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**Qatar's banking system was seen in the pink of health in 2025 with key performance indicators (KPIs) broadly in line with, or better than the prior year, according to KPMG Qatar**

## Qatar bank KPIs fare better in 2025: KPMG

**By Santhosh V Perumal**  
Business Reporter

Qatar's banking system was seen in the pink of health in 2025 with key performance indicators (KPIs) broadly in line with, or better than the prior year, according to KPMG Qatar.

Total assets were up 7.9% year-on-year to QR2.4tn in 2025, even as return on assets was flat at 1.4%, reflecting stable profitability relative to asset growth, said KPMG in Qatar's latest 'Results snapshot: Listed commercial banks in Qatar', shared in one of its social media handles.

However, the banks' returns on equity were down to 12.3% in 2025 compared to 11.3% the previous year.

The banks' credit provisions expanded 6% year-on-year to QR13.1bn in 2025. Non-performing loans (NPL) ratio was down to 3.2% in 2025 against 3.4% the previous year, signalling a continued conservative approach to credit risk management; while NPL coverage ratio grew by 1.1% year-on-year to 80.6% in 2025.

"All KPIs analysed are broadly in line with or better than the prior year, with banks strengthening their balance sheets through higher provisions, improved capital ratios, lower NPLs, and in-

creased provision coverage," said Omar Mahmood, Partner, Head of Financial Services, KPMG in Qatar in the analysis.

These improvements have been reflected in positive market sentiment, as seen in higher share prices, he said, adding quality asset growth and profitability pressures will however need to continue to be monitored closely.

**Qatari banks' total assets were up 7.9% year-on-year to QR2.4tn in 2025, even as return on assets was flat at 1.4%, reflecting stable profitability relative to asset growth, according to KPMG**

Net profits of the commercial banks were down 1.56% year-on-year to QR29.7bn in 2025. The listed lenders are QNB, Qatar Islamic Bank, Commercial Bank, AlRayan Bank, Dukhan Bank, QIIB, Ahlibank Qatar, Doha Bank and Lesha Bank.

QNB reported net earnings of QR17bn in 2025 compared to QR16.72bn a year ago; Qatar Islamic Bank QR4.84bn (QR4.61bn), Commercial Bank QR2.2bn (QR3.03bn), AlRayan Bank QR1.53bn (QR1.51bn), Dukhan Bank QR1.41bn (QR1.34bn), QIIB QR1.35bn (QR1.26bn), Ahlibank Qatar QR0.93bn (QR0.89bn), Doha bank QR0.92bn (QR0.85bn),

and Lesha Bank QR0.2bn (QR0.13bn).

QNB's earnings-per-share stood at QR1.74 in 2025 against QR1.69 the previous year, Qatar Islamic Bank QR1.95 (QR1.86), Commercial Bank QR0.5 (QR0.71), AlRayan Bank QR0.16 (QR0.157), Dukhan Bank QR0.257 (QR0.244), QIIB QR0.82 (QR0.77), Ahlibank Qatar QR0.348 (QR0.332), Doha Bank QR0.3 (QR0.27) and Lesha Bank QR0.179 (QR0.114).

Despite a 1.56% drop in the overall profitability, mainly owing to tax charges for qualifying banks, "Qatar's listed banks experienced an otherwise strong year in 2025", KPMG said.

The commercial banks' tax charge shot by 88.9% year-on-year to QR5.4bn, primarily due to the global minimum tax charge of 15% for the qualifying lenders.

The banks' cost-to-income ratio improved to 27.1% in 2025 compared to 25.7% the previous year, reflecting the continued focus on cost reductions and operating efficiency.

The banks' capital adequacy ratio increased to 20.2% in 2025 against 19.6% a year ago.

The average dividend per share amounted to QR3.13 in 2025, a 7% increase on an annualised basis. Accordingly, dividend payout ratio increased to 61.3% in 2025 compared to 54.2% the previous year.

## IMF raises concern over global inflation, output on Iran war

**AFP**  
Washington

The International Monetary Fund said on Thursday it was monitoring the impacts of the war in Iran on global inflation and output, but that no countries had so far approached it for emergency assistance related to the conflict.

"If prolonged, higher energy prices will lead to higher headline inflation," said IMF chief spokesperson Julie Kozack at a press briefing. Kozack said that if oil prices remained above \$100 for a year or more, the estimated impact on global inflation could be a rise of up to two percentage-points, with output dropping one percentage-point, according to "a broad rule of thumb."

She also confirmed that the IMF had "not received any formal requests for emergency financing" in the wake of the US-Israel war on Iran.

The US and Israel launched strikes on Iran on February 28, sparking a war that has engulfed the Middle East and seen Tehran virtually blockade the key Strait of Hormuz waterway.

About 20% of the world's oil and natural gas passes through the strait, and the crisis has sent energy prices spiralling, with potential knock-on effects on inflation worldwide.

On Thursday, international benchmark Brent crude was trading at around \$110 a barrel – up 52% from before the war. Kozack said the world's most economically vulnerable states would be first in line to feel the fallout.

"They have limited policy space, limited buffers and this in a world where financing conditions may be becoming more challenging for them," she said.

Kozack highlighted that the Fund was monitoring developments on commodity prices, inflation and global financial conditions in the wake of the war.

She stressed that countries would feel the effects in a variety of ways, particularly when it comes to commodity prices, depending on the structure of their economy. Food prices were another area of concern.

"Fertilizer shipment has been disrupted (due to the conflict), and this, along with transportation disruptions, raise risks that we could see increases in food prices, and those could be substantial, again, depending on the duration and intensity," she said.

