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## Trump team examines what oil prices as high as \$200 a barrel would mean for economy

Bloomberg  
 Washington

Trump administration officials are examining what a potential spike in oil prices as high as \$200 a barrel would mean for the economy, according to people familiar with the matter, a sign senior officials are studying the possible fallout from extreme scenarios for the Iran war.

Modeling of how damaging a bigger jump in oil prices could be to growth prospects is part of regular assessment done during times of strain and is not a prediction, according to the people, who asked not to be identified commenting on matters that aren't public. The effort is aimed at making sure the administration is prepared for all contingencies, including a prolonged conflict, they said.

Even before the war began, Treasury Secretary Scott Bessent expressed concern that the conflict would boost oil prices and damage economic growth, the people said. Senior Treasury officials have communicated worries to the White House about swings in oil and gasoline prices for several weeks, some of the people said.

White House spokesman Kush Desai called that account "false," saying, "While the administration is always evaluating various pricing scenarios and economic impacts, officials are not examining the possibility of oil reaching \$200 per barrel and Secretary Bessent has not been 'worried' about the short term disruptions from Operation Epic Fury."

Bessent, he said, has repeatedly "conveyed both his and the administration's continued confidence in the long-term trajectory of the American economy and global energy markets."

Oil prices have jumped since the US and Israel attacked Iran on February 28, with West Texas Intermediate up about 30% at \$91



Oil prices have jumped since the US and Israel attacked Iran on February 28, with West Texas Intermediate up about 30% at \$91 a barrel. Brent crude is up almost 40% over the same period, trading around \$102

a barrel. Brent crude is up almost 40% over the same period, trading around \$102.

The White House said on Wednesday that diplomatic efforts to end the war are still underway despite Iran's public rejection of President Donald Trump's push for talks and threatened further military action if no agreement is reached. On Monday, Trump set a five-day deadline for Iran to negotiate a deal to end the war.

The administration planned for the military campaign to last 4-6 weeks, the White House has said. Energy Secretary Chris Wright said on March 12 that a spike to \$200 a barrel is "unlikely."

Crude at \$200 would be an enormous shock to the world economy. In inflation-adjusted terms, the price has hit that level only once in the last half-century — in 2008 just before the global financial crisis.

Even at lower levels, Bloomberg Economics forecasts that oil at \$170 per barrel for a few months would push inflation higher for the US and Europe and cut economic growth.

Trump has said he's not con-

cerned about rising energy costs, even suggesting they're beneficial to the US, and predicted that oil prices will drop sharply once the war ends.

But the near-shutdown of shipments through the Strait of Hormuz, which normally carries as much as a fifth of global oil and gas exports, has already hit economies around the world.

European Central Bank chief Christine Lagarde said last week that the hostilities have stoked inflationary risks. Peers in Frankfurt, London and Japan are priming for interest rate hikes as soon as next month.

In the US, the most visible impact has been a 30% increase in retail gasoline prices, wiping away declines over the last year that Trump had touted as a key economic achievement.

The outlook for US monetary policy is also increasingly muddled as the Federal Reserve watches for the impact of higher oil prices on inflation. Last week, Fed Chair Jerome Powell said that it was too soon to gauge the effects of a surge in oil prices on the US economy.

## Al-Kaabi meets EU special representative for Gulf



HE the Minister of State for Energy Affairs Saad bin Sherida al-Kaabi met on Thursday with European Union Special Representative for the Gulf Region Luigi Di Maio, who is on a visit to the country, reports QNA. Discussions during the meeting dealt with the impact of the ongoing regional conflict on the global energy industry and ways to ensure the security of energy supplies. HE al-Kaabi reaffirmed the State of Qatar's commitment to remaining a reliable energy supplier and looked forward to continuing and strengthening its long-standing energy cooperation with the European Union.

## Qatar industrial sector PPI falls 14.90% in January

QNA  
 Doha

The general Producer Price Index (PPI) for the industrial sector for January 2026 is estimated at 97.02 points, reflecting a 4.03% decrease compared to the previous month. On a year-on-year basis, the index recorded a 14.90% decline compared to January 2025. The relative weights of the four main sectors were as follows: "Mining" (82.46%), "Manufacturing" (15.85%), "Electricity" (1.16%), and "Water" (0.53%). Released by the National Planning Council, the Mining and Quarrying PPI decreased in January 2026 by 4.17% compared to December 2025. This decrease was primarily driven by a 4.17% decline in the prices of Crude Petroleum and Natural Gas, while prices in Other Mining and Quarrying remained

flat. On a year-on-year basis, the Mining and Quarrying PPI for January 2026 decreased by 18.23% compared to January 2025. This decline was mainly due to a 18.25% decrease in Crude Petroleum and Natural Gas, and a 0.10% decrease in Other Mining and Quarrying. A decrease of 2.65% was recorded in the Manufacturing PPI in January 2026 compared to December 2025. This change resulted from price decreases in six groups, increase in one, and one remained flat. Decreases were observed in Chemicals and Chemical Products by 3.94%; Basic Metals by 2.03%; Refined Petroleum Products by 0.46%; Beverages by 0.32%; Cement and other Non-Metallic Mineral Products by 0.24%; and Rubber and Plastics Products by 0.20%. On the other hand, the increase was observed in Food Products by 2.68% while Printing and

Reproduction of Recorded Media remained flat. Compared with January 2025, the Manufacturing PPI in January 2026 showed an increase of 2.29%. The increases were observed in Chemicals and Chemical Products by 8.34%; Food Products by 1.11%; and Printing and Reproduction of Recorded Media by 0.16%. On the other hand, decreases were observed in Refined Petroleum Products by 9.34%; Basic Metals by 5.13%; Rubber and Plastics Products by 3.66%; Beverages by 3.35%; and Cement and other Non-Metallic Mineral Products by 1.41%. The PPI in this sector declined by 0.11% in January 2026 compared to December 2025. On a year-on-year basis, it declined by 0.58% compared to January 2025. The PPI in this sector declined by 27.12% in January 2026 compared to December 2025. On a year-on-year basis, it declined by 13.06% compared to January 2025.

