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QIB showcases over four decades of banking legacy at new head office inauguration

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BUSINESS

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Citadel is planning Dubai office in boost for city's hedge fund hopes

QNB Financial Services launches 'first-of-its-kind' access to listed bonds on QSE

QNB FINANCIAL SERVICES

QNB Financial Services (QNBFS), a subsidiary of QNB Group launched retail trading in fixed-income securities on the Qatar Stock Exchange (QSE), where QNBFS executed its first transaction in fixed-income securities for individuals.

This "pioneer step" makes QNBFS the first broker in Qatar to enable direct bond trading for both individual and small institutional investors on the QSE with a significantly reduced minimum investment threshold.

As a subsidiary of QNB, QNBFS will leverage QNB's primary distributor role, mandated by the Qatar Central Bank, to support clients in the buying and selling of QAR government securities, and clients will have the ability to not only purchase QAR government securities but also to sell them at transparent, competitive prices at all times, securing an exit mechanism for retail investors.

This provides confidence and flexibility for individual investors participating in the QAR sovereign debt capital market.

This step supports the QCB's efforts and vision to enhance the liquidity and depth of the QAR government securities. By enabling wider access to QAR government securities, the programme strengthens the depth of the secondary market and provides the retail client base the opportunity to benefit from the high credit ratings of the QAR government securities along with its attractive yields.

Historically, bond trading in Qatar has been accessible only to large institutions, often requiring minimum investments of up to QR50mn.

With this groundbreaking pioneer step, QNBFS along with QSE has opened up access to the fixed-income market by reducing the entry point to just QR100,000, allowing a broader range of investors to participate directly in listed sovereign and corporate bonds on the QSE.

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This represents a major step in enhancing market diversification, investor inclusion, and overall capital-market depth in Qatar. The move arrives at a time of sustained growth in regional debt capital markets.

According to the London Stock Exchange Group, bond issuance across the Middle East and North Africa grew 20% year-on-year in the first nine months of 2025, reaching $125.9bn.

Qatar's activity reflected this momentum, with $10.97bn in bond issuances during the same period. This rising demand for stable, income-generating investment options underscores the timeliness of QNBFS's offering and its value to investors seeking diversified portfolios.

This major step marks a transformative moment for QNBFS and the Qatari capital market. By lowering the entry barrier, the new service enables thousands of individual and smaller institutional investors to access a vital asset class that was previously out of reach.

This development significantly broadens the range of financial products available on the Qatar Stock Exchange, supporting Qatar's strategy to enhance liquidity, deepen market sophistication, and diversify investment opportunities.

Accessibility and ease-of-entry are at the heart of the new offering. Any investor – including foreign individuals and small institutions – with a National Investment Number (NIN) in QSE, can participate in listed bond trading through QNBFS.

This open-access model positions Qatar as an increasingly attractive and competitive investment hub, providing global investors with a seamless way to capture stable, low-risk returns through Qatar's sovereign and corporate fixed-income instruments.

By facilitating transparent price discovery, improving liquidity, and expanding market participation, QNBFS continues to reinforce its leadership in the evolution of Qatar's capital-market ecosystem. This initiative further cements its role as a financial pioneer supporting the country's long-term economic and investment objectives.

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani, including board members Mohamed bin Ahmed al-Obaidli and Rashid bin Nasser al-Kaabi, during the 136th Union of Arab Chambers board of directors meeting held in Cairo.

Qatar Chamber chairman calls for boosting intra-Arab joint investments

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani led a delegation that participated in the 136th Union of Arab Chambers (UAC) board of directors meeting held in Cairo, Egypt.

Qatar Chamber board members Mohamed bin Ahmed al-Obaidli and Rashid bin Nasser al-Kaabi also attended the meeting, which discussed several topics on joint Arab action and ways to enhance trade and economic relations among Arab countries, in addition to the items on the agenda. The participants agreed to hold the next meeting in Doha, hosted by Qatar Chamber.

