BUYING SUPPORT | Page 4

Foreign funds lift QSE above 11,100 levels; Islamic equities outperform

Tuesday, January 13, 2026
Rajab 24, 1447 AH

GULF TIMES
BUSINESS

LEGAL RISKS : Page 2

Trading houses beat US majors to first deals for Venezuelan oil

QFZ and Marina Marine officials at the launch of offshore marine services facility at Umm Alhoul Free Zone.

QFZ and Marina Marine Services open facility at Umm Alhoul Free Zone

The Qatar Free Zones Authority (QFZ) and Marina Marine Services, a leading marine solutions provider, have opened an offshore marine services facility at Umm Alhoul Free Zone.

The strategic launch marks an important step in strengthening Qatar's offshore operational capabilities and expanding locally based marine services supporting offshore oil and gas activities.

The inaugural ceremony was attended by Abdulla Hamad al-Binali, acting chief operating officer at QFZ, and Abdullah Hamad al-Mana, general manager of Marina Marine Services, alongside senior executives from both organisations.

The launch underscores a joint focus on advancing high standards in offshore marine services and supporting the development of sustainable, long-term value across the sector.

Spanning over 26,700sq m, the facility has been developed to meet growing demand for offshore marine vessels and support services, including routine supply, maintenance, safety standby, towing, anchor handling, and offshore installation activities. It responds to current market dynamics, where a significant share of offshore marine operations and vessel maintenance continues to be delivered by regional and international providers.

The facility enables Marina Marine Services to operate, hire, and service marine vessels, and deliver a range of offshore support services, including equipment installation, field maintenance, machinery repair, and the fabrication and installation of offshore structures.

Designed to serve both local and regional markets, it will support operators and contractors active in offshore oil and gas developments in Qatar, while extending services to neighbouring energy markets across the Gulf region.

"The launch of this facility reaffirms QFZ's commitment to developing the marine services sector as a key enabler of industrial growth and economic diversification, in line with Qatar National Vision 2030. By supporting specialised offshore marine capabilities within the free zones, we are helping position Qatar as a leading hub for high-value marine services, while creating an environment that attracts investment, strengthens local expertise, and supports the sustainable development of essential services serving Qatar and the wider region," said Sheikh Mohammed bin Hamad bin Faisal al-Thani, chief executive officer of QFZ.

The opening of this facility marks a significant step in enhancing the offshore support capabilities and strengthening the ability to deliver reliable marine services from within Qatar, according to al-Mana.

"With purpose-built infrastructure at Umm Alhoul Free Zone, a skilled workforce, and a strong focus on safety, sustainability, and operational excellence, we are well positioned to support offshore oil and gas activities and build long-term, trusted partnerships with our clients across the region," he said.

The launch advances QFZ's commitment to developing a strong marine services and development cluster around Marsa Port in Umm Alhoul Free Zone, which is being positioned to become a premier destination for superyacht services and specialised maritime activities in the Gulf.

Through strategic facilities such as Marina Marine Services' offshore marine services facility, the QFZ continues to strengthen domestic industrial and maritime capabilities and accelerate the development of a resilient offshore services ecosystem aligned with national priorities.

Al-Kaabi meets Slovenia's minister of environment, climate, and energy

HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi held a meeting with Bojan Kumer, the Minister of Environment, Climate, and Energy of the Republic of Slovenia, in Doha yesterday to discuss energy relations and co-operation between Qatar and Slovenia and means to enhance them.

Sheikh Bandar meets US under secretary of state for economic affairs

HE Sheikh Bandar bin Mohammed bin Saoud al-Thani, the Qatar Central Bank Governor and Chairman of the Qatar Investment Authority, yesterday met with Jacob Helberg, the US Under Secretary of State for Economic Affairs. During the meeting, they exchanged views on a range of topics of mutual interest, and discussed ways to enhance bilateral co-operation in relevant fields.

Alphabet hits $4tn valuation as AI refocus lifts sentiment

Alphabet hit a $4tn market valuation yesterday, as the Google parent's sharpened artificial intelligence focus allayed doubts about its strategy and thrust it back to the forefront of the high-stakes race, reports Reuters.

The tech giant on Wednesday surpassed Apple in market capitalisation for the first time since 2019, becoming the second most valuable company in the world.

The milestones mark a remarkable change in investor sentiment for Alphabet, with its stock surging about 65% in 2025, outperforming its peers on Wall Street's elite group of stocks, the so-called Magnificent Seven.

