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# GULF TIMES BUSINESS



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## Founders must keep building through crisis, says Doha-based investor

By Peter Alagos  
Business Editor

Startup founders navigating economic uncertainty must resist the instinct to pause and instead keep building, a Qatar-based investor said at a regional webinar hosted recently by Startup Grind Doha Chapter.

Muhannad Taslaq, Director of Investments at Alchemist Doha, drew on lessons he gathered from founders, operators, and investors who had faced similar pressures during the Covid-19 pandemic and other major disruptions during the webinar titled 'Building Through Fire: A Playbook for Mena Founders Navigating Challenging Times'.

Alchemist Doha, a venture capital and investment platform focused on supporting, investing in, and scaling tech startups in Qatar and emerging markets, is the product of a partnership between Alchemist Accelerator and the Qatar Research, Development, and Innovation (QRDI) Council.

"People who are smart and capable say the same thing: 'Let me just wait and see how this develops before I make my move' – and this is one of the biggest mistakes a founder or anybody could make," he pointed out.

Taslaq, who spent nearly 18 years in Silicon Valley, said that six months into a wait-and-see approach, the window of opportunity is typically gone, as customers have moved on, competitors have advanced and the market offers no signal that conditions have stabilised.

"The market did not send a calendar invite saying, 'Okay things are stable now and you can start again'," Taslaq told the webinar.

He drew on his own experience during the Covid-19 pandemic, when his 3D printing and gaming merchandising company faced collapsed funding talks with Mayfield Fund and an IP infringement claim that slashed its valuation from roughly \$35mn to \$40mn down to around \$8mn to \$10mn.

Rather than standing still, Taslaq said the team doubled down and secured partnerships with Paramount and Star Trek, generating strong revenues through the crisis.

Taslaq outlined six rules he described as a practical playbook rather than a motivational



Muhannad Taslaq, Director of Investments at Alchemist Doha.

framework. The first, and what he called "the hardest to follow," is to shrink the planning horizon to 30-day sprints, identify a single metric that matters and ship continuously – even if progress is incremental.

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"You have to keep shipping – a product update, a customer call, a proposal sent – any movement. It's what keeps the company and the team psychologically alive during the crisis," he explained.

On financial discipline, Taslaq said founders must know their exact "burn rate" and calculate what he called their "date of death" – the precise day the money runs out if nothing changes, and communicate that figure openly with their team.

"Does this directly generate revenue or protect our core product? If it's not, then you cut," he further emphasised, describing the test every expense must pass.

He also urged founders to use artificial intelligence (AI) to automate repetitive tasks before cutting headcount, listing customer support responses, social media scheduling, invoice processing, lead qualification and meeting summaries as immediate candidates.

On managing investors, Taslaq warned against raising at distressed valuations unless survival demands it, recounting how panic-driven dilution during his own Covid experience left him a minority shareholder in the company he had founded.

"Dilution taken in panic is a cost you would pay for years," he emphasised, adding that founders should keep investor updates going even when the news is bad, as an investor who hears from a founder regularly during a crisis develops far greater trust than one who is contacted only occasionally.

On customer relations, Taslaq said founders who go invisible during hard times accelerate churn, and advised calling the top 10 customers immediately to listen for new pain points, identifying which clients are holding steady and feeding all findings directly into the product roadmap. "The relationship you protect during a crisis is worth 10 relationships built after," he stressed.

Turning to the team, Taslaq said employees are not watching company metrics during a crisis – they are watching the founder. He urged leaders to over-communicate, be honest about where things stand, and if layoffs are unavoidable, to make them once, surgically, and immediately rather than spreading cuts across multiple rounds.

Taslaq also urged founders to identify their single most important revenue-generating activity and protect it completely, pausing everything else – new features not driving retention, market expansions not generating cash, and partnerships unlikely to close within 30 to 60 days.

He added: "Clarity is a competitive advantage. Smart capital doesn't disappear in conflicts – it recalibrates.

They are watching, they are waiting, and they are looking for exactly the kind of founders who keep building."

## Moody's affirms debt rating of QatarEnergy LNG S(3)

By Santhosh V Perumal  
Business Reporter

Moody's, an international credit rating agency, has affirmed the 'Aa3' backed senior secured debt rating of QatarEnergy LNG S(3). In October 2023, the name of Ras Laffan Liquefied Natural Gas (3) was changed to QatarEnergy LNG S(3) and the name of Ras Laffan Liquefied Natural Gas (2) to QatarEnergy LNG S(2).

The rating action on QE LNG S3 reflects that it is a government-related issuer (GRI) and that the ratings benefit from Moody's assumption of "extraordinary support", if required, from the government of Qatar to avoid a default on their debt obligations, which leads to a significant uplift from the standalone credit strength, or BCA, of the project. The rating factored in the loss of production capacity and revenue as a result of the significant damage to the project's assets caused by the recent Iranian missile strikes on Ras Laffan.

The affected LNG (liquefied natural gas) trains 4 and 6 constitute around 40% of the total project's production capacity, and repairs are likely to require significant expenditure over several years. HE the Minister of State for Energy Affairs, the Managing Director and Chief Executive Officer of QatarEnergy, HE Saad bin Sherida al-Kaabi had revealed that Iranian attacks disrupted 17% of Qatar's liquefied natural gas (LNG) export capacity, causing losses estimated at approximately \$20bn in annual revenue and threatening supplies to Europe and Asia.

While the damaged facilities are likely to significantly reduce QE LNG S3's revenues going forward, Moody's said there are certain partial

mitigants to reduction in the project's credit quality. The rated senior secured debt is amortising and is due to mature in September 2027, with currently outstanding amount at about 8% of the original \$10bn debt quantum. The QE LNG S3's debt service coverage ratio (DSCR) of 5.5x (times), prior to the Iranian attacks, had a considerable headroom, making the project "more resilient" to external stress factors.

"Our DSCR calculation of 5.5x differs from the common security agreement (CSA) DSCR calculation, which treats long-term shipping charter payments as operating costs. We consider the capital element of such shipping charter payments as equivalent to debt service, which results in a lower, albeit still robust adjusted DSCR," the rating agency said.

The project has a fully funded six-month debt service reserve, it said, adding there is potential to reduce certain cost items such as royalties, which are linked to production levels. "We expect the company to continue to follow a prudent approach to their cost management and financial policy during the current crisis in the region, while also having the benefit of significant cash balances at the project," Moody's said.

