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Takaichi, AI, corporate reform pave way for Japan stocks in 2026

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GULF TIMES
BUSINESS

LICENSING ROUND : Page 2

Libya's oil reserves, reforms draw investors despite the risks

QNB Group enhances brand with new sonic sound identity

QNB Group has launched its "first-ever sonic identity", marking a new milestone in the bank's brand evolution and customer engagement journey.

Developed in collaboration with Sixième Son, a global leader in sonic branding, the new musical identity is rooted in QNB's brand persona, 'The Sage', a symbol of wisdom, vision, and unwavering trust. More than just music, this new sonic expression embodies QNB's commitment to innovation, inspiration, and forward-thinking.

The sonic identity blends traditional musical instruments, such as the oud, with modern synthesisers, creating a soundscape that feels both familiar and progressive. It mirrors QNB's ambition to honour its heritage while shaping the future, delivering a musical crescendo that evokes empowerment, unity, innovation, and progress.

This new identity captures QNB's dual spirit, locally rooted and globally confident. It draws inspiration from the brand's visual identity and strategic direction, offering a dynamic expression of QNB's purpose: to build bridges between markets, people, and opportunities.

The sonic identity will be integrated across all major QNB brand touchpoints, including the mobile app, digital platforms, branch environments, and customer events. Adaptations and variations will ensure a consistent yet versatile audio presence, enhancing customer experiences and emotional resonance. It expresses QNB's values with depth and emotion, positioning the brand as a trusted voice in local and global finance.

The QNB sonic identity is a powerful fusion of tradition and innovation, reflecting the bank's unwavering commitment to excellence. Designed to resonate with the core values of QNB, the new sound identity embodies the Group's vision, fuels its aspirations for growth, and amplifies its sense of empowerment. With every note, it reinforces QNB's presence and purpose, ensuring QNB is not just seen, but heard and remembered.

It marks a milestone for Sixième Son, which has expanded its footprint in the Middle East, bringing its expertise to some of the region's most influential brands. By harnessing cross-collaboration across its global teams from Asia to Europe and the Middle East, the company brought its local market knowledge and expertise to deliver unified, world-class solutions to its clients, wherever they are.

Developed in collaboration with Sixième Son, a global leader in sonic branding, the new musical identity is rooted in QNB's brand persona, 'The Sage', a symbol of wisdom, vision, and unwavering trust

QIIB gets 'Excellence Award' for 'Straight Through Processing' in international payments by Citibank

QIIB has once again been awarded the 'Excellence Award' for Straight Through Processing (STP) in international payments by Citibank New York, reaffirming the bank's consistent operational strength and its ability to maintain superior performance standards in cross-border payment processing.

The award was received by QIIB Chief Operations Officer Mohammed Khair Barhoumeh from Seemanti Borkotoky, Head of FI sales Middle East at Citibank, during a ceremony held at QIIB's headquarters in Doha.

The event was attended by Sammy Yassin at Citibank, and Mahmoud al-Ahmad, Head of Treasury and Investments at QIIB and Najeeb Ahmed Nasiruddin, Head of Payments and International Operations at QIIB.

Citibank stated that renewing this recognition reflects QIIB's sustained excellence in executing international payments, its adherence to stringent global standards, and its continued enhancement of technological infrastructure to ensure seamless, accurate, and efficient processing without manual intervention.

Commenting on the occasion, Barhoumeh said: "Receiving this award once again from Citibank New York underscores the strength and consistency of QIIB's operational framework. It highlights our commitment to delivering reliable, high-quality payment services through continuous investment in technology and people."

He added: "Straight Through Processing plays a vital role in ensuring speed, accuracy, and reliability in international payments. Our focus on this area enables us to provide our customers with efficient services that meet the highest expectations of the global banking industry."

Barhoumeh further noted that QIIB continues to advance its digital transformation strategy, emphasising that ongoing technological enhancements have contributed to improved operational efficiency and elevated customer satisfaction.

He concluded by reaffirming QIIB's commitment to strengthening its long-standing partnership with Citibank, aiming to deliver mutual value and ensure the consistent provision of international payment services in line with the highest industry standards.

The award was received by QIIB Chief Operations Officer Mohammed Khair Barhoumeh from Seemanti Borkotoky, Head of FI sales Middle East at Citibank, during a ceremony held at QIIB's headquarters in Doha.

Ooredoo, Gord sign MoU to advance sustainability research, performance

Ooredoo has signed a memorandum of understanding (MoU) with the Gulf Organisation for Research & Development (Gord) to collaborate on research and assessments aimed at enhancing Ooredoo's sustainability performance and identifying actionable opportunities for continuous improvement.

The agreement was signed by Dr Yousef al-Horr, founding chairman of Gord, and Mohammed al-Madadi, executive director – Administration at Ooredoo Qatar, in a ceremony held at the Ooredoo Headquarters.

Gord, headquartered at the Qatar Science and Technology Park, is recognised as a leading RDI entity within the global sustainability landscape. Its work spans all dimensions of environmental and social sustainability, aligned with the UN Sustainable Development Goals (SDGs) and Qatar National Vision 2030.

