bank says EU plans to use its assets are illegal

Reuters
Moscow

Russia's central bank said yesterday that plans by the European Union to use its assets were illegal and that it reserved the right to employ all available means to protect its interests.

In a separate statement, the central bank said it was suing Brussels-based financial institution Euroclear — which holds many of the assets — in a Moscow

court over what it said were damaging actions, affecting its ability to dispose of its funds and securities. "Mechanisms of direct or indirect use of the assets of the Bank of Russia, as well as any other forms of unauthorised use of the assets of the Bank of Russia, are illegal and contrary to international law, including violating the principles of sovereign immunity of assets," the bank said.

Euroclear, the Belgian government and the European Commission did not immediately respond to requests to comment.

The central bank referred to a Commission press release, published on December 3, which outlined two solutions to support Ukraine's financing needs in 2026 and 2027. Under one of those solutions, the Commission would be able to borrow cash balances from EU financial institutions holding frozen assets of the Russian central bank to issue a reparations loan for Ukraine.

Russian officials have repeatedly said such action would be met with "the harshest reaction". European Union governments

want to agree to freeze Russian central bank assets immobilised in Europe for as long as necessary, replacing the need for a vote to renew the freeze every six months, EU diplomats said.

Russia's central bank said implementation of such plans would be challenged in "national courts, judicial authorities of foreign states and international organisations, arbitral tribunals and other international judicial instances, followed by the enforcement of judicial decisions in the territories of UN member states".

German government bond yields edge up towards 9-month highs

Reuters
London

German government bond yields rose yesterday after hitting their highest level since March earlier this week, underscoring how investors have begun pricing in eurozone rate hikes, in sharp contrast to the United States, where rates appear set to fall.

German 10-year Bund yields, which serve as a benchmark for the wider eurozone market, were up 1.5 basis points (bps) at 2.17%, having risen 6 bps this week to their highest since March on Wednesday.

Two-year yields were flat at 2.17% after hitting 2.203%, the highest since March 18, with traders tilting their positioning towards a rate rise.

The European Central Bank (ECB) has reiterated a number of times it is "in a good place", with regard to the outlook for inflation and growth and did not see any immediate need to cut rates again, leading markets to assume borrowing costs would remain largely stable next year.

Comments from influential policymaker Isabel Schnabel

earlier in the week suggested that she at least believed the next likely move in rates would be a hike, prompting a flurry of positioning and a rise in yields. According to Barclays "Schnabel's 'next move could be a hike' message is a false alarm for now and one that is unlikely to get widespread traction within the Governing Council."

Some analysts were cautious even about the outlook for a stable policy rate, as risks to growth and inflation persist amid trade uncertainties and a strong euro. "Recent data, such as a contraction in German exports to the U.S. and China, underscores the fragility of trade dynamics," said Annalisa Piazza, fixed income research analyst at MFS Investment Management.

Money markets have priced out an ECB rate cut in 2026, while assigning around a 30% probability to a tightening move by December 2026 and a 58% chance by March 2027. Deutsche Bank sees 2% as the terminal policy rate. In its baseline the next move is a hike in mid-2027 when the combination of fiscal easing and a tight labour market shifts the inflation risks to

the upside of the target.

Next week brings delayed US jobs data and a flurry of central bank decisions, with the ECB expected to stay firmly on hold. The Fed, meanwhile, is seen cutting rates further next year.

This has cut the discount of two-year Schatz yields, which are more sensitive to rate expectations than other maturities, to two-year Treasury yields to 135.34 basis points, the smallest since May 2023, according to LSEG data.

Jefferies economist Mohit Kumar said US/German spreads may offer investors an opportunity to exploit the rate differential and said his team were maintaining a long position in short-dated euro debt.

On Thursday, strategists at UBS said they recommended investors take a long position in Bunds, on the grounds that term premia — a measure of the compensation investors demand to hold long-term government debt — are too high, considering the long-term outlook for German growth and inflation.

They price in a target rate of 2.75% and are prepared to close the position to avoid losses at 2.95%, they said.

BBVA rolls out ChatGPT to almost all employees in OpenAI deal

Bloomberg
Madrid

BBVA is giving almost all of its staff access to OpenAI's artificial intelligence (AI) tools after expanding its partnership with the technology firm.