The 'baa2' BCA for QE LNG S3 reflects its strong competitive position on the global LNG market, financial metrics with significant buffer for downside, and generally beneficial project finance structural features, although lacking certain security interests and subject to limitations on the likely effectiveness of certain creditor protections. It also considered event risk considerations, including asset concentration risk and ongoing geopolitical risks, and the exposure to oil and gas commodity price risk.

## QSE key index falls 132 points; M-cap erodes QR10.42bn

By Santhosh V Perumal  
Business Reporter

Reflecting the growing concerns on the nature and longevity of the Middle East conflict, the Qatar Stock Exchange (QSE) saw more than 70% of its constituents end in red, leading to 132 points plunge in key index and more than QR10bn erosion in capitalisation. The transport, industrials and banking counters witnessed higher than average selling pressure as the 20-stock Qatar Index knocked off 1.28% this week which saw Capital Intelligence, a global credit rating agency, affirm Qatar Islamic Bank's long-term foreign currency rating and short-term foreign currency rating at 'AA-' and 'A1+', respectively. "Economic disruption and rising risks are now guiding the sentiments in the regional markets," a chief investment officer of a leading financial institution said.

### WEEKLY REVIEW

The market was heavily skewed towards shakers in the main market this week which saw Mazaya Qatar, which prepares to handover its first two residential projects in Lusail City this year, now evaluates new investment opportunities as part of the strategy to create sustainable value for shareholders. The industrials and banking sectors accounted for about 55% of the trading volumes in the main market this week which saw Moody's, a global rating agency, view that sovereigns, like Qatar, with greater fiscal flexibility, stronger execution capacity and an established record of infrastructure investment are better positioned to absorb repair costs, mobilise temporary supply and accelerate resilience spending. The Islamic index was seen declining slower than the other indices of the main market this week, which saw a total of



The transport, industrials and banking counters witnessed higher than average selling pressure as the 20-stock Qatar Index knocked off 1.28% this week

0.03mn AlRayan Bank-sponsored exchange traded fund QATR worth QR0.06mn trade across 24 deals. Market capitalisation eroded

QR10.42bn or 1.71% to QR600.61bn on the back of large and midcap segments this week which saw a total of 0.04mn Doha Bank-sponsored exchange traded

fund QETF worth QR0.46mn trade across 39 transactions. Trade turnover and volumes were on the decline in the main market this week which saw as many as 0.23mn sovereign bonds valued at QR2.23bn change hands across six deals. Trade turnover and volumes were on the increase in the venture market this week which saw no trading of treasury bills. The Total Return Index tanked 1.28%, the All Share Index by 1.38% and the All Islamic Index by 0.29% this week which saw Estithmar Holding announce the issuance of the fourth tranche, which amounts to QR105mn, as part of its QR3.4bn sukuk programme, listed on the London Stock Exchange. The transport sector index plummeted 4.76%, industrials (1.89%), banks and financial services (1.29%), real estate (0.63%) and insurance (0.53%); while consumer goods and services gained 0.68% and telecom 0.27% this week. Of the 54 stocks, as many as 38

declined, while only 15 gained and one was unchanged this week. Major shakers in the main market included Nakilat, Gulf International Services, Ezzan, Qamco, Doha Bank, QNB, Leshah Bank, Medicare Group, Industries Qatar, United Development Company, Vodafone Qatar and Gulf Warehousing this week. Nevertheless, QLM, Meeza, Ahlibank Qatar, Woqod, Qatar Islamic Bank, Meseaied Petrochemical Holding, Barwa and Ooredoo were among the movers in the main bourse. In the venture market, Techno Q saw its shares appreciate in value this week. The main bourse saw 33% contraction in trade volumes to 523.86mn shares and 31% in value to QR1.72bn but on 11% contraction in deals to 121,563 this week. In the venture market, trade volumes surged 86% to 0.26mn equities, value by 89% to QR0.51mn and transactions by 69% to 61 this week.



## War, oil shock, uncertainty? Time to raise US equity outlook

By Jamie McGeever  
Orlando, Florida

With visibility on the US economic outlook greatly reduced by the fog of war and \$100-a-barrel oil, it might seem an odd time to be getting more bullish on stocks. But from a valuation, earnings, and growth perspective, there's a compelling case. Strategists at Barclays outlined this week as they raised their S&P 500 price and earnings forecasts, and they're not the lone bulls. Corporate America won't entirely escape the economic fallout from the Iran war and energy shock, they argue, but it's relatively well positioned nonetheless. Take tech, the juggernaut that powered Wall Street's boom in recent years. It has sputtered lately on worries that firms are overspending on artificial intelligence, while concerns about

AI disruption have rattled the shares of software companies. The "Big Tech" selloff has been, well, pretty big. The Roundhill "Magnificent Seven" ETF, for example, is down 10% this year, three times as much as the S&P 500. This means the tech sector is cheaper now than during the depths of the "Liberation Day" turmoil a year ago, as measured by the 12-month-forward price/earnings ratio. That multiple is hovering around 21, the lowest in three years and down a third from last October. That's a remarkable re-rating of a pivotal sector in a relatively short space of time. The valuation premium that tech long enjoyed over the broader stock market has almost evaporated and is now the smallest in seven years. A narrower measure of that premium - the "Mag Six" shares over the S&P 500 - is the smallest

since the Global Financial Crisis in 2008-09, according to equity strategists at Jefferies. One could reasonably argue that such a sweeping reset was long overdue because tech stocks were far too expensive. Current valuations have simply returned to their long-term averages. But tech is not just cheaper now, it looks outright cheap given these companies' earnings outlooks. The latest LSEG consensus estimate for tech earnings growth in calendar year 2026 is 42.5%, well up from 30.8% on January 1 and nearly double what it was six months ago. "We believe the US continues to offer stronger nominal growth than other major economies and a secular growth engine in technology that shows few signs of stopping," Barclays strategists wrote this week. They raised their S&P 500 earnings per share estimate for this year to \$321 from

\$305, and the index price target to 7650 from 7400, implying gains of around 16% from Wednesday's close. "We are incrementally bullish on US equities, though the road likely stays bumpy until we turn a corner," they added. What's particularly notable is that consensus US earnings estimates have steadily risen over the last two months as the S&P 500 has steadily fallen. Does that signal an unjustifiably optimistic outlook for US corporates, or an overly gloomy market reaction to the external environment? For now, it looks like it could be the latter. Wall Street has outperformed its global peers in the four weeks since war in the Middle East broke out. That's partly due to the relative strength of US growth, tech, and earnings, and because the US is self-sufficient in energy. These conditions are unlikely to

change dramatically any time soon. "We remain overweight on US equities due to resilient growth, solid corporate earnings and continued innovation," HSBC Private Bank analysts wrote in their second quarter outlook. Even fears of elevated US inflation, which is already nudging 3% and rising, don't necessarily need to be a stumbling block for America Inc. Higher price rises should inflate nominal earnings, especially in sectors with strong pricing power. At this juncture, with geopolitical tensions arguably the highest in decades, holding an overweight position in any equity market is fraught with risk, but if you're going to do it, maybe Wall Street is the "safest" place.

