DISAPPOINTING DATA | Page 4

Labour market weakness shows risks persist, says Fed official

Saturday, March 7, 2026
Ramadan 18, 1447 AH

GULF TIMES BUSINESS

GLOBAL UNCERTAINTY: Page 3

China to boost spending to meet economic growth target

Business forum executive identifies key tech sectors for Qatar-Ukraine collaboration

By Peter Alagos
Business Editor

The Qatar-Ukraine Business Forum (QUBF) has identified climate tech and innovation on electric vehicles (EVs), among others, as key sectors and technologies for potential collaboration between Qatar and Ukraine.

"Artificial intelligence (AI) is at the centre of everything right now. We're working with a startup developing AI agents for multiple applications, which presents strong opportunities.

"Another company is building a platform to streamline supply chain automation—already successful globally and now entering growth stage, with partnerships and funding discussions underway," QUBF co-founder and vice chair Daria Revina told *Gulf Times*.

While AI cuts across all sectors, Revina pointed out that the QUBF also sees "promising potential" in EV solutions. According to Revina, one Ukrainian startup has created a platform to improve EV charging by introducing a booking system for public chargers.

"This addresses a major bottleneck—chargers that are unavailable, broken, or overcrowded—and makes adoption easier for consumers. With more reliable charging, sustainability-conscious drivers are more likely to choose EVs, which aligns with Qatar's growing EV presence," she explained.

QUBF co-founder and vice-chair Daria Revina.

Revina also pointed to climate tech as a key priority, noting that the QUBF is seeking to foster innovation and sustainability.

She emphasised that these technologies are crucial in addressing pressing global challenges, such as water scarcity and environmental pollution. By focusing on effective water purification methods, developments in climate tech ensure access to clean water while also promoting efficient usage and reuse of resources.

According to Revina, these initiatives not only address significant environmental issues but also align with Qatar's sustainability agenda. By integrating innovative solutions that promote sustainable practices, the QUBF aims to contribute positively to the nation's commitment to creating a greener future, she stressed. "Climate tech is another priority. We're supporting startups offering innovative solutions in water purification and emissions reduction for heavy manufacturing. These technologies not only address global challenges but also fit Qatar's sustainability agenda," she said.

Asked how QUBF views the importance of ecosystem partnerships in sustaining long-term innovation, Revina described them as "absolutely essential," noting that innovation cannot be sustained through one-off initiatives, but needs a full ecosystem to support it.

Revina said, "Ukraine has been successful in building such an ecosystem, and Unit.City in Kyiv is a prime example. It's a dedicated tech and industrial hub where you immediately feel immersed in the future: talent living and working there, incubators and accelerators nurturing startups, and government agencies collaborating alongside private players."

She added: "For instance, the Ukrainian Startup Fund, which plays a role similar to Qatar Development Bank (QDB), is based within Unit.City and provides grant funding to accelerate new ventures. Several other accelerators are also part of this ecosystem, creating a dynamic environment where startups can thrive.

"That's why Unit.City is such a valuable partner for us at QUBF. As a member, they help us identify and select the most promising startups from Ukraine to connect with opportunities in Qatar."

QFC operations continue uninterrupted

By Santhosh V Perumal
Business Reporter

The Qatar Financial Centre (QFC) has said its operations continue uninterrupted and all core services remain fully operational.

In its latest operational update, the QFC said the licensing process continues as normal and "there is currently no disruption to company registration and licensing services."

Clients are encouraged to use its client portal through several services -- such as computer card renewals, business visa services and work visa applications -- can be submitted and completed fully online without visiting its premises.

Asserting that client affairs remains operational; its spokesman said all digital channels, including email, service requests, the contact centre and relationship manager support, continue to operate as normal.

"Client service is currently operating from the QFC premises. However, physical access may be adjusted depending on operational development. Clients will be informed if any changes are made," it said.

Although immigration services continue to be provided as usual, the spokesman said timelines may be affected where processing depends on external authorities.

Quoting the Ministry of Interior, he said all categories of entry visas that have expired on are about to expire are automatically extended for one month.

The extension is processed automatically through the electronic system.

No additional fees are required during the extension period.

In the case of QID expiry when a resident is outside Qatar, the spokesman said return permit applications may be submitted, subject to approval by the relevant authorities. "Our team can assist with the submission process where required," he added.

If a business visa has reached its maximum extension, he said requests may still be submitted, subject to authority approval.

For violations of overstay that occurred before the ministry's announcement date, any applicable reconciliation fines must first be settled before extensions apply.

Reminding that some services may experience delays, the QFC said adjusted timelines could be due to authority processing and increased immigration case volumes.

'Plenty of oil' in market despite Mideast turmoil: IEA chief

AFP
Brussels

International Energy Agency (IEA) chief Fatih Birol sought on Friday to tamp down fears of a global oil crisis as conflict rages in the Middle East, saying there was "plenty of oil in the market."

The US-Israel war on Iran and Tehran's retaliatory attacks across the Gulf region have sent crude prices soaring -- fanning fears of a fresh spike in inflation that could hit the global economy.

Addressing reporters in Brussels, Birol said "logistical disruption" from the war was "creating challenges for many countries" but stressed there was more than enough oil in the global market.

Asked whether the IEA was mulling the release of emergency stocks, Birol said "all options are on the table" but that "at this stage" there were no plans for "collective action".

"There is plenty of oil, we have no oil shortage," he said, after a meeting with European Union chief Ursula von der Leyen and EU commissioners. "There is a huge surplus in the market."

International Energy Agency executive director Fatih Birol.

"We are facing a temporary disruption, a logistical disruption," he said.

While Iran has not officially shut off the Strait of Hormuz -- through which a fifth of the world's crude supplies and a substantial amount of gas run -- shipping through the critical waterway has all but dried up.

US President Donald Trump has pledged to protect ships passing through and promised further action to "reduce pressure on oil", but prices have remained elevated.

The conflict has driven crude prices up by about a fifth since February 27 -- the day before the attacks started.

The IEA was created to coordinate responses to major disruptions of supply after the 1973 oil crisis.

Birol acknowledged the current crisis had led to questions in some quarters about whether Europe should once again look at Russia for energy supplies -- something he said would be a mistake.