The Spanish banking group said its more than 120,000 workers will be able to use ChatGPT Enterprise, following a pilot with 11,000 staff that found it saved three hours per week on routine tasks.

Though the firms did not disclose the terms of the agreement, a standard business plan typically costs \$25 per user each month, suggesting a yearly price tag of tens of millions of dollars for a large company.

"With this expansion of our work together, BBVA will embed our AI into the core of their products and operations to enhance the overall banking experience for their customers," Sam Altman, chief executive officer of OpenAI, said in a statement. Engineers at the two firms will work closer together on training AI models for banking use cases.



The ChatGPT virtual assistant logo. BBVA is giving almost all of its staff access to OpenAI's artificial intelligence tools after expanding its partnership with the technology firm.

Banco Bilbao Vizcaya Argentaria SA, as BBVA is formally known, has more than 1,000 scientists designing and running AI models who work alongside 2,500 data specialists, said Elena Alfaro, the bank's head of global AI adoption. "With something like this, they will be like super bankers with these capabilities," she said in an interview.

The firm is also working to add more features to its financial assistant named Blue, which can currently handle 150 queries from customers in Spain and Mexico.

US homeowners risk missing out on solar tax credits

Bloomberg
San Francisco

The big red billboard planted by a solar company alongside a Southern California freeway warns passersby that the "Solar Tax Credit Is Expiring," beckoning homeowners to install solar panels and batteries before the Trump administration eliminates the generous incentive on January 1.

The deadline has helped drive a big spike in business for solar installers as buyers rush to qualify for the 30% tax credit before it disappears. But California installers said lengthy utility permitting times could imperil customers' tax credits if their systems aren't in place by December 31.

"Clients are concerned about potentially missing the tax credit deadline," Anthony Del Bene, a manager at Berkeley solar installer A1 Sun, said in an email. "We explained that we would do everything possible to meet this timeframe [but] given the delays we're seeing, I can't say I feel completely at ease."

US homeowners already pay more for solar and wait longer for installation than Australians and Europeans due to a byzantine permitting system, which varies from city to city and utility to utility. Now, with the sun setting on the federal tax credit, delays that prevent solar and battery installations until after December 31 could cost homeowners \$10,000 more for a typical project.

Emily Walker, director of insights at Boston-based solar marketplace EnergySage, said permitting has been a barrier in the US long before the current solar stampede. "Installers are working around the clock to meet the rush, but most have stopped promising year-end completion due to limited bandwidth and increasingly long and inconsistent permitting timelines," she said in an email.

A US Internal Revenue Service spokesperson said that to qualify for the tax credit, homeowners need to complete installation of solar and battery systems by December 31. For those installing both, a finished system often must include the attachment of a device called a meter socket adapter to their utility meter to connect solar and battery components without expensive electrical upgrades.

That creates a particular bottleneck in California, the nation's largest solar market. Nearly 60% of new residential solar installations in the state include batteries compared to 40% nationally, according to the US Energy Information Administration, and utilities typically install the meter socket adapters.

Solar executives said it can then take up to a month or more for utilities to connect an installed system to the power grid, but that's no longer a requirement to receive the tax credit.

Kevin Luo, policy and market development manager at industry group California Solar & Storage

Association, said the race to go solar before the tax credits expire has only exacerbated longstanding permitting delays at two of the state's big investor-owned utilities, PG&E Corp and Southern California Edison.

"They had not prepared sufficiently for that even though they knew it was coming," he said. Lengthy municipal permitting times are also making it a gamble for homeowners trying to qualify for federal tax credits. "Many jurisdictions take weeks and sometimes months to approve permits for solar and battery systems, and that has caused significant delays in getting systems installed before the end of the year," said Jake Hassid, managing partner at Northern California installer Simply Solar.

Bill Russell, a manager at solar installer NRG Clean Power in the Los Angeles area, said it's taking Southern California Edison six to 10 weeks — four times longer than other utilities — to install meter socket adapters, putting customers' ability to qualify for the 30% tax credit "in serious jeopardy."

Southern California Edison spokesperson Jeff Monford said the utility has experienced "significant delays" in installing the devices between September and November due to a jump in applications from homeowners as the tax credit deadline approached. The utility is working to "speed up the process, enabling customers to receive their tax credits," he said.