Through this collaboration, Gord will support Ooredoo by conducting specialised research, assessments, and expert evaluations that will help the organisation progress on its sustainability roadmap.

Al-Madadi said: "By leveraging Gord's expertise in sustainability research and development, we aim to further enhance our environmental performance and support national efforts to build a more sustainable future."

Dr al-Horr said: "Our MoU with Ooredoo represents a strategic alignment with this commitment, bringing together research-led insight, digital innovation, and globally recognised best practices to strengthen how sustainability is integrated across operations and infrastructure.

"This collaboration is founded on our shared belief that meaningful progress is achieved when research, innovation, and responsibility converge, delivering impact-driven solutions for generations to come."

Dr Yousef al-Horr, founding chairman of Gord, and Mohammed al-Madadi, executive director, Administration at Ooredoo Qatar, during the signing ceremony held at the Ooredoo Headquarters.

AI seen as key to strengthening supply chains for Qatar's SMEs

By Peter Alagos
Business Reporter

Qatar's small and medium sized enterprises (SMEs) stand to benefit from advances in artificial intelligence (AI) that promise to make supply chains more reliable and efficient, an industry expert has said.

Award-winning British entrepreneur Justin Floyd, CEO and co-founder of RedCloud Technologies, emphasised that by improving inventory management and building greater trust between distributors and retailers, AI could help local businesses reduce waste and strengthen their role in the country's economic diversification drive.

Floyd, who is also a board member of The AI Trust Foundation (The AI Trust), explained that small businesses, from bakeries and pharmacies to restaurants and coffee shops, often face challenges in sourcing reliable inventory. He also noted that outdated systems used by distributors contribute to inefficiencies across a global market worth "$12tn annually".

"These businesses depend on global supply chains, and AI can play an essential role in ensuring inventory is reliable and of good quality. For example, a pharmacy needs to know exactly where its products originate and whether they meet the right standards," Floyd explained to *Gulf Times* in an exclusive interview.

Asked how to encourage SMEs to trust AI and other advanced technologies in operationalisation, Floyd emphasised that trust is central to both large and small businesses.

He explained that AI can help build that trust by ensuring transparency in sourcing and distribution. "It comes down to knowledge-sharing in a clear and accessible way so that small businesses can easily identify where to source their inventory," he further said.

Floyd highlighted the scale of inefficiencies, pointing out that supply chains worldwide lose about "$2tn" annually due to mismatched inventory, stockouts, and waste. "This is a $12tn annual market, yet around $2tn is lost each year due to inefficiencies - whether customers cannot find the product they need or they lack confidence in what is available," he stressed.

For Qatar, where SMEs and retailers rely on imported goods, Floyd pointed out that these challenges "are particularly relevant." He noted that AI-enabled systems could help local distributors and shopkeepers anticipate shortages, reduce waste, and ensure that customers find the products they need."

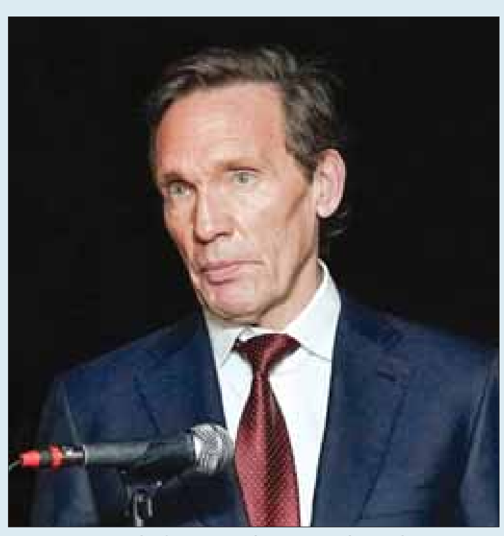
"Every year, $2tn worth of goods flows through distributors to small businesses, yet many of these systems still rely on technology from decades ago. And AI hasn't even touched that area yet," Floyd reiterated.

Floyd also called on SMEs in Qatar to modernise supply chains with AI, emphasising that these businesses could benefit from greater efficiency, reliability, and resilience, which would support the country's broader economic diversification goals.

Earlier, The AI Trust led a 15-member delegation to Doha comprised of founders and executives from small and medium-sized companies working across AI applications, infrastructure, governance, and cybersecurity.

The US-Qatar Business Council-Doha (USQBC Doha) and The AI Trust jointly led a high-level US delegation during World Summit AI (WSAI) Mena 2025, reinforcing a shared commitment to responsible AI and cross-border innovation between the US and Qatar.

In addition to attending the World Summit AI in Doha, the delegation participated in strategic engagements across Qatar to explore collaboration opportunities in policy, investment, business development, and talent, reflecting a strong interest in deploying trustworthy AI solutions in the region.



Justin Floyd, CEO and co-founder of RedCloud Technologies, delivering a speech during a networking event held in Doha recently.