"To look (to) Russia as an alternative option for getting gas will be economically and, in my view, politically wrong," he told reporters, describing past over-reliance on Moscow as "one of Europe's historical mistakes".

Large quantities of liquified natural gas (LNG) from the United States, Canada and other countries were expected to hit the market in the next five years, he added.

QSE index falls 356 points; M-cap erodes QR21.73bn

By Santhosh V Perumal
Business Reporter

WEEKLY REVIEW

Reflecting the heightened geopolitical tensions, the Qatar Stock Exchange (QSE) was hit hard as its key index lost as much as 356 points and about QR22bn in capitalisation this week, which saw the country's hydrocarbon bellwether QatarEnergy declare force majeure.

The transport and industrials counters witnessed higher than average selling pressure as the 20-stock Qatar Index plummeted 3.22% this week which saw the market heavyweight Industries Qatar's (IQ) announcement regarding the stoppage of the production of some downstream products in Qatar.

About 89% of the traded constituents were in the red in the main market this week which saw Mesaieed Petrochemical Holding's announcement on stopping production of some of the downstream products.

The real estate and industrials sectors accounted for about 50% of the trading volumes in the main market this week which saw Qamco announce the controlled shutdown of its joint venture operations.

The Islamic index was seen declining slower than the main barometer of the main market this week, which saw a total of 0.22mn AlRayan Bank-sponsored exchange traded fund QATR worth QR0.48mn trade across 127 deals.

Market capitalisation eroded QR21.73bn or 3.3% to QR636.45bn on the back of large and midcap segments this week which saw a total of 0.05mn Doha Bank-sponsored exchange traded fund QETF worth QR0.55mn trade across 56 transactions.

Trade turnover fell amidst higher volumes in the main market this week which saw no trading of sovereign bonds.

The transport and industrials counters witnessed higher than average selling pressure as the 20-stock Qatar Index plummeted 3.22% this week

The venture market saw increased trade turnover and volumes in the main bourse this week which saw no trading of treasury bills.

The Total Return Index tanked 3.08%, the All Share Index by 2.83% and the All Islamic Index by 2.98% this week which saw Commercial Bank successfully issue $500mn additional Tier 1 capital securities.

The transport sector index plunged 6.39%, industrials (4.1%), banks and financial services (2.64%), telecom (1.97%), consumer goods and services (0.85%) and real estate (10.8%); while insurance gained 1.1% this week which saw Mosanada Facilities Management Services report net profit of QR40.27mn on revenues of QR145.5mn in 2025.

Of the 54 stocks, as many as 48 declined, while only six gained this week which saw Widam Food Company sign a memorandum of understanding with Hassad Food Company relating to a potential share swap or merger with Aalaf Qatar, wholly owned by Hassad Food.

Major shakers in the main market included Qamco, Inma Holding, Gulf International Services, Al Faleh Educational Holding, Qatar Oman Investment, QNB, Commercial Bank, Lesha Bank, Qatar German Medical Devices, Baladna, Industries Qatar, Aamal Company, Beema, Ezdan, Mazaya Qatar, United Development Company, Vodafone Qatar, Ooredoo, Nakilat, Milaha and Gulf Warehousing this week, which saw a total of 260 sovereign sukuk valued at QR2.62mn trade across three transactions.

Nevertheless, Salam International Investment, Qatar Insurance, Barwa, Estithmar Holding and Woqod were among the gainers in the main bourse.

In the venture market, Techno Q saw its shares appreciate in value this week.

The main bourse saw a 2% jump in trade volumes to 885.28mn shares but on 9% fall in value to QR2.5bn despite 8% higher deals to 160,052 this week.

In the venture market, trade volumes grew almost six-fold to 0.29mn equities and value by almost six-fold to QR0.58mn on more than tripled transactions to 66 this week.

Emerging market assets tick lower

Reuters
London

Emerging market (EM) assets ticked lower on Friday and were on track to log their biggest weekly decline since the Covid-19 pandemic in 2020, as the Middle East conflict unnerved markets and dampened risk appetite.

The clash between US-Israel and Iran entered the seventh day, showing no signs of slowing down as Israel carried out heavy strikes on Hezbollah-controlled areas of Beirut on Friday, targeting infrastructure in Tehran, while Iran struck parts of Tel Aviv.

A shutdown of the Strait of Hormuz, responsible for over 20% of daily global oil supplies, sent oil prices surging through the week, stoking supply fears and inflation worries.

Within EM, markets in Asia and emerging Europe reliant on oil imports remained vulnerable to energy shocks, while those in Latin America fared slightly better. The Middle East conflict also drove up demand for safe havens, strengthening the dollar and pressuring EM currencies.

"The EM FX loser board (is) topped by Hungary's forint, Chile's peso, South Africa's rand and then followed by quite a few of the Latam currencies. 2.5%-4% losses against the dollar have been seen this week," said ING's global head of markets Chris Turner.

"Energy deficits are the driving force here, but some of the Latam losses are more down to rising volatility hitting the carry trade."

The MSCI index of EM equities slipped 0.2%, while a corresponding gauge of currencies edged 0.3% lower.

Bourses in the Middle East were mixed with stocks in Dubai , Abu Dhabi and Bahrain dropping between 1.1% and 2.8%.

Other regional shares were higher, with Egypt's benchmark index rising 2.3%. Turkey's benchmark index dipped 0.7% and was set for a weekly loss of over 5%, while Bucharest's index rose 0.7%.

Poland's blue-chip index was marginally lower, with Hungary's and Greece's down 0.9% each.

The Polish central bank lowered rates by 25 basis points earlier this week as widely expected despite the uncertainty caused by the conflict.

Central banker Ludwik Kotecki told local media on Friday that the war in the Middle East meant less space for rate cuts in Poland.

The Hungarian forint fell 1.2% against the euro and was set for its worst week in almost two years. Other currencies in the region also ticked lower.

Hungary said it would stop transit shipments going through the country that are important for Ukraine as long as Russian crude shipments are halted via the Druzhba pipeline.

The Kremlin said the war in Iran had fuelled demand for Russian energy products, saying Russia remained a reliable supplier of oil and gas.

Asian stocks were also mixed, a day after recovering from a sharp selloff, with indexes in Philippines and Indonesia down 1% and 1.6%, respectively.