## Real estate trading volume exceeds QR98mn in two days

The volume of real estate trading in sales contracts at the Department of Real Estate Registration at the Ministry of Justice during the period on March 15-16, 2026 reached QR89,549,085, reports QNA. Meanwhile, the total sales contracts for residential units in the Real Estate Bulletin

for the same period reached QR9,185,000. The weekly bulletin issued by the Department shows that the list of real estate properties traded for sale has included vacant land, residences, residential buildings, and residential units. Sales were concentrated in the municipalities of Al Wakrah,

Doha, Umm Salal, Al Rayyan, Al Khor, Al Dhakhira, and Al Daayen, and in the areas of The Pearl, Al Wukair, and Lusail 69. The volume of real estate transactions in sales contracts registered with the Real Estate Registration Department exceeded QR1bn during the period on February 15-19.

## Mideast funds ride China AI euphoria to world-beating IPO gains



Bloomberg  
 Dubai

Middle Eastern funds have racked up outsized gains from bets on newly-listed Chinese artificial intelligence companies, bucking a broader selloff in equity markets caused by the ongoing conflict in the Gulf. Abu Dhabi Investment Authority's \$65mn cornerstone investment in MiniMax Group Inc has risen more than sixfold as of Tuesday's close to over \$400mn since the firm listed in Hong Kong in January. Aramco Ventures' roughly \$30mn pre-IPO investment in Knowledge Atlas Technology JSC Ltd, known as Zhipu, has meanwhile climbed to about \$415mn since its debut at the start of the year. The Chinese firms rank as the best-performing listings of the year for deals that raised more than \$500mn. MiniMax and Zhipu were among the first post-ChatGPT generative AI firms to

go public in January, contributing to a strong month for listings in Hong Kong. The surge in their shares since has underscored strong appetite for Chinese firms in the sector and contrasts with a selloff globally. Attacks on energy and infrastructure targets across the Middle East over the past month have shaken oil markets and weighed on equities, while raising concerns about potential disruption to critical assets such as Gulf data centers. The \$1tn ADIA is one of the world's largest wealth funds and Aramco Ventures oversees assets of close to \$7bn. While the investments into the AI firms represent a tiny proportion of overall outlays, they come at a time when Middle Eastern investors are having to navigate a delicate balancing act between their biggest markets — America and China. Many Gulf entities have attempted to pare back ties to China and pledged investments in key Western markets. Others have said they continue to look at investments in Beijing,

while steering clear of deals that could raise concerns in Washington. A unit of Saudi Arabia's Public Investment Fund agreed to buy gaming studio Moonton from China's ByteDance Ltd for \$6bn earlier this month. ADIA has previously invested in appliance maker Midea Group Co's \$4bn listing in Hong Kong, and was involved in an \$8.3bn deal for Dalian Wanda Group Co's shopping mall management unit alongside the emirate's Mubadala Investment Co. Middle Eastern wealth funds have emerged as prolific dealmakers in recent years, splashing out hundreds of billions of dollars around the world across sectors ranging from finance and technology to sports. Even amid the recent conflict, funds including ADIA have continued to pursue global deals. The United Arab Emirates, Saudi Arabia and Qatar pledged to invest trillions of dollars into the US when President Donald Trump visited last year.



## Saudi Arabia seen to reduce oil sales to Asia amid Iran war

**Bloomberg**  
London

Saudi Arabia's oil sales to Asia's two biggest importers are set to come in at lower-than-usual levels next month, as the war raging across the Middle East disrupts supplies from the energy powerhouse. Saudi Aramco, the world's top exporter, is due to ship about 40mn barrels of crude to customers in China in April, according to traders familiar with the matter. That's lower than usual — exports were set at 48mn barrels in February. Flows to buyers in India are also set to come in lower. The global oil market has been upended by the conflict between the US, Israel and Iran, which is nearing the one-month mark. Crude has spiked as Tehran launched attacks

against energy infrastructure across the region and also forced the near-total closure of the Strait of Hormuz, the waterway that links the Arabian Gulf to global markets, including Asia's largest economies. The prospect of lower crude volumes going from Saudi Arabia to some of its principal buyers highlights the growing economic fallout from the war, with importers facing higher costs, as well as a need to source alternative barrels. BlackRock Inc President Rob Kapito warned on Thursday that investors may be underestimating the risks stemming from the war, which are likely to hurt economic growth and boost inflation even if the conflict were to end soon. The disruption at Hormuz prompted Saudi Aramco to reroute some crude supplies, channeling a portion of

production via a pipeline across the Arabian Peninsula to the alternative port of Yanbu on its Red Sea coast. However, the ambitious measure is only a partial workaround. Yanbu has an export capacity of around 5mn barrels a day. That's lower than the 7.2mn barrels a day shipped last month before the war, mainly from facilities within the Arabian Gulf. The oil that the Asian refiners are being offered via Yanbu is only the Arab Light grade, the traders said. For India, exports were set at roughly 23mn barrels for next month, the traders said, asking not to be identified due to the sensitivity of the matter. That's also slightly lower than recent months. Flows in February were seen at 25mn to 28mn barrels, according to Kpler Ltd and Vortexa Ltd.

Earlier, Saudi Arabia had given long-term oil customers the option of receiving their so-called allocated supply from Yanbu, instead of from within the Arabian Gulf. Meanwhile, at least two European refiners had their April-loading volumes cut, with one of them receiving nothing at all. "Saudi Aramco continues to ensure reliable energy supply by leveraging alternative export routes through Yanbu in response to evolving regional conditions," the company said in a statement. "We remain committed to meeting our customers' expectations, with loading schedules adjusted to reflect the new realities, and customers kept informed." "Our priority is to maintain safe, reliable operations while supporting market stability during this period," Aramco added.

## Asia moves to calm markets as South Korea buys bonds, Manila holds surprise rate review

**Reuters**  
Manila

Asian central banks moved to shore up market confidence on Thursday, with South Korea announcing a 5tn won (\$3.3bn) emergency bond buyback while the Philippines held a surprise policy meeting, signaling its readiness to act if inflation pressures worsen. Both economies, heavily exposed to imported fuel, have come under strain from a surge in global oil prices triggered by the US-Israel war on Iran.

The Bangko Sentral ng Pilipinas, the first in Asia to convene an off-schedule policy review, kept its key policy rate steady at 4.25%, underscoring policymakers' concerns about the conflict's spillover effects on growth and inflation.