PG&E spokesperson Mike Gazda said the time to process meter socket adapter applications and install the devices was nine days in October and November, but several installers said they're experiencing weeks or a month-long delay.

Barry Cinnamon, chief executive officer of Bay Area installer Cinnamon Energy Systems, said he launched a marketing campaign urging potential customers to "hurry up" after the enactment of the Trump administration's tax bill in July scuttled tax credits and rebates for renewable energy, heat pumps and electric vehicles. That resulted in record sales, and Cinnamon hired more installers to handle the demand.

To avoid waiting for the utility to install meter socket adapters, he switched to a more expensive gadget called a gateway, which performs the same function but can be deployed by the installer. Otherwise, "we're not going to be able to complete the installation in time now because we will have that delay from the utility," said Cinnamon.

Solar installers said they haven't experienced permitting delays with California's other big utility, San Diego Gas & Electric Co (SDG&E) spokesperson Anthony Wagner said on average the utility connects a residential solar system to the grid in three days. It processes meter socket adaptor applications in two days and a contractor performs the installation.

SoftBank billionaire Son trims share pledges after AI rally

Bloomberg
Singapore

Masayoshi Son reduced the SoftBank Group Corp shares he's pledged to lenders by \$2.1bn in recent months, lowering his collateral after bets on artificial intelligence (AI) propelled the latest comeback in his volatile technology fortune.

Son trimmed his committed shares by 19.4mn to around 154.2mn, according to a filing earlier this month. About 31% of Son's holdings in the Tokyo-listed company are now pledged to banks, down from near 39% in March 2020, data compiled by Bloomberg show.

The bulk of Son's \$35.3bn fortune derives from a stake of just over a third in SoftBank, the Tokyo-listed conglomerate he founded that oversees a global empire of investments from chipmakers to startup ventures. SoftBank shares surged almost 200% to peak at the end of October on the back of an AI frenzy. They've given up some of the gains lately on fears of a bubble in the sector, but are still heading for the biggest yearly gain since 2013.

A Singapore-based investment firm ultimately controlled by Son now holds \$1.1bn of SoftBank stock, ac-



Masayoshi Son.

ording to the same filing, a departure from the billionaire's previous management of his shares via Japanese entities. Son has historically used shares in the group he founded as collateral for loans with lenders including Mizuho Financial Group Inc, Deutsche Bank AG and Julius Baer Group Ltd, and has frequently transferred shares among different entities he controls.

A spokesperson for SoftBank declined to comment. Son has been aggressively expanding his bets, making bold investments in AI hardware

companies like Nvidia Corp, which he later offloaded, and Taiwan Semiconductor Manufacturing Co, briefly turning him into Japan's richest person earlier this year.

When SoftBank's stock was trading around ¥25,000 (\$160.57) per share in October, Son probably took "advantage of the value the shares have reached to take them off the pledges," said Amir Anvarzadeh, a market strategist at Asymmetric Advisors in Singapore. "But since then, they have been coming under

a lot of pressure," said Anvarzadeh, who recommends clients to short the stock. Singapore-based SAM Wealth Management Pte borrowed 10mn SoftBank shares, worth about \$1.1bn, from a Japan-based parent company that is also controlled by the billionaire, according to the filing.

The filing doesn't detail the rationale behind the stock loan agreement between the two entities, but the transaction is a reminder of the complex web of relationships that have long underpinned one of Japan's largest and most volatile fortunes.

The Singapore wealth firm was incorporated in 2021 and is fully owned by Son Asset Management LLC, a Japanese entity that holds a 1.9% stake in SoftBank.

Son's Singapore investment entity is headquartered at the city's Raffles Place financial district. To fund its operations, it has borrowed from banks, including facilities backed by an aircraft. It did not disclose further details.

"With SoftBank shares up so much this year, there could be an opportunity for him to renegotiate with banks on terms for collaterals on the money that he's borrowed," said Kirk Boodry, a Bloomberg Intelligence analyst in Hong Kong who's covered the Japanese tech firm for more than fifteen years.

Emerging currencies, stocks edge higher

Reuters
Singapore

Emerging market assets were set to close out a week packed with monetary policy decisions with only slim gains, as rate-cut optimism gave way to uncertainty over next year's guidance and geopolitical tensions returned to the fore.