In a statement, Sheikh Khalifa described the meeting as a pivotal platform for enhancing joint Arab action and unifying the efforts of the Arab private sector in addressing regional and global economic challenges.

He also emphasised the need to strengthen Arab economic integration and develop co-operation mechanisms, which would contribute to supporting intra-Arab trade, stimulating joint investments, and raising the competitiveness of Arab economies, especially in light of the growth of global economic blocs and the rapid changes they impose.

Sheikh Khalifa highlighted that the Arab private sector is receiving considerable attention from the governments, underscoring the importance of enhancing its role in implementing economic initiatives, fostering an attractive investment environment, strengthening partnerships among Arab businesspeople, and supporting economic diversification, which in turn positively impacts growth rates and economic stability in Arab countries.

He highlighted the importance of strengthening the presence of Arab companies in regional and international markets through joint co-ordination, organising trade missions, participating in international exhibitions, and benefiting from existing economic agreements.

Sheikh Khalifa also emphasised the Qatar Chamber's commitment to continuing its support for the UAC's efforts and working closely with member chambers to foster economic cooperation and enable the Arab private sector to play its anticipated role in a manner that achieves common interests and serves comprehensive development goals across the Arab region.

MCIT organises awareness sessions to support SMEs in adopting modern digital tools

QNA
Doha

The Ministry of Communications and Information Technology (MCIT), through Qatar Digital Academy and in collaboration with Microsoft, organised two awareness sessions under the SMEs Go Digital Program at the Digital Center of Excellence. The sessions aimed to support SMEs in adopting modern digital tools that contribute to increasing productivity, simplifying operations, and supporting sustainable growth.

The first session focused on showcasing Microsoft applications designed to enhance productivity, where experts delivered practical training on key skills related to collaboration, teamwork, time management, and information sharing within organisations. The session also included examples illustrating how these tools can be applied across different work environments to enhance operational efficiency.

The second session addressed Microsoft Business Central, an integrated business management system that provides companies with accurate insights into financial operations, supply chain management, sales, and inventory. Practical use cases were presented to demonstrate how the system helps improve planning, accelerate decision-making, and adopt digital solutions that support business expansion and growth.

The sessions were aimed at supporting SMEs in adopting modern digital tools that contribute to increasing productivity, simplifying operations, and supporting sustainable growth

The sessions are part of a series of specialised sessions organised under the SMEs Go Digital Program, which targets sectors including tourism, education, healthcare, retail and wholesale, and transport and logistics. The programme supports the objectives of the Digital Agenda 2030 by building an innovative business ecosystem and enabling enterprises to adopt advanced technologies and enhance their readiness for the digital future.

Qatar records 34 more LNG cargoes in 11 months up to November: GECF

By Pratap John
Business Editor

Qatar has seen 34 more LNG cargoes in 11 months of 2025 until November, according to the latest data from the Gas Exporting Countries Forum (GECF).

During these months, GECF countries accounted for 45% of LNG cargo exports, led by Qatar, Malaysia and Russia.

In November, there were some 587 cargoes exported globally, which were 20 more than in October, and 52 more than one year ago.

After eleven months of 2025, total cargo exports reached 5,928, which was 154 more than during the same period in 2024, GECF noted.

Globally, the US, Australia and Qatar remained the top three LNG exporters during November, the report said.

In November, global LNG exports surged by 15% (5.23mn tonnes) y-o-y to reach an all-time high of 39.79mn tonnes, just shy of the 40mn tonnes.

The increase was driven primarily by non-GECF countries, with GECF member countries contributing to a lesser extent, offsetting weaker LNG re-exports.

Between January and November this year, cumulative global LNG exports reached 397.56mn tonnes, representing a sharp increase of 6.7% (24.91mn tonnes) y-o-y.

