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Global aviation sector switches to Last In, First Out strategy

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BUSINESS

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Asia braces for energy crisis scenarios as Iran war drags on

QatarEnergy's credit quality remains resilient despite damage to some production assets, says Moody's

By Santhosh V Perumal
Business Reporter

QatarEnergy's credit quality remains "resilient" despite shipping disruption and damage to some production assets, according to Moody's, an international credit rating agency.

Its 'Aa2' long-term issuer ratings and 'aa2' Baseline Credit Assessment (BCA) are supported by very close interlinkage between QatarEnergy and Qatar government (Aa2 stable), a very strong low-cost operating profile, a robust balance sheet and a large cash buffer.

"These factors have helped absorb the losses inflicted on QatarEnergy without a permanent deterioration in its credit strength," Moody's said.

According to QatarEnergy, the damaged assets, that had cost $26bn to build, represent around 17% of its LNG (liquefied natural gas) production capacity, or about 12.8mn tonnes per annum (Mtpa).

QatarEnergy said the damaged LNG trains could be offline for three to five years while the GTL (gas-to-liquid) facility may take minimum of one year to repair. Besides the partial loss of LNG supply, associated output of condensate, LPG, helium, naphtha and sulphur would also decline.

"Despite the damage to production assets, QatarEnergy's business profile remains robust, supported by the very large scale of its proved gas reserves, its large unaffected LNG production capacity of 64.2Mtpa, and the low-cost nature of its operations as one of the world's lowest-cost gas producers, as well as strong operating efficiency," the rating agency said.

If hostilities cease and no further material damage is inflicted, Moody's estimates that "QatarEnergy should be able to generate substantial free cash flow before dividends at around $15bn on an annual basis, which should be sufficient to absorb operating losses and additional repair-related capital spending."

QatarEnergy also has a very robust balance sheet and large cash reserves, which provide a substantial financial buffer to weather the Middle East conflict for some time without a detrimental impact on its standalone credit quality, Moody's said.

"We expect QatarEnergy's credit metrics to remain strong, with debt/book capitalisation below 20% and debt/Ebitda (earnings before interest, taxes, depreciation and amortisation) at around 1.2x in 2026 (according to our estimates), compared with our estimates of 18% and 0.9x, respectively, for 2025," Moody's said.

Mazaya Qatar mulls new investments to create sustainable value for shareholders

By Santhosh V Perumal
Business Reporter

Mazaya Qatar, which prepares to handover its first two residential projects in Lusail City this year, is now evaluating new investment opportunities as part of the strategy to create sustainable value for shareholders.

Looking ahead, the company aims to continue the execution and completion of existing projects according to the approved development phases, Mazaya Qatar chairman Sheikh Salman bin Hassan al-Thani said in the board of directors' report, presented before shareholders at the annual general assembly meeting.

In tandem, it "is evaluating new investment opportunities that align with its corporate strategy and contribute to creating sustainable value for shareholders," he added.

The company, according to him, would continue to work on enhancing operational and financial efficiency; while staying abreast of real estate market developments to support sustainable growth over the medium and long term.

Over the past few years, Mazaya Qatar has undergone a gradual transformation in business model, shifting its primary focus from holding income-generating assets to expanding its operations to include the development and sale of residential units.

Consequently, the company has emerged as a prominent entity in the nation's real estate development sector, according to him.

"This strategic shift resonates with national directives aimed at increasing non-Qatari real estate ownership and attracting foreign investment, thereby contributing to the diversification of income streams, the expansion of the customer base, and the reinforcement of sustainable growth," Sheikh Salman said.

Mazaya Qatar is preparing to hand over its first two residential projects in Lusail City, the "Vera" Tower and "Voya" Tower, over the coming months. These projects have achieved high sales rates, reflecting strong market demand.

Through a strategic partnership between Mazaya Real Estate Development and Namaa Real Estate Development, Voya Tower has been launched on the waterfront in Lusail City. It includes 119 residential units, ranging from apartments and chalets, offered for sale.

Vera Tower comprises 91 residential units spread across 14 floors, with an additional two penthouse floors.

Furthermore, 2025 saw the launch of the "Miran" residential tower in Lusail City, marking a significant addition to the company's portfolio. The development, sale, and delivery are scheduled for completion within the next two years, further supporting its expansion plans and strengthening its asset base.

The company is also developing Via D'oro, an exclusive gated compound of just 34 villas, ensuring privacy, prestige, and community.

As part of its strategy to expand through strategic partnerships and diversify into value-added income streams, Mazaya Qatar announced the development of the "Via D'oro" residential project on Qetaifan Island, in collaboration with a strategic partner. This initiative bolsters the company's market presence and is expected to enhance its financial performance in the years ahead.

QSE sees across the board buying as index gains 140 points; M-cap adds QR7.03bn

By Santhosh V Perumal
Business Reporter

Reflecting the positive sentiments in view of a 15-point ceasefire proposal from the US to Iran, the Qatar Stock Exchange yesterday saw its key index add about 140 points, enhancing capitalisation by more than QR7bn.

An across the board buying led the 20-stock Qatar Index to gain 1.38% to 10,290.9 points, recovering from an intraday low of 10,219 points. The Arab individuals turned net buyers in the main market, whose year-to-date losses truncated to 4.39%.

About 69% of the traded constituents extended gains to investors in the main bourse, whose capitalisation added QR7.03bn or 1.17% to QR607.21bn mainly on large and midcap segments.

The foreign institutions' weakened net selling had its influence on the main market, whose trade turnover and volumes were on the decline.

The telecom and banking counters witnessed higher than average demand in the main bourse, which saw as many as 0.03mn exchange traded funds (sponsored by AlRayan Bank and Doha Bank) valued at QR0.24mn trade across 25 deals.

The Gulf retail investors were seen bullish, albeit at lower levels, in the main market, which saw no trading of sovereign bonds and sukuks.

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

The Total Return Index gained 1.38%, the All Share Index by 1.23% and the Al Rayan Islamic Index by 1.14% in the main bourse.