The MSCI index of emerging market stocks rose nearly 1% yesterday, and the currencies index edged slightly higher. Both were poised to end the week up 0.3% and 0.1%, respectively, if current levels hold.

Beneath the modest headline gains, however, diverging policy paths across emerging markets are becoming more important for investors.

With geopolitical risks flaring, country-specific central bank moves and guidance are increasingly driving returns and volatility across local assets.

"While emerging markets' core inflation has, on average, returned to central bank targets, there remains considerable variation across economies," analysts at JP Morgan wrote in a note.

The Czech crown slipped 0.1% against the euro, set to snap a three-day winning streak, after a central bank board member told Bloomberg News that market bets that a rate hike will come next year were premature.

Rate hikes are generally seen as negative for equities, but typically support a currency, especially when the dollar is weakening, as investors search for higher-yielding alternatives.

Czech equities rose 0.7% and were at a record high.

In Turkey, the stock benchmark gained 0.7% a

day after the central bank lowered its policy interest rate by 150 basis points, citing signs of improvement in inflation, even as the lira hovered at a record low.

The Hungarian forint slid 0.5%, extending its slide as tensions with the European Union escalated.

On Thursday, the European Commission ordered Hungary to scrap a limit set on retail price margins on food products and drugstore articles levied on non-Hungarian retailers or risk legal action. Hungary's Economy Ministry defied the call.

Polish stocks climbed 0.7% and hit their highest in a month. The Polish zloty was 0.1% lower.

Central banker Ireneusz Dabrowski said the monetary policy council is likely to slow the pace of rate cuts in the near future and enter a wait-and-see mode, but there is a possibility of a reduction later in 2026.

Developments in Ukraine continued to draw investor attention.

The country's dollar-denominated bonds were trading higher, with issues due in 2029, 2035 and 2036 up more than 1 cent on the dollar, according to data from Tradeweb.

Diplomatic efforts to end the Russia-Ukraine war have intensified in recent weeks. The White House said on Thursday that the administration was prepared to send a representative to talks in Europe this weekend if there is a realistic prospect of signing a peace agreement, even as comments from US President Donald Trump suggested his patience was starting to wear thin.

Investors were also monitoring trade developments. The Indian rupee dropped to a record low as a long-awaited trade deal with the US remained out of reach.

BoJ said to see hiking cycle likely extending beyond 0.75%

Bloomberg
Tokyo

Bank of Japan (BoJ) officials consider it likely that interest rates will rise above 0.75% before their rate hike cycle is over, according to people familiar with the matter, a sign that more increases may be in store after a widely expected move next week.

The officials don't think the BoJ would be at the so-called neutral rate if borrowing costs are raised to 0.75%, according to the people.

Some officials already see that 1% would still be below the neutral rate, they said.

The neutral rate is the level at which the central bank's policies are deemed neither restrictive nor stimulative and is usually the end goal of any cycle of policy moves.

Even if BoJ officials update their estimate of the rate with the latest data, at this point they do not see the range drastically narrowing, according to the people.

A narrower range suggests a central bank is closing in on the neutral interest rate.

Earlier this month Governor Kazuo Ueda fed market speculation over the neutral rate, by saying the bank would like to publish its latest estimate when it can narrow down the range. Still, he warned that it's a concept that must be viewed with considerable breadth.

All 50 BoJ watchers surveyed by Bloomberg expect the bank to raise its benchmark rate to 0.75% yesterday next week.

Many of them said the key focus of the gathering is whether the Bank of Japan provides a new neutral rate analysis as they search for clues on

the rate hike path going forward. The survey estimate for the terminal rate for this hiking cycle is 1.25%, indicating two more hikes beyond the move next week before the BoJ stops its rate increases.

The bank currently sees the nominal range of the neutral rate at between around 1% and 2.5%.

BoJ officials even see the possibility for error in the upper and lower points of the range, the people said. The central bank will therefore continue to examine the impact of each rate hike before determining the ideal policy rate level, they added.

Asia markets track Wall Street record after Fed rate cut

AFP
Hong Kong

Asian equities rose yesterday as investors tracked a record day on Wall Street in the wake of the Federal Reserve's latest interest rate cut.