## European airlines warn higher fuel costs will be paid by flyers



An airplane prepares to land at Cointrin airport in Geneva, Switzerland (file). Europe's major airlines warned on Thursday they'll have to pass on higher fuel costs to their passengers as the war in Iran escalates and oil tankers remain stranded in the Arabian Gulf, reports Bloomberg. Many of the continent's carriers are well-hedged, protecting them in the short-term from spiking oil markets, but any extra costs for them will lead to higher ticket prices, Ryanair Holdings Chief Executive Officer Michael O'Leary said. "The average profit in my company is about €10 per passenger," Deutsche Lufthansa AG CEO Carsten Spohr said at an industry conference in Brussels. That's about \$11. "There's no way you can absorb additional cost." The protracted war is sparking concerns around fuel shortages as oil tankers are prevented from crossing the Strait of Hormuz. Fuel is one of the biggest expenses for airlines, and the jolt from Brent crude soaring past \$118 a barrel forced some carriers to implement fuel surcharges and even cancel some flights. In response, flyers are rushing to buy tickets to lock in lower prices. US airlines were the first to note the surge in demand, saying they're seeing some of their strongest booking business as premium leisure and business travelers secure seats in advance.

## Middle East conflict weighs on global trade outlook, says WTO



World Trade Organization (WTO) Director-General Ngozi Okonjo-Iweala looks on as she arrives to the launch of the global trade outlook at the WTO headquarters in Geneva on Thursday.

**AFP**  
Geneva

The Middle East war could weigh heavily on already slowing global trade, potentially threatening global food security, the World Trade Organization warned on Thursday.

If energy prices remain high, the WTO forecasts that merchandise trade volumes could grow just 1.4% this year, compared to 4.6% in 2025.

The WTO's annual global trade outlook was released nearly three weeks into an escalating war in the Middle East that is already causing soaring energy prices and reviving fears that a major economic crisis is looming.

"Sustained increases in energy prices could increase risks for global trade,

with potential spillovers for food security and cost pressures on consumers and businesses," warned WTO chief Ngozi Okonjo-Iweala.

She told reporters in Geneva that among other things the war "threatens global food security", appealing for supply chains to remain open.

Since US-Israeli forces launched the war against Iran on February 28, Tehran has responded with attacks throughout the Middle East and threats that have nearly halted shipping in the Strait of Hormuz, through which one-fifth of global oil supplies normally pass.

And the conflict appears to be escalating, with massive attacks targeting oil and gas production, storage and transportation infrastructure across the region.

Since the start of the war, WTO economists have been working to revise their annual forecasts.

Given the high degree of uncertainty around the impact of the war and its duration, the organisation on Thursday presented two possible scenarios for how global trade will evolve this year.

In the first scenario, which excludes possible energy price shocks, growth in global merchandise trade volumes is expected to slow this year to 1.9% from 4.6% last year.

That scenario assumes a slight dip in global gross domestic product (GDP) growth, from 2.9% in 2025 to 2.8% this year and in 2027. According to the WTO, that scenario would see merchandise trade "normalise" this year, regardless of the war in the Middle East, after

stronger-than-expected growth in 2025 driven especially by a surge in artificial intelligence-related products.

Trade last year was also boosted by among other things "the front-loading of imports in North America ahead of the expected imposition of 'reciprocal' tariffs by the United States", the WTO said in its report.

In the first scenario, global merchandise trade volumes are projected to grow by 2.6% in 2027.

The volume of trade in services would meanwhile swell by 4.8% this year and 5.1% next year, WTO economists projected.

In the second scenario, "merchandise trade volumes would grow by just 1.4%", the WTO said, adding that services trade would also grow at a slower rate of 4.1% this year.



## UAE stands by \$1.4tn US investment pledge despite war

**Bloomberg**  
Dubai

The United Arab Emirates' ambassador to the US threw his weight behind his country's massive investment plans in America, amid concerns that a prolonged war with Iran could strain government finances across the Arabian Gulf. In a March 17 letter to the US-UAE Business Council, Yousef al-Otaiba said the investment pledges announced last year would continue without disruption. "The UAE's \$1.4tn investment and economic framework with the US will stay on track with plans to accelerate deployment and funding," al-Otaiba wrote. The message comes amid concerns that the conflict could slow Gulf investment abroad, as lower energy production and rising war costs weigh on public finances. Iran unleashed waves of strikes on Arab countries across the Gulf overnight into

Thursday, setting ablaze key oil and gas facilities. The Financial Times reported earlier that some regional officials were reconsidering large foreign investments, though at least one executive at an Abu Dhabi wealth fund said the issue had not been raised internally. Al-Otaiba's comments reflect the UAE's publicly stated alignment with Washington after the US-Israeli alliance began a war on Iran last month, triggering retaliatory strikes by the Islamic Republic on countries in the region. The UAE has borne the brunt of that retaliation with its energy infrastructure and airports coming under attack. Earlier this week, Anwar Gargash, a top adviser to UAE President Sheikh Mohamed bin Zayed, said Iran had miscalculated by targeting Gulf countries, arguing the attacks would push the region closer to the US rather than drive it away. That followed remarks from Minister of State Reem al-Hashimi, who called Tehran's attacks "unhinged."