The stock has gained another 6% so far this year, and was last up 1.1%.

The shift was fuelled by the company quelling concerns that it let an early AI advantage slip by turning a once-overlooked cloud unit into a major growth engine and drawing a rare tech investment from Warren Buffett's Berkshire Hathaway.

Its new Gemini 3 model has also drawn strong reviews, intensifying pressure on OpenAI after GPT-5 left some users underwhelmed.

A Reuters report said that Samsung Electronics plans to double this year the number of its mobile devices with AI features powered by Google's Gemini. Google Cloud's revenue jumped 34% in the third quarter, with a backlog of non-recognised sales contracts rising to $155bn.

Renting out Google's self-developed AI chips that were reserved for internal use to outside customers has also enabled the unit's breakneck pace of growth.

Indicating the rising demand, The Information reported that Meta Platforms was in talks to spend billions of dollars on Alphabet's chips for use in its data centres starting from 2027.

Alphabet is the fourth company to hit the $4tn milestone after Nvidia, Microsoft and Apple.

Investors anxious over make-or-break fight for the Fed

Reuters
Singapore/London

A US Justice Department investigation at the Federal Reserve and a combative response by chair Jerome Powell have sharply raised the stakes in a long-running dispute that has put the independence of the world's most powerful central bank openly on the line, investors said. In a strongly worded statement on Sunday, Powell disclosed a probe that threatened him with criminal indictment over a building renovation project, saying it was a "pretext" to gain political influence over the Fed to lower interest rates faster.

President Donald Trump told NBC that he had no knowledge of the Justice Department's actions, but renewed his attacks on Powell that have grown more frequent and pointed as the Fed has chosen to cut rates more slowly than he would have liked.

The investigation and Powell's pointed response sharply escalate a row that market observers fear risks upending the independence of the Fed, a bedrock of US economic policy and a cornerstone of its financial system.

"With his frontal attack on the Fed, Donald Trump is once again undermining confidence in the independence of the American central bank," Jens Suedekum, chief adviser to German Finance Minister Lars Klingbeil, told Reuters. "The US itself will suffer the greatest disadvantages."

The growing rift also highlights how heavily the Trump administration's efforts to reshape institutions from the military to the judiciary are now coming to bear on a pillar of US financial strength.

The US dollar was on Monday set for its largest daily fall against a basket of major currencies in three weeks. Gold shot to a record high, US stock futures dropped and long-dated US Treasury yields rose sharply.

"Fed Chair Powell has deviated from his previous approach to Trump's threats, this time choosing to directly address the elephant in the room — that the Fed is not moving rates as the president would like," said Damien Boey, portfolio manager at Wilson Asset Management in Sydney.

"Gold has strengthened, equities have wobbled, and the yield curve has steepened a little. These moves have been broadly consistent with the playbook for an attack on the Fed's independence," he said.

The ability of central banks to move, at least in setting interest rates, without political interference is considered a key tenet of modern economics — insulating monetary policymakers so they can make decisions for long-run stability.

For investors, trust in US institutions forms part of the so-called "exorbitant privilege" that the country enjoys in financial markets as the issuer of the world's reserve currency and recipient of billions of dollars in capital inflows.

Karl Schamotta, chief market strategist at Corpay in Toronto pointed to "unintended consequences" of leaning on the Fed.

"By trying to influence the central bank through aggressive legal threats against individual officials, the administration could drive inflation expectations higher, erode the dollar's safe-haven role, and trigger a sharp rise in long-term bond yields that raises borrowing costs across the American economy."

"Pouring gasoline everywhere and then playing with matches tends not to work out well," he said.

Powell's pushback is in some sense a parting shot, since his term as chair is due to end in May, and Trump has already promised his nominee as successor will be "someone who believes in lower interest rates, by a ot".

But his stand will be a frame for any replacement and serve as a yardstick for shifts in the Fed's approach. Richard Yetsenga, ANZ's group chief economist, said that for the US financial markets in their entirety, the operation of all three of the Fed's policy arms is likely to be in flux — rates, the balance sheet and banking sector regulation. "It's definitely too early (to tell), but the trends seem quite clear... the technocratic Fed, as we have understood it over the past few decades, is fading from view," he said. Page 4

Construction continues at the Marriner S Eccles Federal Reserve Board Building in Washington, DC, yesterday.

India's TCS posts mixed results as client spend stays muted

AFP
Mumbai

Indian IT giant Tata Consultancy Services (TCS) reported mixed quarterly results yesterday, as growing optimism over AI-led tech spending was dampened by higher expenses and a still sluggish global demand environment.