The US issued a 30-day waiver to allow Russian oil sale to India, heavily dependent on crude imports, senior officials told Reuters.

Investors said they were betting on economic fundamentals and fragmented geopolitics to aid a year-long rally that has seen EM assets outperform peers.

Barclays said money had continued to flow into EM funds despite geopolitical developments with credit funds seeing the largest weekly intake since January 2023.

Asia-focused funds saw outflows but funds investing globally continued to attract interest, data from the bank showed.

Spot premiums for Asia fuel oil surge to their highest since 2022

Reuters
Singapore

Spot premiums for Asia fuel oil surged to their highest since 2022 as of Friday, with bids jumping for both high sulphur fuel oil (HSFO) and very low sulphur fuel oil (VLSFO).

Some fuel oil traders say they are struggling to secure alternative supply as the Iran war curtails shipments from key Middle Eastern suppliers through the Strait of Hormuz.

While inventories in the Singapore hub remained ample as of this week, supply is expected to tighten later in the month, with prices for marine fuel already seeing further hikes.

The prompt market structure remained steeply backwardated, with balance-March/April timespreads extending gains to multi-year highs at the Asia close, data from market sources showed.

Cracks for April more than tripled week-on-week. Singapore's 380-cst HSFO/Brent crack rose above $10 a barrel at the Asia close, while VLSFO crack climbed to nearly $20 a barrel.

ARA fuel oil inventories dipped 0.9% to 0.85mn tonnes in the week to March 5, based on data from Dutch consultancy Insights Global.

Crude oil was headed on Friday for its sharpest weekly gain since Russia launched its full-scale invasion of Ukraine in February 2022, as conflict in the Middle East kept shipping and energy exports through the vital Strait of Hormuz blocked.

Middle East crude premiums spiked to multi-year highs this week as Asian refiners scrambled for supply after the US and Israeli war with Iran paralysed Strait of Hormuz shipping, choking off oil flows, according to traders and Reuters data.

Singapore refiner and petrochemical major Aster Chemicals and Energy has declared force majeure regarding supplies, citing a disruption in raw materials because of the Middle East conflict, a company spokesperson said on Friday.

More tankers carrying liquefied natural gas are diverting towards Asia as buyers scramble for replacement cargoes after the Middle East war halted tanker traffic through the Strait of Hormuz and disrupted supplies from Qatar, the world's second-largest seller of the fuel.

ECB policymakers play down need for swift action to combat surging energy costs

Reuters
Frankfurt


Christine Lagarde, president of the European Central Bank.

Oil prices have risen more than 27% this week due to the war in Iran, fuelling bets the European Central Bank (ECB) may need to raise interest rates to curb energy-driven inflation.

Here is what key policymakers said about surging energy prices and their potential impact on interest rates:

Christine Lagarde, ECB President: The ECB will take its decisions "in view of all the data that we can harness, and that we can analyse, and that we can scrutiniSe with sufficient confidence."

There is no "preset pace for our monetary policy stance."

"And I think that if you bring these two elements together, it places the ECB and the euro system in a good position to monitor very carefully and to try to understand what the consequences of the current shocks will be in the future."

Olaf Sleijpen, Dutch central bank Governor: "While I would not use the word nirvana or Goldilocks anymore, I haven't dramatically changed my view on where we are, which is still a good place. I'm still in the good place ... but everything depends on how this conflict will develop.

We are truly data dependent. So, it depends on how things will develop and how we are going to assess those developments going forward."

Jose Luis Escriva, Spanish central bank Governor: "With the information I have, I think it's very unlikely that we will touch rates at the next meeting.

We can already take it for granted that there will be effects (from the war). Our inflation target of 2% is a medium-term horizon, transitory movements should not necessarily lead us to make decisions. Instead, we must monitor the situation and assess to what extent this is having more persistent effects over time."

Luis de Guindos, ECB Vice-President: "The baseline (is) that this is going to be short-lived. If it is longer, then there is a risk that inflation expectations will change."

Martins Kazaks, Latvia's central bank governor: "We should sit tight. I don't see that we need to rush to do something with policy rates."

Francois Villeroy de Galhau, French central bank Governor: "I don't see any reason today why we at the ECB should raise our interest rates. We'll see meeting after meeting, but today I don't see any reason."

Joachim Nagel, Bundesbank President: "This right now is a somewhat different situation (than in 2021/2022).

"Back then we just came out of the QE (quantitative easing) phase and there was one of the other asset purchase programmes still around that had to be stopped."

Polish policymakers signal steady rates for duration of Iran war

Bloomberg
Warsaw

The headquarters of the National Bank of Poland in Warsaw. Poland may abstain from interest-rate cuts for as long as the armed conflict in Iran lasts, according to policymakers Henryk Wnorowski and Marcin Zarzecki.

Poland may abstain from interest-rate cuts for as long as the armed conflict in Iran lasts, according to policymakers Henryk Wnorowski and Marcin Zarzecki.

The comments come after the Monetary Policy Council cut its benchmark by 25 basis points to 3.75% on Wednesday, while lowering its inflation projections in the face of energy price risks triggered by the growing conflict in the Middle East. They echo the movements of derivatives, which show bets on steady rates for months to come.

"We must definitely forget about further downward adjustments to interest rates for as long as the war continues," Wnorowski told Bloomberg News. "The end of the war will reopen the possibility of returning to discussions about interest rate cuts."

Separately, Zarzecki said in an interview that March could have been "one of the last good moments" to cut rates given the "prevailing assessment of the macroeconomic situation" by policymakers. The MPC has to be "extremely cautious," he said.

Fellow MPC member Ludwik Kotecki, an advocate of looser monetary policy on the 10-strong panel, said that comments suggesting that the Iran war rules out more cuts went "too far." Nevertheless, the room to reduce rates "could actually be much smaller than it was last week," he told radio TOK FM on Friday. Wnorowski said the longer the Iran war lasts, the more difficult it will be to assess the impact on Poland's inflation and economy, and possibly resume cuts. Poland's zloty has been among the hardest hit emerging-market currencies by the conflict, weakening 3.5% against the dollar and 1.5% to the euro this week.

