

TO ADVERTISE HERE
Call: 444 11 300



HIGH UNCERTAINTY | Page 4

It's not time to give guidance on rates, says Fed official

Brand Your Business with us
Contact us on
gtadv@gulf-times.com or 444 666 21

facebook.com/gulftimes
twitter.com/gulftimes_Qatar
instagram.com/gulftimes
youtube.com/GulftimesVideos

Saturday, April 18, 2026
Dhul-Qi'dah 1, 1447 AH

GULF TIMES BUSINESS



FALLING CONFIDENCE: Page 2

Wall Street turns gloomy on dollar as haven demand fades

Save and Become a Millionaire 5,000,000 QAR IN CASH PRIZES

For more information, please scan the QR code

Shop with Confidence 16001

15 April 2026 to 15 July 2026 | 5 October 2026 Mega draw | This campaign is valid from 10 January 2026 to 30 September 2026. Terms and conditions apply.

بنك التجاري COMMERCIAL BANK

Minister of finance meets Chinese counterpart, IMF managing director



HE the Minister of Finance Ali bin Ahmed al-Kuwari met with the Minister of Finance of the People's Republic of China Lan Fo'an and Managing Director of the International Monetary Fund Kristalina Georgieva on the sidelines of the Spring Meetings of the International Monetary Fund (IMF) and the World Bank Group (WBG) held between April 13-18, 2026 in Washington DC, reports QNA. During the meeting, a range of financial and economic issues were reviewed, as well as current regional and international developments and the associated challenges, particularly those related to matters of mutual interest between the State of Qatar on the one hand and the People's Republic of China and the IMF.

Startup Grind Doha tackles mental health gap for founders

By Peter Alagos
Business Editor



UK-trained CBT therapist Lorna Devine.

Qatar's startup founders are often under intense pressure to deliver, yet the mental and emotional dimensions of that journey remain largely unaddressed, according to the organiser of a recent virtual session on founder wellbeing. "Through Startup Grind Doha, we aim to address the gaps that matter most for founders. While they are constantly under pressure to perform, the mental and emotional side of the journey is often overlooked," Indica Amarasinghe, chapter director of Startup Grind Doha, told *Gulf Times*. He added: "By bringing conversations like this to the forefront, we're adding real value to the community – helping founders not just build better companies, but sustain high performance over the long term."

The virtual event, titled "The Inner Game of Building a Startup: How to Lead and Perform with Clarity, Composure and Conviction", brought together founders based in Qatar, as well as the UK, Singapore, Bangkok, Tunis, Muscat, Dubai, and Manila, and was hosted by Startup Grind Doha, in collaboration with Startup

Grind chapters from multiple countries. The session was led by Lorna Devine, a UK-trained psychologist and cognitive behavioural therapist (CBT) therapist, and explored the inner dimensions of high performance for founders. Founding and building a startup demands a level of resilience that is easy to underestimate, the session noted. According to Devine, most founders are pushing hard every day – pitching to investors, building their product, managing their team – while privately carrying stress, self-doubt, and pressure that rarely gets discussed. Among the key takeaways from the session was the parallel between professional athletes and founders: just as athletes

train their minds alongside their bodies, investing in mental fitness is as important as investing in the business itself, given its direct impact on performance, decision-making, and team leadership. The session also highlighted that high-achieving founders often carry the greatest pressure beneath the surface, even when they appear composed. Participants were reminded that mindset mastery begins with awareness of one's own thoughts, including learning to challenge and reframe them, given the direct effect thinking patterns have on emotion, physical response, and behaviour. Practical, evidence-based tools were also shared to help founders manage stress and pressure in real time, enabling clearer thinking and sustained performance. Long-term performance, the session emphasised, is built on inner foundations: self-awareness, self-regulation, an identity beyond one's company, and a clear sense of purpose. The question-and-answer segment also covered topics ranging from procrastination and energy management at networking events to the science behind breathing and mindfulness exercises, as well as maintaining mental resilience when faced with others' expectations.

Qatar should consider a six-point strategy to support post-war opportunities in tourism and hospitality sector: KPMG

By Santhosh V Perumal
Business Reporter

Doha should consider a six-point strategy, including a state-backed insurance fund to indemnify global event organisers and hotels and a hospitality support scheme to subsidise hotel occupancy, to support the post-war opportunities in the country's tourism and hospitality sector, according to KPMG in Qatar. In its latest note, KPMG in Qatar highlighted the need to establish a state backed insurance fund to indemnify global event organisers and hotels against future airspace closures. "This provides a financial floor for high-impact bookings (MICE or Meetings, Incentives, Conventions and Exhibitions; and major entertainment), ensuring that global partners can re-commit to 2026/27 dates without personal capital risk," it said. The government authorities should consider implementing a rescheduling guarantee programme to offer a fixed window for postponed or cancelled events, giving the international organisers contractual certainty to rebook Qatar in 2026/27 and supporting the recovery of the hospitality and events sectors, it suggested. Past experiences, including Qatar's rapid recovery following the 2017 blockade, show that the hospitality sector can rebound strongly once confidence and safety are restored, it said. "With tourism infrastructure largely unaffected, the success of a post-conflict promotional campaign will determine how quickly conferences, airline traffic, and leisure travel return," it added. Hospitality operators, according to KPMG, should launch customer retention programmes immediately, including free rebooking guarantees, loyalty point credits, and

VIP upgrades, to preserve relationships with guests affected by cancellations or disruptions. The hospitality operators should also accelerate investments in direct digital booking and virtual concierge services to reduce reliance on OTA (online travel agency) platforms and secure direct revenue stream. With in-person events halted, hotels are accelerating virtual events, AI or artificial intelligence-powered guest services, and contactless solutions. Qatar's advanced digital infrastructure supports these offerings, sustaining engagement and generating alternative revenue during restricted-movement periods, the note said. The government should consider implementing a temporary waiver of municipality fees, service charges, and hospitality licensing fees for the first 100 days of post-conflict recovery to support the sector's rapid rebound. The government should also consider introducing a Qatar hospitality support scheme to subsidise hotel occupancy for diplomatic events and international conferences during the first 100 days post-conflict, helping to rebuild the MICE pipeline. Efforts such as diplomatic negotiations and maintaining relations with all parties are expected to drive substantial post-conflict diplomatic and business tourism. "Doha is well-positioned to host regional normalisation talks, reconstruction conferences, and international business forums, creating strong demand across hotels, hospitality, and event management sectors," KPMG said. Suggesting expansion of tourism via maritime routes; it said historical data show that travelers arriving by sea account for around 9% of total visitors. "The current crisis offers an opportunity to grow this segment by enhancing port facilities, cruise offerings, and marketing Qatar as a key maritime stopover, helping diversify arrivals and reduce reliance on air travel," it said.

