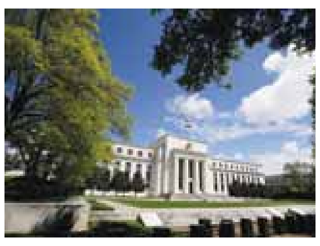

STRONGER 2026 | Page 4

US economy is set to ride tax cut tailwind but faces risks

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GULF TIMES
BUSINESS

ECONOMIC INSIGHT : Page 2

Qatar's GDP growth forecast to rise to 3.2% in 2026 lifted by the non-hydrocarbon sector

Qatar economy records 2.9% growth in Q3 of 2025

QNA
Doha

Qatar's economy maintained growth in the third quarter (Q3) of 2025, with real GDP rising by 2.9% compared to the third quarter of 2024. This growth was driven primarily by non-hydrocarbon activities, which expanded by 4.4%, according to a statement issued by the National Planning Council (NPC) on Sunday.

Real GDP estimates for the third quarter of 2025 reached QR186.1bn at constant prices, compared with QR180.9bn in the third quarter of 2024.

Non-hydrocarbon activities accounted for 65.5% of real GDP, with value added reaching QR121.9bn in the third quarter of 2025, compared to QR116.8bn in the same period of 2024.

This represents a year-on-year increase of 4.4%, in line with the objectives of the Third National Development Strategy (NDS3) and Qatar National Vision 2030.

Within the non-hydrocarbon economy, the fastest-growing activities on a year-on-year basis were construction (9.1%), wholesale and retail trade; repair of motor vehicles and motorcycles (8.9%), and accommodation and food service activities (6.4%).

The expansion reflects rising domestic demand, increased visitor activity, and the continued rollout of infrastructure and public-sector projects, with positive spillover effects across services and trade.

Secretary-General of NPC, HE Dr Abdulaziz bin Nasser bin Mubarak al-Khalifa, affirmed that these results reflect "the resilience of the Qatari economy and the continuity of the path of economic diversification, as it achieves real growth driven by the strong performance of non-hydrocarbon activities. This performance underscores the success of economic and development policies in enhancing the contribution of productive and service sectors, in line with the targets of the Third National Development Strategy and strengthens the national economy's ability to achieve sustainable and balanced growth over the medium and long term."

Overall, 15 of 17 economic activities recorded positive real growth in the third quarter of 2025, demonstrating the resilience of Qatar's economic base.

The NPC's National Statistics Center continues to refine its methods for measuring GDP, with recent revisions applied to the estimates of the third quarter of 2024.

As part of ongoing efforts to align national accounts with international best practices (System of National Accounts 2008-2025), a comprehensive revision of Qatar's national accounts is underway and scheduled for completion by the first quarter of 2026.

Salem al-Mannai, Group CEO of Qatar Insurance.

Qatar Insurance named 'Best General Insurance Company in Qatar' for 3rd consecutive year

Qatar Insurance has been named 'Best General Insurance Company in Qatar' at the World Finance Awards 2025.

The recognition highlights Qatar Insurance's contributions to the development of the national insurance landscape by providing solutions that effectively respond to the evolving needs of individuals in Qatar, empowering everyone to live with peace of mind.

Winning the accolade for the third consecutive year also reflects Qatar Insurance's ability to cement its leadership position, being a symbol of digital innovation, service excellence, and strong financial performance at both local and regional levels.

Salem al-Mannai, Group CEO of Qatar Insurance, said: "We are proud to be recognised once again as Qatar's Best General Insurance Company, which reaffirms the uniqueness of our vision and the success of our strategy.

"This has been a year of innovation par excellence for us at Qatar Insurance, during which we launched several market-first solutions, including Qatar's first Personal Cyber Insurance and School Fees Insurance."

He said: "These products were a unique addition to our personal lines portfolio and have allowed everyone in the country to benefit, for the first time, from solid financial protections that cover many aspects of their lives, from domestic living to education and online transactions."

Al-Mannai added: "This year, we achieved a major breakthrough in digital services, becoming the only insurer to offer customers seamless access to both insurance and non-insurance services through a single platform, the QIC App.

"Thanks to our ongoing investments in enhancing and expanding the app, our customers can now effortlessly address a wide range of daily needs, from all types of insurance to vehicle care, car buying and selling, events, and loyalty rewards, without any need to switch between multiple platforms."