An across the board buying led the 20-stock Qatar Index to gain 1.38% to 10,290.9 points, recovering from an intraday low of 10,219 points

The telecom sector index soared 2.37%, banks and financial services (1.61%), insurance (0.89%), consumer goods and services (0.78%), transport (0.54%), real estate (0.49%) and industrials (0.27%).

As many as 37 gained, while 14 declined three were unchanged in the main market.

Major movers in the main market included Qatar General Insurance and Reinsurance, Commercial Bank, Ooredoo, Qatar Islamic Bank, QLM, AlRayan Bank, Woqod, Qatar National Cement and Estithmar Holding. Nevertheless, Qatar Cinema and Film Distribution, Beema, Doha Bank, Lesha Bank and Ahlibank Qatar were among the shakers in the main bourse.

In the venture market, Techno Q saw its shares depreciate in value.

The Arab retail investors were net buyers to the extent of QR2.49mn against net buyers of QR15.47mn on Tuesday.

The Gulf individuals turned net buyers to the tune of QR0.56mn compared with net sellers of QR0.64mn on March 24.

The foreign institutions' net profit booking decreased drastically to QR15.26mn against QR30.46mn the previous day.

The Gulf institutions' net selling weakened marginally to QR24.54mn compared to QR25.52mn on Tuesday.

However, the domestic funds' net profit booking strengthened perceptibly to QR10.81mn against QR8.25mn on March 24.

The foreign individuals were net sellers to the extent of QR2.43mn compared with net buyers of QR6.33mn the previous day.

The local retail investors' net buying decreased significantly to QR49.99mn against QR74.01mn on Tuesday.

The Arab institutions had no major net exposure for the fifth straight session.

The main market saw a 32% contraction in trade volumes at 144.4mn shares, 32% in value to QR511.79mn and 34% in deals to 36,964.

In the venture market, a total of 0.03mn equities valued at QR0.06mn changed hands across 15 transactions.

Goldman ups oil forecasts on largest-ever supply shock

Goldman Sachs Group Inc raised its oil price forecasts for 2026 due to the prolonged disruption of flows through the Strait of Hormuz, which it described as the largest-ever supply shock for the global crude market, reports Bloomberg.

Brent is expected to average $85 a barrel in 2026, up from an earlier forecast of $77, analysts including Daan Struyven said in a note. The full-year outlook for West Texas Intermediate was hiked to $79 from $72, they said.

The revisions rested in part on an assumption that flows through Hormuz would remain at only 5% of normal levels for six weeks, followed by a one-month recovery, they said in the note dated March 22. Over time, that stands to result in cumulative losses of just over 800mn barrels, the bank estimated.

Energy markets have been pitched into turmoil by the US-Israeli war with Iran, with hostilities now entering a fourth week with no sign of resolution. President Donald Trump handed Iran a two-day ultimatum to reopen Hormuz — which connects the Arabian Gulf to global markets — or see its power plants bombed. Tehran threatened reprisals.

Echoing Goldman Sachs' appraisal of the severity of the challenge for global energy markets, International Energy Agency Executive Director Fatih Birol told a media event in Canberra, Australia, on Monday that the effect of the current disruptions was equivalent to the two major oil crises in the 1970s, and the 2022 natural gas crisis after Russia invaded Ukraine, "all put together."

Ooredoo Qatar showcases live demonstration of AI-driven creative innovation at MWC Barcelona 2026

The demonstration highlighted Ooredoo's adoption of Google Cloud's advanced artificial intelligence and generative media tools.

Ooredoo Qatar has showcased a live demonstration of its AI-augmented creative workflow at the Google Cloud booth during the Mobile World Congress (MWC) Barcelona 2026.

The demonstration highlighted Ooredoo's adoption of Google Cloud's advanced artificial intelligence and generative media tools. By leveraging Google Cloud's generative AI for media — including Gemini Enterprise and cutting-edge models such as Veo, Imagen, and Nano Banana — Ooredoo Qatar demonstrated how it has transformed its marketing programme from ideation to execution.

By integrating Gemini Enterprise, Ooredoo is streamlining its end-to-end creative operations, enabling rapid ideation and the automated scaling of localised content. Ooredoo Qatar is also using Google's generative media models to bridge the gap between concept and execution. Leveraging the latest in text-to-image and sophisticated image editing, Ooredoo Qatar is using Nano Banana for complex compositions and style transfers, allowing for iterative refinement of marketing assets in seconds rather than days.

The showcase at the Google cloud booth focuses on four key pillars of Ooredoo's operational transformation: Accelerated Go-To-Market, The Instant Creative Brief, Production-Grade Sophistication, and Cost Optimisation & Productivity.

The showcase demonstrates how agentic AI is being used in the real-world. This collaboration reinforces Qatar's position as a global hub for technological innovation and Ooredoo's status as a frontrunner in the adoption of next-generation marketing workflows.

"Integrating tools like Veo, Imagen, and Nano Banana into our creative pipeline has done more than streamline our workflows; it has unlocked a level of innovation and creative possibility that was previously out of reach. This marks a defining moment for Qatar and a powerful testament to our commitment to leading the global telecommunications industry into the AI era," said a representative from Ooredoo Qatar.

Dubai real estate bonds are starting to fall into distress

Bloomberg
Dubai

Two Dubai property developers have seen their Islamic bonds, or sukuk, fall into distressed territory, with investor concern mounting over credit quality and refinancing risks as the war in the Middle East rolls on for a fourth week.

Six dollar-denominated sukuk issued by property firms are indicated at distressed levels, or trading with a yield spread of over 1,000 basis points above the risk-free rate, according to data compiled by Bloomberg. In total, they represent about 15% of dollar real estate bonds in the Middle East.

The Shariah-compliant bonds are issued by entities linked to Dubai-based Binghatti Holding Ltd and Omniyat Holdings Ltd, with a 2027 issue from Binghatti coming in as the most distressed. Binghatti's core business is mid-market housing, though it has also made a push into luxury projects, unveiling plans for a Mercedes-branded tower and one of the world's tallest residential buildings. Omniyat focuses on the ultra-luxury segment.