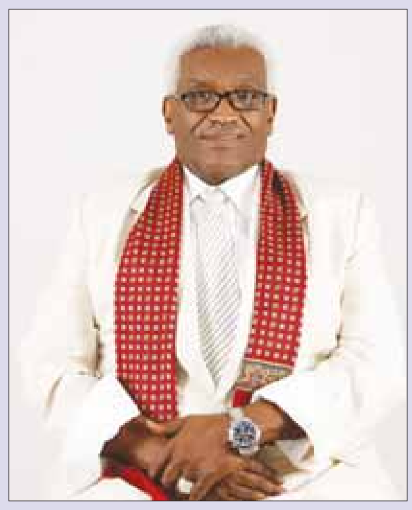
BUSINESS

LEGAL PERSPECTIVE

Necessary provisions regarding arbitration award

By Dr AbdelGadir Warsama Ghalib

The UNICITRAL (The United Nations Commission on International Trade Law) rules, contain necessary provisions regarding the final award to be issued by the arbitral tribunal. The Arbitratorsarbitration tribunals, shall be very careful in applying such provisions.
For instance, with particular reference to the award decisions (if there is more than one arbitrator) any award or other decision of the arbitral tribunal shall be made by a majority of the arbitrators. Herein, in case, there is no majority or when the arbitral tribunal so authorises, the presiding arbitrator may decide alone but subject to revision, if any, by the arbitral tribunal.
In all cases, all award(s) shall be made in writing; this is, in case of the need for any action in the future. Also, awards shall be final and binding on the parties. The law provides that, the parties shall carry out all awards without delay.
When writing the award, the arbitral tribunal shall state the reasons upon which the award is based, unless the parties have agreed that no reasons are to be given (which is very rare to happen). Moreover, regarding the form, the award shall be signed by the arbitrators and it shall contain the date on which the award was made and the place of arbitration. Where there is more than one arbitrator and any of them fails to sign, the award shall state the reason for the absence of the signature and copies of the award signed by the arbitrators shall be communicated to the parties by the arbitral tribunal. (In some cases, by the Arbitration Center).
As per the law, the arbitral tribunal shall decide as amiable "compositeur" or "ex aequo et bono" only if the parties have expressly authorised the arbitral tribunal to do so. However, in all cases, the arbitral tribunal shall decide in accordance with the terms of the contract, if any, and shall take into account any usage of trade applicable to the transaction.
In all cases, copy of the order for termination of the arbitral proceedings or of the arbitral award on agreed terms, signed by the arbitrators, shall be communicated to the parties.
After issuing the award, certain issues could emerge such as the need for interpretation of the award. Herein, within 30 days after the receipt of the award, a party, with notice to the other parties, may request that the arbitral tribunal give an interpretation. Due to its importance, such interpretation shall be given within 45 days after the receipt of the request. The interpretation shall form part of the award.
In some instances, correction of the award may be requested. The law provides that, within 30 days after the receipt, a party, with notice to others, may request the arbitral tribunal to correct any error in computation, clerical or typographical error, or error or omission of a similar nature. If the arbitral tribunal considers that the request is justified, it shall make the correction within 45 days of the request.
In some instances, an additional award may be required within 30 days after the receipt of the termination order or the award, a party with notice to others, may request the arbitral tribunal to make an award or an additional award as to claims presented in the arbitral proceedings but not decided by the arbitral tribunal. Above points shall be followed very strictly regarding the award.



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Japan sees first primary balance surplus in 28 years in 2026

Bloomberg
Tokyo

Japanese Prime Minister Sanae Takaichi said the nation's primary balance is set to return to a surplus for the first time in 28 years, in an apparent attempt to ease market concerns over her pro-active stance on spending.
"The national government's initial budget is set to see a primary balance surplus for the first time since 1998," Takaichi told reporters on Friday, after the cabinet approved a record annual budget of ¥122.3tn ($782bn) for fiscal 2026 earlier in the day. "I believe we have put together a budget that strikes a balance between achieving a strong economy and ensuring fiscal sustainability."
Securing a primary balance surplus has been a government goal for more than two decades. The key fiscal benchmark is the difference between government revenue and spending excluding debt-servicing costs. Finally achieving that goal offers support for the view that Japan's government is addressing concerns about the nation's finances.
While Takaichi has said she wants to focus on other yardsticks for measuring progress in improving fiscal health, a primary surplus offers support for her characterisation of the government's expansive fiscal policy as "responsible."

Sanae Takaichi, Japan's Prime Minister.

The primary balance at the national level is projected at a surplus of ¥1.34tn in the budget for the fiscal year starting in April, according to the Finance Ministry. The official Cabinet Office figure for the balance will likely be unveiled next month after factoring in other data including local government figures.
Given that local governments have posted primary surpluses in recent years, Japan is likely to meet the primary balance target under the Cabinet Office measure. The situation could change if Takaichi's government issues an extra budget during the next fiscal year.
Takaichi has been trying to reassure markets about her commitment to fiscal discipline, at a time when government bond yields continue to rise partly on concerns that spending in the debt-laden nation may get out of hand. Benchmark 10-year yields climbed to 2.1% last week, the highest level in 27 years.
The latest budget underscores Takaichi's willingness to spend to support economic growth. Despite the increase in spending, Takaichi managed to reduce government bond issuance from the current fiscal year, as record tax revenues helped limit the need for additional borrowing.
The Takaichi administration has been moving away from using the primary balance as a key measure of fiscal health, preferring instead to focus more on bringing down the debt-to gross domestic product ratio — a goal that's easier to achieve during times of inflation.
While the government hasn't abandoned the primary balance as a yardstick for fiscal discipline, Finance Minister Satsuki Katayama said that the administration is looking at it over multiple years rather than focusing on single year results.