QSE key index settles higher; M-cap adds QR8.85bn

By Santhosh V Perumal
Business Reporter

Brighter prospects of another round of talks between the US and Iran to diffuse war had positively reflected on the Qatar Stock Exchange (QSE), which closed this week on a positive note. The telecom, industrials, banking and real estate counters witnessed higher than average demand as the 20-stock Qatar Index gained 0.69% this week which saw Commercial Bank Group report net profit before Pillar Two Tax of QR538.3mn in the first quarter (Q1) of 2026. "The market was volatile in the beginning due to failed first round of talks but ultimately remained positive overall, largely driven by renewed optimism and de-escalation signals, even as investors treaded a cautious path," an analyst working with a leading commercial bank told *Gulf Times*. The Islamic index was seen gaining slower

than the other indices of the main bourse this week, which saw Qatar Islamic Bank report net profit of QR986mn in the first three months of this year. The market was heavily skewed towards movers in the main market this week which saw Woqod Group (Qatar Fuel Company) report net profit of QR163mn in Q1-2026. The industrials and real estate sectors accounted for more than 52% of the trading volumes in the main market this week which saw Estithmar Holding plans to expand its global presence and building sustainable institutional value this year as part of strategy to move towards a new growth stage. A cautious optimism was seen in the market this week, which saw HE the Minister of Finance Ali bin Ahmed al-Kuwari warn that the full economic impact of the Iran war is "not far away" and could trigger severe global shortages of energy and food within months, even as he insisted Qatar's own finances remain resilient enough to weather the crisis for at least a year.

WEEKLY REVIEW

About 65% of the traded constituents extended gains to investors in the main market this week, which saw a total of 9,008 AlRayan Bank-sponsored exchange traded fund QATR worth QR0.02mn trade across 17 deals. Market capitalisation added QR8.85bn or 1.41% to QR638.55bn on the back of mid and small cap segments this week which saw a total of 0.02mn Doha Bank-sponsored exchange traded fund QETF worth QR0.25mn trade across 23 transactions. Trade turnover grew amidst lower volumes in the main market this week which saw as many as 60 sovereign sukuk valued at QR0.6mn change hands across one deal. 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 gained 0.79, the All Share Index by 1.01% and the All Islamic Index by 0.61% this week which saw QNB

Group disclose that it will continue to deepen capital markets, broaden investor access, and strengthen institutional infrastructure as it maintained strong strategic momentum in Q1-2026. The telecom sector index shot up 2.15%, industrials (1.71%), banks and financial services (1.03%), realty (0.78%), consumer goods and services (0.02%) and transport (0.02%); while insurance declined 0.9% this week which saw a QNB Financial Services report that found Qatar banking sector's total assets at QR2.17tn in February 2026. Of the 54 stocks, as many as 35 gained, while 18 declined and one was unchanged this week which saw Al Mahhar Holding highlight its "strategic position" to capitalise on the expanding opportunities within Qatar's energy sector. Major movers in the main market included Mannal Corporation, Qatar German Medical Devices, Diala, Qatar Oman Investment, Medicare Group, QNB, Doha Bank, Lasha Bank, Widam Food, Baladna, Qatari Investors Group,

Nebras Energy, Aamal Company, Qamco, Mazaya Qatar, Ezdan, Ooredoo and Vodafone Qatar this week which saw Salam International Investment plan to wholly own Salam Bounian Development Company by offering QR6 per piece to buy additional shares from the existing shareholders. Nevertheless, Estithmar Holding, Qatar National Cement, Al Mahhar Holding, Woqod, Inma Holding, Commercial Bank and Dukhan Bank were among the shakers in the main market this week which saw KPMG in Qatar view that post-war reconstruction across Iran and the broader region represents the single "most significant" demand opportunity for Doha's manufacturing sector in the short-term. The main bourse saw 3% shrinkage in trade volumes to 0.98bn shares but on 12% jump in value to QR2.58bn and 35% in deals to 158,776 this week. In the venture market, trade volumes surged 13% to 4.56mn equities, value by 8% to QR10.97mn and transactions by 9% to 1,000 this week.



SEC looks to reform trading database loathed by Wall Street

Bloomberg
Washington

The US Securities and Exchange Commission (SEC) asked for public input on how to trim down the cost and scope of trading data that exchanges and brokers report to a controversial market-tracking system. The so-called Consolidated Audit Trail, or the CAT, was created in the wake of the 2010 "flash crash" that briefly wiped almost \$1tn off US stocks. The database aides the SEC in real-time market monitoring but the industry has complained for years about the CAT's cost and the scope of data being collected.

"The Commission is aware of the need to address many aspects of the CAT, and public comment is a crucial piece of the comprehensive review currently under way," Chairman Paul Atkins said in a statement Thursday. The agency hopes to issue later this year a rulemaking proposal



The US Securities and Exchange Commission headquarters in Washington. The SEC asked for public input on how to trim down the cost and scope of trading data that exchanges and brokers report to a controversial market-tracking system.

on what information is required after incorporating feedback, Jamie Selway, the director of the SEC's Trading and Markets Division, told Bloomberg News in an interview. He added the agency is hoping to get comment on issues that tend to get less focus but are

nevertheless important, like governance and security. That also includes input on how new artificial intelligence tools, such as Anthropic PBC's Mythos, could impact data security. The AI program was not making news when the SEC was crafting its release, but "if Mythos is part

of the cyber risk bucket, those are risks that are not going down, they're going up," Selway said.

Atkins moved last year to rein in the ballooning costs of the CAT. The cloud computing storage costs have increased as retail trades have piled into options. Those trades, including unfilled orders, all have to be sent to and stored by a consortium of exchanges and the Financial Industry Regulatory Authority, the brokerage industry's self-regulator.

Annual costs for maintaining the market-tracking database have reached more than \$248mn, according to the SEC's concept release. The CAT consortium has revised its annual costs down to \$156mn for fiscal year 2026 in light of recent changes the SEC made to help reduce the scope of data collected. Many of the costs paid by exchanges are passed on to brokers and market-making firms, including Citadel Securities. In February 2025, the SEC dropped requirements for

firms to report certain customer data to the CAT after critics said it invaded traders' privacy. Former SEC Commissioner Caroline Crenshaw, who was still at the agency at the time, said the move risked harming the agency's ability to conduct investigations of suspicious trades.

Citadel Securities and the American Securities Association filed a petition in March for a federal appeals court to review the SEC and the CAT consortium's latest funding plan after they won a suit last year challenging the CAT's funding structure. Industry groups applauded the SEC's review, saying the current CAT model is outdated and overpriced. "Regulators need the right tools and data to effectively oversee markets, but the current CAT falls short," said Liam Smith, chief strategy officer at Optiver, a market-making firm. "This review is an opportunity to reset and build something simpler, more efficient, and fit for the future."

US tariffs drive steep drop in EU exports for second month

Reuters
Brussels

European Union exports to the United States dropped by more than a quarter for a second consecutive month in February, but may be exaggerating the impact of President Donald Trump's tariffs, given they follow a year-ago period when front-loading began.