Even among bonds and sukuk that haven't crossed the distressed threshold, spreads have ballooned since the start of the war. Risk premiums on a 2030-dated bond by an entity of Sobha Realty have surged from under 300 basis points to 800 basis points. An Arada Developments LLC vehicle's 2030-maturing security has seen spreads more than double to 728 basis points. Debt issued by all four of these firms have sub-investment grade scores at major rating companies, based on data compiled by Bloomberg. Their high-grade peers' spreads have also widened, but losses are more contained.

The once-hot sector has soured quickly. At the end of February, the widest-indicated bond was trading at less than half of the threshold associated with distress. But the Middle East's primary bond market has been effectively shut since the war broke out, leaving issuers with limited refinancing options and increasing pressure on lower-rated names.

"Dubai real estate names were the most affected by the situation," with short-selling by hedge funds contributing to a broad-based selloff across the sector, said Zeina Rizk, co-head of fixed income at Amwal Capital.

A representative for Binghatti said in a statement that the firm's construction sites are fully operational and on schedule despite geopolitical tensions. "Cancellation rates remain below 1%, consistent with historical norms, and March sales have hit approximately AED500mn per week, matching pre-crisis levels."

Omniyat said it is "in a strong position, fully funded, with substantial contracted revenue providing over four years of revenue visibility." Construction is active across all of the firm's launched sites and there have been no purchase cancellations, the statement added.

Arada has "taken proactive steps to reinforce liquidity as we prepare for the next 18 months," the company said in a statement. "The outlook is manageable, with sufficient liquidity to meet all obligations over this period."

Sobha could not be reached for comment.

Fitch Ratings has placed both Binghatti and Omniyat on watch for possible downgrades, citing the impact of geopolitical risk on demand and the risk of higher construction costs. Still, both companies entered the recent period of volatility with solid balance sheets, Fitch said. Separately, Moody's Ratings affirmed Binghatti's rating last week, saying it has good liquidity over the next 12 months to cover its February 2027 maturity.

Asia bracing for energy crisis scenarios as Iran war drags on

Bloomberg
Singapore/New Delhi/Tokyo

Governments across Asia are preparing for worst-case energy scenarios that could include a prolonged and severe disruption to supplies, even as the US draws up a plan to end the war in Iran.

South Korea shifted into crisis mode on Wednesday, setting up an emergency economic task force to urgently prepare for adverse scenarios. The Philippines declared a national emergency, citing an "imminent danger of a critically low energy supply."

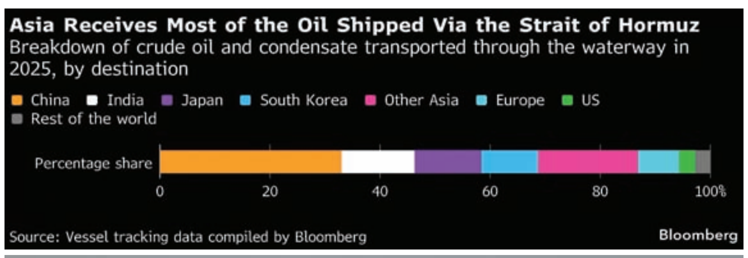
Japan is reviewing its entire supply chain of petroleum-related products as the likelihood builds of shortages and knock-on effects across the economy, while India's Prime Minister Narendra Modi warned the war could cause unprecedented challenges for the nation.

In under a month since the Middle East conflict began, nations have shifted into emergency footing, highlighting the Strait of Hormuz's importance to global energy flows. About a quarter of the world's seaborne oil trade and a host of other commodities pass through the 100-mile-long waterway, much of it bound for Asia.

Iran sits above the strait and has effectively closed it to all but approved vessels.

The growing alarm in Asia contrasts with cautious optimism in financial markets as US President Donald Trump seeks talks with Iran to end the war. Equities rallied and oil fell on Wednesday. That did little to assuage concerns in Asia, where many countries source the bulk of their oil from the Middle East and reserves are beginning to run down.

"Right now, the closure of the Strait of Hormuz is, in a sense, an Asian crisis," Singapore's Foreign Minister Vivian Balakrishnan said on Monday.



Storage tanks and oil refineries in Jurong Island, Singapore, on Tuesday. Governments across Asia are preparing for worst-case energy scenarios that could include a prolonged and severe disruption to supplies, even as the US draws up a plan to end the war in Iran.

"The vulnerability is known, but it has never been tested to the extreme that it is being tested today."

The shortage is already being keenly felt across Asia, with work weeks cut short, street lights switched off and gas stations forced to close. In Pakistan, cricket fans have even been told to stay home and watch the games on television to conserve fuel. The country is also planning to impose fuel quotas for vehicles, according to people familiar with the matter who asked not to be identified as the matter is not public.

In parts of Bangladesh, motorists are waiting for hours to refuel, with queues stretching up to a kilometer.

Authorities have halted production at most fertilizer plants and are urgently seeking $2bn in multilateral loans to secure enough energy to meet surging summer demand.

"The region is hugely exposed to prolonged conflict and the global energy price shock," said Peter Mumford, Southeast Asia head of risk consultancy Eurasia Group. "Concerns are growing about second and third-order economic effects, including flights being canceled, fishing vessels sitting idle, and the hit to tourism."

The rush to secure supplies of oil and other key commodities has sparked a return to protectionism. China has reined in outbound shipments of fertilizer, while Indonesia said it would implement an export tax for coal and nickel. Vietnam is prioritizing domestic refineries for its crude.

Such measures can backfire. A World Bank study of food shortages in the mid-2000s found that a large part of the rise in global prices for things like rice and wheat came from trade barriers erected to keep crops for nations' own populations.

Some nations are turning to previously-shunned suppliers. Indian refiners have bought about 60mn barrels of Russian oil for delivery next month after sharply cutting purchases earlier this year under US pressure, Bloomberg reported Wednesday.