The World Finance Awards are among the most prestigious programmes in the global financial industry. Each year, the programme honours institutions and leaders who are reshaping the financial landscape and driving innovation across sectors, including banking, insurance, investment management, and wealth management.

Government accelerators drive innovation culture in Qatar

By Peter Alagos
Business Reporter

The Civil Service and Government Development Bureau (CGB) is using its 'Government Initiatives Accelerators' to embed an innovation culture across ministries and agencies, an official has stated.

Hissa al-Tamimi, director of the Government Innovation Department at CGB, said the accelerators were designed to transform not only systems but also people and mindsets, ensuring innovation becomes part of everyday government practice.

In May this year, HE Dr Abdulaziz bin Nasser bin Mubarak al-Khalifa, the president of the CGB and secretary-general of the National Planning Council (NPC), launched the accelerators as part of an initiative aimed at accelerating the implementation of innovative government projects in line with national priorities under the Third National Development Strategy.

"Innovation is not just about systems. It's about people, culture, and mindset," stated al-Tamimi during the Ibtechar Majlis panel discussion. She explained that the accelerators convene cross-functional teams to tackle defined challenges, encouraging experimentation and collaboration across government entities.

Al-Tamimi emphasised that the accelerators are tools for cultural change, not just project delivery. "It's about embedding innovation into the DNA of government institutions. We want staff to think differently, to see challenges as opportunities for creative solutions," she noted.

She highlighted Qatar's progress in the Global

Hissa al-Tamimi, director of the Government Innovation Department at the Civil Service and Government Development Bureau.
PICTURE: Thajudheen

Innovation Index (GII) as evidence of the country's growing innovation capacity: "Over the past six years, Qatar has moved from rank 70 to 48 in the GII; that's a significant leap, and it reflects how innovation is becoming embedded in our institutions."

She pointed out that the accelerators help align government practice with international benchmarks. "By setting clear goals and measuring outcomes, we ensure accountability. This is how we build credibility, both locally and globally," al-Tamimi explained.

Al-Tamimi also underscored the importance of cultural transformation in sustaining innovation: "Systems can change quickly, culture takes time. The accelerators are our way of making sure innovation is not a one-off project but a lasting practice."

During the Ibtechar Majlis, al-Tamimi was joined by Eman al-Kuwari, director of Digital Innovation at the Ministry of Communications and Information Technology (MCIT); Nejoud M al-Jehani, executive director of Strategy & Programmes at the Qatar Research, Development and Innovation (QRDI) Council; and Dr Georgios Dimitropoulos, professor and associate dean for Research at the College of Law, Hamad Bin Khalifa University (HBKU).

Engineer Nayef al-Ibrahim, co-founder and CEO of Ibtechar, moderated the discussion, which explored the development of a Public Innovation Lab (PIL) ecosystem that would help to improve efficiency, service delivery further, and encourage greater citizen participation.

During the launch of the accelerators, Youssef Jaber al-Jaber, director of Government Development Affairs, provided an overview of the four phases of the accelerator programme, explaining the mechanisms of each phase and how innovation tools are employed to support decision-making and develop solutions in a collaborative and systematic manner, Qatar News Agency (QNA) reported.

"The accelerators provide a practical model that supports the transformation of government work methodologies from planning to execution. They contribute to building a more effective institutional framework that enhances responses to developmental challenges and aligns with the aspirations of Qatar National Vision 2030.

"The accelerator programme follows a structured, four-phase approach over eight weeks. It begins with the exploration phase, which involves analysing the current situation and identifying challenges and needs," the QNA report further stated.

Sustained excellence reinforcing QNB Private Banking leadership in Qatar, region in 2025

QNB Private Banking continues to strengthen its position as a leading wealth management institution in Qatar and the wider region, following its recognition in 2025 by respected financial publications, including *Global Finance* and *MEED*.

During the year, QNB was named 'Best Private Bank in Qatar' and 'Best Private Bank in the Middle East' by Global Finance. This recognition reflects QNB's continued leadership in delivering exceptional private banking and wealth management services, offering clients-tailored financial solutions that combine innovation, expertise, and trust.

QNB also received significant recognition from *MEED* for the strength of its private banking proposition, underscoring the bank's consistent performance and service excellence.

The Mena Banking Awards by *MEED* celebrate the region's most distinguished financial institutions, recognising those that demonstrate outstanding performance, innovation, and client-centric strategies in the evolving wealth and private banking landscape.