Exports from the 27-nation European Union to the United States fell by 26.4% in February, EU statistics agency Eurostat said on Friday, following a 27.8% drop in January, and contributing to a 60% reduction in the EU's trade surplus.

The figures though are likely distorted by their comparison with the unprecedented trade of early 2025, when shipments peaked ahead of Trump's tariffs from March. In January and February 2025, exports to the United States rose by respectively 16.0% and 22.4%. Assessing the real impact of US tariffs is not simple. Economists tend to see the fourth quarter of 2025 as a more reliable gauge, with an EU-US deal in place, although the euro's 8.9% average appreciation against the dollar from a year earlier will also have hit.

In the fourth quarter, EU exports to the United States were down 15%, iron and steel exports nearly 40% lower and chemicals off by 60-80%, albeit not as sharp a drop as front-loading earlier in the year.

Commerzbank economist Vincent Stamer noted that EU exports to other destinations increased - Eurostat puts that figure at 6.1% - and cautioned that the damage was likely to get worse.

"Past episodes of tariff hikes have shown us that it takes trade flows two to three years to fully respond to new tariffs," he said. New tariffs on patented pharmaceuticals, a major EU export, will also weigh, Stamer said, adding Commerzbank had calculated that US tariffs will likely reduce the euro area GDP by 0.3% in 2026 alone.

Car producers in the EU were by the October-December period benefitting from a US tariff reduced to 15% from 25%, but exports were 22% lower, albeit not as sharp a drop as in the second and third quarters.

ING research shows that US chemicals and transport equipment exports to the EU also rose from early 2024 to late 2025 and noted that the share of the United States of overall EU exports fell from early 2024 to late 2025 in all major countries except France.

However, EU exports of aluminium and copper and copper products, despite facing 50% US tariffs, increased by respectively 9% and 15% in the final three months of last year.

The aluminium increase was partly to cover a technical issue at a US plant, industry group European Aluminium said. For copper, the US simply does not have sufficient domestic capacity to cover demand, leading to prices that meant EU exports made sense even with the tariff, sector association European Metals said.

Ships and boats though were the standout, more than tripling in the fourth quarter after nearly tripling in the third. Meyer Turku shipyard in Finland, owned by the German Meyer family, said the US tariffs had not had a "decisive impact". It delivered one of the world's largest cruise ships, "Star of the Seas", to Royal Caribbean last year and secured an agreement for shipbuilding reservations with the operator until 2036.

The European Boating Industry, representing yachts and pleasure boats, said sales to the United States had spiked in June, but slipped afterwards, though not to a level that might have been expected due to tariffs, perhaps because deliveries related to orders from some time in the past. On February 20, the US Supreme Court struck down Trump's sweeping tariffs, which he had pursued under a law meant for use in national emergencies. But only days later, the US imposed a new temporary global import levy and is planning to reconstruct tariffs to replicate those agreed with the EU last year.

Wall Street banks turn gloomy on dollar as haven demand fades

Bloomberg
Washington

Deutsche Bank AG and Wells Fargo & Co are among banks declaring the dollar's war-driven haven rally is likely over as the ceasefire between the US and Iran prompts investors to seek riskier assets.

The dollar wiped out all gains it registered since the US-Iran war began after Tehran announced Friday that the Strait of Hormuz is now "completely open" for commercial traffic. The developments dented demand for haven assets like the dollar, which is traditionally seen as an oasis during times of crisis.

The Bloomberg Dollar Spot Index fell as much 0.6% to its lowest level since February 27. It is now down about 1.9% since the US and Iran agreed to a truce on April 7. Risk-sensitive currencies, led by those from Scandinavia, New Zealand and Australia, are leading gains versus the greenback in that period, while the S&P 500 Index has recovered to set new record highs this week.

Analysts are arguing it's time to embrace bets against the greenback, and global investors seem to be doing just that. They've boosted dollar hedging ratios to a two-year high, according to State Street Corp. In the options market, meanwhile, confidence in the dollar has faded, with positioning the least bullish in weeks.

With the haven aura fading, investors are once again focusing on the headwinds that drove the dollar down 8% last year - its worst performance since 2017 - including the prospect of Federal Reserve interest-rate cuts.

"There is clear rotation out of safe havens like the dollar



Deutsche Bank and Wells Fargo & Co are among banks declaring the dollar's war-driven haven rally is likely over as the ceasefire between the US and Iran prompts investors to seek riskier assets

back into risky assets," Kathleen Brooks, research director at broker XTB in London, wrote in an e-mail. "If the US-Iran conflict does come to a resolution soon, I see a longer period of weakness for the dollar ahead." The Strait of Hormuz "is declared completely open" for all commercial vessels for the remaining period of a ceasefire, Iran's Foreign Minister Abbas Araghchi said Friday. Oil prices declined.

Some analysts warned, however, that it may be too soon to bet on dollar weakness. Citigroup Inc currency analysts on Thursday said the risk-reward favored betting on dollar strength. Persistently high commodity prices will cap gains in risk assets, supporting bond

yields and the dollar, they said.

The easing in tensions has reignited the wariness toward the US currency that's shaped conversations around it since President Donald Trump took office last year.

At Wells Fargo, strategists recommended buying the Swedish krona versus the dollar. Deutsche Bank advised selling a broad-based measure of the US currency, seeing scope for the euro to eventually eclipse \$1.20 for the first time since January, from about \$1.18 now. For their part, JPMorgan Chase & Co strategists said last week that "the dollar appears to be emerging worse-off on a medium-term basis from the conflict," partly because of high spending on the war.

Brooks at XTB lays out some of the challenges for the US currency, beyond expectations for the Fed to eventually cut rates while markets anticipate hikes elsewhere.

She points to potential worries about the Fed's independence, with Trump's threat this week to fire Chair Jerome Powell if he doesn't leave that post "in time," creating a possible scenario where the president appoints an ally as interim chair while nominee Kevin Warsh awaits confirmation.

"This could lead us back to the dollar debasement theme, which weighed heavily on the dollar last year," Brooks said.

In the background, there's also the view among some on Wall Street that Trump would

like to see a weaker dollar to support US exports, although the administration has repeatedly avowed the long-standing US "strong dollar" policy.

Amid the shift in market sentiment, asset managers have added to bearish dollar trades in the first couple of weeks of April, based on a Morgan Stanley model. A Bank of America Corp survey from April 3 to April 9 - overlapping the start of the ceasefire - shows that the second-highest conviction trade among fund managers this year, behind owning bonds, was to short the dollar.

"Investors view the Iran war as more of a level shift to the dollar path for 2026 than a change in the trend," BofA strategists including Ralf Preusser and Meghan Swiber wrote in a note this week.

The extent to which international investors strip out the currency risk from their US holdings - by using derivatives to bet against the dollar - is another potential trigger of greenback weakness.