The gains came despite renewed concerns about tech valuations after disappointing earnings from sector giants Oracle and Broadcom.

Markets ended a mixed week on a strong note, with eyes now on the release of delayed US jobs data next week, which could provide an insight into the central bank's plans for next year.

Figures released Thursday showed initial jobless claims rose more than expected in the week ended December 6, marking their biggest increase for five and a half years and reinforcing the view of

a softening labour market. Traders welcomed Fed boss Jerome Powell's post-meeting comments Wednesday - which were seen as less hawkish than feared - but the policy board's statement suggested it could hold off a fourth straight cut in January.

And analysts said the fact that three decision-makers unusually dissented complicated the policy outlook.

Still, investors in New York continued to look at the positives, pencilling in more cuts next year and pushing the S&P 500 and Dow to fresh records.

Asia followed suit, with Tokyo, Hong Kong, Sydney, Singapore and Seoul up more than one percent, while Shanghai, Wellington, Taipei, Mumbai and Manila also rose.

London edged up at the open even as data showed the UK economy unexpectedly shrunk



Visitors stand in front of an electronic ticker at the Tokyo Stock Exchange. The Nikkei 225 closed up 1.4% to 50,836.55 points yesterday.

in October. Paris and Frankfurt also rose. Jakarta slipped, while Bangkok was barely moved as

investors brushed off news that Thailand's prime minister had dissolved parliament, paving the

way for general elections early next year.

"So, (the Fed being) not as hawkish as it could have been and despite only one cut next year pencilled in, a new Fed chair and cooling jobs market means markets think there is more to come," said Neil Wilson at Saxo Markets.

The gains came despite worries about an AI-led tech rally that has seen many firms chalk up eye-watering gains, with chip giant Nvidia becoming the first to break a \$5tn valuation in October.

With warnings that the hundreds of billions of dollars pumped into AI may have been overdone - and investors might have to wait some time before seeing any returns - analysts say valuations could be overstretched and a bubble forming.

Those worries were compounded on Thursday as earnings from

chip titan Broadcom failed to meet investors' lofty expectations and its outlook for AI sales disappointed. Its shares fell more than four percent in after-hours trade. The news came a day after software firm Oracle reported quarterly revenue had fallen short of forecasts and revealed a surge in spending on data centres to boost AI capacity.

Shares in Oracle ended down 10.8 percent in New York.

In corporate news, tech investment giant SoftBank jumped 3.9% as Bloomberg reported that the firm is looking a more acquisitions including data centre operator Switch as it looks to build its influence in the AI sector.

In Tokyo, the Nikkei 225 closed up 1.4% to 50,836.55 points; Hong Kong - Hang Seng Index ended up 1.8% to 25,976.79 points and Shanghai - Composite closed up 0.4% to 3,889.35 points yesterday.

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AI data centre boom sparks fears of glut amid lending frenzy

Bloomberg

New York

Two data centre billionaires minted before anything is even built. A borrower seeking a loan for 150% of the construction cost. And companies that are using financial engineering to keep liabilities off their balance sheets.

For the sceptics, those are some of the examples of why the artificial intelligence data centre boom is getting out of hand.

There's a frenzy of development going on to support the AI revolution, and with it an insatiable demand for debt to fund it. Some estimate the overall infrastructure roll-out cost could reach \$10tn, and with so many lenders lining up to throw cash at the assets, the fear is a bubble is building that could eventually leave equity and credit players facing substantial pain.

“One key risk to consider is the possibility that the boom in data centre construction will result in a glut. Some data centres may be rendered uneconomic, and some owners may go bankrupt,” Oaktree Capital Management LP co-founder Howard Marks wrote in a note this week. “We'll see which lenders maintain discipline in today's heady environment.”

Given the flood of money going in, another danger is that there will be less credit available when facilities being constructed now using loans are in need of re-financing in three to five years' time.

There's also growing concern about the level of leverage, particularly given the technology may underperform its high expectations. In such a scenario, lenders may be even more reluctant to refinance, and companies would have to find additional equity or pay more to borrow.

“Momentum is strong, but if this is irrational exuberance, investors will lose when the music stops,” said Sadek Wahba, chairman and managing partner at infrastructure investor 1 Squared Capital. He said his firm is trying to be careful, cautioning that “every deal has nuance, and the fine print matters.” The broader AI universe has also been caught up in the worries, with circular deals and soaring valuations taking a toll on the bullish sentiment that once dominated.