The recognition in 2025 reaffirms QNB Private Banking's commitment to leadership in Qatar and the region, as it continues to set

QNB Private Banking continues to strengthen its position as a leading wealth management institution in Qatar and the wider region, following its recognition in 2025 by respected financial publications, including *Global Finance* and *MEED*

high standards for quality, innovation, and sustainable value creation.

A relationship-led private banking model: These accolades reflect QNB Private Banking's success in delivering bespoke wealth management solutions and maintaining a high standard of client service. The bank's private banking model is built on professionalism, discretion, and long-term relationships, enabling it to respond effectively to the evolving needs of high-net-worth individuals and families.

Integrated wealth solutions with regional expertise and European presence: QNB Private Banking offers a comprehensive range of services spanning wealth and asset management, advisory solutions, specialised lending, and real estate services, ensuring an integrated approach aligned with clients' long-term objectives.

The bank also provides private banking services in its branches in France, Switzerland and UK, supporting clients with cross-border wealth structuring and international investment requirements across key European markets.

Digital innovation and advanced technologies: In 2025, QNB continued to invest in digital innovation and advanced technologies to enhance efficiency and client experience, while preserving the personal engagement that remains central to private banking. This approach reflects a balance between modernisation and the trusted relationship-based service expected by private banking clients.

A strong legacy supporting regional leadership: As the first private bank to be established in Qatar, QNB Private Banking is underpinned by a strong legacy of stability, sound performance, and forward-looking vision. Its regional footprint, complemented by its presence in Europe, enables the bank to deliver private banking services to consistent, high standards, including a range of tailored wealth management solutions, investment advisory, and exclusive access to global opportunities.

BUSINESS

With non-hydrocarbon sector spearheading expansion, Qatar's GDP growth has been forecast to rise from 2.7% this year to 3.2% in 2026, according to Kuwait-based banking group NBK.

Qatar's GDP growth forecast to rise to 3.2% in 2026 lifted by non-hydrocarbon sector

By Pratap John
Business Editor

With non-hydrocarbon sector spearheading expansion, Qatar's GDP growth has been forecast to rise from 2.7% this year to 3.2% in 2026, according to Kuwait-based banking group NBK.

In its latest economic insight titled 'Macroeconomic Outlook 2026-2027', NBK noted that there will be gains, especially in Qatar's trade and services segments.

Tourism stands out, with visitor arrivals and hotel occupancy rates increasing year-on-year, leveraging the country's FIFA World Cup and events legacy.

The outlook is supported by investment and reform momentum under the Third National Development Strategy (NDS3), which aims to shift economic growth from the public to the private sector by developing clusters in manufacturing, logistics, and tourism, alongside the LNG expansion plan with positive spillovers.

Falling borrowing costs amid monetary easing should also lift consumption and credit demand.

Meanwhile, NBK holds a conservative estimate for hydrocarbon sector growth (2.2% in 2026) due to slower LNG train rollout from the North Field East Expansion project, expected in H2-2026.

LNG capacity will rise significantly after that, increasing by 63% to 127mtpy by 2028. Inflation will average just 0.4% in 2025 amid deflation in housing rentals and transportation, accelerating to a still-contained 1.4% in 2026.

Higher expenditures and lower energy receipts should see the public finances slip into a modest deficit in 2025-2026 of less than 1% of GDP. This will likely be short-lived as gas production ramps up in 2027, bringing sizeable volumetric gains to LNG exports.

Public debt will continue trending lower (to 38.4% in 2026), supported by robust nominal GDP growth.

Risks to the outlook include lower energy prices, reflecting a potential global economic downturn, and regional geopolitical hostilities (which materialised for a while in 2025 during the regional war albeit with limited economic impact for Qatar on that occasion).

Large sovereign assets, NDS reforms, and a strong track record on project delivery bolster resilience and strengthen the outlook.

"Economic growth in Qatar, Bahrain and Oman is forecast to mostly improve in 2026, lifted by looser monetary policy and sustained government reform drives.

"A softer oil price environment will weigh on Bahrain's fiscal accounts, with the deficit on a widening path despite consolidation efforts.

"Meanwhile, Oman's successful reform rollout continues to improve its economic prospects with nonoil growth accelerating. In Qatar, the outlook remains robust with solid non-hydrocarbon sector growth rates and imminent, albeit slightly delayed, inauguration of LNG expansion plants," NBK said.