BSP Governor Eli Remolona said the review, held less than a month before the scheduled April 23 meeting, was meant to "reassure the market that we are assessing the situation constantly."

With inflation expectations still well anchored, Remolona said there was no need for a rate hike for now, warning that tighter policy could "delay the recovery" of the economy already projected to grow at a weaker pace of 4.4%, compared with the central bank's earlier forecast of 4.6%.

But given the "very uncertain" and "very unusual" environment, Remolona signaled the central bank's readiness to act should inflation expectations slip.

"If inflation expectations de-anchor, then we would have to be more aggressive in terms of monetary policy," Remolona told a press conference.

Like the Philippines, South Korea faces a particular vulnerability due to its heavy reliance on energy imports passing through the Strait of Hormuz, which has been effectively closed since early March.

South Korea said its bond-buying operation will be conducted in two tranches, 2.5tn won on March 27 and another 2.5tn won on April 1, to add liquidity to the local bond market and cap rising yields after three-year treasury bond yields surged to the highest point since the middle of 2024.

The move was paired with an increased price cap on fuel, effective Friday at midnight, and an expansion of fuel tax breaks to prevent local retailers from passing on the effects of sudden international oil spikes to consumers. Korean consumers and bond market participants have been hit hard due to the country's heavy reliance on imported oil, with markets now penciling in more than 100 basis points of interest rate hikes over the next 12 months.

In the Philippines, rising fuel costs have sparked street protests by transport workers and drivers who say soaring prices have gutted their daily earnings. Philippine President Ferdinand Marcos Jr declared a state of national emergency on Thursday to expedite the government's response to the fallout and fast-track oil procurement, with national inventories covering only 45 days of oil.

Thursday's measures add to the list of policy responses across Asia to cushion the economic fallout from the US-Israel war on Iran, which has rattled global financial markets and threatened to slow growth and stoke inflation.

Japan is also bracing for the impact. The Bank of Japan's former top economist said on Thursday that an interest rate hike is likely by June as rising oil costs from the Iran war heighten the chance of being too late in addressing the risk of too high inflation.

The Asian Development Bank on Thursday warned the conflict could cut developing Asia's growth by up to 1.3 percentage points over 2026 to 2027 and increase inflation by 3.2 percentage points if energy market disruptions persist for more than a year. The Manila-based lender had forecast 4.5% growth and 2.1% inflation for the region in its December outlook.

# Iran oil revenue soars as it's the only exporter out of Hormuz

**Bloomberg**  
London

Iran has likely earned hundreds of millions of dollars of extra income from oil sales since the start of the war, benefiting from a surge in the price of its crude after it became the only major exporter able to use the Strait of Hormuz.

Iran is benefiting two-fold from price moves since the start of the war. Its flagship crude grade is selling to customers, mostly in China, at the slimmest discount in more than 10 months to Brent. And the international benchmark itself has surged above \$100 a barrel since the bombing began.

Iran's exports are estimated to have remained close to prewar levels of about 1.6mn barrels a day this month. Ships carrying Iranian crude continue to load at the Kharg Island terminal and exit the Arabian Gulf through the Strait of Hormuz — with activity gaining pace recently.

Iran's exports are estimated to have remained close to prewar levels of about 1.6mn barrels a day this month. Ships carrying Iranian crude continue to load at the Kharg Island terminal and exit the Arabian Gulf through the Strait of Hormuz — with activity gaining pace recently.

That's in stark contrast to the effective blockade imposed on shipments from other Gulf producers. Even as the US and Israel have battered Iran with daily airstrikes, their military efforts have been blunted by Tehran's ability to maintain its financial lifeline. Tehran stands to gain even further after Washington, seeking to mitigate the war's impact on oil prices, took the surprising step of temporarily suspending sanctions on a trove of Iranian oil that was already at sea in tankers.

"The Trump Administration is practically asking Iran to sell oil," said Richard Nephew, senior research



An oil facility in the Kharg Island (file). Ships carrying Iranian crude continue to load at the Kharg Island terminal and exit the Arabian Gulf through the Strait of Hormuz — with activity gaining pace recently.

scholar at Columbia's Center on Global Energy Policy, who has served at the US Department of State as a deputy envoy for Iran and a coordinator for sanctions policy. "I would have thought that interdicting Iranian oil sales would have been a priority for the US."

Based on export estimates from Tankertrackers.com and prices for the country's flagship grade Iranian Light, Tehran would have earned about \$139mn a day from sales of its main Iranian Light crude blend so far in March, up from \$115mn in February.

Iran's oil has grown more valuable compared with international benchmark Brent, narrowing to a discount of \$2.10 a barrel at the start of this week, the smallest in al-

most a year. The differential was wider than \$10 before the war.

The higher selling price for each barrel is key for Iran, which has suffered major damage from US and Israeli airstrikes and will have to make significant investments to rebuild and prop up its ravaged economy.

As countries like Iraq and Kuwait have been forced to sharply cut production, and the United Arab Emirates and Saudi Arabia have scrambled to use alternative export routes, Iran has continued to load tankers and sail them out of the Arabian Gulf.

From March 1 to 23, Iran exported about 1.6mn barrels a day on average, close to prewar levels, according to TankerTrackers.com. Even before the war started

on February 28, the country's shipments were unusually high, with February loadings at the highest level since around July 2018, Kpler data show.

Oil infrastructure at Iran's main export hub, Kharg Island, has been spared by the US — which only hit military targets there. Satellite photos from the European Union's Copernicus Browser between March 2 and March 22 show very large crude carriers moored at the terminal on each occasion.

And the activity appears to be gaining pace — an image from March 2 shows a single supertanker moored at Kharg, while pictures from March 7 and March 17 show two of the vessels taking on cargoes. The most recent picture, from Sunday, shows two

VLCCs moored and a third that appears to have recently left the terminal.

Iran has also shipped crude from its Jask terminal which is beyond the Hormuz choke-point. A satellite image from March 5 shows a supertanker approaching the loading buoy at the terminal. A second image, captured three days later, shows the same ship moored at the buoy.

Crude shipments from Jask are usually infrequent, with only five ships loaded there since the terminal was officially opened in 2021.