The bulk of this growth was led by non-GECF countries, while GECF members also added incremental volumes. During the same period,

A view of the Ras Laffan Industrial City, Qatar's principal site for the production of liquefied natural gas and gas-to-liquids. Globally, the US, Australia and Qatar remained the top three LNG exporters during November, according to GECF.

LNG re-exports recorded a slight decline.

In November, LNG exports from GECF member and observer countries reached 17.19mn tonnes, representing an increase of 5.6% (0.91mn tonnes) y-o-y.

This marks the highest export level recorded for the month of November.

At the country level, Angola, Egypt, Mauritania, Malaysia, Nigeria, Qatar and Senegal were the main contributors to this increase, more than offsetting the decline in exports from Algeria and the United Arab Emirates.

Stronger LNG exports from Angola, Egypt, Malaysia, and Nigeria were supported by higher feedgas availability in these countries.

Although Egypt has resumed regular LNG imports, a recovery in domestic gas production has allowed it to occasionally export LNG cargoes.

In Mauritania and Senegal, the continued ramp-up of production from the GTA FLNG 1 facility boosted export volumes.

In Qatar, reduced maintenance at the Ras Laffan LNG complex supported higher LNG exports.

By contrast, lower LNG exports from Algeria were attributed to reduced feedgas availability. In addition, ongoing maintenance at the Das Island LNG facility resulted in lower export volumes from the UAE.

From January to November, cumulative LNG exports from GECF member countries increased by 1.8% (3.14mn tonnes) y-o-y to reach 178.05mn tonnes.

In November, LNG exports from non-GECF countries surged by 26% (4.62mn tonnes) y-o-y, reaching a record high of 22.43mn tonnes. The bulk of this increase was driven by higher exports from the United States, while Canada, Indonesia, and Papua New Guinea also contributed to a lesser extent, GECF noted.

Citadel plans Dubai office in boost for city's hedge fund expansion hopes

Bloomberg
Dubai

Ken Griffin's Citadel is establishing an office in Dubai, becoming one of the last major hedge fund holdouts to set up shop in the United Arab Emirates and marking a significant win for the city's attempts to become a hub for the industry.

The $72bn firm plans to open an outpost in the emirate's financial centre next year. The move will extend Citadel's presence to an 18th city and comes as the world's largest hedge funds increasingly migrate to Dubai and Abu Dhabi, amid a growing talent pool and expanding regional capital markets.

"Building high-performing teams in cities with exceptional talent has been a cornerstone of our success for 35 years," Citadel Chief Operating Officer Gerald Beeson said in a statement. The office will "offer the strong talent pool in the region compelling opportunities to grow their careers with us", he said.

The Dubai office is expected to help Citadel strengthen its around-the-clock trading capabilities and deepen relationships with companies that already have a significant presence in the Gulf.

Members of its Fixed Income and Macro business, which is led by Edwin Lin, will be the first to establish a presence in the city.

Griffin, the firm's chief executive officer, has previously said any expansion decision would hinge on access to talent, not just tax perks. "Having a portfolio manager located in a low-tax jurisdiction on Zoom intermittently with a team back in London — that's not a winning formula," he said at an event in Doha last year.

Still, the likes of Brevan Howard Asset Management and Millennium Management have set up local offices in the UAE in recent years. The influx of firms has brought in hundreds of traders and associated staff to the country, helping build a foundation for a hedge fund ecosystem.

Meanwhile, both Dubai and Abu Dhabi have stepped up efforts to attract global investment firms, touting their zero personal income tax, business-friendly regulation and a timezone that connects traders in Asia, Europe and the US. Some firms are now using Gulf offices as perks to recruit and retain global talent.

In all, Dubai now hosts more than 100 hedge funds. Neighbouring Abu Dhabi is also expanding rapidly, with Hudson Bay Capital Management, Marshall Wace and Arini all setting up in the city over the past year.

With Citadel, one of the world's largest hedge fund employers, now entering the UAE, one prominent holdout remains: D.E. Shaw, which opened in Dubai in 2009 but later pulled out.