The leader of India's $283bn software services industry, TCS earns the bulk of its revenue from Western clients and has seen lacklustre demand in recent years due to global uncertainty and inflation.

Hopes of a rebound in 2025 were tempered in part due to US President Donald Trump's tariffs blitz, which has made customers wary of spending on big tech projects.

The company's revenue for the October-December quarter beat forecasts, rising 4.87% year-on-year to 670.87bn rupees ($7.43bn). Analysts had on average expected a topline of 666.76bn rupees.

TCS last reported double-digit revenue growth in mid-2023.

In an earnings release, chief executive K Krithivasan highlighted a ramp-up in demand for AI-related projects, noting the company's AI services now generate "$1.8bn in annualised revenue".

But the firm's net profit for the three-month period ended December 31 missed expectations, falling 13.9% to 106.57bn rupees.

TCS attributed the profit drop to higher expenses stemming from layoffs announced in 2025 and increased compliance costs due to India's new labour laws.

India's vast outsourcing sector also faces headwinds from Trump's decision to impose a $100,000 fee on new H-1B visa applications, which experts say will force Indian firms to hire more from the US, squeezing margins as a result.

Many Indian software outsourcers including TCS have increased investments in AI tools and skilling, hoping to both earn new business and cut costs by boosting operational efficiencies.

"We remain steadfast in our ambition to become the world's largest AI-led technology services company... Our AI services now generate $1.8bn in annualised revenue, reflecting the significant value we provide to clients through targeted investments across the entire AI stack," Krithivasan said in a statement.

Qatar participates in 16th assembly of IRENA

The State of Qatar participated in the 16th Assembly of the International Renewable Energy Agency (IRENA), held in Abu Dhabi, reports QNA. Qatar was represented in the meeting by its ambassador to the UAE Dr Sultan bin Salmeen al-Mansouri and Sheikh Mishal bin Jabor al-Thani, Senior Advisor for Energy Policy and International Relations in the Office of the CEO of QatarEnergy.

Global trading houses beat US majors for first deals to control Venezuelan oil flows

- Vitol, Trafigura have global sales, shipping, logistics
- US oil majors wary of legal, credit, physical risks
- Venezuelan oil stored on old ships, was heading to China

Reuters
London

Oil tankers sail the Maracaibo Lake in Maracaibo, Venezuela. The US government tapped the giant merchant houses because they were better suited to quickly get Venezuelan oil exports flowing again, four industry sources familiar with the negotiations said.

Global oil trading houses have emerged as early winners in the race to control Venezuelan crude flows, getting ahead of US energy majors wary of credit and legal risks and securing a potentially lucrative business opportunity in the country with the world's largest crude reserves.

US President Donald Trump said US majors would invest billions of dollars in Venezuela to quickly rebuild its dilapidated oil sector following the US capture of President Nicolas Maduro earlier in January. Trump met top oil executives at the White House on Friday as his administration outlines a long-term plan to raise $100bn to boost Venezuelan oil output.

The first companies to secure any business in the wake of the US military action in Caracas, however, were Dutch-based trader Vitol and Singapore-headquartered peer Trafigura, rather than US majors.

The US government tapped the giant merchant houses because they were better suited to quickly get Venezuelan oil exports flowing again, four industry sources familiar with the negotiations said. That is the first order of business for Washington before reconstruction can begin, so that revenue from exports under US supervision can fund the government of interim President Delcy Rodriguez in Caracas.

"Securing and marketing the initial barrels of Venezuelan crude oil was done at record speed to benefit both the American and Venezuelan people," a White House official told Reuters.

Venezuela relies on oil exports for revenue, and has been starved of those proceeds for about a month under a blockade Trump imposed as he raised pressure on Maduro.

Washington and Caracas are finalising a $2bn deal to sell up to 50mn barrels of crude to US refiners and other buyers — oil that had been stuck on ships in Venezuelan waters and in storage tanks because of the blockade.

Facilitating the initial oil sales was critical to ensure funds could flow back into Venezuela for everyday services and a process is in place to maintain the steady flow of production, sales, and refining of Venezuelan crude oil, the White House official said.

Trafigura and Vitol have secured preliminary special licenses to negotiate and export the Venezuelan crude, and Trafigura is set to load its first cargo this week, Chief Executive Richard Holtum said at the White House meeting with Trump.