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

## E-commerce in crosshairs at WTO in digital taxes battle

AFP  
Yaoundé

The future of digital taxes is dividing countries at the World Trade Organisation (WTO), with the moratorium that has prohibited customs duties on electronic transmissions since 1998 front and centre in the debate.

The moratorium is highly important for developed countries -- notably for the United States, which is calling for it to be made permanent rather than kept under regular review.

So far, only India has openly voiced disagreement with renewing the moratorium, according to several sources close to the discussions in Yaoundé at the WTO's ministerial conference, the organisation's biennial supreme decision-making body.

"There is only one country that's been vocally not supporting," a Western diplomatic source told AFP.

"Normally, it's kind of a handful of countries, whereas it's only been one so far this time."

But since decisions are made by consensus at the WTO, exerting pressure on this issue could be a way for India to gain concessions elsewhere.

WTO members generally apply tariffs to imported goods and services, but in 1998, they agreed not to impose them on e-commerce.

"The rule is to have no tariffs on what circulates via the Internet," Valerie Picard, an official with the International Chamber of Commerce, who is attending the conference, told AFP. "So when you download software, when an SME uses the cloud, when a freelancer sells a design service abroad, there are no taxes at the border," she said.

"The moratorium applies to everything that is digital. It goes far beyond digital books and music. It also includes, for example, security updates, online courses, telemedicine," she added.

From 1998 onwards, the temporary moratorium on customs duties on electronic transmissions has been renewed at successive WTO ministerial conferences.

However, discussions were particularly tense at the last ministerial meeting in 2024 in Abu Dhabi. At the last minute, India agreed not to veto an extension -- but only for a maximum of two years. In the absence of a common understanding on the scope, "the continued extension of this moratorium warrants careful reconsideration", India's commerce minister Piyush Goyal said Thursday.

The moratorium is set to expire on March 31, unless ministers in Yaoundé decide otherwise. The African, Caribbean and Pacific Group of States at the WTO is proposing to keep the moratorium until the next ministerial conference.

The United States, supported by several countries including Japan, Mexico, Australia, Norway and Switzerland, wants to make the moratorium permanent.

"The United States is not interested in another temporary extension of the moratorium," US Trade Representative Jameson Greer said on Thursday.

Approving an open-ended moratorium "will deliver stability and predictability for all traders", while showing that the WTO can deliver results, said Joseph Barlow, the US ambassador to the organisation.

# Wall Street's FX roadmap roiled by dollar's best run since July

Bloomberg  
Washington

The dollar is on track for its best month since July as the conflict in the Middle East scrambles Wall Street's playbook for the world's dominant reserve currency.

The Bloomberg Dollar Spot Index is up about 2.6% in March, buoyed by haven flows and diminished expectations for Federal Reserve interest-rate cuts after the war caused energy prices to soar.

It marks a sharp reversal for the greenback, which on the eve of the conflict had just logged its fourth straight losing month. As the hostilities drag on, it's ramping up pressure on banks and investors who've had a dim view of the currency's prospects.

JPMorgan Chase & Co strategists, for example, turned bullish for the first time in a year. In the futures market, speculators flipped to betting on greenback gains, whereas in mid-February they were the most bearish in about five years.

"The short dollar positions of early 2026 were caught offside," said Steven Englander, head of G-10 foreign-exchange research at Standard Chartered Bank.

With traders dumping short bets and energy prices elevated, Englander is sticking to his forecast for further dollar gains, which he held coming into 2026. He sees it reaching about \$1.12 per euro by year-end, its strongest since May, from around \$1.15 now.

**Gloomy start:** Firms including Goldman Sachs Group Inc and Deutsche Bank AG came into the year forecasting losses for the US currency, based in part on the projection that the Fed would keep easing in 2026.

The Bloomberg dollar gauge sank roughly 8% in 2025, the most since 2017. Three Fed rate cuts last year eroded demand, but so did President Donald Trump's trade war, which sparked speculation around a possible flight from US assets.

As it turned out, investors kept piling in, while hedging the threat of dollar declines.

One overarching risk is that the war reignites talk of a potential long-term move away from US markets and the dollar -- whether out of concern around the administration's policies or heightened angst over the nation's fiscal trajectory as a result of spending on the war.



US one-hundred dollar banknotes. The dollar is on track for its best month since July as the conflict in the Middle East scrambles Wall Street's playbook for the world's dominant reserve currency.

The greenback's position at the center of the global financial system has been unrivaled for decades. But Deutsche Bank wrote this month that the war is testing its role as the currency for the world's oil trade, citing a potential shift to using more Chinese yuan.

A more immediate focus, however, is whether the market's attention swings toward the risks to economic growth from a prolonged stretch of high energy costs. That's even as the US is seen as being relatively insulated given its position as an oil producer. If it happens, expectations for Fed rate cuts could reemerge.

A shift toward growth worries, Goldman Sachs strategists wrote this week, "would likely temper broad dollar appreciation" against G-10 currencies. Morgan Stanley went a step further, writing that the dollar will weaken as economic concerns build.

**Frozen forecasts:** Many firms have held off on updating forecasts given the lack of clarity around the war's duration, and whether the tensions will mount or give way to a peace accord.

Jayati Bharadwaj, head of FX strategy at TD Securities, wrote in a note this week that the dollar should benefit in the current risky environment, and an escalation in the fighting would lead the bank to adopt a bullish bias.

But she's reluctant to revise her bearish projection as she sees scope for the greenback to weaken if the US and Iran negotiate a peace deal in the coming weeks.

"In that scenario, fading US growth exceptionalism, a reduced safe-haven premium, and a potential intensification of the 'Hedge America' trade following recent US actions would all weigh on the dollar," she wrote.

At Manulife Investment Management, Erica Camilleri is also a dollar pessimist, even as the firm exited dollar shorts this month.

She cited "overblown pessimism" about growth outside the US, and the potential for the Fed to lower rates, something she sees no other central bank doing this year.