Lebanon signs deal to purchase natural gas from Egypt

AFP
Beirut, Lebanon

Lebanon said yesterday it plans to purchase natural gas from Egypt, seeking to reduce its reliance on fuel oil for its ageing power plants in a country hamstrung by regular electricity cuts.

The electricity sector has cost Lebanon more than $40bn since the end of its 1975-1990 civil war, and successive governments have failed to reduce losses, repair crumbling infrastructure or even guarantee regular power bill collections.

Residents rely on expensive private generators and solar panels to supplement the unreliable state supply.

Prime Minister Nawaf Salam's office said in a statement that the memorandum of understanding between Lebanon and Egypt sought "to meet Lebanon's needs for natural gas allocated for electricity generation".

It was signed by Lebanese Energy Minister Joe Saddi and Egyptian Petroleum Minister Karim Badawi.

"Lebanon's strategy is first to transition to the use of natural gas, and second, to diversify gas sources," Saddi said, adding that "the process will take time because pipelines need rehabilitation".

Lebanon will "contact donor agencies to see how they can help finance the rehabilitation" of the Lebanese section of the gas pipelines, he said, adding that repair work would take several months.

President Joseph Aoun said the memorandum of understanding was "a practical and essential step that will enable Lebanon to increase its electricity production".

A statement from Cairo's petroleum and mineral resources ministry said that "Egypt is fulfilling its role in supplying Lebanon with natural gas, with the aim of supporting energy security for Arab countries".

In 2022, Lebanon signed a deal to import natural gas from Egypt and Jordan via Syria to boost power supply, but the contracts were never implemented due to financing issues and US sanctions on Syria.

Washington recently lifted it Syria measures following the fall of long-time ruler Bashar al-Assad last year.

Axis International seeks $28.9bn from Guinea at World Bank tribunal over revoked bauxite permit

Axis International Ltd is seeking $28.9bn from Guinea at a World Bank tribunal after the West African country revoked its permit to operate a bauxite mine there this year, the United Arab Emirates-based company said yesterday, reports Reuters.

Guinea, which has the world's largest reserves of bauxite, has moved to tighten state control over the mining sector over the past year, revoking and reallocating some permits as it seeks higher revenue and more local processing.

Such moves by the government headed by coup leader Mamady Doumbouya have led to a number of arbitration challenges, including one filed in November by Nomad Bauxite Corp and another this month by Nimba Investment LLC.

"If it fails to pay compensation or refuses to participate, Guinea risks losing multilateral donor support and access to financial markets," an Axis International statement said yesterday.

The arbitration challenge was filed at the World Bank's International Centre for Settlement of Investment Disputes. Guinea's government did not respond immediately to a request for comment. Axis International owns 85% of Axis Minerals Resources SA, a Guinean company with rights to a bauxite mine in the Boffa region. The company's statement said that the permit was terminated in May along with dozens of others.

Saudi unemployment marks second straight jump for first time since 2018

Bloomberg
Riyadh

Saudi Arabia's unemployment rate rose for two consecutive quarters for the first time since 2018, signalling more challenging labour conditions as Crown Prince Mohammed bin Salman strives to transform the economy.

Joblessness among Saudis increased to 7.5% in the three months through September from 6.8% in the prior quarter, according to data released yesterday. That marks a second straight increase and the highest level in a year, though the figure is still historically low.

The Saudi labour participation rate — which measures the number of working-age nationals who are employed — dipped to 49%, the lowest since 2021. Participation among Saudi females also dropped.

"What's notable is the unemployment rate rose while participation fell, with the overall data indicating that a lot of people are just not even entering the workforce," said Monica Malik, chief economist at Abu Dhabi Commercial Bank.

That may be down to factors including difficulty finding jobs, taking time off or citizens opting to enter training programs, she said.

Malik also highlighted strength in job creation for non-Saudis, reflecting the need for the local workforce to upgrade skills and become more competitive.

The total unemployment rate — including Saudis and non-Saudis — rose slightly to 3.4% from 3.2%.

Saudi Arabia is focusing on creating jobs for its young population as the kingdom looks to promote talent development and reduce local unemployment as part of its broad economic diversification agenda.