The trading houses competed with Chevron to secure the supply deals. Chevron is the only US oil major that operates in Venezuela, as a minority partner in joint ventures with Venezuelan state oil firm PDVSA. Chevron has a licence from US authorities, which exempts it from the sanctions the US had imposed to choke off oil revenues to Maduro.

Trafigura is among the very few companies that can execute a deal of this size and complexity thanks to its scale, global shipping fleet and logistics network, Trafigura said.

Vitol said it has a long history of working on complex transactions requiring agile logistics, operations and finance.

The traders also won the Venezuelan oil export deals because they have a higher risk tolerance and are more nimble than major publicly traded oil companies, said three participants at the White House meetings.

Legal teams and advisors have discouraged some big US oil producers from getting involved in the initial oil shipments due to the potential for Venezuelan creditors to seize the revenue, one of the sources said.

"How can it be guaranteed that creditors will not resort to legal action in the US or elsewhere?," said one adviser to a US oil company on Venezuelan affairs.

The US government told the trading companies it would provide protection by controlling the bank accounts linked to the sales and shielding proceeds from creditors, three sources familiar with the matter said.

Trump moved quickly on Friday to do that. He issued an executive order blocking courts and creditors from impounding revenue from the sale of Venezuelan oil held in US Treasury-controlled accounts, the White House said on Saturday.

Venezuela owes more than $150bn in foreign debt. Among creditors are the same oil companies that Trump wants to help rebuild Venezuela's industry. ConocoPhillips and ExxonMobil are still trying to recover almost $14bn related to asset expropriations 20 years ago.

Trump and his team have told the oil companies they need to invest and rebuild the sector first, and that any debt repayment would come later.

US oil companies would also be more reluctant to take the compliance risk involved in selling oil from tankers that have been blacklisted by Washington for their involvement in sanctioned oil trade, three shipping sources said.

Many vessels in the shadow fleet that ship sanctioned oil are old and have unknown or outdated insurance arrangements and safety certifications, which are required for entry into many ports. They do not meet the stringent chartering requirements of big US oil companies, two of the sources said.

Another factor that may have contributed to US majors' reluctance for more involvement in short-term oil trade is their investment in China, one source said. The majors have tens of billions of dollars invested in China.

Beijing has condemned the US action in Venezuela. China is among Venezuela's largest creditors, and PDVSA has been servicing that debt by paying with oil shipments.

Most of the $2bn of oil in the deal being finalised was initially set for shipment to Chinese refiners. Chinese independent refiners have been the top buyers of Venezuelan crude since the US imposed sanctions on the country's main traders in 2020.

Big US oil companies want to see the US lift sanctions on oil trade and for Venezuela to enact the legal framework that would make it attractive for them to work with Venezuelan entities and invest in the country.

At the White House meeting with Trump, Exxon CEO Darren Woods called Venezuela "uninvestable" and said security guarantees and a reform of its hydrocarbon law were needed before Exxon could return to the country. Venezuela had twice expropriated Exxon's assets in the past, Woods said.

Trump on Sunday said he might block Exxon from investing in Venezuela. "I didn't like Exxon's response," he said.

Conoco CEO Ryan Lance said at the same meeting that his company was the largest non-sovereign creditor, with some $12bn in pending compensation for expropriation of assets. Trump told Lance the US would not look back at what had previously been lost in the country.

Morocco is targeting $10bn AI contribution to GDP by 2030

Reuters
Rabat

Morocco is targeting a 100bn dirhams ($10bn) boost to its gross domestic product from artificial intelligence (AI) by 2030, the minister in charge of digital transition said yesterday, as the country steps up its investment in training programmes, sovereign data centres and cloud services.

Morocco, whose current GDP comes to around $170bn, plans to invest in artificial intelligence centres linked to universities and the private sector, and to integrate AI solutions into public administration and industry, Minister Amal El Fallah Seghrouchni told a conference in Rabat.

The GDP boost would largely come from expanding domestic data-processing capacity through sovereign data centres, scaling up cloud and fibre-optic infrastructure, and building an AI-skilled workforce to support the deployment of AI solutions across industry and government, she said. Under the plan, Morocco expects to create 50,000 AI-related jobs and train 200,000 graduates in AI skills by 2030.

As part of that effort, Seghrouchni yesterday signed a partnership agreement with France's Mistral AI to support the development of generative AI tools in Morocco.

"We want to turn Morocco into a future excellence hub in AI and data science," Seghrouchni said. The government is also preparing legislation governing artificial intelligence, according to the minister.