Iran is also bringing in extra income by charging transit fees of as much as \$2mn on some commercial ships crossing the strait.

In contrast, the oil-export earnings of other Gulf nations have suffered considerably through the war. Costly strikes have hit a range of energy assets from oil and gas fields to refineries and ports.

Iran's energy infrastructure has largely escaped attack during the war, with the exception of Israeli airstrikes on the massive South Pars gas field last week. That drew retaliatory attacks by the Islamic Republic on Gulf Arab oil and gas assets.

Over the weekend, President Donald Trump threatened to target Iran's energy infrastructure if it didn't reopen the Strait of Hormuz. On Monday he rowed back, citing "very good and productive conversations" with Tehran on an end to the war.

Iranian officials have denied that talks are taking place and rejected a US ceasefire proposal and maintained attacks on Israel and Gulf states, delivering a blow to Washington's efforts to end the war.

## Bloomberg QuickTake Q&A

# How Japan can use the oil market to support the yen

**By Erica Yokoyama and Yongchang Chin**

Japan's heavy reliance on imported oil means swings in crude prices feed quickly into its currency and trade balance. The government has hinted that it might step into the oil market in an indirect bid to support the weakening yen, as the war in the Middle East drives up energy costs and threatens the global economy.

Trading oil futures to prop up the currency would be a novel approach for Japan and mark the latest effort to mix up its intervention approach to keep speculators guessing. National governments rarely step into energy derivatives markets directly, but Japan's Finance Minister Satsuki Katayama has expressed concern that speculative trading in oil futures is affecting the foreign exchange market. She said the government stands ready to take "all possible measures, on all fronts."

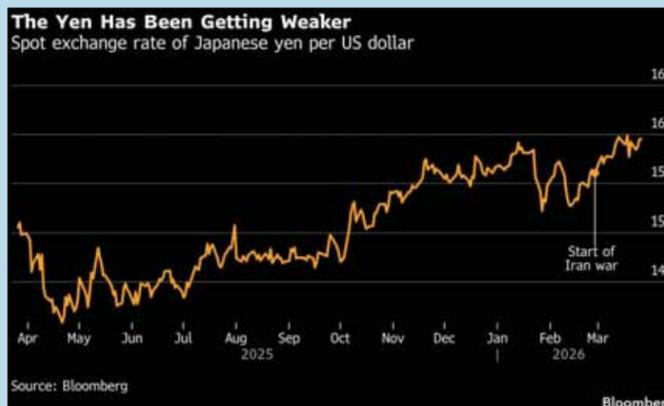
### How are oil prices affecting the yen?

Almost all of Japan's oil consumption is met by overseas imports, and more than 90% of these shipments usually come from the Middle East. The disruption to supply from the Arabian Gulf and increase in benchmark crude prices since late February has driven up the cost of fuel, electricity and food. The risk of a hit to Japan's economy has already triggered the government to begin releasing 80mn barrels of oil from its national reserves.

When energy costs rise, the country needs more dollars to pay for imports, putting downward pressure on the yen and adding to inflation. In the shorter term, speculators can bet on the direction of oil prices and the yen, amplifying volatility. If Japan can cool crude prices, this might ease the pressure on the currency by shaking off some of the speculators. The yen has weakened sharply against the dollar since the start of the Iran conflict. Proponents of government intervention argue that the sheer size of the so-called paper oil market — futures and derivatives trading, which far exceeds physical supply — could make such action effective, even if the impact is indirect.

### How would intervention in the oil market work?

The government could enter the market in many ways. The challenge is finding an approach that maximizes the impact while minimizing the potential cost. One option is to short oil — selling futures contracts in an effort to push current benchmark prices lower — and covering those positions in small amounts over time. Position limits could cap the number of trades in a single contract month, avoiding concentration by spreading the intervention across the futures curve. Any trades would likely be executed through financial institutions, as with standard intervention in foreign exchange markets. The Finance Ministry has contacted major banks in Tokyo with oil trading operations to gather views on intervening in crude oil futures, according to people familiar with the matter.



It's unclear how big any oil market intervention would be, though it would likely be far smaller than the government's currency interventions, given the experimental nature of the trade and the scale of the dollar-yen market. Japan spent ¥5.9tn (\$37bn) on currency intervention in a single operation in April 2024, helping move the exchange rate by more than ¥5 — its largest-ever effort to support the yen. Risking a similar amount on an untested approach seems unlikely. It also remains to be seen at what point Japan would potentially step in. Unless oil prices rise significantly beyond current levels, the incentive to intervene may remain limited. The yen

didn't breach ¥160 per dollar — the rough threshold for Japan's most recent currency market interventions in 2024 — even when crude approached \$120 a barrel in March.

### Have other countries intervened in the oil trading market?

Few countries have ventured into oil trading for macroeconomic purposes. Mexico runs a sovereign oil hedge — the so-called hacienda hedge — which uses derivatives to protect government revenue in the event of falling prices, rather than to

influence markets. Malaysia's state-owned Petrolim Nasional Bhd also known as Petrobras, also uses financial hedges, including oil options, to cushion its revenue from crude price volatility. Influencing oil prices — and by extension a currency — would be far more complex. The US considered trading in the oil futures market as one way to contain rising energy prices amid the Iran war. But the Trump administration appears to have ruled out this option. Treasury Secretary Scott Bessent said in mid-March "we're absolutely not doing that."

### What are the risks for Japan?

Sometimes just talk of intervention can itself be a tool to prop up the yen. Authorities may be hoping to influence speculative traders through verbal warnings, contacting dealers, and by floating new ideas. If the government were to actually intervene in oil markets, it would be doing so at a time of high volatility driven by the conflict in the Middle East. Shorting oil risks steep losses if crude prices rise and may not have a meaningful impact on the yen, which could damage the government's credibility. Any trading losses would compound the pain the economy feels from rising import costs. Some are skeptical that Japan will step into the market. Junya Tanase, chief Japan currency strategist at JPMorgan Chase & Co, said that the likelihood of an oil futures intervention is "extremely low, at least in the near term."