At Brookfield, Chief Executive Officer Bruce Flatt sees \$5-10tn of spending to finance the roll out of AI across everything from data centres to power infrastructure. McKinsey & Co estimates almost \$7tn is needed by 2030 just on data centres, including those for AI. “These are sums that

have never been invested before,” Flatt said. OpenAI, for example, has plans to spend \$1.4tn on AI infrastructure – and would spend more if it could. Chief Financial Officer Sarah Friar has repeatedly said that the company's only constraint was finding more computing capacity.

If the scale of the deals is one worry, another surrounds how they are being packaged and structured.

Lenders are slicing and dicing debt and selling it on to other investors, meaning it becomes more and more opaque, according to Vinay Nair, chief executive officer at fintech platform TIFIN and a teacher in executive education programmes at The Wharton School.

“You're spreading this risk through the system,” he said. If there's a decline, “I don't think we totally understand all the ripple effects of this through that credit channel.”

Some borrowers have been shifting the risk from AI data centres off their balance sheets using the securitisation markets, where the debt is tranching into slices with varying risks and returns and bought up by the likes of insurers and pension funds. A similar story is emerging in the graphics processing units that process the data.

With the lending environment so posi-

tive, some borrowers are even asking for more than 100% of the build cost for projects, according to two private credit lenders, who asked not to be identified as the details are private. In one case, the request was for 150%, with the property developer justifying the request on the basis of the uplift in valuation of the facility when rents start flowing, one of the people said.

Meanwhile, there's also a risk of hype at play. Nuclear startup Fermi Inc. has yet to develop any data centres, but its valuation briefly jumped to more than \$19bn when it listed this year. That's made billionaires of founders Toby Neugebauer and Griffin Perry, son of former US energy secretary Rick Perry.

But there's also increasing market jitters about the borrowing and spending.

Fermi's shares plunged more than 40% on Friday when a tenant terminated a \$150mn agreement tied to its proposed AI campus in Texas. Meanwhile, Broadcom Inc slid on what some investors saw as a disappointing backlog of AI orders.

Oracle Corp slumped this week after the company reported a jump in investment in data centres and other equipment.

For years, landlords financed data centres with a combination of equity and debt

and leased out the space. Hyperscalers, large cloud computing providers like Microsoft Corp and Alphabet Inc's Google, also developed sites themselves as cloud services took off.

Now, companies want to keep adding capacity and maintain control of it, but are increasingly structuring deals to reduce the impact on financial statements, which helps limit the risk they'll be seen as overexposed. The hyperscalers are starting to use so-called synthetic leases, which limit the liabilities that appear on their balance sheet but still allow them to benefit from tax relief on depreciation, according to Jeffrey Shell, a vice chairman of corporate capital markets at CBRE.

Tech giants would previously just write their own checks “because they need to move quickly for first mover advantage,” said Shell. “At some point, even for the biggest companies, financing at these levels has a meaningful impact on the balance sheet.” As borrowing soars, credit markets are having to adapt to cope with the demand.

“The size has now outstripped what you're going to realistically place into CMBS, ABS, and the private placement project bond market,” said Scott Wilcoxon, JPMorgan Chase & Co's global head of digital infrastructure investment banking.

US 30-year yield highest since September in wake of Fed moves

Bloomberg

Washington

Long-term Treasuries fell, lifting the 30-year bond's yield to the highest level since early September, as the implications of this week's Federal Reserve interest-rate cut and policy stance filtered into the market.

The 30-year bond's yield rose as much as six basis points to 4.86%, the highest level since September 5, and is about five basis points higher on the week.

The two-year note's yield, little changed yesterday, is slightly lower on the week after sliding nearly eight basis points on Wednesday, when the Fed cut interest rates by a quarter point as expected.

What wasn't expected was commentary by Fed Chair Jerome Powell, in the press conference following the decision, leaving the door open to additional rate cuts before his term ends in May.

Economists at Bank of America called it “an unintentionally dovish cut”. The prospect of more Fed rate cuts next year supports lower short-term Treasury yields, while long-maturity tenors reflect still-elevated inflation.