That stance contrasts with criticism from parts of the business community. Billionaire Khalaf al-Habtoor, for instance, criticized US President Donald Trump earlier this month, saying he had dragged the region into a conflict it did not choose. In his remarks, al-Otaiba reassured companies operating in the UAE that infrastructure and public finances remain strong. He said Iran had launched nearly 2,000 missiles and drones at the country, with more than 93% intercepted, and that ports and airports had reopened quickly. Despite the conflict, Gulf sovereign investors continue to press ahead with global dealmaking. Abu Dhabi Investment Authority, one of the world's largest sovereign wealth funds, was particularly active last week, while the Qatar Investment Authority and a Bahraini aluminum company announced major transactions in the first week of the war. Alongside other Gulf states, the UAE has

acted as a major global investor, funneling hundreds of billions of dollars into overseas deals and encouraging foreign capital to flow into its markets. Al-Otaiba said global companies remain committed to projects in the UAE, including Microsoft Corp, Oracle Corp, Amazon.Com Inc, Walt Disney Co and Wynn Resorts Ltd. Still, the conflict has begun to affect business operations. Data center infrastructure linked to Amazon has been hit, while some financial firms in the Dubai International Financial Centre have allowed employees to temporarily leave the country, Bloomberg News has reported. Attacks on energy infrastructure have also widened. Qatar said its Ras Laffan complex, home to the world's largest liquefied natural gas export plant, suffered extensive damages in an Iranian strike, while Saudi Arabia, Kuwait and the UAE have faced similar attacks on oil and gas facilities. The latest escalation followed Iran's warning that energy facilities in Gulf

countries, including the UAE, would be considered "legitimate targets" after the Islamic Republic's prized South Pars gas field was struck by Israel. "This is not a war we wanted, and we worked intensely to avoid it," al-Otaiba said. "But even as we held hope and pursued de-escalation, we also knew a war could someday come." He added that the UAE had spent decades preparing for such a scenario by building sovereign wealth reserves of more than \$2tn, strengthening supply chains and investing heavily in missile defense systems and resilient infrastructure. "We acquired the most sophisticated missile and drone defenses, built hardened and resilient infrastructure, diversified supply chains and developed strategic reserves," the ambassador said. "These preparations have allowed us to reopen seaports and airports quickly and maintain global trade connectivity even under pressure."

## Asia refiners asking Saudi Arabia to change oil pricing system due to war

**Bloomberg**  
Singapore

Asian oil refiners have asked Saudi Arabia to change the way it prices the crude they take after the Middle East war disrupted the traditional system, according to traders.

The biggest buyers of Saudi oil want the crude to be priced against Brent futures on the Intercontinental Exchange instead of a combination of the Dubai and Oman benchmarks, said the traders, who are directly involved in the discussions. They asked not to be named due to the sensitivity of the matter. Talks with Saudi Aramco are ongoing and may fail, the traders said.

Aramco didn't respond to a request for comment.

The Saudi crude is priced against a benchmark that's a combination of Oman futures on the Dubai-based Gulf Mercantile Exchange, as well as the Dubai oil price as assessed by a unit of S&P Global Energy, known as Platts. Aramco's official selling prices are set as a differential to that baseline each month. It's the baseline that traders are asking Aramco to swap out with the ICE Brent futures benchmark, they said.

Both the Oman and Dubai prices have skyrocketed since the start of the war, outpacing



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gains in global benchmarks like Brent and West Texas Intermediate, as the effective closure of the Strait of Hormuz cut access to most Arabian Gulf oil. A decision by

Platts to exclude grades that load inside the Gulf from its market on close platform, has further distorted prices, the traders said. Platts didn't respond to

an email seeking comment. Physical crude transactions are priced on a variety of benchmarks, with each region tending to prefer the use of different markers. Asian

refiners typically use the Dubai or Dated Brent benchmark – both products of Platts. Some Chinese refiners prefer to price their crude off of ICE Brent.

## Lloyd's CEO says its critical Mideast war cover stays available

**Bloomberg**  
London

The Lloyd's of London insurance market will continue to provide cover for vessels traveling through the Strait of Hormuz even as shipowners avoid the area, according to chief executive officer Patrick Tiernan.

Shippers seeking insurance for tankers going through the strait "is pretty rare at the moment because people are focused on safety and security," Tiernan told Bloomberg Television in an interview on Thursday.

Shipping through the Strait of Hormuz – which carries about a fifth of global oil flows, as well as gas, fertilizer and other products – has effectively ground to a halt since the US and Israel launched the war against Iran on February 28.

While the Lloyd's Market Association has said insurance for ships in the region is still available, maritime cover premiums have spiked as Iran threatens to target vessels crossing the passage. People familiar with the matter said on Monday that the cost of coverage has surged to about 5% of the value of a ship, roughly five times the level seen in the earliest days of the Iran war.

"In maritime war risk, there's more real-time, dynamic pricing," Tiernan said. "You may see spikes and you may see prices drop off pretty quickly."

Premiums in such segments tend to rise sharply during crises but remain relatively low in peacetime, Tiernan said, adding that marine war risk remains a relatively small part of the broader insurance industry.

"Cover remained and remains in place but can now be reviewed on a case-by-case basis reflecting the perception of risk," the LMA's Joint War Committee said in a website note Thursday. There have been more than 25 attacks on commercial tonnage, it also said.

The US International Development Finance Corp said on March 11 it's partnering with insurer Chubb Ltd on a \$20bn reinsurance backstop aimed at reviving shipping in the strait.

UK Chancellor of the Exchequer Rachel Reeves last week met with Lloyd's Chair Charles Roxburgh to discuss maritime insurance to facilitate the continued passage of ships through the Strait of Hormuz, and that the UK is willing to play its part in using its oil reserves to help reduce the price of oil.

"There is a role for the public and private sector to work together," Tiernan said Thursday. "We do try to make sure we have those conversations in private."

### Saudi Red Sea oil exports set to jump to 3.8mn bpd in March

Saudi Arabia's crude oil loadings at its Yanbu port on the Red Sea are set to surge to a record 3.8mn barrels per day (bpd) in March, shipping data showed on Wednesday, after the US-Israeli war on Iran effectively shut exports via the Strait of Hormuz, reports Reuters. The kingdom, the world's largest oil exporter, can pump up to 7mn bpd to Yanbu through its East-West pipeline, allowing it to avoid sharper production cuts that neighbours Iraq, Kuwait and the United Arab Emirates have been forced to make due to limited alternative export routes.