What little oil countries can secure will likely come at a much steeper cost than expected. While New Delhi had bought oil at discounts after Russia's 2022 invasion of Ukraine, recent cargoes were booked at premiums of $5 to $15 a barrel to Brent.

Indonesia, which assumed benchmark crude oil prices of $70 a barrel for this year, said it would look for as much as $7bn in savings to offset its fast-growing fuel-subsidy bill. Thailand scrapped its price cap on diesel on Wednesday after burning through $32mn a day to keep costs artificially low.

The energy crisis is even changing geopolitical calculations, with Manila willing to work with Beijing on oil and gas explorations in a disputed area of the South China Sea.

India's Prime Minister Modi said that the country needs to prepare for the current situation much as it did during the coronavirus pandemic five years ago.

That crisis may now offer a template in case of a severe shortage. "Debt servicing was suspended, fiscal rules relaxed, money printed – provides a ready playbook for such a scenario," Barclays Plc said in a report on Wednesday.

UAE-based AriseIIP says to invest $3bn in Kenya in next five years

Reuters
Nairobi

Dubai-based AriseIIP plans to invest more than $3bn in Kenya over the next five years, an executive director at the African infrastructure developer told Reuters.

The money, which would go to three industrial and export parks and a textiles firm, could help the East African country's efforts to attract foreign investment to create jobs.

"Our total investment in these projects is going to be upwards of about $3bn," Nikhil Gandhi, AriseIIP's executive director in charge of special economic zones development said on the sidelines of an investment conference.

"We are looking to attract global companies from more than 14 countries globally to set up their manufacturing base here," he said, adding that AriseIIP would provide 30%-40% of the money itself, in exchange for equity in the projects.

The rest will come through debt from development finance institutions and other lenders, Gandhi said, adding that the money would go towards two export zones along Kenya's coast, a third in the Rift Valley area of Naivasha and to the Rivatex textiles firm.

AriseIIP is owned by Afreximbank's private equity arm (FEDA), the Africa Finance Corp, Saudi Arabia's Vision Invest and UAE-based Equitane Group.

It has big projects in Benin and Gabon, but this would mark its first investments in Kenya.

Along with Kenyan lender KCB Group and Afreximbank, it will also set up an $800mn facility to support investors who will take up space in the zones once developed, Gandhi said.

Dozens of firms from China, Lebanon and India have expressed interest, he said, but he declined to name them.

Saudi oil driller ADES expects 44% earnings rise despite Iran war

Saudi Arabia's oil drilling group ADES International Holding expects its 2026 core earnings to rise by up to 44%, even as the US-Israeli war on Iran forced the suspension of some of its offshore rigs in the Gulf, the company said on Wednesday, reports Reuters.

The bullish forecast, which ADES pinned on its scale and geographic diversification — evidenced by 123 rigs deployed across 20 countries — comes as the war disrupted shipping through the Strait of Hormuz, rattling global markets and threatening economic stability.

"We remain confident in our ability to navigate the current environment in a disciplined manner," Chief Executive Mohamed Farouk said in a statement. ADES announced a guidance range for its 2026 earnings before interest, taxes, depreciation, and amortization (EBITDA) of between 4.5bn and 4.87bn riyals ($1.2bn-$1.3bn), or an increase of 33% to 44% from its 2025 upper-end guidance of 3.39bn riyals. The company said it believes the suspension of a "handful" of its offshore rigs in the Gulf Cooperation Council (GCC) region — grouping Saudi Arabia, the United Arab Emirates, Qatar, Kuwait, Oman and Bahrain — will be short-term.

Bloomberg QuickTake Q&A

How Brazil can chip away at China's rare earths dominance

By Mariana Durao

When China leveraged its dominance in rare earths to retaliate against US tariffs last year, the disruption to factory operations in America and Europe underscored the vulnerability of Western companies' supply chains.

While the trade truce agreed between the two countries included an easing of China's export controls on rare earths, firms are still looking for alternative sources, and governments are treating diversification of supply as a matter of national and economic security.

That's an opportunity for Brazil. Latin America's biggest economy is home to roughly a quarter of the world's reserves of rare earths — 17 metallic elements that are crucial for a whole host of technologies, including smartphones, electric vehicles and military drones. Brazil has yet to scratch the surface of its rare earths potential, accounting for just 0.5% of global production last year. But that share could start to tick up as more foreign investors provide financing to help projects progress from exploration to production.

How big are Brazil's rare earth reserves?

Brazil has around 21mn metric tons of rare earth reserves — deposits that can be economically extracted — according to the US Geological Survey. The country's reserves are the second-largest in the world, although they're still less than half the size of leader China.

Brazil's rare earths are mainly found in what's known as ionic clay deposits, meaning they're loosely attached to the surface of clay particles rather than being trapped inside hard rock. This makes extraction and initial processing easier and cheaper.

Ionic clay is typically richer in the "heavy" rare earths that are almost exclusively produced by China right now. Heavy rare earths, such as dysprosium and terbium, are usually less abundant and more valuable than lighter varieties. They're used in the permanent magnets that are essential components in electric cars, wind turbines, data centers and fighter jets.

What's the current scale of Brazil's rare earths production?

Brazil's mined output totaled just 2,000 tons last year, according to the USGS, making it the world's ninth-largest producer. China, by comparison, churned out 270,000 tons and was responsible for more than 60% of global output.

The Asian nation is even more dominant in the refining of rare earths into more usable — and valuable — forms, whereas Brazil has minimal processing capacity.

There's just one active rare earths mine in Brazil: Pela Ema, owned by local firm Serra Verde Group, in the central state of Goias. The mine and accompanying processing plant began commercial-scale production in 2024 and Serra Verde aims to ramp up annual output to 6,500 tons of rare earth oxides by the end of next year.

The Pela Ema deposit contains both light and heavy rare earth elements — mainly neodymium, praseodymium, terbium and dysprosium, all of which can be used in permanent magnets.

Are there more projects in the pipeline?

There are more than 60 rare earths projects spread across the country, spanning multiple states of development, according to the Geological Survey of Brazil.