# War hits global economy with OECD seeing 4.2% US inflation

**Bloomberg**  
Paris

The conflict in the Middle East is reviving the specter of inflation and hobbling the global economy just as it was showing signs of strengthening at the start of the year, the OECD said. In its updated outlook on Thursday, the Paris-based organization sharply increased its inflation forecasts for major economies and now sees the average rate for the Group of 20 this year jumping to 4% — with an even higher pace in the US — rather than the 2.8% it predicted in December. Downward adjustments to growth were less dramatic in the short term, but largely because

the drag from the Iran war was offset by better-than-expected momentum at the start of the year. The OECD is the first of the major international economic institutions to formally update forecasts. Other indicators such as business surveys have already begun to point to a synchronized global shock of weaker activity and rising prices. The organization also warned there is a “significant downside risk” to its projections from further disturbance of exports from the Middle East that would fuel inflation, reduce growth and potentially trigger repricing on financial markets. “The breadth and duration of the conflict are very uncertain, but a prolonged period of higher energy prices will add markedly to busi-

ness costs and raise consumer price inflation, with adverse consequences for growth,” the OECD said. Disruption from the Iran war arrived just as the global economy was picking up tailwinds from investment in artificial intelligence, an easing of US tariff rates and supportive monetary and fiscal policies. Without the conflict, the OECD said it could have revised up its global growth forecast by 0.3 point for 2026. Instead, it left that prediction unchanged at 2.9% and trimmed its figure for 2027 by 0.1 point to 3%. The sudden change of the economic backdrop is also forcing policymakers to change tack. Last week, the Federal Reserve signaled that any cuts in US borrowing costs remain a long way off. European Central Bank officials

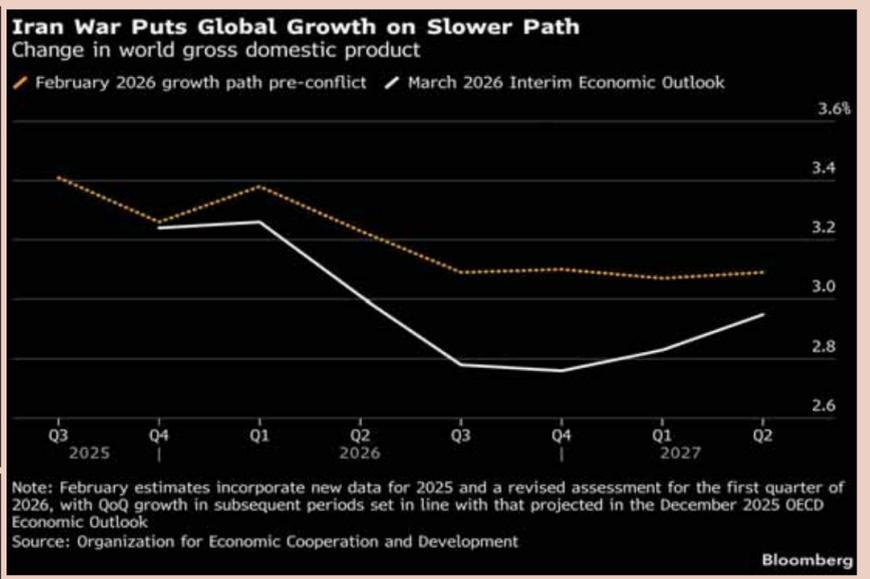
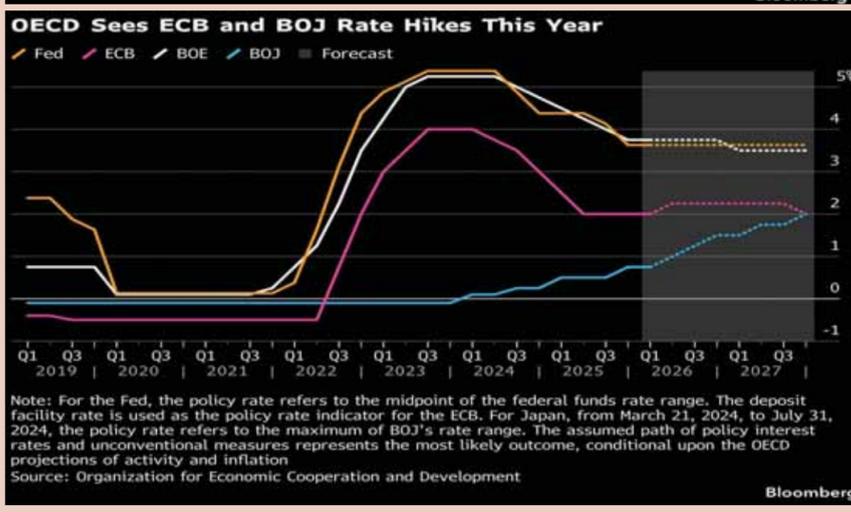
are considering a possible hike as soon as April, while Norwegian officials on Thursday revealed that they had even discussed a move as soon as this week. For the US, the OECD expects inflation to jump to 4.2% this year, from 2.6% last year. Its price outlook for this year is 1.2 percentage point higher than in December, also because the labor market remains tight with slowing net migration and tariffs are adding upward pressure. “We do think there is a combination of factors that are likely to have a bearing on the inflation outlook in the US,” OECD Secretary General Mathias Cormann said in an interview with Bloomberg Television. The organization now expects policy rates to remain unchanged throughout 2026 in both

the US and the UK, while it foresees that the ECB will hike once in the second quarter to ensure inflation expectations remain under control. “Our current expectation is energy price effect will be temporary, and as such central banks would be able to take that into account,” Cormann said. “But in the end, what we are saying to central banks is that they need to continue to focus very closely on the data as it involves and be very prudent to ensure that inflation expectations are well anchored.” The 38-member organization also urged governments still carrying large debts racked up through spending during previous crises to refrain from broad-based subsidies and transfers.

### OECD Inflation Projections

	Forecast for 2026 inflation	Change vs prior	Forecast for 2027 inflation	Change vs prior
G-20	4%	1.2 PP	2.7%	0.2PP
US	4.2%	1.2 PP	1.6%	-0.7PP
Euro area	2.6%	0.7 PP	2.1%	0.1PP
Germany	2.9%	0.8 PP	2.6%	0.2PP
France	1.8%	0.5 PP	1.5%	-0.1PP
Italy	2.4%	0.7 PP	1.8%	0PP
UK	4%	1.5 PP	2.6%	0.5PP
Japan	2.4%	0.2 PP	1.9%	-0.2PP
China	1.3%	1 PP	1.1%	0.3PP
India	5.1%	1.7 PP	4.1%	0.1PP
Brazil	4.1%	-0.1 PP	3.8%	0PP

Source: Organization for Economic Cooperation and Development



Last week, the Federal Reserve signalled that any cuts in US borrowing costs remain a long way off. European Central Bank officials are considering a possible hike as soon as April, while Norwegian officials on Thursday revealed that they had even discussed a move as soon as this week.