Ken Griffin, Citadel CEO.

Iran rial tanks to record low as US sanctions and inflation bite

Bloomberg
Dubai

Iran's currency depreciated to record lows against the dollar last week as multiple challenges including oil sanctions, regional tensions and spiralling inflation plague the economy.

The greenback was trading at a little under 1.3mn rials on the unregulated, open market in Tehran late on Wednesday, according to the website Bonbast and the Telegram accounts of three foreign-exchange shops in the Iranian capital. That was just off all-time highs hit earlier in the week, the traders said.

The rial has weakened dramatically over the past year, hitting successive record lows in the wake of broader international sanctions.

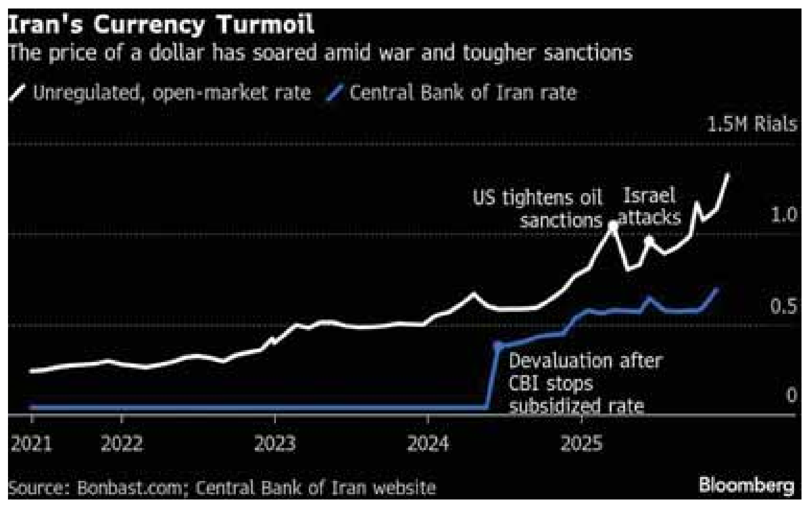
Since 2018, when US President Donald Trump exited a landmark nuclear deal during his first term, the rial has lost more than 95% of its value versus the dollar. When he returned to office this year, Trump revived his "maximum pressure" strategy against Iran, which involves aggressive economic sanctions and culminated in June's air-strikes on Iran.

A drop in oil exports, the biggest single source of foreign currency revenue for Iran, the fact that importers want to settle outstanding foreign trade before the end of the Western calendar year, a recent increase in gasoline prices and persistently high levels of inflation have all weighed on the informal foreign-exchange market in Iran, the state-run Hamshahri newspaper reported, citing Kamal Seyyed Ali, former deputy governor of the Central Bank of Iran.

Iran's Minister of Economic Affairs and Finance, Ali Madanizadeh recently warned that while tensions with Israel remain high, the dollar is likely to only strengthen further, stoking faster inflation.

He likened the task of managing inflation and market volatility in Iran to "performing surgery in a field hospital" during the war with Iraq "while under constant bombardment", according to the state-run Islamic Republic News Agency.

Iran has several parallel exchange rates including an official CBI rate, that is only accessible to a limited number of organisations and companies, and a much more expensive, unregulated rate that is used by the vast majority of the population and is a key economic bellwether.



Bloomberg QuickTake Q&A

How TikTok deal would resolve saga over its US operation

By Bloomberg News

The years-long saga over the future of TikTok's American operations could finally be nearing a conclusion. The social media platform says its US arm is being bought by a consortium led by Oracle Corp, aligning with the deal outlined by the Trump administration in September.

The sale is to comply with a national security law signed in 2024 by then-President Joe Biden — the Protecting Americans from Foreign Adversary Controlled Applications Act — which mandates that Chinese owner ByteDance Ltd reduce its ownership of TikTok US to less than 20%.

China's government has yet to say whether it will approve the transaction. If the deal is finalised, it would resolve a persistent issue between the world's two largest economies and eliminate a complicating factor in broader talks over trade.