Data from State Street, one of the world's largest custodian banks, shows they're piling into that protection, boosting hedging ratios on the US currency to 63% in the wake of the ceasefire announcement.

"Markets are almost treating it as if the conflict didn't happen," said Andrew Hazlett, a foreign-exchange trader at Monex Inc.

What's more, a resolution of the war, by reducing concerns about economies outside the US, may spur investors to buy more international assets.

"The drivers for the diversification trade are there underneath, but they are just overshadowed by other worries right now," Beata Manthey, head of European equity strategy at Citigroup, said on Bloomberg Television this week.

EQT warns of exit risks for alternative energy assets held by PE

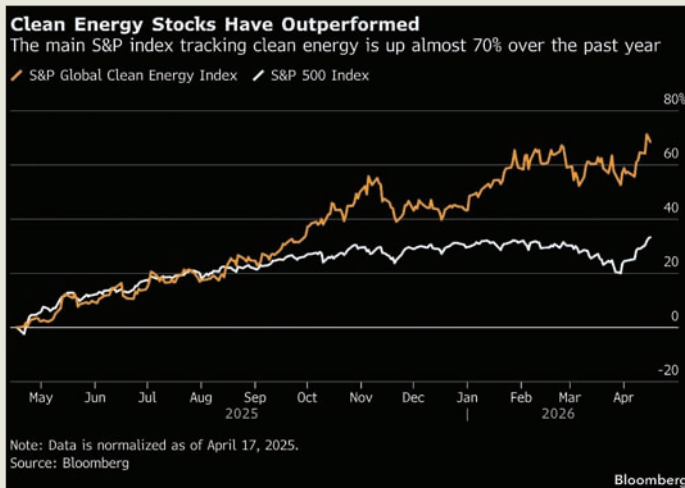
Bloomberg
New York

EQT AB, Europe's biggest private equity firm, says the path to exiting investments in clean-energy developers and operators faces a growing number of hurdles. In many cases, such assets have become too big to be absorbed by the kinds of private or industrial buyers PE firms traditionally turn to when looking for an exit, according to Alex Darden, the head of EQT's infrastructure investment for the Americas.

Initial public offerings would be the natural next step, but because such companies often still have negative cash flows and complex risk profiles, the IPO route so far "hasn't been developed enough" for PE investors to feel they can easily tap it, he said in an interview. Without a clearer path to exiting holdings, PE fund managers are "going to run the risk of people not being able to invest capital in the same way in the private markets that they're currently doing,"

Darden said. He also noted that EQT will continue bankrolling clean energy firms and "finding creative ways to monetise" such deals. The comments touch on a divide playing out in the market for clean tech. Though the sector has enjoyed an overall rebound - with the main S&P index for such companies gaining almost 70% over the past year - most of that rally has rested on the performance of equipment makers like Nordex SE and SMA Solar Technology AG.

Energy developers and operators, meanwhile, have seen a different trajectory, often because their fate is tied to ongoing client contracts and continual disruptions in the regulatory and legislative landscape. Examples include Altus Power Inc, a major US commercial-scale solar operator that was taken private last year after its market value plunged by about two-thirds from a 2022 high, in large part due to delays in getting projects up and running. "There still are active exit routes



and exit opportunities, and there's still a very active buyer universe," Darden said. However, "the challenge that is starting to develop on the private side is that many of these companies have scaled very large." He says at the beginning of the decade, many clean energy developers owned about 1 or 2

gigawatts worth of operating assets, a figure that's now soared to as much as 8 gigawatts. "It creates a dynamic where you've got to look for potentially multiple buyers to partner up to be able to buy these companies." Others have made similar observations. Joost Bergsma, global head of clean energy

at Nuveen Infrastructure, said opportunities to exit investments is still "good," but not at the same level seen four or five years ago, when there was "really a lot of interest." What's more, "interest is quite selective" now amid an atmosphere that's become "really quite cautious," he said. Any disruption to investments in alternative energy would risk limiting future supply as the world struggles to adapt to the fallout of the Iran war. The failure to reach a lasting truce has injected extreme volatility into oil and gas markets, threatening to trigger a wave of inflation and higher interest rates as the conflict drags on.

As a result, investment banks like Jefferies have predicted that demand for clean-energy assets will soar as governments and regular households look for alternatives. And firms including Brookfield Asset Management, Eurazeo SE and Tikehau Capital say their green portfolios are currently thriving.

"What we're seeing on the ground, it's honestly never been better than

it is today," Natalie Adomait, chief operating officer for Brookfield's energy group, said in a recent interview.

Against that backdrop, there continue to be opportunities for financial professionals capable of navigating the current hurdles, Darden said.

EQT is "very interested in trying to understand how companies within this sector can be positioned effectively for public markets, from a size standpoint, from a cash standpoint," he said, declining to offer specifics.

In March, EQT teamed up with BlackRock Inc.'s Global Infrastructure Partners to acquire AES Corp, a US firm which generates the majority of its power from renewable energy. That deal valued AES at about \$10.7bn. Other private capital firms are also signaling they continue to be interested in investing in alternative energy assets, with KKR & Co and Brookfield Asset Management among those to have indicated that they're scouting for possible acquisitions.

Asia markets fall as investors eye US-Iran peace talks

AFP
Hong Kong

Asian stock markets fell on Friday as investors awaited news of an extension to the Iran-US ceasefire, while crude prices edged back down following the previous day's rally.

In Tokyo, the Nikkei 225 closed down 1.8% to 58,475.90 points; Hong Kong - Hang Seng Index ended down 0.9% to 26,160.33 points; and Shanghai - Composite closed down 0.1% to 4,051.43 points yesterday.

The losses follow a healthy, record-breaking week for equities fuelled by hopes the Middle East war, which began in late February, could be close to an end after Donald Trump said negotiators were close to a deal. But worries abound that a shaky truce agreed earlier this month -- and which ends next week -- could fall apart and spark a fresh market rout.

The US president on Thursday struck an optimistic tone, telling reporters that "it's looking very good that we're going to make a deal with Iran, and it's going to be a good deal", adding that talks between Washington and Tehran could resume this weekend.

He also claimed Iran had "agreed to give us back the nuclear dust", using his name for the country's enriched uranium stockpile, and the deal would include "free oil" as well as the opening of the Strait of Hormuz.

"We had to make sure that Iran never gets a nuclear weapon," Trump said at the White House. "They've totally agreed to that. They've agreed to almost everything, so maybe if they can get to the table, there's a



A pedestrian crosses the road in front of the Tokyo Stock Exchange. The Nikkei 225 closed down 1.8% to 58,475.90 points yesterday.

difference." Iran has given no public indication it would surrender its stockpile.

However, Defense Secretary Pete Hegseth took a tough line on the situation earlier in the day, telling a Pentagon news conference: "If Iran chooses poorly, then they will have a blockade and bombs dropping on infrastructure, power and energy."