# How the US-Israeli war on Iran is upending global business

**Reuters**  
London/Dubai

The US-Israeli war on Iran is rattling businesses worldwide, driving up energy prices, squeezing supplies of critical raw materials and raising questions about the reliability of trade routes critical to the flow of goods from food to car parts. Below are the main disruptions so far:

**TRAVEL CHAOS:** The war has triggered tens of thousands of flight cancellations, re-routings and schedule changes worldwide, shutting much of the Middle East's airspace due to missile and drone threats. Global aviation faces its worst disruption since the pandemic, hitting hubs such as Dubai International Airport, the world's busiest for international passengers, and straining alternative transit points. Private jets are ferrying travellers out of the Gulf, whilst others have embarked on long taxi drives to Saudi Arabia to find flights home. Time-sensitive air cargo has also been hit, with shipments ranging from fresh produce to airplane delayed as the conflict squeezes cargo capacity and pushes up freight rates.

**AIRLINES:** Global airlines have sounded an alarm over soaring jet fuel prices, warning

of hundreds of millions of extra costs, higher fares and cuts to some routes. Discount airline easyJet expects ticket prices to rise towards the end of the summer, while Bloomberg News reported that United Airlines could hike fares by 20% to cope with the oil surge. Prices of jet fuel, the second-largest expense for carriers after labour, have doubled since the start of the conflict, adding pressure on carriers. Even airlines that use hedging contracts to protect against sudden spikes in oil prices are rapidly announcing fare hikes, fuel surcharges and capacity cuts as they grapple with an unprecedented jump in refining margins. Airspace restrictions in the Middle East have dealt another blow to Indian airlines, which count the region as a crucial corridor for flights to Europe and the US since Pakistan banned Indian carriers from its airspace last year. India said it would revoke temporary fare caps it had imposed on domestic air tickets in December, Reuters reported, citing a government order. **CRUISE:** Cruise operators are bracing for rougher seas as rising oil prices push up fuel bills. Analysts have warned Carnival Corp could see the biggest hit to its 2026 earnings since

it is the only major US cruise line that does not hedge its fuel costs. **TOURISM:** Tourism is worth some \$367bn annually in the Middle East region. **DEFENCE INDUSTRY:** The US has deployed advanced weaponry against Iranian targets, including Tomahawk cruise missiles, stealth fighters, and for the first time in combat, low-cost one-way attack drones. The Pentagon also used artificial intelligence services from Anthropic, including its Claude tools, during its attack. On March 25, the Pentagon reached framework agreements with UK-based BAE systems, Lockheed Martin and Honeywell to ramp up production of defense systems and munitions with the aim to put the US military on a “wartime footing.” **CRITICAL METALS AND RAW MATERIALS:** Disruptions in the Strait of Hormuz are hitting metals and energy flows. Aluminium producers in the Gulf have halted shipments, declared force majeure, or rerouted exports, sending prices and premiums sharply higher. The Gulf region accounts for about 8% of global aluminium supply. Helium prices have surged after the Iran war disrupted natural gas processing in Qatar, a small but vital market that underpins industries from semiconductor manufacturing to medical imaging.

Indonesian nickel makers reliant on the Middle East for sulphur face potential output cuts. Chemicals firms Celanese, Dow and Ecolab have hiked prices for some products amid supply chain constraints. Iranian attacks have also knocked out 17% of Qatar's liquefied natural gas export capacity, threatening supplies to Europe and Asia. The rising price of gasoline from the Iran war could push consumers toward EVs and hybrids. **MEDICINE:** The war in the Middle East is disrupting the flow of critical medicines into the Gulf. Executives told Reuters that there are currently few signs of major shortages. **FOOD, FAST FASHION AND LUXURY:** Some shipments of garments for major clothing retailers were stranded at airports in Bangladesh and India as the conflict impacted flights, Reuters reported earlier in March. South Asia is a clothes manufacturing powerhouse and fast fashion brands around the world rely on factories in Bangladesh, India and Pakistan for a constant stream of new T-shirts, dresses and jeans. The crisis is also adding pressure on the luxury sector, with groups such as Richemont and Zegna seen among the most exposed. In India, restaurants and hotels warn of disruptions and possible shutdowns due to cooking gas shortages, while households

have been rushing to buy electric induction stoves. India's packaged water market is also seeing some manufacturers hike prices for distributors. Shortage of naphtha and soaring energy prices have led to companies such as South Korea's Samyang Foods as well as other snacks, cosmetics and toy makers across Asia to warn of shortage of packaging materials and increased costs. **CHIPS AND DATA CENTRES:** South Korean officials have warned that a prolonged conflict could disrupt supplies of key semiconductor manufacturing materials sourced from the Middle East, including helium, which is essential for chip production and has no viable substitute. Drone strikes that damaged some of Amazon's data centres in the UAE and Bahrain raised questions about technology supply chains. **BANKS:** Citigroup and Standard Chartered have told Dubai staff to work from home, Reuters has reported, citing sources, as banks respond to Iranian threats against Gulf banking interests. Citigroup is keeping most branches and offices in the UAE closed until further notice. US hedge fund manager Millennium Management is exploring relocating staff who do not want to return to Dubai to Jersey, the Financial Times reported on March 24, citing a source.

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## China's official calm belies a war battering small factories

**Bloomberg**  
Hong Kong

When China's Premier Li Qiang stood before global executives in Beijing last weekend pledging stability for his nation's economy, toy factory manager Huang Shan had just laid off half his workers — undone by a war that's rapidly reshaping the outlook for millions of smaller firms.

"All I want is to run a small business just to support my family with some steady income," said Huang Shan, who's slashed his production staff in the eastern province of Zhejiang to about 100 employees since the start of the Iran war. But now "the international environment is too harsh," he said.