The new setup will likely have ramifications for the US social media landscape, too, where rivals including Meta Platforms Inc and Alphabet Inc's Google are jostling for market share. TikTok is used by 170mn Americans.

Who will own TikTok in the US?

TikTok Chief Executive Officer Shou Chew told employees in a memo that the deal will create a new joint venture that's majority-owned by US investors, Bloomberg reported. He said that TikTok and ByteDance had signed binding agreements with Oracle — which currently provides cloud services for the app and hosts user data in the US and other countries — private equity player Silver Lake Management LLC and Abu Dhabi-based investment company MGX. These three players will each hold a 15% stake in TikTok US, while 30.1% will be held by affiliates of certain existing investors of ByteDance, and 19.9% will be retained by ByteDance.

According to Chew, TikTok US will be "governed by a new seven-member majority-American board of directors". When the Trump administration announced in September that a spin-off deal had been reached, officials said that Americans would hold six of seven seats on the board and have national security and cybersecurity credentials, while ByteDance would choose the remaining board member, who would be excluded from the security committee.

Chew said that the new venture will operate as an independent entity that controls data protection, content moderation and algorithm security in the US.

When is the deal expected to close?

The US national security law gave ByteDance an ultimatum: divest the majority of its control over TikTok US by January 20, 2025, or the app would be banned in the country. President Donald Trump extended this deadline multiple times after re-entering office, most recently pushing it into January 2026. Chew said that the deal is expected to be completed by January 22, though he added that "there's more work to be done" before then.

What will happen to TikTok's algorithm?

TikTok's breakout success came off the back of its algorithm, which feeds content to users based on their recent activity and interests in order to keep them scrolling.

Under the version of the deal outlined by the Trump administration in September, the owners of TikTok US will lease a copy of the algorithm from ByteDance that will be retrained "from the ground up" using US data with Oracle's oversight, a White House official said. Oracle will then provide security for the new US version of the algorithm, according to the official.

Data from US users will be stored in a secure cloud managed by Oracle, and there will be controls to keep out foreign adversaries, including China, the official said. ByteDance won't have access to information on TikTok's US subscribers, nor any control over the algorithm in the US, according to the official.

How much will TikTok US be worth?

US Vice President JD Vance said in September that the deal would value TikTok US at roughly $14bn. That's far below previous estimates of the worth of ByteDance's most lucrative business outside of China, which were between $35bn and $50bn.

Valuing TikTok's US operations has always been difficult, particularly given the complexity of the app's coveted content algorithm. But even by the most conservative estimates, the business generates more than $10bn of revenue per year — though that's not enough to be profitable. ByteDance, though, is on track to generate roughly $50bn in profit in 2025, Bloomberg News reported.

At a $14bn valuation, TikTok US would then carry a price-to-sales ratio of roughly 1.4 times, in line with mature, low-growth companies such as oil major Exxon Mobil Corp and food giant General Mills Inc Instagram operator Meta and Google parent Alphabet trade at more than eight times sales.

Why has there been so much attention on TikTok's US operations?

TikTok ranks among the most popular social media platforms in the US in terms of daily active usage, rivalling the likes of Alphabet's YouTube and Meta's Instagram. That level of engagement makes it a lucrative business and advertisers are eager to capture the attention of the video app's vast user base.

As Trump himself has repeatedly emphasised, TikTok has become a cultural force among a younger, Gen-Z audience. The longer-term potential for newer offshoots such as TikTok Shop to challenge Amazon.com Inc and Walmart Inc in e-commerce is also appealing to investors.

TikTok is arguably among the most successful overseas forays by China's tech sector, which in past years have been circumscribed by geopolitical tensions.

For ByteDance — a $400bn startup that is China's most valuable private company — TikTok drove a worldwide revenue expansion in 2024 that helped offset an economic downturn in China. Even after ByteDance sells majority ownership of the US app, it could still retain around 50% of the profit from these operations, Bloomberg previously reported.