Abu Dhabi forms board of new sovereign investment platform L'IMAD Holding

Reuters
Dubai

Abu Dhabi has formed the board of its new sovereign investment platform, L'IMAD Holding Company, as it steps up efforts to drive growth and diversify revenue sources, the Abu Dhabi Media Office said yesterday.

L'IMAD was among the Gulf backers of Paramount-Skydance's high-profile $108bn bid for Warner Bros Discovery in December, alongside Saudi Arabia's Public Investment Fund and the Qatar Investment Authority, according to regulatory filings. Its board is chaired by Abu Dhabi Crown Prince Sheikh Khaled bin Mohamed bin Zayed al-Nahyan, and includes several senior Abu Dhabi officials.

L'IMAD also recently acquired an 84.76% stake in Modon Holding PSC, which had been jointly owned by International Holding Company and Abu Dhabi Development Holding Company.

The platform will develop and manage a portfolio of assets and projects across priority sectors in the UAE and internationally, including infrastructure and real estate, financial services and asset management.

How investors buy gold and what fuels market

Reuters
London

Gold vaulted above the historic $4,600 an ounce mark on Monday as a flare-up in geopolitical tensions and expectations of looser US monetary policy led bullion to hit its first record peak of 2026 after a string of all-time highs last year.

Here are some ways to invest in gold:

SPOT MARKET: Large buyers and institutional investors usually buy gold from big banks. Prices in the spot market are determined by real-time supply and demand dynamics.

London is the most influential hub for the spot gold market, with the London Bullion Market Association setting standards for gold trading and providing a framework for the over-the-counter market to facilitate trades among banks, dealers, and institutions.

China, India, the Middle East and the US are other major gold-trading centres.

FUTURES MARKET: Investors can also get exposure to gold via futures exchanges, where people buy or sell a particular commodity at a fixed price on a particular date in the future.

COMEX, part of the New York Mercantile Exchange, is the largest gold futures market in terms of trading volumes.

The Shanghai Futures Exchange, China's leading commodities exchange, also offers gold futures contracts. The Tokyo Commodity Exchange, popularly known as TOCOM, is another big player in the Asian gold market.

EXCHANGE-TRADED PRODUCTS: Exchange-traded products or exchange-traded funds issue securities backed by physical metal, allowing people to gain exposure to gold prices without taking delivery of the metal itself.

Global gold ETFs witnessed the strongest year of inflows on record in 2025, led by North American funds, according to World Gold Council data. Annual inflows surged to $89bn.

BARS AND COINS: Retail consumers can buy gold from metals traders selling bars and coins in shops or online. Gold bars and coins are both effective means of investing in physical gold.

INVESTOR INTEREST AND MARKET SENTIMENT: Rising interest from investment funds in recent years has been a major factor behind bullion's price moves, with sentiment driven by market trends, news and global events fuelling speculative buying or selling of gold.

FOREIGN EXCHANGE RATES: Gold is a popular hedge against currency market volatility. It has traditionally moved in the opposite direction to the U.S. dollar, since weakness in the US currency makes dollar-priced gold cheaper for holders of other currencies and vice versa.

MONETARY POLICY AND POLITICAL TENSIONS: The precious metal is widely considered a safe haven during times of uncertainty.

US President Donald Trump's trade tariffs have over the last year sparked a global trade war, rattling currency markets. Trump's capture of Venezuelan leader Nicolas Maduro and aggressive statements on acquiring Greenland are adding to market volatility.

Global central banks' policy decisions also influence gold's trajectory. Lower interest rates reduce the opportunity cost of holding gold, since it pays no interest.

CENTRAL BANK GOLD RESERVES: Central banks hold gold in their reserves, and demand from this sector has been robust in recent years because of macroeconomic and political uncertainty.

The World Gold Council said in its annual survey in June that more central banks plan to add to their gold reserves within a year despite high prices. Net central bank purchases in November totalled 45 metric tons, World Gold Council data showed, pushing the figure for the first 11 months of 2025 to 297 tons as emerging market central banks continued their significant gold buying. China kept adding gold to its reserves, with its holdings totalling 74.15mn troy ounces at the end of December from 74.12mn in the previous month as it extended its buying spree for the 14th month in a row. Page 4

A jeweller shows gold and silver bars at his shop in downtown Kuwait City. Gold vaulted above the historic $4,600 an ounce mark on Monday as a flare-up in geopolitical tensions and expectations of looser US monetary policy led bullion to hit its first record peak of 2026 after a string of all-time highs last year.