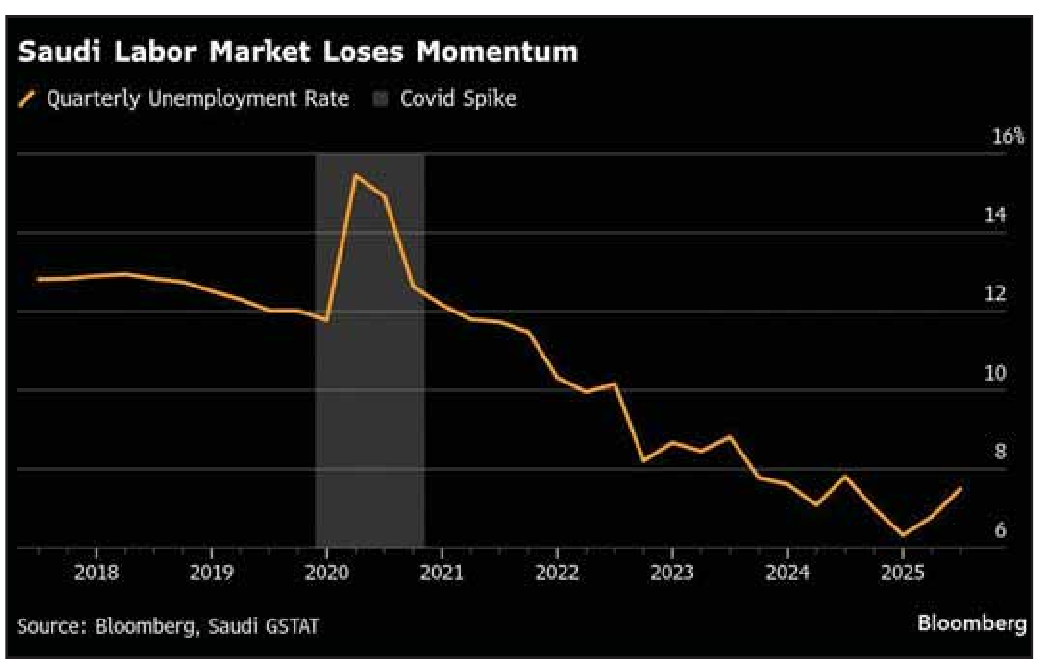
The labour market has been a bright spot for the Vision 2030 plan over the last decade, with joblessness having reached a record low of 6.3% earlier this year — about half of what it was when Crown Prince Mohammed bin Salman set out to break the Saudi economy's reliance on oil.

Momentum now appears to be stalling as Saudi Arabia's market matures and lower oil prices complicate efforts to invest in the local economy.

The kingdom recently revised its 2030 unemployment target to 5% from 7%.

"The easy part of bringing unemployment down is done," Malik said. "The next phase is going to be more difficult especially with the low oil price environment."

A Saudi man walks past the logo of Vision 2030 in Jeddah (file). Joblessness among Saudis increased to 7.5% in the three months through September from 6.8% in the prior quarter, according to data released on Monday. That marks a second straight increase and the highest level in a year, though the figure is still historically low.



China's LNG imports set to climb a second month, Kpler data show

China's seaborne imports of liquefied natural gas (LNG) are expected to rise slightly in December, after surging last month, data from Kpler show, as buyers likely took more cargoes via long-term contracts, reports Bloomberg. Deliveries are expected to be about 7.17mn tonnes in December, according to Kpler, which tracks shipping data. That would be marginally higher than the same period last year, and a second consecutive month of increased imports on an annual basis when compared with official Chinese figures.

Chinese firms are likely keeping more of their contracted supply after a recent decline in spot LNG prices reduced the appeal to resell cargoes. China's monthly purchases have been weak for most of 2025, posting year-on-year declines through October and putting overall annual imports on track for a roughly 12% drop. Robust domestic output, piped gas from Central Asia and Russia, and higher spot LNG prices have contributed to lower buying. Still, there could be discrepancies between estimates and official data.

Chinese customs figures showed LNG imports from Russia surged to a record 1.6mn tonnes in November — more than double the previous month. The imported volume is far higher than predictions made by Kpler.

While China is relying more on domestic gas production and pipeline flows, the nation is still likely to see LNG import growth of about 9% in 2026 as Chinese buyers capitalise on affordable term contracts and lower spot prices, according to a note from Bloomberg Intelligence.

SoftBank agrees to acquire DigitalBridge for $4bn

Bloomberg
Tokyo

SoftBank Group Corp agreed to acquire private equity firm DigitalBridge Group Inc in a deal valuing the data centre investor at $4bn including debt.