Meanwhile, some Gulf Arab and European leaders fear a long-term agreement could take six months to achieve and called for the truce to cover such a time period, Bloomberg reported.

They wanted the Strait of Hormuz

-- through which about a fifth of global oil and LNG passes -- opened immediately and have warned in private of a global food crisis if that is not achieved by next month, the report said.

Stocks fell across the Asia-Pacific region, with Tokyo, which hit a record high on Thursday, among the biggest losers, with Seoul, Hong Kong, Shanghai, Sydney, Wellington, Manila and Singapore also well down. Taiwan's TAIEX dropped. On Thursday it hit a market capitalisation of \$4.14tn to top the UK's market capitalisation and become the world's seventh biggest, according

to Bloomberg data. London edged lower, Paris edged up and Frankfurt was flat. That came even after the S&P 500 and Nasdaq enjoyed record closes on Wall Street.

Analysts said traders were heading into the weekend to positioning for any surprise developments.

"While investors remain buoyed by talks of an extension in the US-Iran ceasefire and an announced Israel-Lebanon 10 day ceasefire, risk sentiment remains fragile as an immediate deal remains unlikely given that the countries remain far apart on key issues," wrote National Australia Bank's Skye Masters.

Emerging stocks and currencies remain steady

Reuters
Singapore

Indexes tracking most major emerging markets stocks and currencies were on track for their third straight week of gains on Friday on hopes that potential negotiations between the US and Iran could yield long-lasting peace in the Middle East.

Adding to the optimism was the International Monetary Fund and the World Bank saying they resumed dealings with Venezuela, which had been paused since 2019.

The move paves the way for a full IMF assessment of Venezuela's economy for the first time in some 20 years and could eventually unlock billions of dollars in funding via frozen special drawing rights.

The country's hard-currency bonds maturing later this year and next year closed more than 1 cent higher on the dollar on Thursday. Bond yields rise when prices fall.

MSCI's index tracking emerging market stocks slipped 0.6%, while a currencies gauge was flat as investors awaited details of long-touted negotiations between the US and Iran.

The two had rallied over the past three weeks on signs that the US and Iran were willing to negotiate a potential deal to end the month-long conflict.

A source from Pakistan, the country mediating between the two adversaries, said the two sides could sign a memorandum of understanding, followed by a comprehensive deal within 60 days. However, Tehran and Washington are yet to see eye-to-eye on Iran's nuclear ambitions.

Lebanese bonds were marginally higher after the country and Israel agreed to

begin a 10-day ceasefire on Thursday following Washington-brokered talks.

Oil prices were choppy and were last down 1% at \$97/barrel as shipping through the strategic Strait of Hormuz stayed at a snail's pace, and the International Monetary Fund continued to flag the potential hit to several emerging markets.

"While market swings have recently moderated and a temporary ceasefire between Israel and Lebanon has slightly eased regional tensions, risks remain elevated given ongoing geopolitical uncertainty and mixed signals from policymakers," said Soojin Kim, a research analyst at MUFG.

The week was packed with high-profile meetings at the International Monetary Fund and the World Bank, on the sidelines of which Kenya's central bank governor told Reuters that the country has requested rapid financial support from the World Bank to help it manage the shocks from the war in Iran.

The shilling slipped 0.1%, while international bonds rose marginally. Fiscal uncertainties have plagued the east-African nation several times over the past two years. Several central and eastern European economies also announced measures to battle energy-induced price pressures.

Poland said it will cap fuel prices as long as needed, while a central banker said interest rates are likely to be steady in the long term. Hungarian Prime Minister-elect Peter Magyar said he met the executive chairman of oil company MOL and they agreed to maintain a current fuel price cap.

A Czech Republic policymaker said the next interest rate move was likely to be upward, but that it may not be immediate.

HK bourse plans to cut trade settlement to one day from end of 2027

Bloomberg
Hong Kong

Hong Kong's stock exchange operator is planning to halve the time it takes to settle stock trades, matching a global push toward shorter settlement windows despite concerns over the operational hurdles for Western investors.

Hong Kong Exchanges & Clearing Ltd proposed moving to a T+1 cycle, settling trades one day after the transaction, from the current two-day requirement, according to a consultation paper released on Friday.

The shift could take effect in the fourth quarter of 2027.

The proposed change covers assets including equities, exchange-traded

products, structured products, real estate investment trusts, and listed debt securities. It also applies to the physical settlement of equities resulting from exercised stock options.

Initial public offerings will be excluded from the shift, maintaining their current T+2 schedule for listing after price discovery.

The public and market participants

have until May 18 to submit comments on the proposal.

The move aims to align Hong Kong's \$7.5tn market with international peers, most notably the US, which transitioned to T+1 in 2024. This marks the second major structural overhaul for the city's exchange in three years, following the 2023 decision to slash the IPO settlement period from five days to two.

China is coming back, and the timing couldn't be better

By Stephen Jen
London

China has turned a corner, finally. Five years after Beijing began cracking down on its bloated property sector, its economy is now on a much more sustainable path anchored in high-quality growth - and the correction has left far fewer scars than many feared. China's property sector has been in a bear market since 2021, with average prices falling by 40% to 50%. This was partly by design. Beijing in 2020 sought to deflate a ballooning property bubble with its "three red lines" policy that clamped down on leverage in the sector. While weakness in Chinese construction and ancillary businesses may continue to drag on economic growth for the next year, it appears that the property correction is bottoming out. Shanghai's property prices in the secondary market have begun to rise, and the pace of decline in home prices has again eased in March, with the worst contraction in prices recorded in late 2024. Given the scale of the property market deflation, it's remarkable that very few things broke in China. This was in contrast to the doomsday predictions that the correction would be in line with - or much

worse than - what happened in Japan after its property market peaked in 1989. In the case of Japan, property prices fell 80% from their peak. The banking sector experienced a crisis in 1997. The economy fell into a deflationary trap that took 25 years to arrest - and only after aggressive money printing by the Bank of Japan and massive fiscal stimulus from the Ministry of Finance. As a result, Japan's per capita dollar GDP has been flat since the 1990s, according to data from the IMF World Economic Outlook. On this measure, Japan fell from number three in the world in 1995 to number 32 now, behind the Czech Republic. China went into its property crisis even more vulnerable than Japan - or so went the popular belief in 2021-22 - because it was not yet rich when its implosion occurred. Many feared a shock could trigger other breakages in the economy and the financial system. That's not what happened. China managed to eke out 5% real GDP growth annually even with a property sector in contraction. Even more importantly, Beijing used this challenging period as an opportunity to shift its policy aim from maximising economic growth to improving the quality of its growth. In the decade before the