Foreign funds lift QSE index above 11,100 levels

By Santhosh V Perumal
Business Reporter

The foreign funds' increased buying interests yesterday gave further impetus to the Qatar Stock Exchange (QSE), which saw its key index gain as much as 74 points and capitalisation add in excess of QR3bn.

The transport and telecom counters witnessed higher than average demand as the 20-stock Qatar Index gain 0.67% to 11,162.54 points, recovering from an intraday low of 11,078 points.

The Gulf institutions' increased net buying had its influence on the main market, whose year-to-date gains improved further to 3.72%.

More than 49% of the traded constituents extended gains to investors in the main bourse, whose capitalisation added QR3.55bn or 0.53% to QR667.9bn, mainly on small cap segments.

The foreign retail investors' increased bullish grip also had its impact on the main market, which saw as many as 0.01mn exchange traded funds (sponsored by AlRayan Bank and Doha Bank) valued at QR0.13mn trade across 16 deals.

The Arab individuals were seen net buyers, albeit at lower levels, in the main bourse, whose trade turnover grew amidst lower volumes.

The Islamic index was seen gaining faster than the other indices of the main market, which saw no trading of treasury bills.

However, the local retail investors were increasingly net sellers in the main bourse, which saw no trading of sovereign bonds.

The Total Return Index gained 0.67%, the All Share Index by 0.54% and the All Islamic Index by 0.7% in the main market.

The transport sector index rose 1.35%, telecom (1.07%), banks and financial services (0.6%), industrials (0.37%) and consumer goods and services (0.11%); while insurance and real estate declined 0.84% and 0.23% respectively.

As many as 26 stocks gained, while 21 declined and six were unchanged. Major movers in the main market included Mannai Corporation, Nakilat, Estithmar Holding, Milaha, AlRayan Bank, Qatar Islamic Bank, Dukhan Bank, Salam International Investment and Ooredoo.

Nevertheless, QLM, Widam Food, Doha Bank, Qatar Insurance and Qatar National Cement were among the shakers in the main bourse. In the venture market, Techno Q saw its shares depreciate in value.

The foreign institutions' net buying strengthened significantly to QR61.36mn compared to QR28.44mn the previous day.

The Gulf institutions' net buying expanded markedly to QR19.1mn against QR10.41mn on January 11.

The foreign retail investors' net buying increased marginally to QR2.46mn compared to QR1.6mn on Monday.

The Arab individuals turned net buyers to the tune of QR0.27mn against net sellers of QR0.05mn the previous day.

However, the local individuals' net selling increased significantly to QR45.78mn compared to QR35.67mn on January 11.

The domestic institutions' net profit booking grew drastically to QR35.55mn against QR5.16mn on Monday.

The Gulf retail investors were net sellers to the extent of QR1.87mn compared with net buyers of QR0.41mn the previous day.

The Arab institutions continued to have no major net exposure.

The main market saw 2% decline in trade volumes to 110.31n shares but on 35% surge in value to QR397.84mn and 20% in deals to 43,654.

In the venture market, a total of 0.01mn equities valued at QR0.02mn changed hands across six transactions.

The transport and telecom counters witnessed higher than average demand as the 20-stock Qatar Index gain 0.67% to 11,162.54 points yesterday, recovering from an intraday low of 11,078 points

Trump team escalates attack on Fed chief with criminal indictment threat

Reuters
Washington

The Trump administration has ramped up its pressure campaign on the US central bank, threatening to indict Federal Reserve Chair Jerome Powell over comments he made to Congress about a building renovation project, prompting the Fed chief to call the move a "pretext" to gain more influence over the setting of interest rates.

The latest development in a long-running effort by US President Donald Trump to push the Fed to dramatically lower rates had immediate fallout in Washington and on global markets.

US Republican Senator Thom Tillis, a member of the Senate Banking Committee that vets presidential nominees for the Fed, said the threatened indictment puts the US Justice Department's "independence and credibility" in question.

Tillis, who is not running for reelection this year, said he would oppose any Trump nominees to the Fed, including whoever is named to succeed Powell as central bank chief, "until this legal matter is fully resolved."

Rates on longer-term US Treasury bonds rose as investors parsed what a less independent Fed could mean for inflation and monetary policy, the sort of reaction that could, if amplified, constrain Trump's efforts to reshape the Fed, considered the most influential central bank in the world and a cornerstone of the world financial system.