Firms are already talking to potential buyers in the US and Europe before they even begin production. The projects furthest down the development track are concentrated in the states of Minas Gerais in the southeast and Goias.

Aclara Resources Inc and Australian developers Meteoric Resources NL and Viridis Mining and Minerals Ltd intend to start production from their Brazilian assets by 2028. To meet this schedule, they'll need to shore up financing by the middle of this year.

How much foreign interest is there in Brazil's rare earths?

China spotted the opportunity in Brazil early. When Serra Verde was developing its mine, it signed 10-year contracts to sell its output to Chinese customers. But the firm has now renegotiated the supply agreements to conclude by the end of this year, opening the door for it to strike deals with Western buyers.

The US and European Union are looking to build alliances with Brazil. "While diplomatic sensitivities may shape timing, both sides view a rare earth agreement as strategically beneficial," said analysts at XP Research. "Brazil gains investment and technology, while the US and EU secure a non-China source of critical materials."

Brazil and the US have been working to mend ties after the Trump administration imposed steep tariffs on Brazilian goods last year. But efforts to forge a major minerals partnership are stalling. Nonetheless, the US government is providing backing for rare earth projects via its investment arm, the International Development Finance Corp (DFC).

The DFC has granted a $565mn loan to Serra Verde to help cover upgrades to Pela Ema. The deal gives the US government the option to acquire a minority stake in the company.

Serra Verde may also participate in the Trump administration's $12bn "Project Vault" initiative to stockpile critical minerals and reduce US reliance on China. America's export credit agency is considering financing rare earth projects in Brazil, as are the export banks of Australia, France and Canada. Meteoric Resources, for example, has received letters of interest from the US Export-Import Bank and Export Finance Australia, which could provide up to $300mn of support for its Caldeira project in southeastern Brazil.

As the EU looks to gain a foothold, the bloc is moving closer to an agreement with Brazil for joint investment in critical minerals projects, including rare earths, European Commission President Ursula von der Leyen said in January.

The administration of Brazilian President Luiz Inacio Lula da Silva is working to strengthen cooperation on critical minerals with other nations as well, including India, South Korea and Saudi Arabia.

What's holding back Brazil's rare earths industry?

The key barrier is funding. Securing financing for projects is a challenge because mining rights and future output can't be used as collateral for domestic credit in Brazil, while the country's development bank has strict rules around using such pledges for funding. That's forcing firms to consider international financing arrangements in which they commit to supply part or all of their future production to foreign markets.

Long timelines for securing project licenses is another hurdle. Obtaining a permit can take almost a decade. Brazil has stricter environmental and safety standards for miners than many other regions, having been scarred by deadly collapses of so-called tailings dams that hold mining waste. Multiple agencies are involved in the licensing process and the requirements can vary depending on each state's regulations.

Developing a rare earths industry goes beyond digging the elements out of the ground and exporting the raw material. Lula is keen for Brazil to build a full supply chain. However, the country lacks cohesive policies to connect upstream extraction with midstream processing and downstream manufacturing, Bank of America Corp analysts wrote in February.

Mining is the least lucrative part of the industry, representing just 10%-20% of total value, according to BofA, versus 40%-50% for separation and refining and 30%-40% for permanent magnet production.

What is Brazil's government doing to unlock the country's rare earths potential?

A bill establishing a regulatory framework for critical minerals exploration is expected to be fast-tracked through Congress. This will likely include tax incentives to stimulate the development of downstream industries, as well as a mechanism to provide a financial guarantee for miners to reduce their credit risk and make it easier for them to access financing.

Last year, Brazil's development bank BNDES and government financing agency Finep unveiled a 5bn reais ($959mn) fund to support the buildout of the country's critical minerals supply chain. They shortlisted 56 eligible projects, including some focused on rare earths.

Brazil has also launched MagBras, a public-private initiative to establish a mine-to-magnet integrated rare earths value chain. It brings together 28 companies, including Vale SA, Mosaic and ArcelorMittal SA, and seven research centers to develop domestic capabilities in all stages of magnet production — from mineral extraction to finished components.

ECB chief opens door to rate hikes if Iran conflict pushes up inflation

Reuters
Frankfurt

European Central Bank President Christine Lagarde opened the door on Wednesday to raising interest rates in the eurozone if war in the Middle East pushes up eurozone inflation for some time.

The ECB left rates unchanged last week but warned about a looming surge in prices, and policymakers are now debating the conditions that could force them to raise borrowing costs to stop rapid price growth from getting entrenched.

Lagarde said the ECB would have to respond in a forceful or persistent way if inflation looked set to sit well above its 2% target for an extended period, but said even a more modest overshoot could call for a "measured" rate move.

"If the shock gives rise to a large though not-too-persistent overshoot of our target, some measured adjustment of policy could be warranted," Lagarde said in Frankfurt.

"To leave such an overshoot entirely unaddressed could pose a communication risk: The public may find it difficult to understand a reaction function that does not react," she argued.

Christine Lagarde, president of the European Central Bank.

Her warning came as the impact of a widening war in Iran made itself felt in the eurozone economy, sapping German business morale and leading economists around the eurozone, most recently in Portugal and Italy, to warn of slower growth or even recession.

Bank of Finland governor Olli Rehn said at the same event that the ECB should look beyond swings in oil prices and focus on the overall state of the economy.

"Monetary policy must respond, from the standpoint of medium-term price stability, to the overall macroeconomic environment, not to oil prices alone," the Finnish member of the ECB's Governing Council said. Lagarde did not explicitly equate her criteria with any of the economic scenarios outlined by the ECB last week. However, they are not too different from the inflation trajectory in the bank's "adverse" scenario.

In the ECB's most benign "baseline" case, inflation will average 2.6% this year, rising from around 2% in the past year.

In the adverse scenario, inflation will peak above 4% in the second half of this year but return to target by mid-2027, while in the severe option, inflation peaks above 6% early next year and does not return to target for years to come.