"We remain biased towards dollar depreciation over the medium-term and still

see euro appreciation by year-end," said Camilleri, a senior global macro analyst.

**Driver's seat:** For now, however, the bulls are in the driver's seat. On Friday, the dollar and oil climbed amid growing worries around a protracted war even as President Trump pushes for peace talks.

In the options market, bets on dollar gains were dominating the outlook for the next month, although positioning for the period beyond that shows that expectations are for the strength to fade.

"A spot energy crunch creates a sustained bid for dollars, as the immediate need for physical barrels translates directly into immediate demand for USD to transact, strengthening the currency at the same time as capital flows recycle back into dollar assets," says Brendan Fagan, macro strategist, Markets Live.

"The relative global macro environment has taken a backseat to war-related headlines," said Elias Haddad, global head of markets strategy at Brown Brothers Harriman, which expects the dollar downtrend to eventually resume.

# Europe's economy starts to feel pain from Trump's Iran war

Bloomberg  
London

The economic toll of the Iran war is hitting home in Europe, where more muted growth and faster inflation risk deepening industrial, fiscal and political pressures across the region.

Donald Trump's military campaign, whose conclusion remains unclear as when the first attacks were launched a month ago, is prompting countries to slash their expectations for output while bracing for an energy-driven upswing in prices.

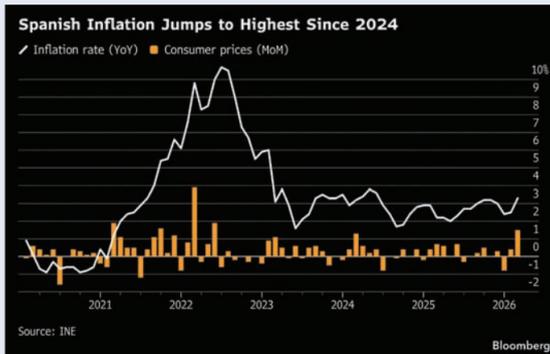
The upshot for a continent that was just finally shaking off the effects of the conflict in Ukraine appears to be a partial return to the policy settings used to vanquish that crisis as households are offered aid and central banks pivot toward interest-rate hikes. For companies, while the fallout is already straining resource-hungry sectors -- including German chemical makers -- there's a growing danger it will spread more broadly as personal incomes

are eroded. All that will be on the minds of European Union finance ministers convening. They'll be briefed by International Energy Agency chief Fatih Birol in a hastily arranged video call to assess the war's impact and how to better coordinate relief.

"It's very clearly the energy-intensive sectors that are hurt first and foremost," said Christian Keller, Barclays' head of economics research. "But the longer it lasts, it will go into every sector, every input price."

As oil and gas markets push higher and sentiment indicators plunge, Germany and Italy are among countries weighing cuts to their official growth projections, following a more somber outlook last week from the European Central Bank.

The current shock "is probably beyond what we can imagine at the moment," Christine Lagarde said in an Economist podcast released on Thursday. This "leads to a sort of a delayed assessment of how serious this current crisis is." The German chemical industry -- hit hard by the last spike in



energy costs in 2022 -- has warned of output cuts with the Strait of Hormuz still effectively shut. Production at the country's biggest ammonia plant, SKW Piesteritz GmbH, has been scaled back to the technical minimum of 85%, while Evonik Industries, a maker of specialty chemicals, is still surveying the damage it may face. "It's still too early to quantify the exact consequences," Chief Executive Officer Christian

Kullmann said. But "Evonik won't be able to escape the indirect consequences of the hostilities." Container shipper Hapag-Lloyd AG is facing additional weekly costs of \$40mn-\$50mn for things like fuel, insurance and storage. The company is trying to recover some through "contingency and emergency charges," CEO Rolf Habben Jansen said. Such costs are threatening to cascade through the supply chain,

making life more expensive for everyone. Consumers are well aware: The share of households expecting faster price growth over the next year has risen "very strongly," France's statistics office said. Next Plc, the British fashion company, warned it could raise prices between 1.5% and 2% if the war exceeds three months. Sweden's Hennes & Mauritz AB said a drawn-out conflict could trigger a spillover from energy that risks curbing consumption. Spanish inflation numbers on Friday -- the first from a major European economy for March -- showed a smaller jump than expected, though the reading was still far above the ECB's 2% target. The reversal of fortunes in a region that had until recently been looking forward to an economic revival and benign inflation following last year's trade turmoil could be consequential. For the eurozone, one question is whether the conflict acts as a spur or an impediment to reforms enabling the bloc to go it alone in a world of crumbling US support and fiercer Chinese competition.

"Europe has shown in the past that it can turn crises into progress," ECB Governing Council member Francois Villeroy de Galhau said on Friday. "But today's geopolitical crisis has not yet triggered the same acceleration," he said, adding that "too often, each European actor plays too much of an individual game, adding its own delays, when what we need is to step up our collective game."

Funding economic-support measures is also an issue for many countries, with only Germany having meaningful fiscal space, though French data on Friday revealed a narrower deficit than anticipated in 2025. "Fiscal policy remains the main lever for shielding voters from inflation. While economic research favors targeted support to limit incentives for higher energy use, untargeted transfers to wider segments of the population might still be politically appealing for incumbents. However, not all European governments have the fiscal space to pursue such an option," says Antonio Barroso, senior geoeconomics analyst.

# Hong Kong woos central banks to participate in its gold-clearing system

**Bloomberg**  
Hong Kong

**H**ong Kong is inviting a number of China-friendly central banks to participate in its gold-clearing system as part of a push to elevate the city as a major bullion-trading hub.

The city is targeting countries already engaged in Beijing's Belt and Road initiative to supply the institutional clout needed to position Hong Kong as an alternative center to London, according to people familiar with the matter, who asked not to be named discussing sensitive matters. They did not specify which central banks had been invited.