The MPC's cut this week was partly based on concern that leaving rates unchanged would send another worrying signal to financial markets, which were already shaken by war in the Middle East, Wnorowski said. He also played down expectations for one or two more quarter-point rate cuts during the course of this year. "As for the target rate for 2026 - the likelihood that it will reach the 3.25%-3.5% level that was recently reported in the media, has decreased dramatically," he said.

Central bank Governor Adam Glapinski said that the outlook for Polish borrowing costs was blurred by the conflict in the Middle East, which he expected to "last longer" than what he called the optimistic scenario of four to eight weeks.

Wnorowski said the spike in global energy crisis could still push Polish inflation above the central bank's target of 2.5%, which means that policymakers can't rule out any scenario, including a rate hike. In January, consumer price growth slowed to 2.2%, the lowest level in almost two years. "The wait-and-see approach is now more justified than it has been in past months," Wnorowski said. Forward-rate agreements, instruments used to wager on interest rate levels, show expectations for steady borrowing costs, while longer-term zloty FRAs indicate light positioning for monetary tightening.

"It is too early to talk about rate hikes in a year," said Piotr Kalisz, chief economist at Citigroup Inc's Polish unit. "But under current market conditions, the risk of hikes is certainly higher than expected just a few weeks ago and markets are starting to take this into account."

Credit traders are unwinding their gigantic bullish position

Bloomberg
London

Credit investors are unwinding long positions worth tens of billions of dollars and jumping into hedging trades.

Bullish bets in high-grade credit-default swap indexes have plunged by about a fifth in recent weeks, based on data compiled by Bloomberg. Separate indicators by BNP Paribas SA, which also track metrics like the amount of cash investors hold or the volatility of their portfolio, show that investors are now short risk.

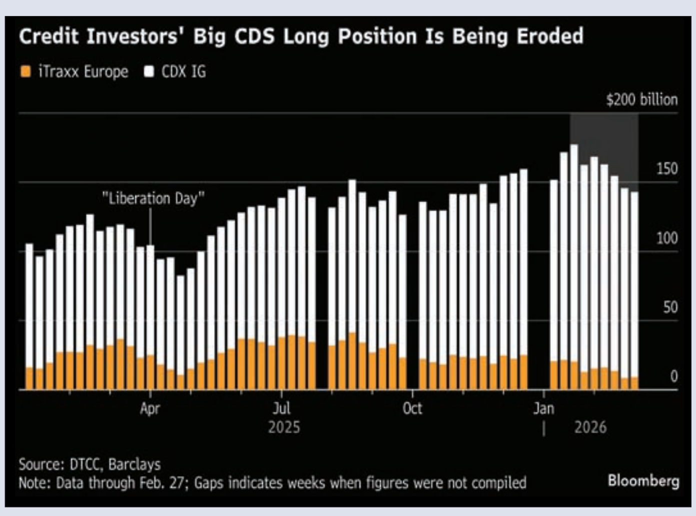
Conflict in the Middle East and worries about the disruptive impact of artificial intelligence are pushing money managers to reduce long positions that had insulated the safest part of the credit market from most risks over the past year. They're doing so in an unsettled period, when markets can swiftly reverse direction depending on the headlines of the day.

"There is a lot of nervousness and a lot of uncertainty and people are afraid," said Viktor Hjort, global head of credit strategy at BNP Paribas. "Many of them have already sold and dumped the risk."

In credit, the mood shift is most clearly seen in CDS indexes. Formerly just a hedge against companies going bust, these gauges have become a popular way to take a broad view on market direction because of their high levels of liquidity. They are also able to react to news much faster than corporate bonds, which are still the main building block of a credit portfolio.

Bullish bets in CDS indexes have been eroding over the past few weeks amid anxiety over the software sector, according to DTCC data compiled by Barclays Plc. The weekly data doesn't yet reflect the impact of war in Iran, though a jump in CDS index spreads amid high trading volumes suggests the positioning shift is ongoing.

Spreads on high-grade CDS indexes are widening further on Friday, with the iTraxx Europe index up more than 2 basis points to about 60.5 basis points, its highest level since last June, and the CDX IG index up 1.4 basis points to 57.3 basis points. A separate US credit positioning indicator run by BNP Paribas fell below zero in the past few days, while a European measure sank deeper into negative territory, indicating that investors are now short risk. The gauges include metrics like cash balances on funds, CDS positioning and dealer inventories.



This rapid reversal is hitting valuations across different parts of the market. Worries about the impact of AI were already rattling private credit and leveraged loan markets, which have more exposure to software companies, but those anxieties have metastasised into a full-blown retreat that is now dragging down even the safest corners of credit.

Risk premiums on a Bloomberg index of global high-grade corporate bonds this week approached their highest level since last summer. Total return is set for its biggest weekly hit since late 2024 as investors absorbed the double whammy of wider credit spreads and jumping government bond yields on fears that the war will stoke inflation.

The turnaround in positioning has also made hedging — seen by many investors as a waste of money over the past year — a hot topic again.

"Given absolute spread levels and so much uncertainty, you've seen increased hedging for sure whether being short index outright or buying credit options to protect the downside," said Nachu Chockalingam, head of the London credit desk at Federated Hermes.

The dynamics of systematic trading in the CDS market are also playing a part in the swift unwind. As credit market volatility has been low and spreads have been tight, systematic models would have indicated that higher levels of exposure were necessary, according to April LaRusse, head of investment specialists, Insight Investment. "Now that volatility has increased and spreads have widened, the whole thing goes into reverse," she said.

To be sure, shunning risk could end up being a contrarian indicator if the war in the Middle East ends up being relatively brief. "If positioning is short, as it is right now, we would argue that it means that most people who need to sell have sold," said BNP's Hjort. "If news starts to turn good, there's a lot of people who need to cover their shorts or who need to start buying again," he said.

Still, with so much uncertainty over the duration, size and outcome of conflict in the Middle East, and questions about AI disruption unresolved, fund managers are likely to position conservatively, even if they return to buying.

"Spreads are priced too optimistically, even without accounting for the recent geopolitical volatility," wrote Steve Caprio, head of European and US credit strategy at Deutsche Bank AG, noting that US and European high-yield bonds have enjoyed long stretches of positive monthly total returns.