Libya's oil reserves and reforms draw investors despite the risks

Bloomberg
Dubai

Libya's vast fossil fuel potential and "investor-friendly reforms" are attracting global energy firms despite the inherent political risks, a boost for the oil-rich African nation.
The latest bid round from the country offers 22 blocks with an estimated 10bn barrels of available resources and 18bn barrels yet to be discovered, according to a new report from industry consultancy Enverus Intelligence Research.
"Libya's new licensing round marks a pivotal moment for the country's energy sector," Tom Richards, senior regional manager at Enverus, said in a recent report. "Enhanced fiscal terms, simplified cost recovery and clearer profit sharing are already attracting serious interest from supermajors and national oil companies."
Still, political instability and infrastructure challenges must be addressed to sustain growth, and if state-controlled National Oil Corporation is to increase production by more than 40% to meet its 2030 target of 2mn barrels per day, the report cautioned.
Libya, a member of the Organisation of the Petroleum Exporting Countries, is trying to bring back oil majors that left following the 2011 fall of longtime dictator Muammar Gaddafi, as the country has struggled to quell unrest ever since.

A general view of the Zawiya oil installation in Zawiya, Libya. The country's vast fossil fuel potential and "investor-friendly reforms" are attracting global energy firms despite the inherent political risks, a boost for the oil-rich African nation.

Bloomberg QuickTake Q&A

Why a weak Japanese yen could trigger government intervention

By Erica Yokoyama

Currency markets have been braced for a possible intervention by the Japanese government to prop up a weak yen. The depreciation over the course of 2025 has made imports more expensive and pushed up households' costs.
The yen hit an 11-month low versus the US dollar in December, prompting Finance Minister Satsuki Katayama to warn against speculative trading and signal that authorities stand ready to "take bold action" should excessive movements persist.
The currency strengthened after her comments but remains under pressure. It's unclear how far — or how quickly — the yen would need to drop before the government steps in. Japanese officials insist that any direct intervention will be triggered by sharp or disorderly swings rather than a specific exchange-rate threshold.

What's behind the yen's recent weakness?

The Bank of Japan (BoJ) raised interest rates to the highest level in 30 years in December, in a move that was widely signalled ahead of time. However, Governor Kazuo Ueda's remarks at a post-decision briefing helped trigger a slide in the yen as some traders anticipated more hawkish language on the future direction of borrowing costs. Expectations are brewing that the central bank may not move again for some time.

Why is the yen's weakness a cause for concern?

The yen's slide over the past decade or so has transformed Japan into an affordable travel destination for millions of foreign tourists and boosted the profits of the nation's biggest exporters.
But in an economy heavily dependent on imported energy and raw materials, the feeble yen has also driven up costs, fuelling inflation for households and squeezing margins for domestically focused businesses. The resulting cost-of-living crunch helped bring down two prime ministers before the current leader, Sanae Takaichi, took office.
Beyond the domestic picture, there's another reason why Japan's government may want to act. US President Donald Trump has repeatedly criticised Japan for its weak currency, arguing that it gives Japanese manufacturers an unfair trade advantage. This issue came up in trade negotiations between the two nations.

What is currency intervention?

When a country's central bank steps into the foreign exchange market with the intention of strengthening or weakening its currency, that's known as direct intervention.
Japan is committed to international pacts that stipulate markets should determine exchange rates. That said, the Group of 20 has acknowledged that excessive or disorderly currency moves can threaten economic and financial stability, giving members wiggle room to intervene when volatility spikes.
In Japan, the Finance Ministry decides when to act and the BoJ carries out the operation via a limited number of commercial banks, who either buy yen and sell dollars to strengthen the local currency, or sell yen and buy dollars to weaken it. The scale of the transactions depends on how much impact the ministry seeks and how quickly the market reacts.

Where does the money come from?

The dollars typically come from Japan's foreign reserves in the form of cash or US Treasury holdings. Japan appeared to sell some of its Treasuries to help finance its interventions to prop up the yen in 2024. As of the end of November, Japan had $1.16tn in foreign currency.

How effective is currency intervention?

Intervention is a clear way for the government to tell speculators that it won't allow its currency to go into free fall or rocket up. However, this is only a temporary fix unless any economic fundamentals driving the trend are also addressed.

Banknotes of Japanese yen are seen in the illustration picture. Currency markets have been braced for a possible intervention by the Japanese government to prop up a weak yen. The depreciation over the course of 2025 has made imports more expensive and pushed up households' costs.

In addition, foreign reserves are generally there to protect the economy in the event of a major financial shock or unexpected event, not to artificially prop up the currency. A unilateral move is still seen as unlikely to turn the tide of currency momentum, although it can buy time until market dynamics change.

How often does Japan intervene in its currency market?