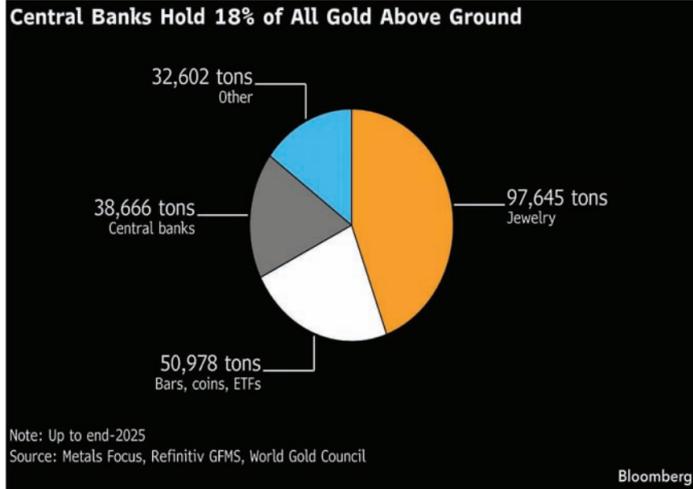
The drive by Hong Kong will complement Beijing's recent efforts to woo sovereign nations to store gold in mainland China, and is part of a broader strategy to extend the international appeal of the Chinese yuan as an investable asset, the people said.

"We welcome opportunities of collaboration with different economies in gold market development," a spokesman for Hong Kong's Financial Services and the Treasury Bureau said in an emailed statement. "We believe that regional co-operation and complementary development can benefit the broader gold trading ecosystem as a whole."

Hong Kong's close ties with China and its international orientation position it as a two-way bridge to global markets, connecting overseas investors with onshore opportunities while helping Chinese entities access international markets, the spokesman added.

A public campaign unveiled this year promotes the special administrative region as a trading, financing and storage hub for gold, with a government-run clearing system slated to begin trials this year. Hong Kong also signed a co-operation pact with the Shanghai Gold Exchange and reiterated a pledge to expand gold-storage capacity to 2,000 tons within three years.

Securing the buy-in of central banks – the ultimate providers of liquidity, given the large volumes of gold held in reserves – could give a significant boost to Hong Kong's ambitions, along with support from established financial institutions that serve as market-makers. Together, they form the backbone of the world's dominant gold-trading hub – London – where



billions of dollars' worth of the metal is traded every day.

Hong Kong is also likely to meet stiff regional competition – Singapore, for example, is planning to expand its gold-storage capacity to become a custodian of bullion held by foreign central banks. It has tapped local and international banks including JPMorgan Chase & Co and UBS Group AG to boost liquidity and make the most of demand from wealth investors.

Gold has retreated sharply since the start of the war in the Middle East, which precipitated a broad selloff to meet margin calls elsewhere and has fanned concerns of inflation as energy prices spike.

Many investors, however, continue to see bullion as a long-term store of value after a prolonged rally underpinned by central-bank buying. Central banks typically keep at least some bullion in London for ease of management, where liquidity is generated through trading and lending activities. China's initiative last year came as some nations began to explore alternative locations for their custodian vaults, according to the people.

Cambodia was one of the first countries to take up China's offer to hold bullion, while the South African Reserve Bank said last year it would consider storing its reserves in any optimal location.

For countries keen to diversify, Hong Kong and mainland China offer two very different propositions. Hong Kong's offshore status provides relative ease of shipments in and out, while the mainland maintains much tighter control over gold trades – all imports must be routed through the Shanghai Gold Exchange, the main bourse, and exports are strictly limited.

To help in its efforts to develop a gold hub, Hong Kong has secured the support of various international and Chinese state-owned banks – including HSBC Holdings Plc, Standard Chartered Bank Plc, Bank of China Ltd and Industrial and Commercial Bank of China Ltd, the people said.

John Thang, Standard Chartered's head of markets and strategic client management and solutions for Hong Kong, greater China and North Asia, welcomed the Hong Kong government's initiatives to build an international gold trading market and said the bank looks forward to the establishment of a central clearing system for gold.

BoC and ICBC didn't immediately reply to requests for comment. A spokesperson for HSBC declined to comment.

Hong Kong is still finalising details of its proposed clearing system, the people said, including the type of bars permitted for delivery and the currencies in which trade can be settled.

## EM stocks, currencies end lower

**Reuters**  
Singapore

Most emerging market (EM) equities extended their decline for a second session on Friday and were headed for a fourth weekly loss, as central banks in the developing world sounded inflation warnings that prompted markets to price in a more hawkish policy outlook. US President Donald Trump said he would again extend the deadline for Iran to reopen the Strait of Hormuz or face the destruction of its energy plants, after Tehran had earlier rejected a 15-point US proposal to end the fighting as unfair.

The four-week war has sent shockwaves through the global economy, driving energy prices sharply higher and reigniting fears of a fresh wave of worldwide inflation. A broad index tracking emerging market equities fell 0.8% on the day and was on track for a near 2% weekly loss, marking its longest weekly losing streak since October 2024.

A similar index tracking currencies fell 0.3%. This week's rate decisions from the central banks of the Philippines, South Africa, Mexico and Sri Lanka all carried a common thread – growing concern over how much the surge in

energy prices, fuelled by the US-Israel war with Iran, could feed into inflation. Markets were also tested by conflicting signals from Washington and Tehran, with both sides offering sharply different accounts of diplomatic progress, casting doubt on hopes for a swift de-escalation.

"Investors who choose to remain invested in markets should consider adding hedges for adverse geopolitical developments," analysts at Societe Generale said.

"If current supply shortages drag on for a few more weeks, crude oil could reach \$150 per barrel and potentially trigger severe unintended consequences."

The South African rand, a currency especially sensitive to swings in risk sentiment, was set for a fourth week of losses – its longest losing run since April 2025. South African stocks, however, looked set to snap a three-week slide, supported by elevated gold prices. Stocks across central and eastern Europe also came under pressure, with Polish equities leading the regional losses. Elsewhere, Ukraine's international dollar bonds fell nearly 1% after the *Washington Post* reported the Pentagon was considering redirecting weapons originally intended for Ukraine to the Middle East.

## BYD profit down amid EV price war

**Bloomberg**  
Beijing

**B**YD Co reported a steeper-than-expected slump in fourth-quarter profit as relentless competition and tighter regulation in China ramped up pressure on the world's biggest electric vehicle maker to reignite stalling momentum.

Net income in the three months ended December 31 was 9.3bn yuan (\$1.3bn), according to figures derived from annual numbers reported on Friday. That's down 38% from a year earlier and missed the average analyst estimate for 10.5bn yuan.

Revenue fell about 14% to 237.7bn yuan, underscoring concerns that BYD's aggressive discounting and diversified product strategy, which saw it topple Tesla Inc as the world's top-selling EV maker last year, is taking its toll.

BYD's ascent to global dominance is facing a reality check as it struggles with slowing sales at home, forcing the industry bellwether to spend heavily to keep up with tech-centric models be-

ing rolled out by the likes of newcomer Xiaomi Corp. Sales have slumped in the first two months of this year and, after dominating the Chinese market for years, BYD has now ceded the top spot to Geely Automobile Holdings Ltd.