China to boost spending to meet growth target amid rising global uncertainty

China to boost investment in infrastructure, public services; China has solid foundation to meet 2026 growth target: state planner; China sees solid trade start but uncertainties rise

Reuters
Beijing

China will boost spending in major infrastructure and public services to help meet this year's economic growth target, government officials said on Friday, as the US-Israeli war on Iran adds to global uncertainty. Beijing on Thursday unveiled a slightly lower growth target of 4.5%-5% for 2026, down from last year's 5%, which was met largely through a one-fifth surge in its trade surplus to a record $1.2tn. "To achieve the target, we have a solid foundation, which is reflected in at least three aspects: Overall scale, innovation capacity, and risk-response capability," Zheng Shanjie, the head of the National Development and Reform Commission, the state planner, told a press conference on the sidelines of the annual parliament meeting.

"At the same time, we are clearly aware that many difficulties and problems remain in the process of economic and social development." The government on Thursday also set out a five-year plan aimed at accelerating scientific breakthroughs and embedding artificial intelligence across the economy, as the rivalry with the US intensified.

Under the plan, China will roll out 109 major projects, spanning water and power networks, computing-power infrastructure, urban pipelines, consumption-related facilities, and education and healthcare, with investment expected to exceed 7tn yuan this year, Zheng said.

"Implementing these major projects - which tightly combine investment in physical infrastructure with investment in people - will strengthen China's overall national capacity, stabilise its social security system, and improve people's livelihoods," Zheng said.

China's trade started the year stronger than expected, extending last year's momentum, but a worsening geopolitical backdrop is creating more uncertainty for exporters and supply chains, commerce minister Wang Wentao said at the same press conference.

"Our next priority is to promote more balanced trade development," he said. "Exports and imports are like the two wheels of a car - if they're in balance, the car runs more smoothly and can go further."

Wang pledged to import more agricultural products, quality consumer goods, advanced equipment, and key components.

In the work report, the government acknowledged an "acute" imbalance between strong supply and weak demand, alongside risks stemming from a deepening property slump and high local-government debt. Analysts say any economic rebalancing will likely be slow, as reforms to welfare provision and the social safety net continue to lag.

At the conference, finance minister Lan Foan said a special 100bn yuan fiscal-financial coordination fund will play a key role in boosting consumption and private investment this year.

When combined with a 250bn yuan special treasury bond quota for funding the consumer goods trade-in scheme, the policy push will be stronger than last year's, Lan said, without elaborating. Last year, China allocated 300bn yuan for the consumer trade-ins.

Pan Gongsheng, governor of the People's Bank of China (PBoC), said the central bank will flexibly and efficiently use monetary policy tools, such as cuts to the reserve requirement ratio and interest rates, this year to support growth, while noting a sharp rise in risk aversion and foreign exchange market volatility, triggered by the US-Israeli war with Iran.

People cross a road in Beijing. China will boost spending in major infrastructure and public services to help meet this year's economic growth target, government officials said on Friday, as the US-Israeli war on Iran adds to global uncertainty.

Most Asian equities decline as Mideast crisis rages

AFP
Hong Kong

Asian markets mostly down on Friday as the war in the Middle East showed no sign of ending, though there was some reprieve from the surge in oil prices after the United States looked to ease supply concerns.

In Tokyo, the Nikkei 225 closed up 0.6% to 55,620.84 points; Hong Kong - Hang Seng Index ended up 1.7% to 25,775.29 points and Shanghai - Composite closed up 0.4% to 4,124.19 points on Friday.

After a torrid week on trading floors, investors were limping into the weekend wondering when the US-Israel war on Iran, and Tehran's attacks across the Gulf region, will come to an end.

Equities across the world have been battered by the crisis, which has sent crude prices soaring by about a fifth since February 27 -- the day before the attacks started -- and fanned fears of a fresh spike in inflation that could hit the global economy.

While there was a midweek bounce, analysts warned that the longer the conflict goes on, the worse it will be for markets to absorb.

"It is too soon to suggest that stocks have bottomed," wrote IG chief market analyst Chris Beauchamp.

"Unless the war ends soon -- and if anything a more intense conflict seems more likely -- markets will struggle.

Volatility remains elevated, which means we should expect plenty of two-way price action, but a continued decline for the moment seems likely, even with short-term bounces along the way." And the battle looks set to be drawn out, with Iranian Foreign Minister Abbas Araghchi warning Thursday that the Islamic republic was neither asking for a ceasefire nor negotiations with the United States.

After a fresh selloff on Wall Street, Asia largely followed suit.

Sydney, Wellington, Taipei, Manila, Mumbai, Bangkok and Jakarta all reiterated while Singapore was flat.

Seoul, which was pummelled almost 19 percent over Tuesday and Wednesday before bouncing more than nine percent Thursday, ended flat after recovering an early drop. London, Paris and Frankfurt all opened slightly higher.

Investors were growing increasingly worried that the spike in crude prices will push inflation back up and force central banks to re-evaluate plans to cut interest rates, with some analysts warning that they could even contemplate hikes.

While Iran has not officially shut off the Strait of Hormuz, shipping through the waterway has all but dried up.

Still, there was some reprieve on the oil front as both main contracts eased -- though they later pared the early losses -- after US Interior Secretary Doug Burgum said officials were looking at plans to temper the price gains.

He told Bloomberg "everything is being considered", with options including tapping the country's reserves, possibly in tandem with other nations.

With that in mind, the White House on Thursday temporarily eased sanctions against Russia to allow its oil currently stranded at sea to be sold to India until April 3.

Treasury Secretary Scott Bessent said the waiver was issued "to enable oil to keep flowing into the global market."

Earlier this week US President Donald Trump pledged to protect ships through the Strait of Hormuz, through which a fifth of the world's crude supplies and a substantial amount of gas run.

Other countries have also moved to address the issue, with China asking its largest oil refiners to suspend exports of diesel and gasoline, according to Bloomberg News.

However, prices remain elevated. Brent at one point rose around 19% since Friday, while WTI had spiked more than 22%, having topped $80 a barrel for the first time since January last year.

Chris Weston at Pepperstone added that investors were trading with an eye on possible developments over the weekend.

"With volatility at elevated levels, traders face the possibility of a significant gap move in either direction when markets reopen on Monday," he wrote.

"For now, all eyes remain on the weekend news flow and any developments that could determine the next major move in global energy markets," he added.