Japan has exchanged vast amounts of money over the years. While this was usually to weaken the yen, recent intervention has been in the opposite direction. The government spent almost $100bn on yen-buying to prop up the currency in 2024. On each of the four occasions the exchange rate was around 160 yen per dollar, setting that level as a rough marker for where action might take place again.
To keep traders guessing, officials often don't immediately confirm that they've intervened. The Finance Ministry instead discloses the amount spent on intervention at the end of each month. Generating doubt and fear of losses in the market is part of the government's strategy, making the comments from officials highly potent.

What is verbal intervention?

To keep traders on guard and slow movements in markets, senior officials can make remarks that hint at the prospect of intervention and bloody noses for market participants. Comments by the finance minister or the ministry's top currency official can quickly scare speculators. Officials typically use a carefully calibrated set of expressions to ratchet up their warnings and show how close they are to moving. References to "taking action" suggest intervention is close.

What are the flow-on effects of monetary intervention?

When Japan's authorities intervene in currency markets, the immediate impact is typically sharp. Past episodes show the yen jumping by around 2 yen against the dollar within seconds and 4 to 5 yen within hours.
These abrupt swings can cause huge losses for traders making speculative bets that the currency will keep moving in the previous direction. Sharp moves can also cause headaches for businesses trying to price goods, make payments and hedge against exchange rate fluctuations.
For the government, intervention also carries political and diplomatic risks. It can draw criticism for currency manipulation, especially when intervention is aimed at weakening the yen, a direction that can help exporters with trade. That charge is harder to argue when the government acts to support the yen.

What is the US stance on a weak yen?

Trump accused Japan's leaders in early March of guiding the yen lower to gain a competitive advantage and said that tariffs on Japanese goods were the solution.
Japan remains on the US Treasury Department's "monitoring list" for foreign-exchange practices after posting a trade and current account surplus against US, but doesn't fulfil all the conditions to be characterised as a currency manipulator.
Treasury Secretary Scott Bessent has said the yen will reach an appropriate level if the BoJ continues to get its policy right. That suggests he favours higher interest rates in Japan to strengthen the yen over stepping into currency markets.
The US and Japan issued a joint statement in September to reaffirm that intervention "should be reserved for dealing with excess volatility or disorderly movements" and not for competitive advantage.
Katayama has indicated that the joint accord essentially gives her a "free hand" to take action if needed.
Ultimately, any intervention would take place after prior notice to the US and if it ended up strengthening the yen, it may be tacitly welcomed by the Trump administration.

Takaichi, AI and corporate reform pave way for Japan stocks in 2026

Bloomberg
Tokyo

Japan's stocks are expected to extend gains in 2026, with Prime Minister Sanae Takaichi's aggressive fiscal plans building on the momentum of the past year.

Tokyo's benchmark Topix index has weathered tariff shocks, two Bank of Japan (BoJ) rate hikes and a change of prime minister to gain about 23% this year, putting it on track for its biggest outperformance versus the S&P 500 since 2022. The rally — which led Japan's benchmarks to multiple record highs — has laid the foundations for further gains, strategists say.

Construction, infrastructure and energy shares are set to shine next year as Takaichi's government pledges trillions of yen in domestic funding. Robot makers may win out, too, as tech focus shifts toward physical AI. Banks, among this year's top performers thanks to higher interest rates, are also expected to extend their rally.

Here are themes expected to drive Japanese stocks in 2026:

Takaichi tailwinds

■ **2026 stocks to watch:** Construction, infrastructure, energy, consumer.

■ **2025 winner:** Toyo Engineering Corp, the nuclear plant constructor, has gained over 261% year-to-date.

Japan's first female prime minister unveiled around ¥18tn ($115bn) in extra stimulus funding in November, fuelling investor optimism. Her plan focuses on spending to bolster 17 "strategic industries," including quantum computing and nuclear fusion.

The impact from Takaichi's growth strategy "has got to be net positive for the economy, especially for the equity market," said Naoya Oshikubo, chief market economist at Mitsubishi UFJ Trust & Banking Corp. "Semiconductors, infrastructure, construction companies will all see tailwinds."

Takaichi's utility subsidies and cash handouts should also boost retail stocks by giving consumers more disposable income, said Chris Smith, a portfolio manager at Polar Capital LLP.

But Takaichi brings downside risks too, Smith warned. "She needs to be careful, because her aggressive fiscal policy has been a source of pressure on the yen and bond rates," he said. Japan's ongoing diplomatic spat with China, which was triggered by Takaichi's comments on Taiwan, could also weigh on equities if it escalates, Smith added.

The Tokyo Stock Exchange building. Tokyo's benchmark Topix index has weathered tariff shocks, two Bank of Japan rate hikes and a change of prime minister to gain about 23% this year, putting it on track for its biggest outperformance versus the S&P 500 since 2022.

Corporate reform

■ **2026 stocks to watch:** Cash-rich firms.

■ **2025 winner:** Auto-care product maker Soft99 Corp, which gained 172%. Activist fund Effissimo Capital Management launched a bid to rival management's buyout offer in September, and ultimately succeeded.

Japan's corporate governance code is due for an update in 2026, driving anticipation for juicier shareholder returns. The revisions are likely to target idle cash holdings, an area Takaichi has said she wants to address.