That's pushed BYD to increasingly look abroad, where demand for its models is booming and the carmaker generates more profit for each vehicle it sells. Exports have held up so far in 2026, in contrast to the slump in domestic sales, and BYD is looking to sell 1.3mn cars outside China in 2026.

Still, it's an expensive and high-stakes endeavor for the EV brand, which is pouring money into building factories overseas to circumvent tariffs and other trade barriers.

Its gross margin, one of the company's most closely watched metrics, fell to a three-year low of 17.7% in 2025, down from 19.4% a year earlier.

Some Chinese customers have taken to social media with complaints about God's Eye, the highly touted sophisticated system that's designed to spot dangers on the road and practically let the car drive itself.

# Asia stocks mixed as traders weigh Trump's Iran strike pause

**AFP**  
Hong Kong

Asian stocks were mixed on Friday as early optimism fuelled by Donald Trump's decision to again push back a deadline for Iran to reopen the Strait of Hormuz petered.

In Tokyo, the Nikkei 225 closed down 0.4% to 53,373.07 points; Hong Kong - Hang Seng Index ended up 0.6% to 25,006.90 points and Shanghai - Composite closed up 0.6% to 3,913.72 points yesterday.

The tepid response came as governments around the world looked to shore up their economies against surging energy costs and the Organisation for Economic Co-operation and Development (OECD) warned US inflation would top four percent.

The US president warned last Saturday he would strike the Islamic republic's energy sites if it did not unblock the crucial waterway within 48 hours, but pushed that back five days citing

positive peace talks, which Tehran denied had taken place.

But after days of attacks by both sides and mixed reports of negotiations – including the exchanging of multi-point demands – he announced Thursday that he would again delay the attacks to April 6 after a request from Tehran.

"Talks are ongoing and, despite erroneous statements to the contrary by the Fake News Media, and others, they are going very well," Trump posted on his Truth Social platform.

Trump earlier denied he was desperate for a deal to end the war, despite Tehran's cool response to an American peace plan and fears the oil spike would fan inflation.

Trump later told a cabinet meeting Iran had allowed 10 oil tankers passage through the Strait of Hormuz – through which about a fifth of world oil and gas pass – to show it was serious about talks. Iran's Tasnim news agency said the country's response to Washington's 15-point plan to end the war "was officially sent last

night through intermediaries".

The report, citing an unnamed official, said officials had called for an end to US-Israeli attacks on Iran and Tehran-backed groups elsewhere in the region. It also called for war reparations and Iran's "sovereignty" over the Strait of Hormuz be respected.

However, Trump's announcement came as the Wall Street Journal cited Department of Defense officials as saying the Pentagon was considering sending up to 10,000 extra ground troops to the Middle East. Oil prices initially fell more than 1% on Friday but were mixed in late Asian trade, having tumbled on Thursday.

Brent is up almost 50 percent since the war began on February 28, while West Texas Intermediate has risen around 40%. Shares in Tokyo, Seoul, Sydney, Wellington, Taipei, Mumbai, Jakarta and Manila were sharply lower, but Hong Kong, Shanghai, Singapore and Bangkok rose.

Investors are increasingly sceptical about the messaging from the White House, with Trump often



An electronic ticker displays share prices at the Tokyo Stock Exchange. The Nikkei 225 closed down 0.4% to 53,373.07 points yesterday.

flipping between threats and talk of peace.

"A 10-day extension sounds like breathing room, but in market terms, it feels more like a trader rolling a losing position forward, hoping the next candle delivers what the last one refused to give," said SPI Asset Management's Stephen Innes, referring to an investors analysis tool. "Time has

been purchased, not clarity. And the market knows the difference."

The World Trade Organisation warned the global trading system was experiencing the "worst disruptions in the past 80 years", while the World Bank said it was prepared to provide immediate financial assistance to emerging market countries. That came as the OECD warned US

inflation could hit 4.2% this year as a result of the spike in crude prices. That compares with its previous projection of 2.8%.

And several Federal Reserve officials expressed concern about the outlook for the world's top economy and suggested interest rates were unlikely to come down any time soon.

Meanwhile, Australian oil and gas giant Woodside said a third major LNG processing plant in the country had closed as a cyclone approached.

With the crisis continuing to cause havoc, governments around the world have unveiled a range of support measures.

Vietnam temporarily waived an environmental levy on fuel to cut petrol prices by more than a quarter. India said it had lowered fuel taxes and Japan plans to temporarily lift restrictions on coal-fired power plants in a bid to ease an energy crunch. Spain, Poland and South Korea earlier this week announced support plans that included fuel tax cuts.

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## Britain's gilt sell-off triggers limited pension cash calls, say advisers

**Middle East conflict causes UK bond sell-off, affecting pension funds; LDI reforms since 2022 crisis have improved pension fund resilience; Bank of England and Pensions Regulator monitor market stability**

Reuters  
London

Some British pension funds have been asked to put up more cash against hedging positions after a sharp selloff in UK government bonds, two pensions advisers told Reuters, though the impact so far has been far more limited than during the crisis that torpedoed the premiership of Liz Truss.

British government bond yields have surged as the Iran war triggered inflation worries, testing the derivative positions held by pension schemes known as Liability-Driven Investments (LDI) that were at the centre of the 2022 crisis under Truss.

Pensions consultancy XPS told Reuters that a small number of its clients needed to meet cash calls on LDI posi-

tions this month, but said the market was operating normally.

Rival consultancy Mercer said it had knowledge of a fund that met a cash call this month, but that its own clients were unaffected.

The typically sedate corner of pension finance came into sharp focus in 2022 when huge jumps in UK bond yields following a 'mini-budget' under Truss triggered a wave of LDI cash calls and a firesale of assets, prompting the Bank of England to launch an emergency intervention.

Truss resigned soon after, becoming the shortest-serving prime minister in British history.

Defined-benefit pensions use LDI strategies sold by fund managers to help match their assets with their liabilities. The impact has been unlike 2022 due to a series of reforms that have made LDI less exposed to market swings, such as reducing pension schemes' leverage and ensuring they have more liquid assets to meet capital calls, the advisers said.

The recent jump in borrowing costs has also been less sudden than in 2022 and most pronounced in shorter-dat-

ed gilts less commonly pooled by LDI, they said. Nonetheless, if UK borrowing costs keep climbing, LDI positions could be tested further.