Mideast crisis highlights risk of dollar liquidity shock

By Jamie McGeever
Orlando, Florida

Investors have piled into dollars this week amid the turmoil in the Middle East, a reminder that the ongoing transition away from a dollar-centric financial universe towards a more fractured, multi-polar world could be very rocky.

The war now spreading across the region following the joint US-Israeli attack on Iran on Saturday is lifting the dollar's value, as investors seek the relative safety of the world's most liquid asset.

Equity indices that were major outperformers in the first two months of the year are tanking: South Korea's KOSPI - which soared 50% through February - has lost nearly 20% in two days. Redemptions from private credit funds are soaring, the dollar spiked as much as 2% in two days, and Treasury yields are shooting higher too.

Matt King, founder of Satori Insights, says this dollar surge isn't the result of a sudden rethink in the growth or inflation outlook. The issue is simply "money flow" - a rapid unwinding of the speculative froth that boosted many markets in recent months as investors now scramble for liquidity.

Despite all the fears about dollar debasement, investors in a foxhole still want - and need - dollars.

This raises the wider question of what will happen in future crises if the long-term erosion of dollar dominance persists.

The dollar's decline as the undisputed leader in global trade, financing, and FX reserves has been underway for the best part of a quarter century, since the advent of the euro in 1999 and China's accession to the World Trade Organisation in 2001.

The US currency's share of global FX reserves has fallen to 57% today from over 70% in the early 2000s, according to the International Monetary Fund.

But because the erosion has been smooth and gradual, dollar liquidity has continued to increase, and the global financial system has built buffers against liquidity squeezes after overcoming the historic shocks of 2008 and 2020.

However, the US alliances, rules-based order, and forces of globalisation that once ensured dollar liquidity greased the wheels of the world economy and markets, are crumbling. Major trade, political and military conflicts have erupted in the past year, turning the global investment landscape into extremely hazardous terrain.

This is the backdrop against which Barry Eichengreen, University of California, Berkeley professor and renowned expert on international capital flows and currencies, publishes his new book "Money Beyond Borders: Global Currencies from Croesus to Crypto" on March 17.

Eichengreen traces the 2,500-year history of money, explains why systemically important currencies rise to prominence and then fade away, and offers his assessment of what the future role of the dollar and cryptocurrencies will be.

While he argues that there is still no rival to the dollar as the preeminent currency in FX reserves and international trade, financing, and invoicing, he fears that its decline on these fronts, which has so far been "glacial", could accelerate.

"I'm much more worried than I was in the past," Eichengreen says. "There isn't an obvious alternative to the greenback, and we have to continue to hope that the coming transition will be very gradual and smooth. But I think we're learning that we don't live in a world where things occur smoothly anymore."

The past few days have been anything but smooth, and they highlight how much the world still needs dollars.

The US dollar is on one side of 89% of all FX transactions, according to the Bank for International Settlements. That's the highest in 25 years. The next most traded currency is the euro, which is on one side of 29% of all FX transactions.

Additionally, the dollar's share of international payments is about 50%. If you include intra-eurozone payments in the calculation, that share rises to around 60%, according to a Federal Reserve study.

Some 55% of international and foreign currency bank claims, and 60% of liabilities are denominated in dollars.

Looking at oil, it is estimated that as much as 20% of the world's crude trade is now priced in currencies other than the dollar, such as the euro or Chinese yuan. Of course, that means around 80% is still denominated in dollars.

Eichengreen says he has long believed that a multi-polar global monetary and financial system would be good for the world, just as a more diverse ecosystem is good for the planet.

"But we're not yet at a point where other sources of global liquidity could step up and substitute for the dollar. So we are at a very delicate point in time," Eichengreen says.

At a time when trade wars and real wars are flaring up, that seems something of an understatement.

■ *Jamie McGeever is a columnist for Reuters. The opinions expressed here are those of the author.*

US economy unexpectedly loses jobs in February

Non-farm payrolls decrease 92,000 in February; decline in employment nearly across the board; unemployment rate rises to 4.4% from 4.3% in January

Reuters
Washington

The US economy unexpectedly shed jobs in February and the unemployment rate increased to 4.4%, potentially hinting at a deterioration in labour market conditions that could put the Federal Reserve in a difficult spot amid rising oil prices.

The decline in nonfarm payrolls reported by the Labor Department in its closely watched employment report on Friday was the sixth since January 2025 and the second largest.

The labour market stumbled in 2025 amid what economists said was uncertainty stemming from President Donald Trump's sweeping tariffs, which he pursued under a law meant for use in national emergencies.

Though the import duties were struck down by the US Supreme Court, Trump responded to the ruling by imposing a 10% global tariff and later announced it would rise to 15%. Economists saw a downside risk to the labour market from a prolonged war in the Middle East, which is driving up oil prices and causing stock market volatility.

Despite Trump's emphasis on restoring domestic manufacturing jobs through measures like import tariffs, factory employment has now fallen in all but one month since his return to the White House.

"Today's numbers may have put the Fed between a rock and a hard place," said Ellen Zentner, chief economic strategist at Morgan Stanley Wealth Management. "Significant weakening in the labor market would support a rate cut, but given the risk that higher-for-longer oil prices could trigger another inflation surge, the Fed may feel compelled to remain on the sidelines."

Non-farm payrolls decreased by 92,000 jobs last month after a downwardly revised 126,000 increase in January, the Labor Department's Bureau of Labor Statistics said. Economists polled by Reuters had forecast payrolls advancing by 59,000 jobs after increasing by a previously reported 130,000 in January.

Estimates ranged from a loss of 9,000 jobs to an increase of 125,000 positions. Economists said jobs gains in January had been boosted by an update of the birth-and-death model, which the BLS uses to estimate how many jobs were gained or lost because of companies opening or closing in a given month.

The US central bank holds its next policy meeting on March 17-18 and economists still expect the Fed to keep its benchmark overnight interest rate in the 3.50%-3.75% range. The odds of a June rate cut, however, increased. The dollar was little changed against a basket of currencies. US Treasury yields fell.

The decline in payrolls last month was nearly across the board and was led by the healthcare sector, which shed 28,000 positions following a large increase of 77,000 in January. Employment at physicians' offices dropped by 37,000 jobs, mostly reflecting a strike by 31,000 healthcare workers at Kaiser Permanente and inclement weather. The strike in California and Hawaii has since ended.