Of that capacity, around 5mn bpd could be available for exports, with the rest supplying local refineries, Saudi state energy company Aramco said on March 10.

Around 70 tankers are expected to load at Yanbu this month, including about 40 still on their way, according to LSEG shipping data.

Most are bound for Asia, with China accounting for the largest share at around 2.2mn bpd. The first tanker departed Yanbu for Asia on March 10. Average loadings at Yanbu rose to 2.6mn bpd so far in March, up from 1.4mn bpd in February and 1.3mn bpd

in January, the data showed. Aramco is using a friction-reducing chemical, known as drag-reducing agent (DRA), to speed up pipeline flows, two industry sources told Reuters.

The method, which was widely employed by pipeline operators in Europe when they had to adjust the flows in the wake of sanctions on Russian oil imports, can boost flow rates by 30% or more.

The US and China are the main suppliers of DRA, but Saudi Arabia is well stocked so far, the sources said. Saudi Arabia exported around 6mn bpd through the Strait of Hormuz before the

war effectively shut the narrow passage in late February.

Its production was down by around 2mn bpd, or about 20%, to about 8mn bpd after output was curtailed at two major offshore fields, sources told Reuters on March 13.

The Red Sea route also involves security risks, including from Yemen's Houthi forces, whose attacks disrupted shipping during the Israeli-Hamas war in Gaza.

No such attacks have occurred since the start of the Iran war, the West's naval information centre JMIC said on Tuesday.

## Iran war rattles the global aluminium supply chain

**By Andy Home**  
London

The US-Israeli war on Iran is now in its third week and its impact on Gulf aluminium production and exports is accelerating disruption across an already fragmented physical supply chain.

Two Gulf smelters are curtailing capacity, and the continued closure of the Strait of Hormuz threatens more output cuts.

The Middle East accounts for around 9% of global aluminium production – a metal essential to construction, transport and renewable energy.

Remove China out of the equation and that ratio rises to over 20%.

Take out Russia too – the reality for US and European manufacturers under sanctions over its Ukraine invasion – and it rises higher still. The impact is compounded by low inventories on the London Metal Exchange (LME), which are about to shrink a lot more as traders scramble for units.

The immediate price shock from the Gulf crisis drove LME three-month aluminium to a four-year high of \$3,545.50 per metric ton last week. Now, the secondary shock is travelling down the physical supply chain.

Japanese buyers initially balked when global producers offered a premium of up to \$250 over the LME price for second-quarter deliveries, a 28% increase on first-quarter terms.

They are now snapping up a revised offer of \$350 for what serves as a benchmark for other Asian buyers. The premium for duty-paid aluminium in Europe has surged to \$450 per ton over the LME cash price, its highest level since late 2022.

And there's more pain for US buyers, already reeling from the impact of 50% import duties imposed last year. The Midwest premium is now trading on the CME at \$2,400 per ton over the LME. While LME traders are trying to price the risk posed by the Gulf crisis to the global aluminium

market, manufacturers have no choice but to pay inflated premiums just to guarantee they have metal. Aluminium Bahrain and Qatalum, the Qatari smelter joint venture between Norsk Hydro and Qatar Aluminium Manufacturing are powering down some 570,000 tons of annual production capacity between them.

Export shipments have ground to a halt due to the risks to shipping of passing through the Strait of Hormuz.

Emirates Global Aluminium, which is still operating at full capacity, is looking to re-route shipments via the port of Sohar in Oman, which may offer some limited mitigation.

But with no signs of de-escalation, the threat to supply is growing with each passing day because just as product can't get out, raw materials can't get in. Only Saudi Arabia's Ma'aden smelter is fully integrated with its own bauxite mine and alumina

refinery. How long raw materials stocks at the Gulf's other operators last is becoming an increasingly moot point.

The problem for buyers of Gulf aluminium is that there aren't a lot of alternative sources of metal to plug the widening supply gap. China is the world's largest

producer, but the country's giant aluminium sector is geared towards exporting semi-manufactured products – bars, rods and tubes – rather than primary metal.

It's more competitor than saviour for Western manufacturers looking to source primary metal.

Moreover, China's smelter system has little spare capacity, running close to Beijing's mandated annual capacity cap of just over 45mn tons. Russian supply has already pivoted to Asia in the wake of US and European sanctions following the invasion of Ukraine in 2022. Indeed, Russia has become a major

supplier of primary aluminium to China as Chinese production growth grinds to a halt. Given these structural supply constraints, it's logical that traders have turned to the market of last resort to replace what is currently stuck the wrong side of the Strait of Hormuz.

Just over 150,000 tons of LME-warranted metal has been cancelled in preparation for physical load-out since the start of this month.

The action has largely played out in Malaysia's Port Klang, which is significant since this is the primary LME storage point for Indian-brand aluminium.

Stocks of Russian metal at the South Korean port of Gwangyang have been left largely untouched, meaning that a significant part of what remains in the LME storage system is now metal that many Western buyers can't or won't take. Nor is there much metal left in LME off-warrant storage. These shadow stocks have been steadily draining away over the last year and at

108,000 tons are down by 52,000 tons since the start of 2026.

The squeeze is visible in time spreads. The benchmark cash-to-three-months spread has inverted from contango to backwardation, where spot supplies command a premium over future deliveries, a classic signal of acute near-term shortage.

But the current cash premium of \$18 per ton is modest relative to physical market premiums, which provides little incentive for fresh deliveries from an already strained supply chain.

While the rise in oil and gas pricing has understandably grabbed the headlines since the start of the war in Iran, the risks to the aluminium market are equally acute. Maybe even more so, since the Iran war is revealing just how dependent Western buyers have become on the Middle East's primary aluminium smelters.