Covid-19 pandemic, China's real GDP growth averaged around 7%, with nominal GDP growth averaging 10% to 11%. Since then, growth has decelerated by 2 to 3 percentage points. That decline may appear worrying, but it's actually a positive signal of a shift to a more sustainable growth model. China's GDP is no longer being flattered by the housing boom but is instead being sustained by activities likely to support China's long-term development. This includes efforts to achieve dominance in artificial intelligence, higher-technology manufacturing and alternative energy. More broadly, China is making solid progress in developing a self-sustaining industrial ecosystem. This is largely thanks to its "Made in China 2025" plan, which has helped it move up the value chain. China - which boasts both heft and speed - is now able to compete head-to-head with rivals from Europe and the US on high-value goods, like electric vehicles and robotics. That's largely thanks to two key strategies. First, China has adopted a warp-speed imitation/innovation strategy. Leveraging its army of engineers and graduates in science, technology, engineering, and mathematics (STEM), it imitates whenever

possible and innovates when necessary. And it does so very fast. For example, the product cycle of Chinese automakers is about twice as fast as that of their European counterparts. For new models, it takes 1.5 to three years for Chinese manufacturers, compared with four to six years for European rivals. Next is China's 80:20 strategy, achieving 80% of the cutting-edge technology at 20% of the cost. This has enabled China to climb up the value-added ladder and remain price competitive internationally. Just look at DeepSeek. The release of the AI large language model (LLM) in January 2025 was such a shock, not because DeepSeek achieved higher performance than its American counterparts, but because it managed to generate quite good performance at a fraction of the cost. The 80:20 strategy is akin to drafting in cycling. China is comfortably tucked behind the lead rider, America. China is going almost as fast but is conserving its energy for later use. There are still causes for concern, of course. China continues to struggle to stimulate sufficient domestic demand and cutthroat competition has shrunk profit margins at home. However, the export market still typically

provides Chinese producers with generous profit margins. Carmaker BYD, for example, makes on average \$440 per vehicle sold in China. Its profit margin per vehicle outside China, however, jumps to \$3,000 per vehicle, according to China's biggest brokerage CITIC Securities. Trade tensions with the US are another sore point, as they have limited China's access to the world's largest export market. However, China has significantly increased exports to the rest of the world, most notably Asia, Europe and emerging markets. And the rivalry with the US is not all bad. It may continue to propel China's technological advancements and broad adoption of new technologies, and it has allowed Chinese exports to compete in a wider range of value-added categories in new markets. Moreover, the timing of China's recovery is fortuitous. Global investors, who are still heavily exposed to the US on average, may be concerned about America's unpredictable geopolitical moves and fiscal problems and thus be seeking to divest some US assets. That capital will need a home.

■ The views expressed here are those of the CEO and co-CIO of Eurizon SLJ asset management.

AT YOUR SERVICE

AUTO - TYRES / BATTERIES / LUBE - CHANGING

METRO CITY TRADING W.L.L. | Cars, 4x4, Pickups, Buses, Trucks, Forklifts
Street No. 28, Wakalath Street, Ind. Area, M: 33243356, T: 44366833, www.metrocityqatar.com

CAR HIRE

AL SAAD RENT A CAR Head Office-Bldg: 242, C-Ring Road T: 4444 9300
Branch-Barwa village, Bldg #17, shop #19.....T: 4415 4414, ...M: 3301 3547

CLEANING

CAPITAL CLEANING CO. W.L.L. All type of Cleaning Services-Reasonable Rates
T: 44582257, 44582546 F: 44582529 M: 33189899 Em: capitalcleaningwll@gmail.com

PEST CONTROL & CLEANING

QATAR PEST CONTROL COMPANY
T: 44222888 M: 55517254, 66590617 F: 44368727, Em:qatarpest@qatar.net.qa

BUS RENTAL / HIRE

Q MASTER W.L.L. 15/26/30/65 Seater Buses with / W-out Driver
Contact # 55853618, 55861541 (24 Hours) F: 44425610 Em: qataroffice@yahoo.com

AVIS RENT A CAR Al Nasr Holding Co. Building, Bldg. 84, St. 820, Zone 40
T: 4466 7744 F: 4465 7626 Airport T: 4010 8887 Em:avis@qatar.net.qa, www.avisqatar.com

ISO ISO / HACCP CONSULTANTS

QATAR DESIGN CONSORTIUM - ISO 9001, 14001, 45001, 39001, 27001, 22301, 41001, etc.
T: 4419 1777 F: 4443 3873 M: 5540 6516Em: jenson@qdcqatar.net

SPA & MASSAGE

CROWN SPA: We provide Full body massage service by Experienced / Professional Therapist. Call M: 33704803 / 50195235 / 66894816

THOUSANDS TRANSPORT 60/67 Seated A/C non AC Buses w/ w-out driver
T: 4418 0042...F: 4418 0042...M: 5587 5266...Em: sales@thousandstransport.com

THOUSANDS RENT A CAR
Bldg No 3, Al Andalus Compound, D-ring Rd., T. 44423560, 44423562 M: 5551 4510 F: 44423561

BUDGET RENT A CAR Competitive rates for car rental & leasing
Main Office T: 4432 5500...M: 6697 1703. Toll Free: 800 4627, Em: info@budgetqatar.com

TRAVELLER TRANSPORT - 13/22/26/36/66 Seater Bus With & Without Driver.
Tel: 44513283 Mob: 30777432 / 55899097, Email: info@travellertransport.com

HIPOWER TRANSPORT: 13/22/26/66 Seater Buses & Pickups with & without driver.
Tel: 4468 1056.....Mob: 7049 5406.....Em: hipower@safarigroup.net

AT YOUR SERVICE

DAILY FOR THREE MONTHS

Updated on 1st & 16th of Every Month

QR. 1200/-

Risks to inflation outlook tilted to upside, says ECB's Lagarde

Bloomberg
Washington

European Central Bank (ECB) President Christine Lagarde said dangers to the region's price outlook are skewed to the upside as officials continue to assess the economic damage being wrought by the Iran conflict.

"Risks to the outlook are tilted to the upside, especially in the near term while the medium-term implications will depend on the intensity and duration of the war," Lagarde said on Friday in a statement at a meeting of the International Monetary and Financial Committee in Washington.

"Uncertainty surrounding the outlook for euro area inflation has increased significantly," she said.

The ECB is still determining what — if any — action it must take to contain the inflation



ECB president Christine Lagarde.

upswing caused by the fighting in the Middle East. For now, policymakers want to gather further information on the knock-on effects of surging energy prices and appear unlikely to act at this month's meeting.

"We are closely monitoring the situation," Lagarde said. "Incoming information in the period ahead will help us assess the impact of the war on the inflation outlook and the surrounding risks."