Why did the US give ByteDance an ultimatum?

US lawmakers have long been concerned that TikTok could be used to spy on American citizens. This stems from the fact that China requires its companies, upon request, to share any national security-related data with its government. TikTok says it has not been asked to provide such data to the Chinese government, and would not do so if asked.

US officials also worry that China's government could abuse the data of US TikTok users — for example, by collecting dossiers of personal information for blackmailing purposes. There's also fear that TikTok could use its algorithm to manipulate the type of videos users see to divide Americans or spread propaganda favourable to Chinese officials in Beijing.

TikTok sought to counter these concerns by migrating the storage of US users' data to US-based cloud servers operated by Oracle in 2022. However, those efforts failed to assuage lawmakers and national security officials.

QIB showcases over four decades of banking legacy at new head office inauguration

QIB has highlighted its long journey and achievements since its establishment as the first Islamic bank in Qatar as the bank inaugurated its new head office at QIB Towers in West Bay. The inauguration ceremony was honoured by the presence of the HE the Minister of Finance Ali bin Ahmed al-Kuwari, HE the Governor of the Qatar Central Bank Sheikh Bandar bin Mohammed bin Saoud al-Thani, and representatives of Qatar's financial sector regulatory bodies. The event was hosted by QIB's chairman, board of directors, Group CEO, and executive management, reflecting the strategic importance of this milestone for the bank and the wider financial sector. At the inauguration, the leading Islamic bank in Qatar showcased its over four decades of leadership, financial strength, innovation, and commitment to the national economy. The headquarters features open desk workstations, a diverse range of meeting and collaboration rooms, soundproof private stations to support focused and remote work, and integrated staff facilities that enable flexibility, efficiency, and teamwork across the bank.

Federal Reserve Bank of Cleveland president Beth Hammack.

Fed official signals holding rates steady for months

Reuters
New York

Federal Reserve Bank of Cleveland President Beth Hammack said she saw no need to change US interest rates for months ahead after the central bank cut borrowing costs at its last three meetings, the *Wall Street Journal* reported yesterday.

Hammack opposed recent rate cuts as she is more worried about elevated inflation than the potential labour-market fragility that prompted officials to lower rates by a cumulative 75 basis points over the past few months, the report added.

Hammack told the *Journal* that the Fed didn't need to change its benchmark interest rate, currently in a range between 3.5% and 3.75%, at least until the spring.

By then, Hammack said, it would be able to better assess whether recent goods price inflation was receding as US President Donald Trump's tariffs are more fully digested through the supply chain, the report said.

Hammack said that November's consumer price index of 2.7% probably understated 12-month price growth due to data distortions, the report added.

"My base case is that we can stay here for some period of time, until we get clearer evidence that either inflation is coming back down to target or the employment side is weakening more materially," Hammack told the *Journal* in a podcast interview recorded on Thursday, citing inflation concerns.

Speaking at an event in Cincinnati earlier this month, Hammack said she wanted to focus on high inflation and that she would prefer monetary policy to be tighter.

Hammack said the current policy rate was right, around a neutral level, but would prefer a slightly more restrictive stance to help put more pressure on inflation. Hammack will be a voting member of the FOMC next year, which oversees important decisions regarding monetary policy and interest rates.

FOMO vs bubble angst signals more stock volatility in 2026

Bloomberg
New York

The US stock market is poised to be kept on edge next year as investors are caught between fear of missing out (FOMO) on the artificial-intelligence (AI) rally and concern that it's a bubble just waiting to burst.

Big selloffs and quick reversals have been a feature of stock markets for the past 18 months. That trend is likely to continue heading into 2026, with some strategists anticipating that AI will follow the boom-and-bust cycle of past technological revolutions.