■ The opinions expressed here are those of the author, a columnist for Reuters

**Bloomberg QuickTake Q&A**

# How Iran war is disrupting the food supply chain

By Agnieszka de Sousa, Eleanor Thornber and Pyotr Kozlov

The conflict in the Middle East is sending shockwaves through the global food industry – from growers to packaging firms and distributors – with major implications for food security and living standards. The war has cut off important sources of energy and fertilizers that are key inputs in the production of grains, vegetables and meat. Farmers whose crop yields were already squeezed by bouts of extreme weather now face having to pay more for those crucial inputs and are likely to pass on the cost to consumers through higher prices. Their other option is to cut back on fertilizer and other inputs, lowering yields and raising the risk of food shortages, especially in poorer countries that rely heavily on imports. The United Nations' World Food Programme has warned that a prolonged conflict could lead to record levels of global hunger.

## How is the war affecting fertilizer production?

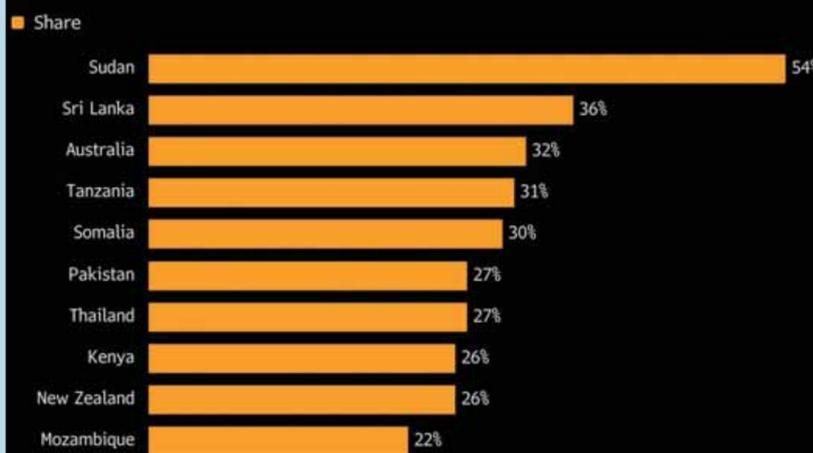
The Gulf region has become a significant producer of nitrogen fertilizers in recent decades, and the Strait of Hormuz was handling about a third of the global trade before the war broke out. The conflict has severely disrupted exports from the region, sending prices soaring and farmers scrambling to secure enough of the products while they can. The war is also disrupting production of nitrogen fertilizers in other parts of the world as the conflict has affected supplies of their key ingredient, natural gas. This has led fertilizer manufacturers in countries such as India and Bangladesh to reduce output. There are signs that soaring gas prices are also putting European production under strain. Nitrogen fertilizers underpin roughly half of global food production by supplying plants with nutrients that support their growth. If the disruption persists, farmers are likely to cut back their fertilizer use, leading to lower crop yields. "This is not only a price shock. It could also become a production shock with a lag built in," said Wesley Davis, an economist at Meridian Agribusiness Advisors.

## How else is the Iran war disrupting the food industry?

There is no modern food production without energy. Diesel-powered tractors till the soil and fresh produce is grown in gas-heated glasshouses. Oil-based fuels power the ships, airplanes and trucks that transport staples over long distances in today's globalized economy. Oil is also the raw material used to make plastic food wrappings. The war is straining supplies of the fuels needed to operate the machinery that sows and harvests crops, sprays chemicals and waters plants. Australian grain growers are facing fuel delivery cutbacks ahead of the planting season. In Bangladesh, some rice farmers cannot secure diesel to power irrigation pumps, while

## Fertilizer Access May Worsen for Some of the Poorest Countries

Share of seabornd imports of fertilizers coming from the Gulf region



Note: 2024 data  
Source: UNCTAD

## When Oil Spikes, Food Prices Tend To Follow



fishermen in the Philippines may soon need to keep their boats ashore. Disruption of the Strait of Hormuz and the Red Sea shipping routes has raised freight costs and lengthened transit times for grains, oilseeds and fertilizers. Even short journeys face an impact as higher fuel prices make land transportation costlier. Then there's packaging. The Middle East region supplies about one-third of globally traded naphtha,

the ingredient in production of polymers used in plastic wrappings, according to Rabobank. Paper and cardboard production is also energy intense. "Packaging converters, consumer brands, and ultimately retailers and consumers could all feel the effects," the bank said. Higher oil prices tend to boost demand for biodiesel and renewable diesel, leaving less of the commodities used to produce those alternative fuels – such as

soybeans, canola and corn – available for the food industry. That's likely to inflate prices, particularly in Africa, Asia and other import-dependent regions, the UN's Food and Agriculture Organization said.

## What will it all mean for food prices in stores?

Before the war broke out, food inflation around the world was generally expected to ease this year. Food commodity costs are still well below their peak of March 2022 following Russia's full-scale invasion of Ukraine, but the impact of the war is starting to feed through into official price gauges. In Turkey, consumers were paying about a third more for their vegetables than before the conflict started. The full impact is likely to take some time to materialize. Food prices tend to respond to prolonged energy shocks, not short spikes, and the effect on grocery prices is typically indirect and delayed, according to David Ortega, a professor of food economics at Michigan State University.

## What are the likely economic repercussions?

Higher food prices will complicate efforts by central banks to get a post-pandemic wave of inflation back under control. The situation also presents a challenge for politicians, especially in emerging-market economies where food eats up a greater proportion of household incomes than it does in more industrialized nations. Governments are already intervening in markets to secure enough fertilizers for local farmers. India has turned to China to allow the sale of some urea cargoes, which in turn is tightening its curbs on fertilizer exports. The Philippines government is in talks with major fertilizer producers, while the US Trump administration has moved to locate backup sources of fertilizers for American farmers and authorized Venezuela to sell them to US companies.