"If yields do keep going up, I suspect we will see multiple managers making capital calls. But again, I would expect that to be dealt with in an orderly fashion," said James Lewis, UK chief investment officer at Mercer.

BoE Deputy Governor Sarah Breeden said on Thursday Britain's gilt market had functioned well during the recent volatility and that LDI funds had proven resilient.

The Pensions Regulator said it was monitoring the situation, adding that LDI reforms were working well and schemes were significantly more resilient to market moves.

Several LDI providers including Insight Investment, Schroders, Legal & General, Russell Investments and adviser Gallagher said the market was orderly. "It's not as stressed as it was in 2022... LDI funds have less leverage which means the margin calls don't come at the same pace," said Van Luu, global head of solutions strategy at Russell Investments.

## Bank of Spain flags risk of 'significant slowdown'

AFP  
Madrid

Spain's economy could face a "significant slowdown" due to the Middle East war, the Bank of Spain said on Friday, although it still predicts growth of 2.3% in 2026.

This forecast is slightly above the 2.2% growth it predicted in December, supported by a robust first-quarter expansion, estimated between 0.5% and 0.6%, the central bank said.

The Spanish economy, the European Union's fourth-largest, posted growth of 2.8% last year, one of the fastest rates in the bloc.

"The central scenario anticipates a marked slowdown in the pace of activity, shaped by an international context dominated by the conflict in the Middle East," the Bank of Spain said, warning of potential "episodes of financial market instability".

The bank stressed the conflict has driven up energy prices and there was "great uncertainty" over how long it will last and the possible impact on the economy.

Inflation could reach 3.0% in Spain this year, up from the previously projected 2.1%, reflecting the rise in energy costs in recent weeks, it said.

Spain's annual inflation rose to 3.3% in March, up from 2.3% the previous month, driven by higher fuel costs, according to preliminary data

released earlier on Friday by national statistics office INE.

Socialist Prime Minister Pedro Sanchez's government has sought to cushion the economic impact of the war with a package of 80 measures worth 5.0bn euros (\$5.78bn) approved Thursday by parliament.

The measures include cuts to value-added taxes on gas and fuel expected to reduce pump prices by as much as 0.3 euros per litre, or roughly 20 euros per tank for the average car.

Additional support includes a direct subsidy of 0.2 euros per litre of fuel for transport operators, farmers, ranchers and fishermen, along with lower electricity taxes.

"The plan is designed so that this external shock does not have a lasting effect on inflation or household income," the economy ministry said in a statement.

Gasoline prices in Spain surged from 1.48 euros per litre on February 28, when the US-Israeli bombings against Iran began, to 1.78 euros per litre over the weekend before the measures come into effect.

They had eased to 1.56 euros per litre as of Thursday, according to government data.

The government predicts that Spain will be less impacted by the war than many of its European neighbours, thanks to its investment in renewable energy and a diversified energy supply.

## Russia threatens to send Europe-bound LNG elsewhere

Reuters  
Oslo/Singapore

Russia's threat to halt liquefied natural gas (LNG) deliveries to Europe and divert cargoes to Asia would prove difficult to achieve because of its long-term contracts and need for more Arctic-class tankers, industry analysts said.

President Vladimir Putin said in a TV interview early in March that Russia could stop gas supplies to Europe with immediate effect and seek longer-term commitments from other buyers.

The impact of the US-Israeli war on Iran has caused a surge in gas prices, as the conflict has effectively shut off 20% of global LNG supply. Russia, facing a European ban on Russian LNG imports on short-term contracts from April 25 and on long-term contracts from January 1, 2027, could look elsewhere for customers seeking to access LNG supplies.

Putin, who said he was "thinking out loud", said in the TV interview: "Perhaps it would be more profitable for us to stop supplying the European market right now?"

But analysts said the structure of Russia's LNG contracts leaves it with limited flexibility to ship the gas elsewhere.

The European Union imported 14.94mm metric tonnes (mt), or 20.3bn cubic metres (bcm) from the Yamal LNG project in Russia's western Arctic in 2025, according to data from Kpler. Around 70% of these Yamal volumes are tied to long-term contracts.

Russian companies have around 2.4 mt of spot LNG available this year, said Tom Marzec-Manser, director Europe gas & LNG at Wood Mackenzie. Sending those volumes to Asia before Arctic routes reopen later in the

summer would make little economic sense.

"At best, a maximum of 1.7mm mt could be diverted away from Europe to Asia this year," Marzec-Manser added, based on available volumes for the rest of the year. This represents about 1.7% of the European Union's 2025 LNG imports, which totalled 100.5mm tonnes, according to Eurostat figures.

Aside from supply availability, shipping the gas is much trickier. The Northern Sea Route, which runs along Russia's Arctic coastline, is the shortest way to reach Asian buyers but is navigable for only part of the year.

Specialised ARC7 ice-class vessels can typically make the journey via the Northern Sea Route from about July until late November, said Kjell Eikland, director of energy shipping analysis firm Eikland Energy.

At all other times, Asia-bound cargoes must travel via the Suez Canal or around the Cape of Good Hope, which can take twice as long depending on the route, based on shipping data and analyst estimates.

Yamal LNG currently exports 18mm tonnes per year, according to Eikland.

To maintain these levels, while serving customers in Asia from 2027, gas producer Novatek, Yamal LNG's majority owner and operator, would need to charter 25-35 additional tankers to ship LNG via the Suez Canal or the Cape of Good Hope during the winter season, he said.

Re-routing 30% of volumes sold under spot contracts from Europe to Asia this year, could still require an additional ten vessels, Eikland said. Russia has avoided the Suez route since early March after a tanker carrying Russian LNG caught fire off the Libyan coast.

## US consumer sentiment slides to 3-month low

Reuters  
Washington

US consumer sentiment fell more than expected in March, touching a three-month low, as war in the Middle East stoked inflation worries and cast a shadow over the economic outlook.

The decline, reported by the University of Michigan's Surveys of Consumers on Friday, occurred across political party affiliation and age groups, with large decreases among middle- and higher-income consumers as well as those owning stocks. The month-long US-Israeli war with Iran has sent global oil prices surging more than 50%. Retail gasoline prices have jumped \$1 to an average of \$3.98 per gallon, data from motorist advocacy group AAA showed, while the S&P 500 index has dropped about 6.7%.

Though the correlation between consumer sentiment and spending is weak, rising gasoline prices and falling share values, combined with a stagnant labor market, could undercut consumption and hamper economic growth. Higher-income households have led consumer spending, underpinned by robust wealth levels.