The tech companies at the centre of the AI investment boom carry an outsized influence. While the divergence between the group and the rest of the S&P 500 has helped dampen realised volatility across the market in 2025 as gains in tech cancel out declines elsewhere, investors are alert for stumbles in chip names to spread. That would cause volatility gauges such as the Cboe Volatility Index to surge.

"2025 has generally been a year of rotation and narrow leadership, rather than one of broad risk-on versus risk-off," said Kieran Diamond, derivatives strategist at UBS Group AG. "This has helped to drag implied correlation levels down to record lows, which in turn leaves the VIX at risk of ongoing outsized spikes whenever we see macro drivers taking over again."

The scale of the stock-price runup has made angst about a bubble the top concern among fund managers, a recent Bank of America Corp survey found. But another is the classic risk of missing out if it still has more room to run — potentially punishing anyone who pulls back too early.

The strategists expect equity volatility to be supported in 2026 primarily because asset bubbles tend to get more unstable as they inflate. As a result, they say investors should expect occasional declines surpassing 10%, but with record-fast snapbacks as traders realise the bubble isn't popping yet.

A trader works on the floor of the New York Stock Exchange. The US stock market is poised to be kept on edge next year as investors are caught between fear of missing out on the artificial intelligence rally and concern that it's a bubble just waiting to burst.

To UBS strategists, the question of whether the AI boom continues or busts makes owning contracts that profit from higher volatility on tech-heavy Nasdaq 100 Index key to playing both sides of the trade. Maxwell Grinacoff, head of US equity-derivatives research at the Swiss bank, says volatility wagers on the gauge perform better in both scenarios, adding that the trade can be structured to be directionally neutral using straddles or over-the-counter swaps.

Buying Nasdaq 100 volatility while selling S&P 500 volatility is "my highest conviction trade for the next year," Grinacoff said. There may be longer periods of calm in between moments of uproar, however. JPMorgan Chase & Co strategists say volatility is being tugged between technical and fundamental factors that suppress it and macro factors that support above-average levels. While the median VIX level will hold around 16 to 17 for 2026, risk-off periods will send the index surging, they argue.

One other technical factor that will affect options pricing is an imbalance of investment flows that should steepen the volatility curve in 2026, according to Antoine Porcheret, head of institutional structuring for the UK, Europe, the Middle East and Africa at Citigroup Inc.

"At the short end of the curve, you have a lot of supply coming from both retail and institutions — there's been a significant growth in QIS and volume carry strategies, and that will likely amplify next year," he said. "At the long end, you have hedging flows which will keep the long end elevated, so a steep term structure can be expected."

The popular dispersion trade — which involves betting on higher single stock volatility and smaller index moves — will likely be especially popular early in the year, with investors putting on new versions of the strategies. Some funds are now taking the opposite position in what they argue has become an overcrowded trade.

"Dispersion is an extremely popular, overcrowded tourist trade these days," said Benn Eifert, managing partner and co-chief investment officer of QVR Advisors, a San Francisco-based volatility fund. "We have the reverse dispersion trade on."

Firms will need to get more creative to squeeze returns out of dispersion strategies, said Alexis Maubourguet, chief investment officer of Adapt Investment Managers, a Swiss hedge fund. Investors looking for more edge will explore variations.

"Dispersion now is a well-known strategy and a lot of the alpha has disappeared," said Maubourguet. "You can improve your implementation, you can improve your name selection. The third way to do that is to improve your timing and trade tactically around your position."

Others expect the flow of capital into dispersion strategies to keep demand for single-stock volatility relatively elevated.

"A lot of dispersion packages will expire in January, so hedge funds will be re-loading on custom basket dispersion, and that will likely maintain the single-stock volume premium over the index," Porcheret said.

Some players are just buying single-stock volatility, while others are selling a smaller amount of index volatility at the same time to help cheapen the carry cost during quiet times, Maubourguet added.

The biggest question for investors is how to time any sudden moves. Strategists at Societe Generale SA including Jitesh Kumar presented in a client note a fundamental volatility regime model that they apply to dynamically switch between long and short volatility trades.