## Who's most at risk?

Import-dependent countries in Asia, Africa, and Latin America are particularly exposed to fertilizer shortages and rising input costs, the FAO said on March 15. While farmers in rich nations can count on support from their governments, concerns are mounting over some of the poorest economies. Many developing nations are struggling to service their debts and have only a limited capacity to absorb new price shocks, UN Trade and Development has warned. Higher fertilizer prices are likely to hit resource-poor farmers the hardest, risking smaller harvests and increased food price inflation down the line. As many as 45mn more people could face acute hunger if the conflict in Iran doesn't ease by the middle of the year, taking the total number to a record high, the WFP warned. Further increases in food insecurity could spell catastrophe for some of the world's most vulnerable countries that are already at risk of famine, it said.

# Fuel shortages from war begin to threaten global food supply

Bloomberg  
Singapore/Sydney

Food crops are becoming increasingly vulnerable to the energy supply crunch caused by war in the Middle East, with farmers across Asia and Europe facing a scarcity of fuel needed to operate essential machinery. Australian grain growers are facing fuel delivery cutbacks ahead of the planting season. In Bangladesh, some rice farmers cannot secure diesel to power irrigation pumps, while fishermen in the Philippines may soon need to keep their boats ashore. A prolonged supply crunch will drive up food bills and play into global concerns about inflation arising from the conflict.

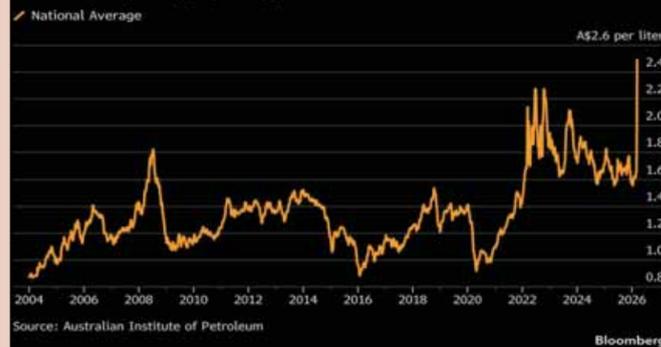
"As soon as we get cracking, every tractor and piece of machinery will be running, busy – and guzzling diesel," said Richard Heady, a farmer in Buckinghamshire in the UK. "By mid-spring, we'll exhaust what we've got and have to bite the bullet and pay whatever the going rate is – if we can get hold of it." Weeks into the US-Israeli war with Iran, flows of crude oil, liquefied natural gas and fertilizer have been choked by attacks on energy infrastructure across the Middle East and the effective closure of the Strait of Hormuz. Farmers are paying more for crop nutrients

while – for some – access to a major export market has been cut off. Now, the fuel crunch is adding another major hurdle. Modern agriculture is an energy-intensive industry, relying on large amounts of fuel to power machinery used for sowing, harvesting and tending to livestock in sprawling pastures. Without this supply, farming calendars honed over generations could easily be disrupted. If farmers can't get enough diesel, sowing could be delayed or reduced. Mature crops left in the ground would deteriorate, while the cost of processing and transporting produce after harvest would also increase. "We don't necessarily see this as a flash in the pan," said Paul Joules, a farm-input analyst with Rabobank in Sydney. "There will be longer-term inflation issues on the input side, and obviously that can eventually be passed on to the consumer." The Asia-Pacific region is particularly dependent on commodities shipped from the Middle East. Even as governments move to cap prices or curtail use, consumers have rushed to buy fuel, leaving industries like farming vulnerable to shortfalls. Irrigation equipment in much of Bangladesh – vital for the rice crop – runs on diesel-powered engines that draw up groundwater, and the government has begun restricting daily

supply to 2 liters per person. Harprosad Roy, a farmer in the northern Rangpur region, said his two-acre plot needs at least 3 liters per day – but that he often returns from the pump with just one. Nearly 40% of arable land in the region depends on these machines and – with the harvest starting next month – switching to an electric motor would involve a lengthy process to secure a government permit, said Roy. "There is no one to help farmers," he said, which puts the Boro rice crop – Bangladesh's largest – at risk. In the Philippines, rice farmer Jespher Villegas typically rents a harvester machine during the collection season that starts this month and pays for it with about a 10th of his crop. "But the owners will definitely ask for more because of the high diesel prices," he said, which will reduce the amount he can sell as he grapples with tuition fees for his three children. Rice is a staple in the Philippines, which – despite two annual harvests of its own – ranks as the world's biggest importer. In Thailand, meanwhile, some farmers fear that rising fuel costs mean it might not be financially viable to collect the crop, said Abhi Agarwal, co-founder of Living Roots, an agricultural company in Chiang Mai. Fishermen are also struggling, losing about

## Australian Diesel Fuel Prices Spike

Terminal gate prices jump sharply in wake of Iran war



500 pesos (\$8.40) a day in the Philippines due to rising diesel costs, Jayson Cainglet, executive director of the SINAG farmers' group, told a Senate hearing on Thursday. Subsidies have been mooted for about two weeks from now – but by then, boats might no longer be on the water, he said. Elsewhere, the scarcity of fuel could reduce the amount that farmers are able to sow. Farmers in Australia are gearing up for win-

ter grain planting, while their counterparts in much of Europe are preparing spring crops like barley and corn. Australian farmers are "increasingly struggling to secure fuel," the National Farmers' Federation said this week, with continued price hikes meaning that some acreage could go bare. Livestock farmers are also susceptible, as they need to make regular deliveries of feed to cattle, or move milk to market.