"We think the Financial Services Agency and Tokyo Stock Exchange are going to start putting pressure on companies who have over a certain level of cash on their balance sheet," said Polar Capital's Smith. If cash-rich companies boost shareholder payouts or invest in growth, Japanese stocks will become more attractive, he said. Some companies may reallocate cash to mergers and acquisitions. That would further fuel Japan's ongoing deals boom, wrote Morgan Stanley MUFG Securities Co strategists including Sho Nakazawa in a report. "We hope to see not only a review of balance-sheet management but also an acceleration of initiatives to raise profitability," including M&A, R&D and wage increases, they wrote.

M&A activity this year attracted domestic and global activist investors seeking hidden value. Japan saw 171 activist campaigns in 2025, the most ever, according to Bloomberg Intelligence.

Continuing AI boom

■ **2026 stocks to watch:** Robotics firms like Fanuc Corp, Yaskawa Electric Corp.

■ **2025 winner:** Memory chipmaker Kioxia Holdings Corp, which has risen 558% year-to-date, making it the Topix's best performer.

Demand for AI and data centres is set to keep growing next year, despite jitters over tech giants' heavy spending. Those concerns dragged some of 2025's biggest AI winners, notably SoftBank Group Corp, which was lower in recent months, though Masayoshi Son's investment powerhouse remains up 90% year-to-date.

"The theme of AI will continue to attract attention, but the main battleground may start to shift," said Rina Oshimo, senior strategist at Okasan Securities Group Inc. Firms that can harness AI in areas like robotics and medical technology will be investor favourites next year, she predicted. Robot maker Fanuc has already gained 20% since announcing an AI tie-up with Nvidia Corp earlier this month.

But next year's AI rally may be harder to navigate as Japan's benchmarks are now heavily weighted toward the sector, said Chen Hsung Khoo, a portfolio manager at Franklin Templeton Investments.

"We are very careful what we pay for," said Khoo. "AI is so capital-intensive, but the opportunities are so far out — the uncertainty is high." He's betting on firms with diversified AI exposure, like Ebara Corp, which makes equipment for both semiconductors and energy generation.

Yen and BoJ

■ **2026 stocks to watch:** Carmakers and other exporters.

■ **2025 winner:** Megabank Mitsubishi UFJ Financial Group Inc, which rose more than 30% and was among the biggest contributors to the Topix's gains.

The yen is ending 2025 far weaker against the dollar than many expected, providing a strong tailwind for exporters such as automakers and trading houses. That trend will likely endure in 2026, said Mitsubishi UFJ Trust's Oshikubo. The yen has risen less than 1% against the dollar year-to-date as of December 25.

"The BoJ's hikes don't really impact the yen, as the market has already priced in two hikes a year," he said. "I expect the yen will still be around the 150-160 level this time next year."

That bodes well for large-cap exporters, which Oshikubo expects to outperform the benchmark in 2026.

However, JPMorgan Chase & Co strategists including Rie Nishihara warned that "excessive yen depreciation" poses a "major risk" for equities, noting 165 per dollar marks a breakeven for real income growth.

Gradual BoJ rate hikes may not revive the yen, but together with climbing government bond yields, they remain a tailwind for Japan's banking stocks, said Franklin Templeton's Khoo.

"The earnings power of banks continues to be underestimated by the market," Khoo said.

Turkiye central bank will expand key bond portfolio for 'flexibility'

Bloomberg
Istanbul

Turkiye's central bank will boost government bond purchases next year to strengthen a key portfolio that's used in managing lira liquidity.

The central bank aims to increase the size of its government bond holdings to 450bn liras ($10.5bn) in 2026, up from 262.3bn liras currently. It will also have the option to make additional purchases for the so-called Open Market Operations (OMO) portfolio, the bank said in its Monetary Policy For 2026 report. The move aims to support "operational flexibility," according to the central bank.

The central bank uses its Open Market Operations to provide liquidity to markets by purchasing government securities from banks and to prevent a gap between market interest rates and the policy rate. Outright purchases are typically conducted in case of permanent liquidity shortages in the market, the bank said in its website.

This year, the central bank added around 124bn lira of government bonds to its portfolio. Most of these purchases were made to offset the liquidity squeeze in the lira following the arrest of President Recep Tayyip Erdogan's political rival Ekrem Imamoglu in March.

At 450bn liras, the central bank's OMO portfolio is expected to be around 3% of its weekly balance sheet this year, according to economist Haluk Burumcekci, founder of Burumcekci Research and Consulting. "Since past averages are also close to this level, we don't consider this as quantitative easing," Burumcekci added.

Other key points from the central bank's Monetary Policy for 2026 report:

■ Turkiye's central bank will maintain the "current exchange rate regime" in 2026; it had pledged to keep the "floating exchange rate regime" in its Monetary Policy for 2025 report.

■ The central bank will continue to "closely monitor exchange rate developments" and "related risk factors as well as to take the necessary measures and employ suitable instruments".

■ One-week repo auction rate remains the main policy instrument.

■ The bank's Monetary Policy Committee to hold eight rate-setting meetings in 2026.