The Japanese conglomerate will pay $16 per share in cash for New York-listed DigitalBridge, the companies said in statement Monday, confirming an earlier report by Bloomberg News. The acquisition is part of SoftBank's push to invest in the digital infrastructure fuelling the artificial intelligence boom.

SoftBank's billionaire founder, Masayoshi Son, aims to capitalise on soaring demand for digital infrastructure, driven by the AI boom. The past year has seen a wave of multibillion-dollar deals in the space, largely focused on data centres and the computing power necessary to build and power the technology.

The need for capacity has fuelled massive transactions, including BlackRock Inc's $40bn purchase of Aligned Data Centers and Oracle Corp's agreement to supply OpenAI with about 4.5 gigawatts of computing power worth as much as $300bn.

DigitalBridge is one of the biggest investment firms focused on digital infrastructure, with about $108bn of assets under management at the end of September, according to its website.

The deal represents a 15% premium to DigitalBridge's closing share price on December 26, the companies said. The transaction is expected to close in the second half of 2026, pending regulatory approvals.

Shares of DigitalBridge rose 45% on December 5, when Bloomberg first reported the talks to take the company private. It had a market value of about $2.5bn and an enterprise value of $3.8bn including debt as of Friday's close, according to data compiled by Bloomberg.

The deal will bring to SoftBank relationships with more investors keen to deploy money in the data centre industry. DigitalBridge is led by Chief Executive Officer Marc Ganzi and its portfolio includes digital infrastructure operators such as AIMS, AtlasEdge, DataBank, Switch Inc, Vantage Data Centers and Yondr Group.

SoftBank has also held discussions with closely held Switch about a possible acquisition, which specialises in designing and operating energy-efficient data centres, Bloomberg reported this month, citing people familiar with the matter.

While SoftBank's most famous bets include Alibaba Group Holding Ltd, Arm Holdings Plc and WeWork, it has previously done deals in the asset management space. In 2017, it acquired Fortress Investment Group for more than $3bn. It later sold its stake to a group including Abu Dhabi sovereign wealth fund Mubadala Investment Co and Fortress management in a deal completed in 2024.

In January, SoftBank announced the $500bn Stargate project, alongside OpenAI, Oracle and Abu Dhabi's MGX, to build data centres in the US. While Son pledged to deploy $100bn "immediately," the rollout of Stargate has been slower than planned, in part because of disagreements over where the data centres should be located.

SoftBank initially sought project financing from outside investors including insurance companies, pension funds and investment funds. Some of the conversations dragged due to market volatility, uncertainty around US trade policy and questions about the financial valuations of AI hardware, Bloomberg News reported in May.

US economy is set to ride tax cut tailwind but faces risks

Reuters
Washington

A see-saw year for the US economy in 2025 looks set to give way to a stronger 2026 thanks to tailwinds from President Donald Trump's tax cuts, less uncertainty around tariffs, the ongoing artificial intelligence boom and a late-year run of interest-rate reductions from the Federal Reserve.

Among the biggest drivers of a pickup in growth, economists say, are fatter tax refunds and smaller tax withholdings on paychecks that are expected to provide a lift to consumer spending, the backbone of the American economy.

Trump's One Big Beautiful Bill also gives companies a range of credits and tax breaks, including the ability to fully write off expenses from investments, that may fuel capital spending beyond data centres and other AI-related areas.

"The boost from fiscal stimulus alone could add one-half percent or more to first quarter GDP growth," wrote KPMG chief economist Diane Swonk.

At the same time, the impact of Trump's tariffs on prices is projected to peak in the first half of the year. If price pressures then recede, as Fed policymakers increasingly believe they will, wages will have more room to outpace inflation, bolstering household finances further.

Meanwhile business spending on the infrastructure that powers AI, a key component of economic growth in 2025, looks poised to continue as mega technology firms such as Amazon and Google parent Alphabet promise more investments ahead.

The Federal Reserve building is set against a blue sky in Washington. A see-saw year for the US economy in 2025 looks set to give way to a stronger 2026 thanks to tailwinds from President Donald Trump's tax cuts, less uncertainty around tariffs, the ongoing artificial intelligence boom and a late-year run of interest-rate reductions from the Federal Reserve.

The upshot: a better outlook for businesses stuck for much of this past year in a "low-hire, low-fire" mode as they sought to weather Trump's disruptive trade policies and aggressive immigration crackdown.

"We expect fading policy uncertainty, the boost from tax cuts and the recent loosening of monetary policy to mean the economy strengthens in 2026," said Oxford Economics analyst Michael Pierce.