"If we expect inflation to deviate significantly and persistently from target, the response must be appropriately forceful or persistent," Lagarde said. "Otherwise, self-reinforcing mechanisms would kick in and the risk of de-anchoring would become acute."

Speaking after Lagarde, ECB chief economist Philip Lane said policymakers would judge which scenario best fits "at every meeting," effectively keeping April or June in play for a first move.

Lagarde said the bank stood ready to act "at any meeting" and, while it would wait for "sufficient information" before shifting policy, it would not allow itself to be "paralysed by hesitation."

The ECB must now be on the lookout for early warning signs that the shock is embedding in broader inflation dynamics and it needs to identify such spillovers, including through wages or inflation expectations.

"As expected deviations from our inflation target grow larger and more persistent, the case for action becomes stronger," she argued. Lane flagged companies' price-hike expectations and wages for new hires as some of the key indicators that the ECB would monitor.

Financial investors now expect two to three rate hikes from the ECB this year as they see inflation above the ECB's 2% target for several years.

Lane also noted, however, that financial markets had priced in a "price-level jump" in the eurozone as a result of higher energy prices, rather than a persistent rise above target. Part of investors' argument for early but smaller action is that the ECB came under fire for acting too late during the 2021-2022 inflation surge.

The bank believed the spike to be transitory and did not raise interest rates until inflation was around 8%, four times its target. But Lagarde argued that the current situation was different.

The energy shock is so far smaller, especially in the case of natural gas, the labour market is not as tight, there is no post-pandemic pent-up demand, fiscal policies are tighter and the central bank rate is higher, she said.

Iran ceasefire hopes lift emerging stocks

Reuters
London

Emerging market (EM) equities extended their rebound for a second straight session on Wednesday as investors parsed reports that Washington is seeking a month-long ceasefire with Iran in a conflict that has rattled global markets for four weeks.

US President Donald Trump said talks with Iran were progressing but Tehran denied direct negotiations were underway, a contradiction that kept investors on edge and was reflected in an emerging market currencies' gauge that traded flat.

MSCI's benchmark index for emerging market stocks rose 1.5%, building on what had been its best single-day gain in over two weeks on Tuesday.

The war has sent governments scrambling to shield citizens from the energy supply shock with spiking crude prices beginning to leave their mark on the broader economy. Stocks in Manila and Mumbai climbed to near one-week highs. Philippines declared a state of national energy emergency, while India put brewers on notice of an impending gas shortage that threatens to drive up the cost of glass bottles.

"The macro outlook remains volatile, and the Strait of Hormuz resolution and cooling down of oil and gas prices are the sole driver for Indian energy stocks," Emkay Global's Sabri Hazarika said.

Aviation's new shock cycle: Fuel, fear, and the rewiring of global networks

By Alex Macheras

The aviation industry has entered another phase of rapid recalibration, one that feels structurally different from the pandemic yet carries a familiar financial sting. Markets, airlines, and passengers are responding in real time to a geopolitical shock that has simultaneously driven fuel costs sharply higher and disrupted one of the most efficient global transfer systems: The Gulf hub model.

The first signal came from the markets. Airline share prices have fallen decisively since the conflict began, with United Airlines, International Airlines Group and easyJet each shedding between 20 and 26% of their pre-crisis value by March 20, according to LSEG data. The breadth of the sell-off is notable. Both long-haul and short-haul operators have been marked down in near-unison, reflecting a consensus view that this is not a short-lived spike in costs but a sustained period of volatility in fuel pricing and demand patterns.

Fuel remains the defining variable. Within a matter of weeks, jet fuel prices have surged to levels that airlines simply cannot absorb. The industry's leadership has been unusually direct in its messaging. Ryanair's Michael O'Leary has indicated that even in an optimistic scenario where the conflict subsides before the summer peak, fares will still rise by around 4%.

A prolonged conflict would push that figure materially higher. Lufthansa's Carsten Spohr has been even more explicit, stating there is no capacity within airline economics to shield passengers from these costs.

Across the network, pricing action is already visible. Thai Airways expects fares to rise by between 10 and 15%. AirAsia has introduced surcharges. Qantas has raised ticket prices across multiple routes, citing a 150% increase in jet fuel costs over a two-week period. Air France-KLM has implemented a €50 increase on long-haul tickets issued from mid-March. Finnair has seen average fares on Asia routes climb by 15%.

This is a co-ordinated industry response without co-ordination. Each airline is reacting independently, yet the outcome is broadly aligned: higher fares, tighter capacity, and a renewed focus on yield over volume.

At the same time, supply-side pressures are compounding the situation. China and Thailand have restricted fuel exports, adding another layer of complexity to already strained supply chains. Vietnam Airlines has warned that flight cancellations may follow. In Europe, SAS is cutting at least a thousand flights in April, primarily across short-haul Scandinavian routes where margins are thinner and fuel sensitivity is acute. Norwegian has stepped in, adding 120 extra departures to absorb displaced passengers, a reminder that disruption in one carrier's network can quickly become opportunity for another.

In the Asia-Pacific region, the impact is already material. Air New Zealand has cancelled approximately 1,100 flights between mid-March and early May, affecting around 44,000 passengers, and has withdrawn its 2026 earnings guidance entirely. United Airlines has reduced planned 2026 capacity by five percentage points, targeting off-peak flying while suspending services to Dubai. The message from its leadership is that these are tactical adjustments, not a retreat from long-term growth. Fleet plans remain intact. The industry still believes in the underlying demand.

Yet what makes this moment particularly significant is not only the cost shock, but the structural shift in global connectivity. The disruption to Gulf hubs has created an immediate opening for alternative routing structures, and airlines have moved with speed to capture it.

Singapore Airlines has expanded its London Gatwick operation from seven to ten weekly flights, rising to fourteen during the summer peak, while reintroducing the A380 on Melbourne to inject substantial capacity. Cathay Pacific has increased frequencies into London Heathrow and added supplementary Paris services, alongside doubling fuel surcharges as jet fuel prices have nearly doubled since January.