Investors and economists expect a quarter-point hike in

June, with markets also leaning toward another by year-end. Lagarde told Bloomberg Television this week that Europe's economy is between the ECB's baseline and an adverse scenario it mapped out last month under which inflation would peak at 4.2%. Consumer prices jumped 2.6% in March — well above the 2% target. Lagarde also said: "We are determined to ensure that inflation stabilises at our 2% target in the medium term." "The current energy crisis underscores the need to further reduce the economy's dependence on fossil fuels." "The war in the Middle East is a downside risk to the euro area economy, adding to the volatile global policy environment. Additional risks arise from tighter global financial conditions, trade frictions and other geopolitical tensions, including Russia's unjustified war against Ukraine.

Eurozone short-dated bond yields plunge

Reuters
London

Eurozone short-dated government bond yields dropped sharply to one-month lows on Friday after Iran's foreign minister said that passage for all commercial vessels through the Strait of Hormuz was open for the remaining period of the ceasefire.

Meanwhile, money markets scaled back bets on future European Central Bank rate hikes, fully pricing the first move in July, from June earlier in the session.

They now assign less than a 5% chance of a rate rise at this month's meeting, down from 15%. Markets also see the ECB's deposit facility rate at 2.40% by year-end, compared with 2.55%. The depo rate is currently at 2%.

Oil prices plunged more than 10%, easing inflation fears that had gripped bond markets since early March, when the Middle East conflict erupted and prompted traders to price in a tighter policy response from the ECB.

Two-year German Schatz yields,

the most sensitive to shifts in expectations for rates and inflation, fell 12 basis points to 2.40%, their lowest level since mid-March. They reached their highest since last July in late March, at around 2.77%.

"The Strait of Hormuz is the key risk. If the ceasefire holds and the reopening is seen as lasting, markets could also strip out ECB rate hike pricing altogether," said Massimo Maxia, fixed income specialist at Allianz Global Investors.

"But, whatever happens, what (ECB) President (Christine) Lagarde says after the next policy meeting will be crucial for rate expectations."

Iranian Foreign Minister Araqchi said in a post on X the Strait was open for the remainder of the US-brokered 10-day truce between Israeli forces and Iran-backed Hezbollah agreed between Israel and Lebanon.

US President Donald Trump said on Friday that the naval blockade on Iran will "remain in full force" until a deal with Tehran is struck.

Germany's 10-year government bond yields, the euro area's benchmark, dropped 8.5 bps to 2.95%.

"A return to the status quo ante bellum with regard to the nukes (Iran's nuclear programme) would be politically damaging to the President at home, and more damaging, we think, than ending the War without that major concession," said Thierry Wizman, global forex and rates strategist at Macquarie Group.

"That's why we continue to look for the 'nuclear concession' to verify that the War is really moving toward being over."

One of the key sticking points has been over Tehran's nuclear ambitions, with the US proposing at last weekend's talks a 20-year suspension of all Iranian nuclear activity. Tehran suggested a halt of three to five years, according to people familiar with the proposals.

Italy's 10-year government bond yields fell 15 bps to 3.66%, after reaching 4.142% in late March, the highest since July 2024.

The yield gap of Italian government bonds versus Bunds was at 69 bps. It was at 63 bps before the attack against Iran and hit 103.62 during the conflict, the highest since June 20, 2025.

Abu Dhabi funds plan China strategy rejig to boost investments

Bloomberg
Abu Dhabi

Abu Dhabi is considering plans to consolidate Chinese assets housed within two of its wealth funds under a new entity, setting the stage for a radical overhaul of its investment strategy for the world's second-largest economy.

The proposed investment vehicle will be jointly owned by the two wealth funds, L'imad Holding Co and Mubadala Investment Co, according to people familiar with the matter. This would help avoid multiple Abu Dhabi vehicles competing for the same deals as the emirate looks to boost its exposure to China, the people said, declining to be identified discussing confidential information.

Details on structure and strategy are still under discussion, and no final decisions have been made on the consolidation.

Representatives for Mubadala declined to comment, while Abu Dhabi's ministry of foreign affairs and the emirate's media office didn't respond to requests for comment.

Such a move would bring a critical economic relationship under the ambit of two influential names within Abu Dhabi's circles of money and power.

L'imad is overseen by Abu Dhabi's Crown Prince, Sheikh Khalid bin Mohammed, a son of United Arab Emirates President Sheikh Mohammed bin Zayed who has taken on more prominent national security and economic roles over the past year.

Mubadala is helmed by Khaldoon Al Mubarak, who has handled key relationships for Abu Dhabi, including China, for years.

Al Mubarak was among executives who accompanied the crown prince to China this week for meetings with President Xi Jinping.

L'imad has exposure to China via sovereign investor ADQ, which it absorbed this year, while Mubadala has deployed over \$20bn across more than 100 investments in China since 2015.

The two entities have close links — Al Mubarak and his deputy at Mubadala are both part of L'imad's board. Abu Dhabi, home to about \$1.8tn in sovereign wealth, has emerged as one of the world's most consequential investors in recent years. Its funds — which also include the Abu Dhabi Investment Authority — have historically skewed toward the US and Europe. The city has committed to invest over a trillion dollars to America and tens of billions more to countries like France and Italy.

Ties with China have deepened in parallel, despite unease in Washington over some deals. Non-oil trade between the two nations surpassed \$100bn for the first time in 2025.

Earlier this year, Al Mubarak said Mubadala had historically been under-invested in Asia but is now expanding its footprint, citing strong performance in South Korea, Japan and China in 2025.

The push aligns with the \$385bn fund's plan, laid out in 2024, to double Asia exposure to about 25% by the end of the decade.

The crown prince's visit came amid a two-week ceasefire between the US and Iran in a war that saw the UAE bear the brunt of the Islamic Republic's attacks.

But the conflict hasn't slowed Abu Dhabi's appetite for dealmaking, and key entities have deployed billions across alternative asset managers, private credit, technology platforms and hospitality. This week, L'imad struck a \$2.3bn deal in Jordan, underscoring its role in advancing the emirate's strategic relationships.

L'imad made headlines last year after joining influential Gulf funds in backing Paramount Skydance Corp's hostile bid for Warner Bros Discovery Inc. Abu Dhabi has also folded into it the owner of McLaren Automotive and its stake in Chinese electric-vehicle maker Nio Inc.

The fund's board includes senior Abu Dhabi executives like Jassem Al Zaabi — viewed by some as one of the emirate's most influential non-royals — though it is still being built from the ground up.

It's not time to give guidance on interest rates, says Fed official

Bloomberg
New York

Federal Reserve Bank of New York President John Williams said high uncertainty should prevent policymakers from providing any strong guidance on the future path of interest rates, though his outlook still includes rate cuts in the longer term.

"Given all the different things that keep changing day to day, week to week, it doesn't make sense for us to try to be giving strong forward guidance," Williams told reporters on Thursday on the sidelines of an event in New York City. Still, once inflation begins to ease there will be room for rate cuts to ensure policy remains only modestly restrictive.

"As inflation comes back to 2%, we need to bring down nominal interest rates so the real interest rates don't rise kind of mechanically," he said.