A stronger economy was a core promise of Trump's presidential election campaign, but as he began his second term in the White House early this year the economy shrank amid the rollout of his unexpectedly aggressive tariffs. The average US import levy shot to nearly 17% in Trump's first year from less than 3% at the end of 2024, according to Yale Budget Lab.

Growth rebounded in the second quarter as the contours of his trade policies became clearer and businesses and households began to adjust. It accelerated further in the third quarter to a 4.3% annualised pace as Americans, particularly those with higher incomes who benefited from the runup in the stock market, increased spending and companies poured money into AI.

Economists expect fourth-quarter growth to slow substantially, reflecting the impact of the six-week federal government shutdown that began October 1, but with the reopening that drag will reverse in the new year.

"Growth in 2025 has been resilient despite a substantial drag from trade and immigration policy," Nomura economists wrote. "Now these headwinds are abating at the same time fiscal and monetary policy are becoming stimulative."

There are many risks: A weakening labour market, still-elevated inflation, and a central bank deeply divided over which of those duelling problems to focus on.

Meanwhile Trump is poised to pick a new Fed chair to take over when Jerome Powell's term ends in May. Whoever he picks is universally expected to push for lower interest rates.

This year the US job market steadily slowed, with monthly job gains down sharply from what they were a year ago and the unemployment rate ticking up, key reasons that Fed policymakers did coalesce around a string of interest-rate cuts in the final months of the year. The unemployment rate was 4.6% in November, though economists said the reading was distorted by the lack of data collection during the government shutdown.

Stubbornly elevated inflation may limit further rate cuts next year.

While third-quarter inflation was much more muted than expected, economists say it was not a clear indicator and likely understated real price pressures. Meanwhile it will take months to bear out whether tariff-driven goods inflation will indeed fade as many policymakers now expect.

Bloomberg QuickTake Q&A

Why silver price has been surging even more than gold

By S'thembile Cele and Jack Ryan

Gold staged a dramatic rally in 2025 as the US Trump administration's unorthodox economic policies sent investors and central banks reaching for safe-haven assets. Right now, however, it's silver that's stealing the spotlight.

Surging investor demand collided with limited availability to catapult the price of silver above $80 a troy ounce at the end of December, almost triple its value a year earlier and enough to dwarf even gold's meteoric rise of more than 70%.

Both precious metals have been experiencing a surge in demand from investors seeking to hedge against political turbulence, inflation and currency weakness. But unlike gold, silver has many properties that also make it a valuable ingredient in a range of industrial applications. Sustained high prices could erode the profitability of manufacturers that use it and spur efforts to substitute silver components for other metals.

Who needs silver?

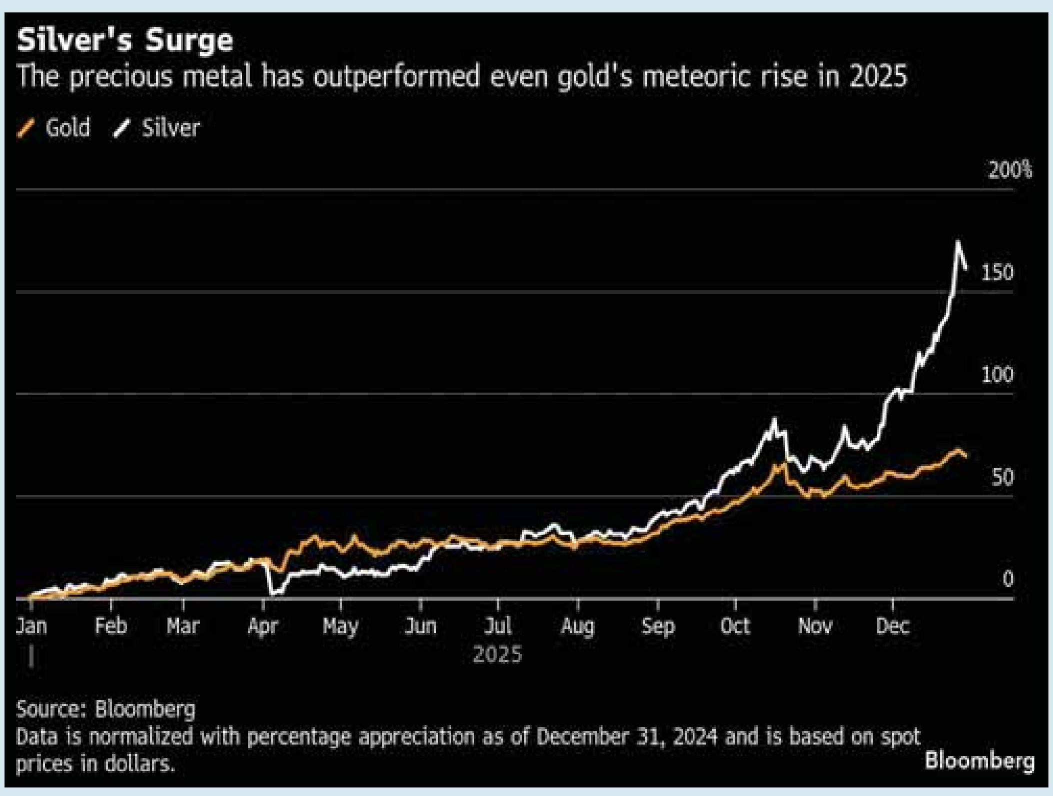
Silver is an excellent electrical conductor that's used in circuit boards and switches, electric vehicles and batteries. Silver paste is a critical ingredient in solar panels, and the metal is also used in coatings for medical devices.