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## JPMorgan strategists say investors are complacent on Iran war

Bloomberg  
New York

Complacent investors who assume there will be a swift resolution to the Iran war are making a high-risk bet given how bad surging oil prices typically end up being for stocks, according to strategists at JPMorgan Chase & Co.

The team, led by Dubravko Lakos-Bujas, said investors are failing to price the potential economic damage from soaring energy costs, despite the fact that four out of five oil shocks since the 1970s have led to recession.

"While some of the froth has been taken out of high-risk factors and speculative areas of the market, we still see complacency," the strategists said in a note. They added that correlation between the S&P 500 index and oil typically turns "increasingly negative" when crude prices spike by about 30%.

The market has focused on the inflationary effect of higher oil prices, but the most consequential impact in fact lies in the economic strain caused by a prolonged shut down of the Strait of Hormuz, they added. At the heart of this concern is the destruction of demand triggered by soaring oil prices.

Brent crude surged a further 10% on Thursday, stretching its advance since the start of the war to more than 60%, after Iranian missile strikes caused damage to the world's largest liquefied natural gas export plant



in Qatar. The S&P 500 has dropped by a modest 3.7% since the conflict erupted.

JPMorgan estimates that each sustained 10% increase in oil prices could shave 15 to 20 basis points off GDP growth. If oil prices hold for the rest of the year at current levels around \$110 a barrel, earnings estimates

for S&P 500 companies could drop by 2-5 percentage points.

The pressure on profits would become even more pronounced if oil prices move higher, they added. The strategists cut their 2026 year-end target for the benchmark S&P 500 to 7,200 points from 7,500.

# Global central banks stand ready to tackle war-led inflation

- US, Canada, Japan, BoE, ECB keep rates on hold
- Central bankers on alert for inflation surge
- Attacks on energy infrastructure mark new phase
- Some analysts speak of rising "stagflation" risk

Reuters  
London/Frankfurt

Top central banks said on Thursday they stood ready to tackle any surge in inflation with tighter policy as the latest escalation in the Iran war put the Middle East's vital energy infrastructure in the line of fire, pushing fuel prices higher.

In a rare coincidence of the monetary policy diary, central banks of the US, Japan, Britain, Canada and the eurozone — effectively the Group of Seven (G7) nations — convened this week, as have counterparts from several emerging economies.

After facing criticism they acted too late to tame a post-Covid jump in inflation exacerbated by the Russian invasion of Ukraine in 2022, policymakers are determined to rein in prices without derailing still-patchy economic growth — and above all to avoid a "stagflation" mix of recession and price surges.

The US Federal Reserve and the Bank of Canada on Wednesday both opted to hold interest rates steady, as did the Bank of Japan, Bank of England, European Central Bank and the central banks of Switzerland and Sweden on Thursday.

Yet they made clear they are on alert, wary that rising energy prices could spark a wave of inflation across the wider economy if, for example, it starts to prompt higher wage demands by households fearful of losing purchasing power.

"The war in the Middle East has made the outlook significantly more uncertain, creating upside risks for inflation and downside risks for economic growth," the ECB said.

In her press conference after the decision, ECB President Christine Lagarde said the eurozone was resilient and that low inflation meant it was



ECB President Christine Lagarde attends a press conference on the eurozone's monetary policy, at the central bank's headquarters in Frankfurt am Main, western Germany. She said the eurozone was resilient and that low inflation meant it was "well positioned" to deal with what she called "a major shock that is unfolding".

"well positioned" to deal with what she called "a major shock that is unfolding".

The central bank raised its forecast for inflation this year to 2.6% — above its 2% target — and released scenarios under which inflation could fall back down again if the shock proved temporary but rise to 4.8% next year if disruption continued.

Commenting on the unanimous decision by the Bank of England's policy-making committee to keep rates on hold, BoE Governor Andrew Bailey said the bank would have to respond to a persistent impact on UK inflation.

But he played down expectations on markets for a sharp tightening in policy as traders priced in two 25-basis-point rate hikes by year-end, up from just one prior to the meeting.

"I would caution against reaching any strong conclusions about us raising interest rates," Bailey said in an interview pooled for British broadcasters. "Today we've given a very clear message. The right place to be is on hold."

Marking an escalation in the war that began on February 28, Iranian

strikes since Wednesday have caused extensive damage to the world's largest gas plant in Qatar and hit other Gulf infrastructure following Israeli attacks on its own gas facilities.

Such strikes already start to make it more likely that the global economy will have to grapple with longer-term damage to energy supplies. But Federal Reserve Chairman Jerome Powell noted that quantifying that hit was still impossible.

"In the near term, higher energy prices will push up overall inflation, but it is too soon to know the scope and duration of the potential effects on the economy," Powell said after the Fed's 11-1 decision to hold rates in the 3.50%-3.75% range.

His reluctance to say that risks of a weakening job market posed a greater risk to the Fed's objectives than inflation helped push market rate-cut expectations into 2027 and even raised odds of a hike at the next meeting to 12%.

In Tokyo, Bank of Japan Governor Kazuo Ueda said the BoJ would not rule out a near-term rate hike if the expected hit to growth from surging

oil costs proves temporary, and does not derail progress in durably hitting the bank's price target.

"We need to be mindful that recent developments come at a time when companies are already actively pushing up prices and wages, which suggests they could pass on costs more aggressively than after the war in Ukraine," Ueda told a news conference.

Bank of Canada Governor Tiff Macklem struck a similar note: "If energy prices stay high, we will not let their effects broaden and become persistent inflation," he said.

Earlier this week the Reserve Bank of Australia hiked rates to a 10-month high and warned of a "material" risk to inflation from the oil price spike.