In public — including at the China Development Forum — top leaders have so far sidestepped the war's toll on China, leaving it to senior diplomats to hold calls urging de-escalation. The hit to the broader economy has also been cushioned by the nation's vast strategic oil reserves and its decade-long push into renewable energy. But the small and medium sized firms that are vital engines of employment in the world's second-largest economy are nevertheless seeing their input costs surge. And as the war drags on, that risks adding to policymakers' challenges this year.

The gap between Beijing's studied calm and

the gathering pain on China's factory floors was on full display at the Boao Forum that began on Tuesday — an annual confab in the southern island province of Hainan sometimes referred to as China's Davos.

At a keynote speech on Thursday, China's No 3 official Zhao Leji framed China as a land of opportunity for investors while making only veiled references to global instability. Official panels discussed innovation and regional cooperation, even as the Strait of Hormuz remained effectively shuttered to the world's most vital energy shipments. A Western diplomat attending the event described the atmosphere as dissonant with reality, Beijing, the diplomat said on condition of anonymity, appears determined to keep public debate about the war muffled ahead of the anticipated summit between Presidents Xi Jinping and Donald Trump. That tete-à-tete is now expected in mid-May, delayed over a month by the Iran hostilities.

Away from the speeches and the panel discussions, a punishing reality is taking hold on the assembly line.

"I haven't encountered such a difficult situation in more than a decade," said Chen Yubing, manager of a factory in the eastern province of Jiangsu that makes polyester and nylon fabric.

After Trump's tariff hikes on China slashed his profits by a third last year, Chen is now contending with a 40% jump in the cost of yarn

and chemicals. Unable to fully pass those expenses on, he's raised prices by only a few percentage points. If costs remain elevated, his 90-person workshop may be forced to suspend operations entirely, he said.

Analysts expect this kind of squeeze to affect a broad swath of China's manufacturing. Producer prices are now forecast to rise 0.3% this year, a Bloomberg survey of economists conducted over the last week showed. That marks a sharp reversal from the 1% contraction expected before the US and Israel started the conflict. But with consumer price projections remaining modest, that would mean a tightening vice on profit margins for managers like Chen and Huang. The burden is seen falling hardest on consumer-facing industries that rely heavily on oil-related materials — a sector that's already been hampered by China's multi-year property market downturn and entrenched deflationary pressures.

Profit margins for China's textile and apparel industry fell to 4.1% in 2025, the lowest in data going back to 2017. The plastic and rubber sector saw margins erode for two consecutive years to settle at 5.3%. These industries are dominated by small, private firms that are far more vulnerable to external shocks than the state-owned giants responsible for primary energy production.

"The rise in raw material prices is essentially a redistribution of profit," said Jacqueline

Rong, chief China economist at BNP Paribas SA. While upstream companies can pass on costs, "the downstream sector is usually the weakest in terms of its ability to pass the full weight of rising costs onto the consumer."

The war has also disrupted one of China's most promising export markets. Andre Huang, a sales manager for a home-cleaning tool exporter in Zhejiang, said his company has halted production for a Middle Eastern client, uncertain if shipments can navigate the regional blockade. His factory, which produces mops and brooms, is currently relying on plastic pellets purchased when prices were low — a buffer that will eventually expire, exposing the firm to a potential 40% cost surge.

The disruption in demand extends beyond the Middle East. Janie Han, who owns a company exporting fabric to Europe, said she had only received one order since the end of the Lunar New Year in mid-February because clients were hesitant to place orders amid price volatility. She's now weighing whether to keep the business going, given the thin profit margin and uncertain outlook. The government has tools to blunt the blow of the energy shock. The National Development and Reform Commission, China's top economic planning agency, announced measures on Monday to cap domestic gasoline price increases — the first time it has used such price controls since the current oil

pricing mechanism was introduced in 2013. Goldman Sachs Group Inc analysts estimate that only about 6% of China's total energy consumption is directly exposed to Strait of Hormuz disruptions, thanks to a diversified energy mix and supply routes that bypass the Persian Gulf altogether. Historically, a 1% rise in Brent crude has translated to only a 0.3 percentage point increase in gasoline prices at the pump, Goldman says. Some sectors stand to benefit from the higher energy prices, such as coal miners and domestic oil drillers. China's dominance in electric vehicles, solar panels and other green-energy products could generate a surge of exports as countries rush to reduce their exposure to Middle Eastern oil. Meantime, the global boom in AI continues to drive demand for Chinese-made components, providing another layer of insulation. But the net result risks become a K-shaped economy, with one part contracting and another accelerating. Lin Guijun, former vice president of the University of International Business and Economics, pointed out the divergence on the sidelines of the Boao Forum. For oil-intensive manufacturers, higher costs will inevitably shrink output and weigh on employment, he said. For others, the conflict could be a grim windfall. "Alternative energies will prosper," he said. "Solar panels will be more useful, and the coal miners will be very happy."

## Low US unemployment claims indicate labour market stable

**Reuters**  
Washington

New applications for US unemployment benefits rose slightly last week, suggesting the labour market remains stable and likely giving the Federal Reserve scope to hold interest rates steady while monitoring inflation risks from the conflict in the Middle East.

The report from the Labour Department on Thursday also showed the number of people collecting unemployment checks in mid-March was the lowest in nearly two years. Part of the decline, however, was probably due to people exhausting their eligibility for aid, which is limited to 26 weeks in most states.

The job market remains in what economists describe as a "low-hire, low-fire" state. Despite the relative calm, economists expected the labour market would take a hit from the US-Israeli war with Iran, which has sent oil prices surging.

"It takes time for companies to recognize what a shock like this means for the economy, and then to have the conviction needed to start shedding workers," said Carl Weinberg, chief economist at High Frequency Economics. "Things will decay, we are sure. However, they have not started to decay yet."

Initial claims for state unemployment benefits increased 5,000 to a seasonally adjusted 210,000 for the week ended March 21. Economists polled by Reuters had forecast 210,000 claims for the latest week. Claims have been tucked in a 201,000-230,000 range this year amid low layoffs.

Economists said lingering uncertainty caused by President Donald Trump's aggressive import tariffs has undercut demand for workers, with private nonfarm payrolls averaging only 18,000 jobs per month in the three months through February. Reduced labour supply because of the Trump administration's immigration crackdown also is weighing on job growth, they said.