Chicago Fed President Austan Goolsbee and Kansas City Fed President Jeff Schmid, in statements released yesterday, said inflation concerns drove their dissents from Wednesday's rate cut in favour of no action.

“Chicago Fed President Austan Goolsbee said his recent rate-cut dissent was predicated on worries about inflation.

Given traders are still pricing in two 25-bp cuts through the end of 2026, his comments



The US Treasury building in Washington, DC. Long-term Treasuries fell, lifting the 30-year bond's yield to the highest level since early September, as the implications of this week's Federal Reserve interest-rate cut and policy stance filtered into the market.

point to downside risks for Treasuries,” says Edward Harrison, macro strategist, Markets Live at Bloomberg.

Also, Cleveland Fed President Beth Hammack, who next year rotates into the subset of regional Fed presidents who vote on rate moves, reiterated her view that inflation warrants forestalling rate cuts.

“They're cutting into a pretty strong economy,” and “some fears of resurgence of inflation” during the second half of next year may emerge, to the detriment of long-duration assets, said Neil Sutherland, portfolio manager at Schroder Investment Management.

At the same time, a 30-year bond auction on Thursday, though

well received, remains a possible source of upward pressure on yields to entice buyers.

December 30-year bond auctions, however, have a good track record of rallying between the auction, which took place at 1pm New York time Thursday, and 3pm the next day, according to Tony Farren, managing director in rates sales and trading at Mischler Financial Group.

Meanwhile, expectations for lower Fed rates were supported by expectations that Powell's successor will seek more aggressive easing at the urging of US President Donald Trump, broadly lower oil prices that may lessen inflation pressures, and separate Fed actions taken this week in support

of lower money-market interest rates.

Philadelphia Fed President Anna Paulson, who also votes on rate decisions next year, speaking yesterday, said she was more concerned about labour market weakness than about upside inflation risks.

The divergent performance of short- and long-maturity Treasuries wedged their yields further apart, with key differentials reaching notable levels.

For example, the gap between two- and 10-year yields nearly reached 65 basis points, last seen in April. The 30-year yield exceeded the five-year by 110 basis points, near the high end of its range since early September

Nasdaq seeks discretion to deny listings of small-cap IPOs

Bloomberg

New York

Nasdaq Inc is changing its rules to allow it to turn down stock listings when it spots red flags, even if applicants meet all of the exchange operator's requirements.

The effort is a bid to prevent wild market swings and allegations of stock manipulation that have plagued small initial public offering, many by companies based in Asia.

Under the plan, outlined in a filing with the US Securities and Exchange Commission (SEC) yesterday, Nasdaq could consider where the company is located, whether US investors have legal remedies in those jurisdictions, and if any of the company's advisers – including auditors, underwriters, and law firms – were involved in other deals where the securities had problematic or unusual trading.

It would also allow Nasdaq to weigh concerns about the integrity of the company's board, management, significant shareholders or advisers. Current rules don't allow Nasdaq to deny a listing based on trading patterns or considerations related to the company's advisers.

“The proposed factors will help provide transparency to situations where Nasdaq believes an applicant's securities may be more susceptible to manipulation, based on comparable characteristics or the involvement of similar advisors,” Nasdaq said in the filing.

The proposed rule will become effective immediately, according to the filing.

The SEC didn't immediately respond to a request for comment. Extreme share-price moves in publicly traded companies with relatively small market capitalisations and thin liquidity have made headlines

this year. Regulators and market watchdogs have also raised concerns about bad actors manipulating the market and warned about pump-and-dump schemes.

Regencell Bioscience Holdings Ltd, a Hong Kong-based traditional Chinese medicine company with no sales, soared 46,000% this year through mid-June before retreating.

It said in October the Department of Justice was probing trading in its shares. Pheton Holdings Ltd, another tiny Chinese health care stock, lost 90% of its market value in a matter of minutes in July.

In September, Nasdaq issued a separate proposal calling for tighter standards that small companies listing on Nasdaq must abide by, and additional requirements for new listings of companies with operations based in China. That proposal is awaiting SEC approval.

The SEC is also zeroing in on unusual trades. Since the end of September, the regulator has suspended trading in a dozen Nasdaq-listed microcaps based in Asia, citing potential share price manipulation.