Employment in the information sector dropped by 11,000, the federal government shed another 10,000 jobs. Since reaching a peak in October 2024, federal government employment is down by 330,000, or 11.0% amid a campaign by the White House to shrink its footprint.

Transportation and warehousing payrolls dropped by 11,000, weighed down by job losses among couriers and messengers. Construction employment decreased by 11,000, likely because of inclement weather. There were, however, moderate job gains in the social assistance sector.

The BLS incorporated new population controls that were delayed by last year's 43-day government shutdown. The Trump administration's immigration crackdown has reduced labor supply, also contributing to the labour market slowdown. The Census Bureau last month estimated the nation's population increased by just 1.8mn people, or 0.5%, to 341.8mn in the year ending June 2025.

The population controls only impacted January household survey data. That means the month-over-month levels of household employment, unemployment and labour force among other metrics are not directly comparable.

Turkey's central bank may pause rate cuts as US-Iran war weighs

Reuters
Ankara

Turkey's central bank is expected to halt its easing cycle again and hold interest rates at 37% next week, in response to market fallout from the US-Iran war, a Reuters poll showed on Friday.

All 10 economists polled forecast that the bank will hold the benchmark rate on March 12. Before the expanding regional conflict began shifting expecatations nearly a week ago, the bank had previously been expected to continue an easing cycle that began in late 2024.

A year ago the central bank temporarily reversed course and hiked rates in the face of political instability that rattled markets, though it returned to rate cuts by mid-2025.

This week's shift in market expectations also led to an upward revision in year-end rate forecasts. The median estimate for end-2026 now stands at 29.75%, compared with 28% in the previous poll, while some economists declined to make predictions for now.

JPMorgan - which, like most analysts, had previously predicted a cut at the March meeting - said on Monday it now expects the bank to hold and also revised its year-end forecast to 31% from 30%.

HSBC also forecast a hold, noting the MPC has repeatedly said the easing cycle will be cautious and data-dependent.

"We think that in the context of significant geopolitical uncertainty and growing energy price risks, an on-hold decision is the most likely outcome," HSBC said in a research note.

Since the US-Israel attack on Iran last weekend, exports from major Gulf oil producers have largely halted, causing a sharp rise in energy prices and stoking inflation concerns.

Market volatility triggered by the conflict prompted Finance Minister Mehmet Simsek to convene the Financial Stability Committee, which said it would take all necessary steps to ensure market functioning and contain the fallout.

The first measures began rolling out on Monday, including an estimated $13bn in FX sales this week and other liquidity steps that helped push the overnight rate roughly 300 basis points higher to about 40%.

With no funding at the policy rate, the MPC's comments on liquidity measures next week could shed light on where the currently 40% overnight rates will settle.

Economists said that one key factor limiting upward revisions in inflation expectations was a "sliding scale" system, which adjusts the special consumption tax (OTV) on fuel products and prevents higher oil prices from being fully passed through to consumers.

The central bank will announce its next interest rate decision at 1100 GMT on March 12.

Labour market weakness shows risks persist, says Fed official

Bloomberg
Washington

Federal Reserve Bank of San Francisco President Mary Daly said a disappointing February employment report undermines the notion that the US labour market was stabilising.

"The hopes that the labor market was steadying, maybe that was too much, and we really have to keep our eye on the labor market," Daly said on Friday in an interview on CNBC.

Daly emphasised, however, that policymakers shouldn't put too much weight on any one month of data and noted that details within the report make it difficult to interpret.

Her remarks came just after fresh data showed US employers unexpectedly cut jobs in February, though the results partly reflected disruptive winter weather and a drop in health care employment due to strike activity. Non-farm payrolls decreased by 92,000, according to the Bureau of Labor Statistics report, and the unemployment rate ticked up to 4.4%.

Daly said the Fed continues to have risks to both sides of its mandate, pointing to inflation that has been above the US central bank's 2% target for five years.

"The piece I'm worried about is the labor market maybe a little weaker than we have seen so far, but I've been worried about that since last summer," Daly said.

The Fed kept interest rates unchanged at its January meeting and investors still expect it to do so again when officials gather later this month. That follows three rate cuts at the end of 2025 as policymakers moved to bolster tepid hiring in the labour market. Chicago

Mary Daly, president of the Federal Reserve Bank of San Francisco.

Fed President Austan Goolsbee, speaking later on Bloomberg TV, called the jobs report a "tough miss." He added that he was hopeful inflation would resume its progress towards 2%, allowing the Fed to resume rate cuts by the end of the year, though he called recent inflation data "disturbingly high."

"As we get more uncertainties, I think the time at which it makes sense to act keeps getting pushed back," he said.

Meanwhile Federal Reserve Governor Christopher Waller on Friday said he doesn't expect the Iran war to have a sustained impact on inflation. While consumers are likely to experience sticker shock as gas prices rise, policymakers will look through any one-off increases, he said.

"For us thinking about policy going forward, this is unlikely to cause sustained inflation," Waller said on Friday in an interview on Bloomberg TV. "That's one reason we don't look at energy prices. When we look at core, core is a better predictor of future inflation," he added, referring to a measure of inflation that strips out volatile energy and food prices.

"It's kind of very odd to think about the Fed may be changing rates six months from now based on this," he said.

Waller dissented from the Fed's decision in January to leave its benchmark policy rate unchanged, saying he preferred a quarter-point reduction because of signs of continued softness in the labour market. The government's employment report for January subsequently came in much better than expected.

Fed policymakers are expected to hold rates steady for a second consecutive time when they meet March 17-18. Officials have signalled they can be patient in considering additional rate cuts, given signs of stabilisation in the labour market and inflation that remains above their 2% goal.

The Fed cut its benchmark rate three straight times at the end of 2025, in part to respond to signs of weakness in the labour market.

Inflation biggest risk to debt markets facing 'big stress test': OECD official

Reuters
London

Inflation is the major risk facing global bond markets, a senior OECD official told Reuters, as energy prices surge following the US-Israeli air war against Iran.

"Now we are having another big stress test," Carmine Di Noia, the OECD's director of financial and enterprise affairs said in an interview.

Oil prices are up 16% this week and government bond yields have jumped on investor fears over inflation if higher energy prices persist.