Trump's efforts to address broad concerns about "affordability," particularly when it comes to financing home mortgages, could be upended if long-term borrowing costs rise, as they may if investors come to view the Fed as no longer setting monetary policy with a view to controlling inflation.

Gold hit a record high and the dollar fell. Major US stock indexes opened lower, with bank stocks under pressure over a Trump proposal to cap interest rates on credit cards.

"Obviously there are more concerns that Fed independence is going to be under the gun, with the latest news on the criminal investigation into Chair Powell really having reinforced those concerns," Jan Hatzius, chief economist at Goldman Sachs, said at the investment bank's annual global strategy conference in London.

At stake is the independence of the Fed to set US monetary policy without undue influence by elected officials like Trump who would prefer cheaper borrowing costs for political reasons - at the possible expense of long-run inflation control that can require a central bank to slow the economy and take steps that raise the unemployment rate.

Powell - who was nominated by Trump to lead the Fed in late 2017 and confirmed by the Senate to the position in early 2018 - will complete his term as Fed chief in May, but he is not obligated to leave its Washington-based Board of Governors until 2028, and a number of analysts saw the latest move by the administration as adding to the chances that he will defiantly remain at the central bank.

The criminal indictment threat emerged about two weeks before Trump's effort to fire another Fed official, Governor Lisa Cook, will be argued before the Supreme Court.

The latest move was met with a guarded reaction on Wall Street. Investors have been warily watching as the sparring match between the White House and the Fed has played out ever since Trump was elected to a second term in November 2024 on promises to improve affordability for Americans after a run of high inflation.

The investigation and Powell's pointed response sharply escalate a row that risks upending the independence of the Fed, a bedrock of US economic policy and a cornerstone of its financial system, investors said.

Trump officials' latest salvo was revealed late on Sunday by Powell, who said the Fed had received subpoenas from the US Justice Department last week pertaining to remarks he made to Congress last summer over cost overruns for a $2.5bn building renovation project at the Fed's headquarters complex in Washington.

US Federal Reserve Board Chairman Jerome Powell and US President Donald Trump. The Trump administration has ramped up its pressure campaign on the US central bank, threatening to indict Federal Reserve Chair Jerome Powell over comments he made to Congress about a building renovation project, prompting the Fed chief to call the move a "pretext" to gain more influence over the setting of interest rates.

Gold hits record high; dollar falls as US targets Fed

AFP
London

The dollar mostly weakened and gold hit a record high yesterday as investors digested news that the US Justice Department is probing the Federal Reserve, raising fears over the central bank's independence against President Donald Trump's push for lower rates.

Wall Street's main indices opened lower, with Briefing.com analyst Patrick O'Hare saying "market participants may be using this compendium of news as an excuse to take some profits following a hot start to 2026…"

Most stock markets have enjoyed a solid start to 2026, with indices in Frankfurt, London, Paris and Seoul hitting record highs last week, largely on optimism for the tech sector and gains in defence sector shares.

European stocks edged higher after a strong showing in Asia.

Fed Chair Jerome Powell confirmed the "unprecedented" subpoenas against the bank in a rare video address on Sunday, which he blasted as part of Trump's pressure campaign for aggressive rate cuts.

"The probe has unnerved markets and raised questions about what might happen to the Fed once Powell steps down in May," said Russ Mould, investment director at AJ Bell.

"There is a fear that Trump is meddling too much with policies that are meant to be set independently," he added.

"The threat of criminal charges is a consequence of the Federal Reserve setting interest rates based on our best assessment of what will serve the public, rather than following the preferences of the president," Powell said in his statement.

He said the bank received grand jury subpoenas on Friday related to his Senate testimony in June, which had been in part about a major renovation of Federal Reserve office buildings.

The Fed has indicated it will hold interest rates steady at its next monetary policy meeting this month.

The dollar fell against major peers, as did the price of the benchmark 10-year US Treasury bond, sending its yield slightly higher.

Gold climbed close to $4,600 an ounce while silver approached $85 an ounce as investors sought traditional safe havens.

"Beyond monetary and political concerns, gold remains well supported by ongoing geopolitical risks," said Forex.com analyst Fawad Razaqzada.

"While tensions had eased somewhat in recent weeks, the latest flare-up involving Iran has reintroduced a fresh layer of uncertainty," he added, pointing to the risk of renewed US involvement in the region.