European network carriers are also repositioning. Lufthansa Group is adding frequencies to Singapore and Cape Town, while Austrian Airlines is increasing capacity to Bangkok. Air France has up-gauged aircraft and added services across key long-haul markets including Delhi, Mumbai and Nairobi. These are not marginal adjustments. They represent a deliberate attempt to capture traffic flows that would ordinarily pass through Doha, Dubai or Abu Dhabi.

Air India has moved assertively, adding 36 additional frequencies to Europe and North America within a ten-day window, creating more than 10,000 additional seats. Qantas is exploring similar redeployments, including routing its Perth to London service via Singapore, a move that not only avoids operational constraints but also allows additional passengers to be boarded.

Chinese carriers retain a distinct advantage. Continued access to Russian airspace enables more efficient routings between Asia and Europe, and Air China has responded by deploying higher-capacity aircraft on key routes such as Beijing to London Heathrow. EVA Air has reported a surge in bookings as passengers actively seek alternatives to disrupted Middle Eastern connections.

Across Africa, Ethiopian Airlines has begun redeploying capacity, including wet-leasing aircraft to regional partners, while Kenya Airways is expected to benefit from improved load factors even without announcing additional services.

This is the market at work, reallocating capacity in response to disruption with remarkable speed. Yet the underlying reality remains that a central pillar of global aviation connectivity has been destabilised, and rebuilding that equilibrium will take time.

The private aviation sector offers a more immediate read on perceived risk. War risk insurance premiums for flights into the Middle East have risen to as much as $50,000 per trip, compared with a typical range of $5,000 to $10,000. Operators are adapting accordingly, minimising ground time and refuelling outside the region to reduce exposure. The initial surge in evacuation demand has moderated, though charter activity remains elevated.

For passengers, the implications are clear. Higher fares are already embedded. Network options are shifting, often requiring longer routings or less convenient connections. Schedule reliability is under pressure, particularly across regions directly affected by airspace constraints.

For airlines, the situation is more nuanced. This is a crisis, as IATA Director General Willie Walsh has described, but one that sits closer to the post-9/11 demand shock than to the systemic collapse of the pandemic. Demand has not disappeared. It is being reshaped. Middle Eastern carriers, in particular, are expected to recover their position over time, likely through competitive pricing once stability returns.

In the meantime, the industry is demonstrating a familiar pattern. Costs rise sharply. Capacity is trimmed or redirected. Fares increase. Competitors reposition. Passengers adapt.

Aviation has always been a sector defined by its exposure to external shocks. What distinguishes this moment is the speed at which multiple pressures have converged: Fuel, geopolitics, and network disruption.

The response has been equally swift, and in many cases, commercially astute. The global network is being rewritten in real time.

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Signs of jet fuel hoarding emerge in Asia on Iran oil shock

Bloomberg
Manila

Signs are growing that Asian countries are hoarding jet fuel after the Iran war sent oil prices surging, reflecting growing strain on the aviation industry.
South Korean carriers got notified about refueling restrictions from some countries and the government is discussing whether to redirect export-bound jet fuel to the local market, the nation's transport ministry said in a statement to Bloomberg on Wednesday. Philippine Airlines Inc's president said in an interview that the Southeast Asian nation may soon resort to fuel rationing. In Vietnam, the aviation agency warned of potential jet fuel shortages from early April and is cutting flights as a result.
Difficulties securing fuel threaten to aggravate the airline industry's woes as the Iran war rages on and keeps oil prices high. Though countries have largely been able to avoid running out of fuel, Asia is the most vulnerable region for shortages if the Strait of Hormuz stays effectively closed.
"There are a couple of countries who are now starting to say, 'Well, we don't want you to pick up too much fuel when you come.' And so I think if countries are not thinking about how they manage that, then they're missing the big picture," Philippine Airlines President Richard Nuttall said in an interview with Bloomberg News on Wednesday.
The crisis is rapidly spreading as governments pivot from market-driven exports to preservation. China and Thailand have both tightened curbs on refined fuel exports to protect their own strategic stocks, while Australia implemented a temporary 20% cut in its minimum stockholding obligations for diesel and petrol amid dwindling imports.
In Korea, the government is now stepping up contingency planning for a worst-case Middle East scenario, including exploring the possibility of releasing strategic oil reserves in line with the International Energy Agency's proposal. Finance Minister Koo Yun Cheol said earlier this month the country's reserves are sufficient for about 208 days.
Korean Air Lines Co, the country's largest flag carrier, said it is closely monitoring the situation. Its budget affiliate, Jin Air Co, said it has not received any official notice from overseas about refueling and maintains supply levels that won't immediately disrupt operations.
In the Philippines, President Ferdinand Marcos Jr became the first Southeast Asian leader to declare a state of national energy emergency since the conflict began.

Global aviation sector switches to Last In, First Out strategy

By Santhosh V Perumal
Business Reporter

The Strait of Hormuz crisis has led to a classic strategy response, guided by 'Last In, First Out' (LIFO) principle, with the global airlines industry either trimming or planning to prune the recently added destinations.
Geopolitical conflict induced aviation fuel price hikes and the resultant profit pressure have been forcing global airlines -- now in temporary contraction mode, not structural decline -- to first trim the secondary and tertiary routes, making the future of aviation hubs multi-polar.
In order to protect their strongest routes, while shedding the weakest; global airlines are prioritising major hubs, high demand trunk routes and strategic hub-feeding routes, hitting regional airports, especially in Europe and Asia; and curtailing thin long-haul flights and the secondary leisure destinations.
Jet fuel -- typically 20-30% of airline operating costs, making it the single most critical variable in profitability -- has seen its price rise from $85-90 per barrel to $150-200 per barrel within days.
A 5% rise in fuel costs can reduce airline earnings by 5-10%, and up to 35% for some carriers, according to Jefferies Group, an American multinational independent investment bank.
The Middle East conflict -- which is not merely a regional disruption but a systemic shock to global aviation trunk routes -- has forced airlines worldwide into drastic operational adjustments.
Airlines are strategically cutting "thin" long-haul routes—those with lower demand or tighter profit margins. These routes are particularly vulnerable because the additional fuel burn and operational costs make them unsustainable under current conditions.