If that happens, higher bond yields would "put even greater pressure" on debt markets given financing needs and borrowing costs remain high, Di Noia added.

The OECD expects governments and companies to borrow $29tn this year, up from over $25tn last year. They have reduced the maturities of the new debt they sell and higher yields could reinforce that dynamic, Di Noia said.

He noted that the conflict has stoked uncertainty at a time when the investor base for bond markets is changing. Price-sensitive investors like hedge funds are playing a bigger role in the markets, which the OECD warned could stoke volatility.

The share of government bond issuance maturing in more than 10 years reached its lowest point since 2009 and the lowest on record for corporates in 2025, the OECD report said.

That raises the risk of refinancing, which at a record $13.5tn, reached 80% of borrowing for OECD countries in 2025, as more debt comes due sooner and rising yields feed faster into debt costs. Emerging markets, where over a third of the debt stock matures in the next three years, are particularly vulnerable.

Post-pandemic rate hikes to tackle inflation raised bond yields significantly and pushed government interest payments up. By 2024 those had already exceeded defence spending, the OECD noted. The OECD said surging borrowing by AI companies as they race to expand data centres and processor needs may make corporate bond markets more "equity-like".

Nine major hyperscalers will need to fund $4.1tn of capital spending until 2030, the report said. Funding half of that on the bond markets would mean the nine companies may account for 15% of corporate issuance globally. They include Amazon, Alphabet's Google, Meta and Microsoft.

As the nine also make up 12% of global stock market capitalisation, convergence between the two markets might make it harder for investors to diversify investments and hedge risk, Di Noia said.

Dealmakers see Iran war stymieing M&A with delays, diligence

Bloomberg
New York

Dealmakers are, for the second year in a row, seeing their chances of a record haul of mergers and acquisitions potentially fizzle out before the end of the first quarter.

The US's operation in Iran risks further denting sentiment and momentum in an M&A market that was already showing signs of slowing amid a global selloff in technology stocks and private credit jitters.

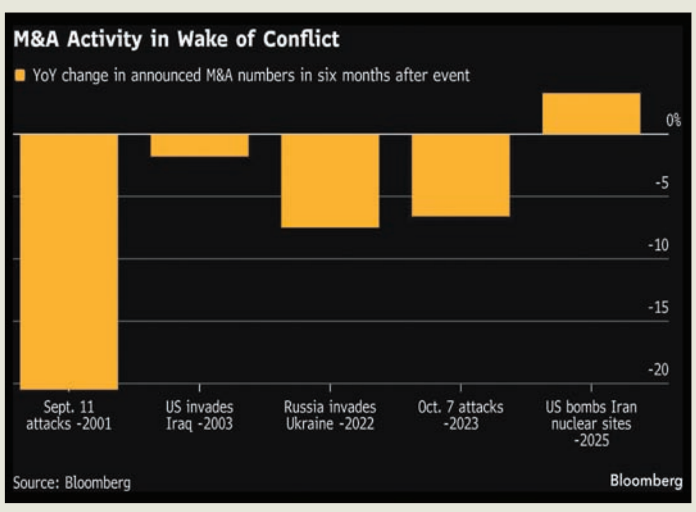
Advisory bankers and lawyers say that, while deals are not yet being pulled, timetables are being stretched and due diligence is becoming more focused.

"It's quite possible that work will continue but it will be harder to get things over the finish line if we have a prolonged episode of conflict," said Larry Grafstein, deputy chairman of global investment banking at RBC Capital Markets. "I think there is an extra degree of caution but not yet any kind of deep freeze." Analysis of Bloomberg-compiled data stretching back to 2000 shows that M&A numbers tend to fall in the six-months immediately following a major attack, with the steepest drop, of more than 20%, coming in the wake of the September 11 terror attacks in the US.

So far this year, the number of all deals announced is down more than 13% on 2025 levels, the data show; they are roughly 25% below this point in the record-breaking 2021. Deal values are still up year-on-year but there are concerns things could change if the Middle East conflict morphs into a protracted war that hurts supply chains and pushes energy prices higher.

"We are in a proceed with caution environment," said Michael Preston, a London-based partner at law firm Cleary Gottlieb. "If this creates inflationary pressure then borrowing costs could rise, which in turn could impact financing for mega deals."

To some this has echoes of early



2025, when hopes of record year for M&A ran into the turbulent start of US President Donald Trump's second term. That period culminated in the 'Liberation Day' tariffs that temporarily brought activity to a halt before a strong recovery.

Speaking at the annual Bloomberg Invest conference in New York this week, Scott Nuttall, co-chief executive officer of private equity giant KKR & Co, said there was a "déjà vu element" in markets.

"The tariff concern last year lasted for a couple of months, and the people processed it and started to move on," Nuttall said. "We'll see how long this lasts, this could have more duration to it."

Dealmakers began January in buoyant mood, having notched their second best-ever year for M&A in 2025 on the back of a surge in megadeals. There were predictions that 2026 could bring new highs and some big takeovers have been announced, including Devon Energy Corp's purchase of US shale rival of Coterra Energy Inc. for about $21.4bn and the $10.7bn takeover of utility and power producer AES Corp this week by a consortium of Global Infrastructure Partners LP and EQT AB.

But Bloomberg-compiled data show global deal numbers began trending lower around February, when a selloff in software stocks took hold and raised doubts about private equity firms' ability to buy and sell in one of their favorite sectors. In the same month, private credit firm Blue Owl Capital announced it would be halting redemptions on one of its funds, sparking wider fears of bad loans in a market that's become an important source of M&A financing.

The current volatility has made companies a bit hesitant to transact, as boards and CEOs wait to see how their stocks will react, according to Adam Katz, chief investment officer at activist hedge fund Irenic Capital Management.

"But time is risk and there is no reason to believe opportunities available today will necessarily be available tomorrow," he said.

Other bankers say that many of the conditions for large-scale M&A, such as access to investment-grade financing, strong stock markets and a US administration that's open to transformational tie-ups, remain in place.

"If you dial back, the markets are essentially flat for the year and we came into the year with a pretty robust pipeline," said Doug Braunstein, vice chairman at Wells Fargo & Co.

"It may look bad from where we were in February, but deals are not done month to month."