Ellison, not Musk, was the tech titan who defined 2025

Bloomberg
New York

When the year began, a billionaire with close ties to the White House was a lock for the most newsworthy tech titan of 2025. But 12 chaotic months later, Larry Ellison, not Elon Musk, can justifiably lay claim to the title.

The 81-year-old Oracle Corp co-founder and chairman has been omnipresent — playing a role in just about every major business story of the year, from the frenzied artificial intelligence boom (or bubble) to the megadeals that are roiling Hollywood. Oracle even plans to take a stake in TikTok as part of a somewhat tortured plan to help Donald Trump save the popular video app. Along the way, Ellison's fortune waxed and waned with Oracle's stock price — a fever line for a volatile era.

The year began with Stargate, perhaps the most audacious data centre project of them all. On January 21, a day after Trump's inauguration, the president appeared at the White House with Ellison, OpenAI's Sam Altman and SoftBank Group Corp chief Masayoshi Son to announce a $500bn plan to build AI infrastructure. Many superlatives were spilled that day — 100,000 jobs! — and some sceptics considered the vast sum aspirational.

Oracle has since embarked on a historic build-out of data centres optimised for AI that's proceeding faster than some expected. The endeavour caused the company's cash flow to go negative for the first time since the early 1990s. But Ellison, who famously passed on the cloud computing revolution 15 years ago, is suddenly an AI guy.

In the summer, OpenAI inked a deal worth some $300bn to rent a massive amount of computing from Oracle, setting up the leading AI lab to become Oracle's largest customer.

Investors swooned in September when Oracle disclosed the full scale of its OpenAI business. Ellison's net worth jumped $89bn in a day to $388bn, the largest one-day increase recorded by the Bloomberg Billionaires Index. That briefly made him the richest person in the world, surpassing Musk.

His ballooning fortune segued nicely with his son David's aspirations of becoming a Hollywood mogul. In August, David Ellison's Skydance Media finally closed a deal to win control of Paramount, an acquisition financed largely by Ellison Senior.

Weeks after closing the Paramount deal, David Ellison turned his gaze to Warner Bros. Discovery Inc, offering to take over the home of Batman, Harry Potter and Bugs Bunny. His father offered to help finance the deal and personally pitched Warner Bros. executives.

It was to no avail. Warner Bros. turned down Paramount Skydance's bid and accepted one from Netflix Inc instead. The younger Ellison replied with a hostile offer — a move his father pulled in the early 2000s to buy software company PeopleSoft. Paramount's second bid was rejected, with Warner Bros. casting doubt the company could deliver on the equity portion of its offer. In response, Larry Ellison agreed to personally guarantee $40.4bn in financing. That's a lot of money, even for him.

In recent months, Ellison's fortune has dwindled — mirroring a slump in Oracle's share price. Many investors have become sceptical about AI spending in general and consider Oracle especially vulnerable compared with its peers because it has accumulated so much debt to finance its data-centre building spree and is counting on OpenAI for a massive chunk of its future business.

Ellison is currently the fifth-richest person in the world, with a net worth of just less than $250bn. So he has sufficient assets to meet the guarantee many times over. However, his high concentration in Oracle stock means it's unclear how much cash he'd be able to immediately deploy were he called on to provide the full $40.4bn backstop, raising the possibility that he might resort to selling stock or pledging additional shares.

Before 2025, Ellison used his money mostly to collect trophies — including planes, sailboats, Malibu real estate and much of the Hawaiian island of Lanai. He dabbled in Hollywood by backing his kids' movies.