In all but one suspension, the regulator also warned about evidence of fraudsters on social media using scam tactics to inflate stock prices.

Other regulators are also raising questions. In October, the Financial Industry Regulatory Authority said it was probing broker-dealer firms involved in taking small foreign companies public.

A proposed rule change filed under the method Nasdaq used Friday normally doesn't become operative prior to 30 days after the submission.

The SEC can designate a shorter time if taking action is consistent with protecting investors and the public interest, according to the filing.

Economists agree with ECB's Schnabel that next move will be hike

Bloomberg

Frankfurt

Economists predict the next shift in European Central Bank (ECB) interest rates will be up, aligning with the views of investors and influential Executive Board member Isabel Schnabel as inflation settles around 2%. More than 60% of respondents in a Bloomberg survey say officials are more likely to raise borrowing costs than lower them – a meaningful change from October, when only a third shared that outlook. It's not something they expect to happen anytime soon, however: The deposit rate is seen remaining at 2% on Dec 18 and throughout the next two years. Analysts are revising their forecasts after inflation stabilised and the eurozone's economy weathered global trade stress and geopolitical upheaval surprisingly well. In an interview, Schnabel cited such resilience – and rosier prospects, helped by a glut of

government spending – among reasons why she's “rather comfortable” with wagers for rates to rise next. One gauge points to a first increase in the latter half of 2027.

Most Governing Council members say simply that rates are in a “good place” for the time being. For President Christine Lagarde, the task will be to reflect their confidence that dangers to the economy are waning without encouraging the idea that hikes are getting close, according to Jan von Gerich, chief strategist at Nordea. That's an opinion shared by others. “The biggest challenge is one of communication, particularly against a backdrop of rapidly-evolving market expectations,” said Paul Hollingsworth, chief European economist at BNP Paribas.

Hollingsworth and von Gerich both forecast quarter-point hikes in September and December 2027. Were traders to bet on more rapid action, tighter financing conditions would pose a headwind for the economy – just as it's expected to pick up.



Isabel Schnabel, executive board member of the European Central Bank.

Indeed, survey respondents reckon next week's new quarterly projections from the ECB will paint a brighter picture for growth – something Lagarde herself has also suggested.

On inflation, concerns linger about 2027, when a holdup in the European Union's new carbon-pricing system could weigh. Most economists, though,

expect a September forecast for prices to rise 1.9% that year to be maintained. Eyes will then shift to 2028 – the first time it will feature in the outlook.

The poll indicates a figure just above the ECB's 2% goal, leaving almost two-thirds of analysts more worried about an overshoot of the medium-term target than an

undershoot. Even those who think price pressures will be materially weaker in three years don't consider them soft enough alone to trigger another decrease in borrowing costs. “The ECB should feel rates are properly set at present as inflation risks are comparatively balanced,” Scope economist Dennis Shen said. “We don't expect any rate reductions in 2026, but the ECB will keep its options open.” One reason to remain flexible, according to Shen, is the potential for more US cuts next year. The Federal Reserve eased for a third straight meeting this week and may lower once more in 2026. Kevin Hassett, the frontrunner to replace Chair Jerome Powell, sees “plenty of room” for more substantial moves, however. “While the ECB appears reluctant to cut rates again, our view is that the risks to our call for no change are skewed to the downside. We think the central bank is underestimating the threat US tariffs pose to the region's economy”, say David Powell and Simona Delle Chiaie, analysts at

Bloomberg. US policy – monetary as well as trade – is still deemed the most acute threat to the euro area, with the war in Ukraine remaining a big concern. Against that backdrop, Swedbank's Chief Economist Nerijus Maciulis foresees one more cut by the ECB in March, arguing that bullishness on the region's growth prospects “rests on flimsy foundations.” “Unless we are talking about hiking down the well-trodden scenic Alpine paths, Governing Council members are unlikely to hike any time soon,” he said. About 45% of respondents, though, say economic growth is predominantly restrained by structural forces beyond the ECB's control. These include sluggish manufacturing amid stiffer competition from China, costly energy and excessive bureaucracy. Nearly half say those hurdles are just as strong as cyclical drags, illustrating why policymakers are expected to show patience before considering more rate cuts – even if growth and inflation disappoint.