Williams' comments to reporters followed a speech in which he said monetary policy remains well positioned in the short-term to deal with the threat of a protracted supply shock caused by war in the Middle East that could raise inflation and dampen growth in the US.

The impact of the conflict could partly reverse this year, he added, if energy supply disruptions eased soon. But a more extended crisis could have more severe implications.

"The conflict could also result in a large supply shock



Federal Reserve Bank of New York president John Williams.

with pronounced effects that simultaneously raises inflation — through a surge in intermediate costs and commodity prices — and dampens economic activity," Williams said.

While underlying inflation has been moving in the "right direction," Williams said the war's upward pressure on prices was already showing up in goods and services outside energy.

"Not only are elevated energy prices showing up in the rising cost of fuel, but there are also pass-through costs

in the form of higher airfares, groceries, fertiliser and other consumer products."

Nonetheless, he added, "the current stance of monetary policy is well positioned to balance the risks to our maximum employment and price stability goals."

Several Fed officials have signalled they favour holding interest rates steady when they meet April 28-29 in Washington.

Williams said he still sees the US economy growing at 2% to 2.5% this year, while unemployment should hover

between 4.25% to 4.5%. But there are "conflicting signs" in the labor market, as hard data points to a stable outlook while soft data — such as the New York Fed's survey of consumer expectations — signals a continued gradual softening.

Williams expects headline inflation to end this year at 2.75% to 3%, before easing back to the 2% target in 2027.

Williams also addressed cybersecurity risks posed by emerging artificial intelligence technologies to the banking system and other firms. Speaking to reporters, Williams said policymakers' focus is on making sure "our defenses for cybersecurity continue to be effective."

Last week, Treasury Secretary Scott Bessent and Fed Chair Jerome Powell summoned Wall Street leaders to an urgent meeting to discuss concerns that Mythos, the latest artificial intelligence model from Anthropic PBC, will usher in an era of greater cyber risk.

Anthropic's tool and other recent developments have demonstrated that the ability of AI to identify and potentially exploit vulnerabilities in cybersecurity systems "has moved a lot faster than many expected," Williams said.

"That creates heightened concerns around cybersecurity, not just in the banking system but more generally in our economy and the global economy," he added. The topic had become "hugely important" to the central bank, he added.

Yield bets pay off for traders willing to tune out war risks

Bloomberg
New York

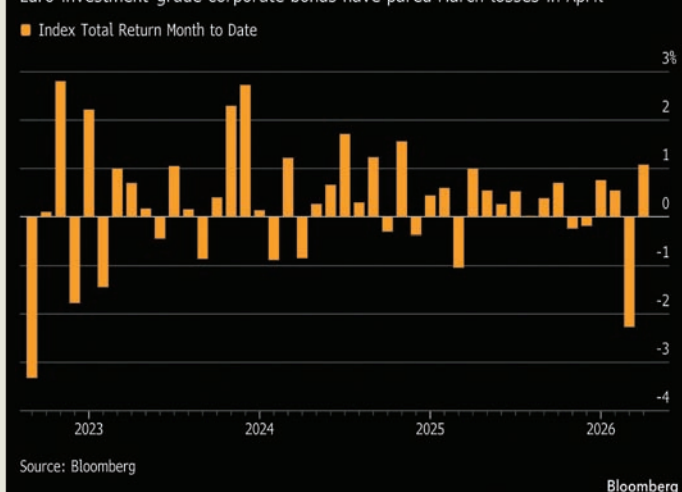
Those credit investors who gambled on higher-yielding corporate bonds in the midst of the Iran war are looking increasingly vindicated as markets rebound on hopes of a lasting truce. The decision to buy bonds as Iran and the US exchanged missile-fire was always a high-stakes one. It required a belief that a spike in overall yields on the back of rising government borrowing costs would be enough of a buffer against a prolonged energy shock and the threat of inflation. The trade to lock-in higher levels of income is now paying off for portfolio managers on both sides of the Atlantic. Index returns for investment-grade bonds denominated in euros — a yardstick of the market's overall performance — are heading for their best month in more than a year while junk bonds in the single currency haven't gained this much since 2023. There have been similar swings to positive from

negative in the US. "Over March we've seen a pretty significant repricing," said Olivier Monnoyeur, Portfolio Manager, Euro high yield credit fund, BNP Paribas Asset Management. "That's the key shift — the entry point is now more attractive."

Higher bond yields give investors more room for returns: they provide stronger income and the potential for price gains if yields fall from their peaks. For those who expected the broader market impact of the conflict to be limited, the recent selloff opened a buying window.

Heavyweight investors such as Blackrock Inc. have been sanguine about the health of corporate Europe, as long as the disruption to markets is short lived. "Higher yields are providing a cushion for income investors, and history suggests markets can absorb temporary shocks without widespread downgrades or defaults," James Turner, the firm's head of global fixed income for EMEA, said. Last month saw yields on the Bloomberg Euro Corporate Index of investment-grade bonds

Best Returns in Over a Year, After Worst Losses Since 2022
Euro investment-grade corporate bonds have pared March losses in April



jump by as much as 70 basis points from the end of February — before the war began — reaching more than 3.8% at their peak. Currently, they're at 3.5%.

The shift was fueled largely by climbing government bond yields, rather than credit spreads, as

markets recalibrated interest rate expectations amid the turmoil triggered by the war. German bund yields climbed to the highest since 2011 last month and are still trading close to that point. Meanwhile, traders expect two quarter-point rate hikes by the European Central

Bank this year, with the first to come in June. By contrast, credit spreads have remained well below the historical averages of recent years, having widened by only 16 basis points since the conflict started. In April 2025, they jumped to as much as 128 basis points following the volatility triggered by President Trump's 'Liberation Day.' "It's just the higher yields that are keeping investors coming back," said Alex Temple, a portfolio manager at Allspring Global Investments. "That's what's really helped cap any spread move."

In addition to demand from yield-hungry investors, spreads have remained supported by the money flowing into credit funds over the course of 2025. That helped risk premiums grind tighter while a recent reversal of outflows this month has meant portfolio managers have so far avoided forced selling.

were in short-duration investment grade while pan European high-yield funds saw their biggest inflow since the start of the war. Still, there remains much uncertainty over the longer term fallout from the conflict in the Middle East. That's particularly relevant for corporate bond markets given the fairly muted response of credit spreads, the premium that compensates investors for an individual company's default risk. The specter of inflation driven by rising energy costs, as well as slower economic growth, are key concerns among bond investors, according to the latest quarterly survey from the International Association of Credit Portfolio Managers. Those fears are fueling expectations of spread widening and defaults, the survey said. "Our latest thinking is that even in a scenario where there is a compromise deal relatively soon, we don't see oil going much below \$80 in the coming six months," Mark Dowding, chief investment officer at RBC BlueBay Asset Management, wrote in a note.