UK pension funds eye stake in Brookfield's Center Parcs

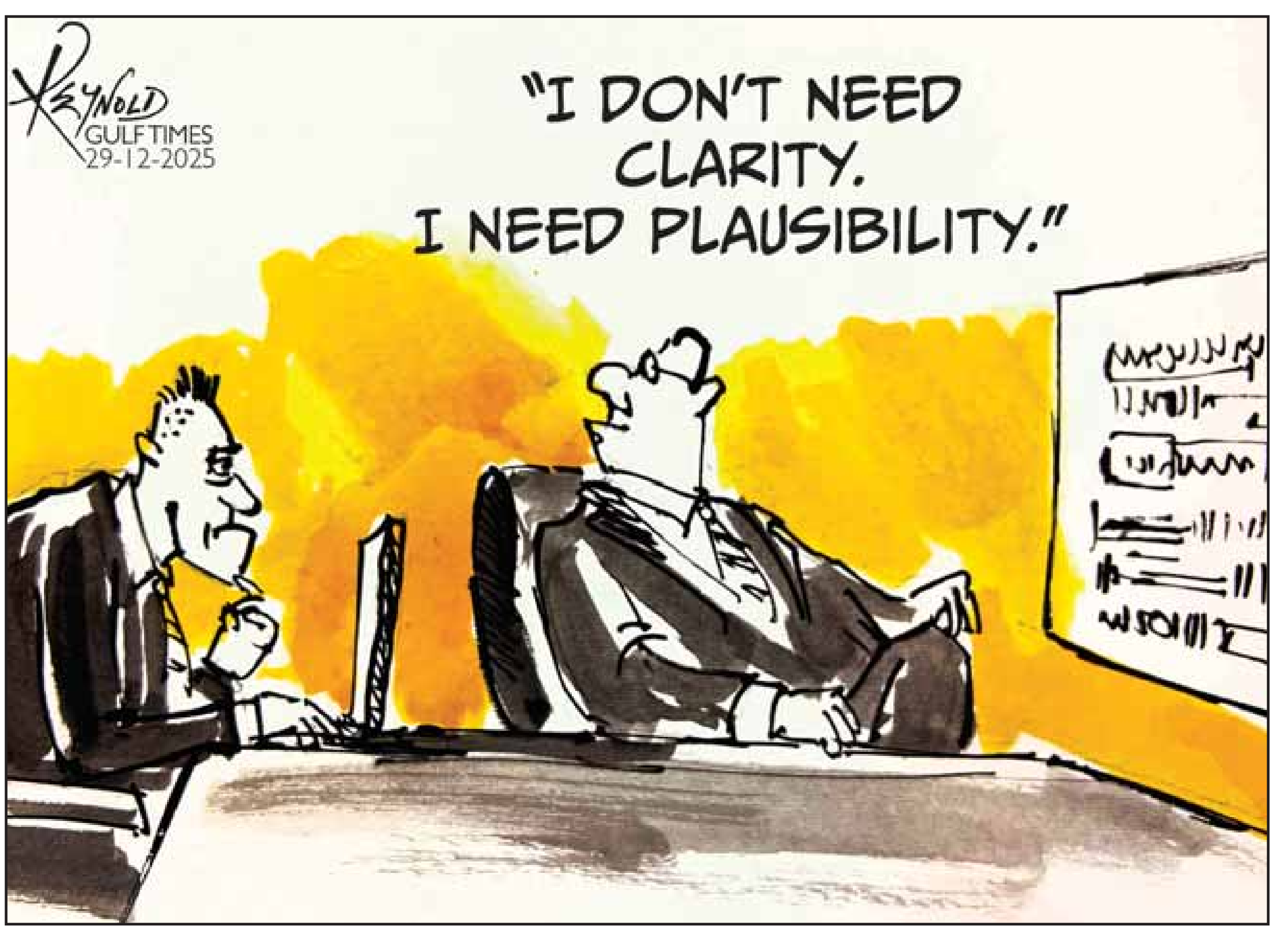
Bloomberg
London

Some of the UK's biggest public sector pension funds are in talks to acquire a stake in holiday parks group Center Parcs, Sky News reported.

Greater Manchester Pension Fund, London-based Local Pension Partnership and Edinburgh-based Lothian Pension Scheme are among groups that have been in talks about buying between 15% and 20% of the company, Sky said, citing unidentified sources. The discussions are part of a recapitalisation of Center Parcs by its Canadian owner, Brookfield Asset Management, which will remain the majority owner of the company after the refinancing.

Center Parcs, which owns five resorts in the UK and another at Longford Forest in Ireland, will be valued at about £4.5bn ($6.1bn) as part of the process, according to the report. The refinancing is expected to conclude in the first quarter of 2026.

China Investment Corp, the Chinese sovereign wealth fund that already owns a stake in Center Parcs, may invest more capital in the company, Sky added. Universities Superannuation Scheme had also been involved in the talks, although it is unclear whether it would be part of the final syndicate of investors.



Uruguay central bank chief signals more interest rate cuts in 2026

Bloomberg
Montevideo

Uruguay's central bank plans to continue cutting interest rates next year to get consistently low inflation up to its 4.5% target by accelerating growth and weakening the currency, Chairman Guillermo Tolosa told reporters in Montevideo on Friday. Consumer prices are expected to continue slowing for months due to the appreciation of the peso against the dollar and weaker-than-expected growth, Tolosa said. Below-target inflation hurts the creditability of monetary policy, he added.

"Current macroeconomic conditions and our inflation projections indicate that it is now appropriate to move towards an expansionary stance," said Tolosa, noting that further easing depends on inflation expectations remaining anchored.

Uruguay's monetary authority plans to adopt a lower inflation target, but not in the short term, Tolosa said.

The central bank surprised investors with a 50 basis point cut on December 23 that left the benchmark interest rate at 7.5%.

Once a high inflation outlier in the region, Uruguay is enjoying a rare period of low consumer price increases. Inflation, which marked four consecutive months below the 4.5% target in November, has remained within the central bank's 3-6% tolerance range for two and a half years.

Finance Minister Gabriel Oddone said in a radio interview this week that the government is concerned about the loss of economic competitiveness and undershooting of the inflation target due to the appreciation of the peso. The currency has gained more than 12% against the dollar this year, according to data compiled by Bloomberg.

Analysts surveyed this month by the central bank trimmed their outlook for growth this year and next to 2.1% and 1.9%, respectively. The government predicts 2.3% growth this year and 2.4% in 2026. The central bank doesn't expect the economy to suffer a recession in the near term, Tolosa said.

The monetary authority isn't seeking a specific exchange rate level by lowering interest rates, Tolosa said.

"The central bank doesn't have an explicit exchange rate goal," he said, though "exchange rate appreciation is working against our 4.5% target."