Even Brazil's central bank, with one of the highest rates of all major economies, opted for a cautious 25-basis-point cut to a benchmark 14.75% rate — a smaller cut than initially expected.

On Thursday both the Swiss National Bank and Sweden's Riksbank kept policy rates on hold, flagging the uncertainty of how the war will end up impacting the economy.

## Greece pushes LNG hub role in post-Russian gas era in Europe

Bloomberg  
Athens

Greece is positioning itself as a key gas hub for central and southeastern Europe as the continent moves toward a full phase-out of Russian energy, Prime Minister Kyriakos Mitsotakis said.

The country has shifted from "a country which was sitting on the periphery of the European energy system into a core player when it comes to southeastern Europe," Mitsotakis said at a Bloomberg event in Athens.

Europe has been pushing to replace Russian pipeline gas with liquefied natural gas following Russia's invasion of Ukraine, reshaping supply routes and boosting the role of transit nations. While Greece's location at the crossroads of the Balkans and eastern Mediterranean makes it a key LNG entry point, countries such as Poland, Croatia and Lithuania are also building out their own import capacity.

Backed by the government, gas-grid operator Desfa SA is advancing the so-called Vertical Gas Corridor, a project aimed at linking Greece's network with those in countries including Romania and Ukraine and boosting regional transport capacity.

The company inaugurated a new compressor station in northern Greece in November, enabling higher LNG imports and increasing export capacity to neighboring markets.

The expansion has already allowed Greece to supply gas to Ukraine during periods of acute strain, Mitsotakis said, positioning the country as a provider of energy security across southeastern Europe. It also "ties us geopolitically with the US," he said.

The US was Greece's main LNG supplier in 2025, with imports reaching 26.56 terawatt-hours, nearly double the previous year and accounting for more than 86% of total volumes. The growing role of LNG is reinforcing Greece's position in the regional gas market, industry executives said.

"The use of LNG is picking up pace and making up a much larger share of supply in our region, and Greece has become a hub," Helleniq Energy Holdings SA Chief Executive Officer Andreas Shiamishis said at the event. There is room for a third LNG import facility in the country, he added.

Helleniq Energy is developing a floating storage and regasification unit in Thessaloniki, with a final investment decision expected in 2026. Greece already operates import infrastructure at Revithoussa near Athens and an FSRU off Alexandroupolis.

Beyond gas, executives pointed to a wider opportunity for Greece to position itself as a regional energy hub as Europe accelerates its transition.

"We're in the heart of the energy transition in the region and we can have the best returns," said Georgios Stassis, chief executive of Public Power Corp, which operates in Greece, Romania, North Macedonia, Italy and Bulgaria.

Other energy executives speaking at the event also stressed Greece's strategic location is generating opportunities in energy more broadly, especially as Europe moves ahead with the energy transition.

### Exxon accelerates oil, gas projects in Guyana as prices surge

A new floating production facility for a consortium led by Exxon Mobil in Guyana is nearly complete and expected to soon depart from Singapore, an executive said on Thursday, part of the push to accelerate oil and gas projects in a country key to the US oil giant's growth, reports Reuters.

Guyana has allowed Exxon to quickly boost output capacity to over 900,000 barrels per day (bpd) after only first inaugurating crude production in 2019. The rapid growth in output has propelled the small country to the list of top oil producers in South America. The floating production, storage and offloading (FPSO) platform Errea Wittu, being built by Japanese firm MODEC, would be the fifth to be installed by the Exxon group in Guyana. It will produce, store and deliver up to 250,000 barrels per day from the Uaru offshore project.

Once that project begins, it could push crude output in Guyana past its troubled neighbor Venezuela. Exxon expects its output capacity from all planned projects in Guyana to reach some 1.7mn bpd by 2030.

It is not clear when the facility will arrive; Exxon had previously said arrival in Guyanese waters would happen later this year, without further details. Once it arrives, the vessel will need testing before it can begin production.

## Wall Street bank capital to fall 4.8% under new rules, in win for industry

Reuters  
Washington

Wall Street bank capital would fall 4.8% under softened capital rules bank regulators unveiled on Thursday, freeing up billions of dollars for lending, dividends and share buybacks in a stunning victory for the industry which had faced double-digit hikes under a previous plan laid out in 2023.

The proposed "Basel III" and "GSIB surcharge" changes to how banks calculate funds they put aside to absorb losses should be a boon for Goldman Sachs, Morgan Stanley, JPMorgan Chase, Citibank and other lenders that have fought to overhaul US capital rules, although analysts warned some will benefit more than others.

Capital levels at larger regional banks such as PNC and Truist would fall by 5.2%, the Federal Reserve said, while banks with less than \$100bn in assets would enjoy a 7.8% decline.

The proposals "would further enhance and streamline the capital framework while ensuring that US banking organizations continue to be safe, sound, and able to support the US economy," Fed staff

wrote. Critics, meanwhile, say they will weaken financial system safeguards just as geopolitical and private credit risks are surging.

The Fed, Federal Deposit Insurance Corp and Office of the Comptroller of the Currency were set to approve the proposals Thursday morning and to begin soliciting feedback, kicking off another potentially frenetic round of industry lobbying as banks gain clarity over how they will fare versus their peers.

The eight most interconnected global US banks alone hold around \$1tn in combined capital, according to industry groups, suggesting they could save roughly \$50bn. The overhaul, which is being led by Fed Vice Chair for Supervision Michelle Bowman, follows a years-long Wall Street bank campaign to ease rules introduced after the 2008 financial crisis which they say are excessive and are stifling lending and the economy.

Bowman, who was appointed by Republican President Donald Trump, said at a Fed board meeting convened to vote on the proposals that the changes would better calibrate requirements in line with risks and that capital will still remain "robust".