That situation has created what Fed Chair Jerome Powell this month called a "zero-employment growth equilibrium," that has "a feel of downside risk." The turmoil in the Middle East has sparked worries of a surge in inflation. Oil prices have jumped more than 30% since the war started at the end of February.

Goldman Sachs estimated the oil price shock could raise the unemployment rate by one-tenth of a percentage point and reduce nonfarm payrolls by roughly 10,000 jobs per month on a net basis through the end of this year.



The Federal Reserve building is set against a blue sky in Washington. New applications for US unemployment benefits rose slightly last week, suggesting the labour market remains stable and likely giving the Fed scope to hold interest rates steady while monitoring inflation risks from the conflict in the Middle East.

"We expect the unemployment rate to rise 0.2 percentage point in total to 4.6% by the third quarter, partly because of this impact from the oil shock and partly because job growth is already running at a pace that we think is a bit too slow to keep up with labour supply growth," Goldman Sachs economist Pierfrancesco Mei wrote in a note.

Import and producer prices shot up in February, and economists expected the hit from the war, which has also raised fertilizer prices, to be evident in consumer inflation data for March. Economists have been steadily raising their inflation forecasts for this year as the conflict drags on.

The US central bank left its benchmark overnight interest rate in the 3.50%-3.75% range this month. In updated projections released alongside the decision, Fed policymakers anticipated only a single reduction in borrowing costs this year. Financial markets, however, see the odds of any rate cut fading.

The number of people receiving unemployment

benefits after an initial week of aid, a proxy for hiring, decreased 32,000 to a seasonally adjusted 1.819mn during the week ended March 14, the lowest level since May 2024, the claims report showed.

The so-called continuing claims data covered the period during which the government surveyed households for March's unemployment rate. Continuing claims fell between the February and March survey weeks.

Economists were split on what this meant for March's unemployment rate, with some predicting a decline and others a rise. They noted that the data did not include young people who are out of work and are having a tough time finding employment. Members of this demographic typically have limited or no work history, disqualifying them from claiming unemployment benefits. The Chicago Fed is forecasting the unemployment rate to be 4.46% this month, which would round up to 4.5%. The unemployment rate increased to 4.4% in February from 4.3% in January.

## Maersk says Gulf land-bridge routes still have capacity for food and medicines

**Reuters**  
London

Shipping giant Maersk is maintaining food and medicine supply lines via alternative land-bridge routes in the Gulf that still have some spare capacity despite the Iran war, its regional head told Reuters on Thursday.

The war that began with US-Israeli strikes on Iran last month, followed by Iranian attacks across the region and the closing of the Strait of Hormuz, has brought shipping in the Gulf to a near standstill, rippling across global supply chains.

Danish container shipping group A.P. Moller - Maersk is using a "land-bridge" system via ports in Jeddah in Saudi Arabia, Salalah and Sohar in Oman and Khor Fakkan in the United Arab Emirates, to funnel in cargo before moving it by land to destinations across the Gulf region.

Charles van der Steene, Dubai-based regional managing director for the Middle East, said Maersk was ramping up the network and coordinating with Gulf governments, which have introduced faster procedures to speed deliveries.

While it is prioritising critical goods, namely food and medicines, there is still capacity to spare on these alternative routes, he added.

Cargo volumes into the port in Jeddah have jumped 40% since the conflict began, van der Steene said.

Before the conflict, Maersk moved about 35,000 containers a week in and out of the Gulf, he said. Its land-bridge network is now absorbing those volumes. In the initial weeks of the war, Maersk worked with customers and Gulf governments to prioritise medicines and food, including chilled and frozen cargo, and other critical shipments.

Maersk's board chair said on Wednesday that the Middle East region has a "pressing need" for food imports disrupted by the war. Gulf Cooperation Council (GCC) countries import up to 85% of their food, according to the World Economic Forum.

Some of the alternative routes, such as via Saudi Arabia, were already in place given previous disruptions like in the Red Sea two years ago, but Maersk has ramped up its land-bridge system across the Gulf over the last several weeks, van der Steene added.

Van der Steene said Maersk was coordinating with GCC governments on border, customs and terminal handling procedures, including fast-track "green lane" arrangements to move goods more quickly.

## WTO mulls future of global trading under cloud of Mideast conflict

**AFP**  
Yaounde

The World Trade Organization's ministerial conference opened on Thursday against a backdrop of heightened trade tensions and global economic turmoil linked to the Middle East war.

Over four days in Cameroon's capital Yaounde, trade ministers from around the world will try to revitalise an institution weakened by geopolitical strains, stalled negotiations and rising protectionism.

The global trading system is experiencing the "worst disruptions in the past 80 years", WTO chief Ngozi Okonjo-Iweala warned at the opening ceremony.

"The world order and the multilateral system we used to know has irrevocably changed," she said, adding: "We cannot deny the scale of the problems confronting the world today."

"These disruptions are a symptom of the wider disruptions shaking the international order created after the Second World War to prevent a repeat of the horrors of the first half of the 20th century," she added.

Okonjo-Iweala wants the Yaounde meeting to open the next chapter in multilateral trading, decrying growing unilateralism and the collective failure of WTO's 166 members to rein-

vigorate the institution. The WTO ministerial conference, its supreme decision-making body, is usually held every other year.

Two years after the last ministerial conference in Abu Dhabi failed to make meaningful progress on key issues like fisheries and agriculture, member states face even stancher challenges this time.

Their main task will be to develop a plan towards reforming a WTO that has proven to be powerless in the face of rising protectionism and largely incapable of negotiating new agreements.

European Trade Commissioner Maros Sefcovic called Monday for "serious" reform of the organisation, insisting that "the level playing field, overcapacity and market policies must be better tackled than in the past".

Britain also said in a recent submission that it believes "the WTO is at a pivotal moment", warning that "without reform it will slide into irrelevance".

"Reform must lead to a WTO... capable of meeting today's challenges and restoring confidence in the multilateral trading system," said Cameroon's Trade Minister Luc Magloire Mbarga Atangana.

Several members are calling for modifying the organisation's decision-making procedures, which have long been limited by a rule requiring consensus among all members.