Trump said on Sunday that he was considering military action against Iran following reports of hundreds of deaths during a violent crackdown on the protesters.

"We're looking at it very seriously," Trump told reporters on Air Force One. "The military is looking at it, and we're looking at some very strong options."

Oil prices dipped in volatile trading Monday despite protests in Iran and the US seizure of Venezuela's crude supplies stoking geopolitical risks.

Asian markets advanced yesterday, led by gains in Hong Kong and Shanghai and tracking Wall Street's record close at the end of last week.

UBS rejects proposed Swiss rules, calls for less costly alternatives

UBS argues new rules would harm competitiveness, raise costs; Swiss political parties divided on proposed banking rules; UBS suggests AT1 instruments to avoid higher customer costs

Reuters
Zurich

UBS has rejected government proposals to strengthen banking rules in the wake of the collapse of Credit Suisse, saying yesterday they would make Switzerland uncompetitive and calling instead for less costly alternatives.

Banking and business lobby groups echoed the view, while the right-wing Swiss People's Party said it favoured a compromise to ensure UBS was competitive internationally and the centre-left Social Democrats and Green Party backed the proposals.

UBS became Switzerland's sole global bank after its former rival Credit Suisse imploded in 2023. The Swiss government then pledged to design new rules that aimed to prevent a repeat of the crisis and ensure taxpayers would not be on the hook.

Europe's largest wealth manager said the package of tougher capital requirements - at the heart of which are proposals to make it fully capitalise its foreign subsidiaries - could make it hold $24 billion in additional capital.

"The proposal would lead to huge added costs and endanger the continuation of the successful business model," UBS said, arguing the measures put forward for foreign units were disproportionate and out of step with international competitors.

The government launched consultations on the proposals in September and gave stakeholders until early January to respond.

Business association Economiesuisse said higher capital costs would negatively impact Swiss industry.

To avoid having to cover stricter requirements with costly Common Equity Tier 1 capital, UBS said it was important that Additional Tier 1 (AT1) debt and bail-in bonds be considered.

UBS said AT1 instruments should be strengthened and handled in line with practice followed in the European Union and Britain. Otherwise, higher capital costs would lead to added costs for customers and tighter credit supply, it added.

Had regulators applied existing Swiss rules properly, Credit Suisse would have had to make adjustments sooner, which would have ensured its survival, UBS said in a statement.

The Swiss Banking Association echoed this, saying the Credit Suisse crisis was not caused by capital requirements being too lax, but by too much regulatory latitude.

"Simply avoiding such concessions in future would be entirely sufficient," the group said.

Although the government has publicly upheld its tough line, sources familiar with the matter say a compromise should emerge.

Reuters reported in December that the government is preparing to water down some new rules over which it has direct control, while lawmakers say parliament is likely to opt for regulations more moderate than what officials initially pitched.

Analysts initiate Medline with bullish ratings after blockbuster IPO

Reuters
New York

Brokerages began coverage of Medline with largely bullish ratings yesterday, betting on supply chain strength and brand penetration, following the firm's upsized US initial public offering in December - the biggest globally in 2025.

Shares of the medical supplies company, which last closed at $40.52 on Friday, have already surpassed the IPO price of $29 per share and analysts have bet on further outperformance. "Medline is well-placed to continue to take share in both core divisions and act as a partner to take cost out of the healthcare system," Morgan Stanley said as it started coverage with an "overweight" rating after the mandated quiet period.

Goldman Sachs, Morgan Stanley, BofA Securities and JP Morgan acted as lead bookrunning managers for Medline's offering.

Medline is one of the largest manufacturers and distributors of medical supplies, including surgical kits, gloves and protective apparel to hospitals globally. Analysts said Medline's supply chain business is helping drive its brand product penetration, creating a growth cycle that benefits the company, its customers and patients. "Medline's prime vendor strategy is the secret sauce," analysts at Piper Sandler noted.

The company was founded in 1966 by brothers Jon and Jim Mills.

Medline first went public in 1972, but was taken private again by the brothers a few years later. In 2021, a consortium of private equity firms comprising Blackstone, Carlyle and Hellman & Friedman bought Medline in a $34bn deal. After a three-year lull, the US IPO market made a strong comeback in 2025 despite market volatility in April, fuelled by President Donald Trump's sweeping tariffs and the longest-ever government shutdown that temporarily derailed activity.

The IPO momentum is expected to carry into 2026, underpinned by a pipeline of high-profile companies, such as Elon Musk's SpaceX, which will look to test investor appetite.