Broadly, a flattening yield curve is the signal for buying volatility, while the short volatility trade is triggered by a steepening curve. Although the model underperformed the S&P 500's total return over a two-decade period, it avoided significant drawdowns in 2008 and 2020.

The model — which the strategists say has a good track record of forecasting turning points in volatility — points to higher volatility for 2026. The overall corporate sector in the US has low leverage, but the strategists believe it is at the cusp of a new AI driven re-leveraging cycle which should lead to both credit spreads and equity volatility moving higher.

Overall, hedging for tail risks will be especially important for investors in 2026, according to Tanvir Sandhu, Bloomberg Intelligence's chief global derivatives strategist.

World's calmest stock market challenges options traders in India

Bloomberg
Mumbai

India's stock market has become one of the calmest in the world — so calm that it's prompting a rethink of strategies among players in the country's vast derivatives space.

Despite geopolitical flare ups and a recent global selloff in risk assets, the NSE Nifty 50 Index has barely budged for months as domestic money overwhelms foreign flows and derivatives trading curbs choke off volatility. The India NSE Volatility Index, a gauge tracking expectations for future swings, ended Friday at an all-time low.

For the traders powering the world's largest options market by volume, that's making it harder to profit from the well-known strategies. Volatility is the engine of derivatives trading: when markets swing, investors pay up to hedge, and the cost of contracts rise.

When stocks are calm, premiums shrink, eroding returns for option sellers and leaving traditional strategies less profitable.

"The market has become more efficient and competitive — that's meant lower returns for standard vol-selling strategies," said Nitesh Gupta, partner and derivatives trader at Karna Stock Broking LLP. "In this environment, trading desks will have to increase risk to make better returns."

A turning point came last year, when the Securities and Exchange Board of India launched a sweeping crackdown aimed at curbing speculative retail activity and addressing losses among individual traders. The regulator scrapped several popular weekly options, cutting out the very products that had amplified intraday swings and drying out volume.

The impact is clear: While activity has bounced off from a low in February, notional turnover has averaged almost Rs240tn ($2.7tn) a day this year, down 35% from 2024. It's the first annual decline since data going back to 2017.

A statue of a bull outside the National Stock Exchange in Mumbai. Despite geopolitical flare ups and a recent global selloff in risk assets, the NSE Nifty 50 Index has barely budged for months as domestic money overwhelms foreign flows and derivatives trading curbs choke off volatility.

That drop in derivatives activity has fed back into the underlying market: The Nifty 50 has moved less than 1.5% for 151 consecutive sessions, a run that's nearing a record set in 2023, and its three-month realised volatility has slipped toward 8 points — lower than in any major global market.

Meanwhile, the market's players have changed. Foreign funds have pulled some $17bn this year — more than ever before — amid trade tensions with the US and a lack of shares tied to the artificial intelligence boom. At the same time, local institutions have become the market's biggest owners, pouring a record surpassing $80bn into the shares since January. They overtook foreigners in the first quarter, according to figures from data provider primeinfobase.com going back to 2009.

The tranquillity hasn't translated into big rewards for equity holders. The Nifty 50 has gained 9.8% this year, much less than the 27% advance in the MSCI Emerging Markets Index and the 20% rise in the MSCI All-Country World Index.

One drag is valuation: India's benchmark gauge trades at 20 times projected earnings, above its five-year average and far richer than the 13 times for the broader emerging-markets index, according to data compiled by Bloomberg.

For derivatives traders, the new regime is forcing a rethink. Strategies often built around selling options and rolling short-term positions may not yield as much as they used to, according to Bhautik Ambani, chief executive officer at AlphaGrep Investment Management Pvt. And the elimination of short-dated contracts leaves fewer ways to express near-term views or capture premiums.

"The low volatility environment and reduction in weekly options contracts have hurt strategies that profit from options selling," Ambani said. But volatility is likely to rebound — it's just too low right now, he added.