Like gold, silver is still a popular ingredient for making jewellery and coins. China and India remain the top buyers of silver thanks to their vast industrial bases, large populations and the important role that silver jewellery continues to play as a store of value passed down the generations.

Governments and mints also consume large amounts of silver to produce bullion coins and other products. As a tradable asset, it's much cheaper than gold per ounce, making it more accessible to retail investors, and its price tends to move more sharply during precious metal rallies.

What makes the silver market unique?

Silver's varied uses mean its market price is influenced by a wide array of events including shifts in manufacturing cycles and interest rates and even



renewable energy policy. When the global economy accelerates, industrial demand tends to push silver higher. When recessions loom, investors can step in as alternative buyers.

The market is thinner than that of gold. Daily turnover is smaller, inventories are tighter and liquidity can evaporate quickly. The silver stored in London is worth about $65bn, while the gold is worth almost $1.3tn, though much of both are not available to borrow or buy for investors. For gold, the London market is underpinned by around $700bn of bullion held mostly by the world's central banks in vaults of the Bank of England. This can be lent out when a liquidity squeeze hits, effectively making the central banks lenders of last resort. No such reserve exists for silver.

Why did silver rally so much in 2025?

Silver often moves in tandem with gold, but with more violent price moves. A surge in gold in the early months of the year stretched the valuation gap between the two metals to the point where an ounce of gold could buy more than 100 times the same amount of silver. Some investors saw a potentially lucrative opportunity and piled in.

Heavy debt loads in major economies such as the US and France and a lack of political will to solve them also encouraged some investors to stock up on silver and other alternative assets, in a wider retreat from government bonds and currencies dubbed the debasement trade. Meanwhile, global silver output has been constrained by declining ore grades and limited new project development. Mines in Mexico, Peru, and China — the top three producers — have all faced setbacks ranging from regulatory hurdles to environmental restrictions. Most of the world's silver is extracted as a by-product from the mining of other metals.

Global demand for silver has outpaced the output from mines for five years in a row, while silver-backed exchange-traded funds have drawn in new investment.

Why was there a silver squeeze in 2025?

Speculation early in the year that the US would levy tariffs on silver led to a flood of metal heading into vaults linked to the Comex commodities exchange in New York, as traders sought to take advantage of premium prices in that market.

This contributed to a dwindling of available silver stocks in London, the dominant spot trading hub. These were further eroded as more than 100mn ounces flowed into ETFs backed by physical bullion.

With a spike in demand during the Indian festive season in October, the market suddenly seized up. The cost of borrowing silver surged to a record, while prices jumped.

London prices rose above other international benchmarks, eventually drawing more silver into the market and helping to ease the supply squeeze.

Traders were still monitoring for any potential US tariff on silver after the precious metal was added to the US Geological Survey's list of critical minerals in November. The market remained febrile into December, with speculation of any new development triggering sharp price moves.

The metal broke above $80 on December 26 amid concerns around Chinese silver export restrictions that were announced in late October, even though these were effectively a rollover of previous policies. The rally was fuelled partly by billionaire entrepreneur Elon Musk, who responded to comments about the Chinese policy on social media platform X with his own post: "This is not good. Silver is needed in many industrial processes."