"Sentiment hit a record low in mid-2022 when inflation was at its highest level in decades, but the economy held up with solid GDP growth and an historically strong labor market," said Gus Faucher, chief economist at PNC Financial.

"But if the conflict drags on, gasoline prices move even higher in the summer driving season, and stocks continue to falter, consumers could throw in the towel and start to pull back on their spending."

The University of Michigan said its Consumer Sentiment Index dropped to a final reading of 53.3



Shoppers at a grocery store in Scottsdale, Arizona. US consumer sentiment fell more than expected in March, touching a three-month low, as war in the Middle East stoked inflation worries and cast a shadow over the economic outlook.

this month, the lowest reading since December, from 55.5 earlier.

Economists polled by Reuters had forecast the index would ease to 54.0. It was at 56.6 in February and is not too far from a record low touched in June 2022. The survey's short-run economic outlook gauge plunged 14%, while a measure of year-ahead expected personal finances sank 10%. Declines in long-run expectations were more subdued, the survey showed.

"These patterns suggest that, at this time, consumers may not expect recent negative developments to persist far into the future," said Joanne Hsu, the director of the University of Michigan's Surveys of Consumers. "These views are subject to change, however, if the Iran conflict becomes protracted or if higher energy prices pass through to overall inflation."

There are worries that gasoline prices, should they continue to rise, could cut into the fiscal boost from tax cuts ushered in by the One Big Beautiful Bill Act. Economists at JPMorgan estimated that could happen if the national average price rises close to \$5 per gallon or more. Prices at the pump in California and Washington state have already topped \$5 per gallon.

"As things stand now, the increase in gasoline prices to date is unlikely to fully offset the magnitude of lower taxes," they wrote in a note. "Of course, even if higher gas prices don't fully offset the OBBA, they would still reduce real spending power compared to what was expected before the Middle East conflict began."

Higher gas prices are also mostly felt more evenly across the income distribution."

Stocks on Wall Street extended their decline, with the S&P 500 and Nasdaq Composite indexes dropping to more than six-month lows. The dollar was steady against a basket of currencies. US Treasury yields were mixed.

The survey's measure of consumers' expectations for inflation over the next year jumped to 3.8% this month from 3.4% earlier in March and in February. Consumers' expectations for inflation over the next five years slipped to 3.2% from 3.3% last month.

The Federal Reserve left its benchmark overnight interest rate in the 3.50%-3.75% range this month. In updated projections released alongside the decision, US central bank policymakers anticipated higher inflation and only a single reduction in borrowing costs this year.

## Microsoft set for worst quarter since 2008 as AI fears converge

Bloomberg  
New York

Microsoft Corp is at the intersection of two troubling trends roiling the technology sector, which has the stock on track for its worst quarterly performance since the global financial crisis two decades ago. First, the software giant is doubling down on capital expenditures as Wall Street increasingly asks when investments in artificial intelligence infrastructure will produce more dramatic payoffs in revenue growth. And second, investors are selling software stocks over fears that AI startups like Anthropic and OpenAI are creating agents that can replace products made by companies like Microsoft.

"There is this concern that rather than paying Microsoft, we'll see more customers go directly to AI vendors, which could disrupt the core business, or at least pressure pricing and margins," said Jonathan Cofsky, portfolio manager at Janus Henderson

Investors, which holds the shares. The company's stock is down 25% in the first quarter, on pace for its biggest loss since its 27% drop in the fourth quarter of 2008. It's by far the weakest performer among the Magnificent Seven tech giants to start the year, with an index tracking the group falling 14% over that time.

"Microsoft has become a lot more capital intensive," Cofsky said. "For the shares to perform better going forward, we need to become more comfortable that software growth won't materially decelerate." The selloff has the stock looking relatively cheap, trading at less than 20 times earnings over the next 12 months, the lowest since June 2016. Microsoft's multiple is slightly above the S&P 500 Index's, and it recently traded at a discount to the broad equities benchmark for the first time since 2015. Although Wall Street remains optimistic that it will emerge as a long-term winner from AI, Microsoft still has to keep up with the hyperscaler spending race, a posture that could complicate any



The French headquarters of Microsoft in Issy-Les-Moulineaux, near Paris. Microsoft is at the intersection of two troubling trends roiling the technology sector, which has the stock on track for its worst quarterly performance since the global financial crisis two decades ago.

near-term sentiment reversal. The company's capital expenditures, including leases, are projected to reach \$146bn in fiscal 2026, which closes at the end of June. That's up about 66% from \$88bn in fiscal 2025, and the figure is expected to swell to \$170bn in fiscal 2027 and

\$191bn in fiscal 2028, according to the average of estimates compiled by Bloomberg. Investors are increasingly taking a jaundiced view of that kind of spending, especially without a more pronounced acceleration in growth. In its most recent quarterly

results, Microsoft's closely watched Azure cloud-computing division posted a slight deceleration in growth from the prior quarter. Meanwhile, Microsoft's Copilot AI offering has gotten limited traction from users, leading it to shake up its AI operations to improve the service. These issues reflect the mounting headwinds facing the company, according to Ben Reitzes, an analyst at Melius Research who has a hold rating on the stock. "Microsoft's upside in Azure is capped as it scrambles to fix Copilot and its own models — and that doesn't end in just one quarter," he wrote in a March 23 note to clients.

Of the 67 analysts tracked by Bloomberg who are covering Microsoft, 63 have buy ratings, while three have holds and one rates it a sell. The average 12-month price target on the stock of \$592 projects more than 64% upside over the next year. That's the highest implied return on record, according to data compiled by Bloomberg that goes back to 2009. The stock is also trading

under its 200-day moving average by the widest margin since 2009. To Reitzes, the preponderance of buy ratings on the stock reflects complacency on the part of his Wall Street rivals. He sees additional risks for the company's productivity and business processes segment as well as its More Personal Computing unit. On the opposite end of the spectrum is Tal Liani, an analyst at Bank of America. He reinstated coverage on the stock with a buy rating earlier this week, citing Microsoft's "durable multi-year growth across cloud and AI." Those two views really get to the heart of the tension surrounding Microsoft shares. The long-term outlook is hopeful, but there are very real execution risks between now and then. Whether those concerns are prescient or represent a buying opportunity is in the eye of the beholder. "I think the stock has a lot of long-term value," said Jake Seltz, portfolio manager at Allspring Global Investments, which owns the shares.