The Strait of Hormuz crisis has led to a classic strategy response, guided by 'Last In, First Out' principle, with the global airlines industry either trimming or planning to prune the recently added destinations

Exposing the fragility of modern travel (in view of the rising geopolitical tensions), a recent Bloomberg report said as flight paths become "increasingly narrow", airlines' "long-term growth plans" have been thrown into "disarray".
Volatility is back in an industry that had recently stabilised post-pandemic, underscoring aviation's deep sensitivity to geopolitical and energy market shocks.
Connectivity is not only fragmenting but also posing risks for smaller and emerging markets (with fewer direct links and lower frequency), thus making aviation a development issue more than a transport.
The present precipitous situation appears to have given a lesson to the aviation industry -- which is no longer just a commercial system but deeply tied to geopolitical risk -- to treat geopolitics, energy, and security as core operational variables, and not as negative externalities.
While airlines are adapting through rerouting and capacity cuts, the situation remains fluid. If the conflict persists, the disruption to global air travel could have lasting structural impacts, reshaping route networks and airline strategies for years to come.
Passenger demand has shown mixed trends. Travel to destinations near the conflict zone—such as the Middle East, Turkey, and parts of North Africa—has fallen sharply, while demand for safer destinations in Southern Europe remains relatively strong. Secondary leisure destinations — typically smaller, non-primary tourist markets like regional beach towns, cultural cities, or emerging destinations — have been disproportionately affected by aviation disruptions.
Their vulnerability stems from heavy reliance on connecting flights, price-sensitive travelers, and seasonal tourism flows, especially into Southeast Asia; even as some new secondary destinations outside the conflict sphere (Central Asia or parts of Western Europe) may benefit as alternative routes and travel patterns emerge. Post conflict, global aviation environment may not remain the same as it was due to the rebalancing of global hub-and-spoke networks, where some hubs will gain structural strength, others will recover but with scabs, and a few will emerge as long-term alternatives.
Major global hubs—particularly in the Gulf—have historically relied on dense inbound feeder networks from Europe, Africa, South Asia, and Southeast Asia. Hub-feeding is not just about passengers—belly cargo and freighter feed are also affected.
Gulf carriers, which rely heavily on hub-and-spoke models, have been particularly affected. At the peak of the crisis, leading airlines suspended most operations, and even now recovery remains partial.
Airlines industry will maintain diversified routing strategies, leading to multiple hubs, not just one region, share global connectivity. The future of global aviation amidst the Middle East conflict remains highly uncertain. While some airlines have begun partial recovery, operations are still far below normal levels.

United Air starts record fleet upgrade with plush new seats

Bloomberg
Chicago

United Airlines Holdings Inc said it's embarking on the biggest fleet rejuvenation in its history, adding widebody aircraft fitted with its latest suite and the longest range Airbus SE A321 that will link the US with European destinations.

The Chicago-based carrier will take delivery of more than 250 aircraft by April 2028. That includes the A321XLR model that will open routes to smaller cities in Europe and South America, while also upgrading flights with lie-flat seats typically reserved for international service.

The push builds on years of aggressive aircraft orders as United doubles down on a premium travel strategy and bets demand for higher-end flying will remain resilient. United said in 2023 it would purchase 110 additional planes — including 50 Boeing 787 Dreamliners and 60 Airbus A321neos — locking in production slots as manufacturers faced growing backlogs and supply constraints.

It all reflects a broader shift across the airline industry, where carriers are adding more luxurious seats and amenities to capture higher-spending travellers. United has already increased premium seats per North American departure by about 40% and plans to nearly double the number of lie-flat seats compared with its closest competitors.

The A321XLR will replace United's Boeing 757 fleet on some existing international routes starting this summer, according to the company statement.

More than half of the 50 aircraft joining the fleet are slated to be in service by 2028. United has also taken delivery of three Boeing 787-9 aircraft with 99 premium seats, marking the debut of its upgraded Polaris suite. Chief Executive Officer Scott Kirby has made bold bets about sustained consumer demand, even as some analysts question the longevity of the premium trend if geopolitical or economic risks deal major shocks to the industry. United also faces stiff competition from Delta Air Lines Inc and others clamoring to cash in on the K-shaped economy. While demand remains strong, Kirby cautioned on Tuesday that ticket prices may have to rise 20% if oil prices remain elevated. That could result in some demand drying up as would-be flyers hold off on bookings, the executive said in an interview with Bloomberg Television.

United Airlines passenger aircrafts at Newark Liberty International Airport. United Air said it's embarking on the biggest fleet rejuvenation in its history, adding widebody aircraft fitted with its latest suite and the longest range Airbus SE A321 that will link the US with European destinations.

Airlines are contending with rising fuel costs tied the conflict in the Middle East. United executives said last week that the airline saw a $400mn spike in fuel costs so far this month, a figure echoed by rivals Delta and American Airlines Group Inc.

On Friday, Kirby warned of $175 oil prices that would dramatically drive up jet-fuel expenses, outlining worst-case scenarios.

The already elevated price of jet fuel is prompting the airline to cut 5 percentage points of capacity in the near term where routes are temporarily unprofitable, Kirby told staff in a memo. At the same time, he said the carrier is strong enough to weather a crisis and won't defer investments or furlough workers.

"The reality is, jet fuel prices have more than doubled in the last three weeks," Kirby told employees. "If prices stayed at this level, it would mean an extra $11B in annual expense just for jet fuel. For perspective, in United's best year ever, we made less than $5B."

United Airlines said it will cut some capacity and eliminate marginal flying, but its outlook remains upbeat as it enjoys some of the strongest booking trends in the industry's history as travellers rush to snap up tickets ahead of price spikes.

"The US economy has been very strong and demand has been very strong and we've been able to increase our fares," Chief Commercial Officer Andrew Nocella said on a call with reporters last week.