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KPMG in Qatar outlines digital opportunities in times of conflict

By Santhosh V Perumal
Business Reporter

Doha should promote an AI (artificial intelligence)-powered energy management system in its hydrocarbon sector as KPMG in Qatar outlined sector-specific digital opportunities in times of conflict.

Stressing that Qatar has the potential to enter the post-conflict period with stronger digital foundations as compared with its regional peers; it said "the challenge is not to start from zero, but to accelerate, integrate, and prioritise."

Qatar's energy sector is the backbone of the economy, which makes it vulnerable and essential, making digital investments potentially yield significant systemic benefits, it said in a latest report.

To maintain operations during disruptions, it is important to minimise dependency on onsite personnel and speed up recovery processes; it said, highlighting the vital role that could be played by digital enablement.

In this regard, KPMG said there was a need to "promote an AI-powered energy management system with real-time infrastructure monitoring to detect the unplanned downtime before disruption which can improve the productivity and support infrastructure resilience."

There was also need to promote the simulation technology to help explore the interdependencies and damage scenarios and model recoveries to optimise the 'back to normal' scenarios.

Finding that not all sectors are equally equipped to achieve resilience through digital transformation; it said in critical industries such as energy, finance, manufacturing, wholesale & retail trade, and logistics, the



Qatar's energy sector is the backbone of the economy, which makes it vulnerable and essential, making digital investments potentially yield significant systemic benefits, KPMG said in a latest report

adoption of digital solutions can greatly accelerate the recovery process and strengthen resilience, enabling entities to respond more effectively to disruptions and adapt rapidly to changing environments.

In the finance sector, there was a need to accelerate the implementation of digital payment infrastructure and cross-border settlement systems to maintain financial flows in case physical banking operations are disrupted.

It also suggested expanding digital trade finance solutions to support small and medium enterprises and corporates when the traditional financing is inaccessible. In the case of manufacturing sector, KPMG recommended extending the adoption of AI-powered digital platform for inventory management

and demand forecast across the manufacturing facilities to mitigate the out-of-stock risk.

The need of the hour was large scale adoption of a digital supplier diversification platform that automatically identify and qualify alternative suppliers when primary sources are disrupted, it said.

On wholesale and retail logistics, KPMG suggested promoting digital national infrastructure that integrate the various parties involved in the end-to-end SCM process for B2B sector.

It also suggested adopting advanced AI technology to predict the logistic and custom disruption and offer what if scenarios to reduce the impact and promote resilience. Recommending digital business continuity, KPMG said there was a need for large scale adoption of unified national crisis

communications platform integrating government, private sector, and civil society channels to ensure timely, accurate, and seamless information flow which leads to other disruption.

There was also a need to adopt national business continuity registry platform allowing organizations to declare operational status, access government support programmes; promote AI-powered public information systems capable of detecting and countering misinformation during conflict periods, protecting public confidence in institutions and supply chains; and large scale adoption of digital continuity protocols for critical financial system operations, ensuring that core banking, payments, and settlement functions can operate under degraded physical infrastructure conditions.



Officials of QFMA and QFCRA at the second International Week of Action.

QFMA and QFCRA participate in second International Week of Action

The Qatar Financial Markets Authority (QFMA) and the Qatar Financial Centre Regulatory Authority (QFCRA) participated in the second International Week of Action, a global campaign initiated by the UK's Financial Conduct Authority.

As many as 17 regulatory authorities from around the globe participated in the campaign from April 20 to 24, demonstrating a broad and global commitment to addressing unlawful financial promotions.

Participation included regulators undertaking enforcement actions, regulatory measures, consumer awareness campaigns and/or educational programmes encouraging influencers to act responsibly.

As part of this initiative, the QFMA and QFCRA conducted awareness campaigns to develop community understanding of how to navigate the growing risks posed by firms offering illegal products and/or services, and influencers who promote these financial products and services online, highlighting the types of scams that take place in Qatar.

Millions of consumers increasingly rely on social media for financial information, exposing them to the risk of online promotions involving illegal financial

products and services. This joint action campaign highlights the collective dedication of regulators to consumer protection. For the second consecutive year, regulators joined forces in a coordinated initiative to tackle the risks associated with unlawful financial promotions by influencers.

"The QFMA will continue to cooperate with financial regulators to strengthen consumer protection procedures and to ensure a secure and transparent financial environment that fosters confidence in financial transactions," said Nour Zayed al-Shamali, Director of the International Co-operation Unit and Acting Director of Complaints at the QFMA.

Farah Abdulrahman al-Muftah, Managing Director of Policy, Legal and Enforcement at the QFCRA, said its participation in the International Week of Action aligns with the Third Financial Sector Strategic Plan's focus on strengthening consumer protection and enhancing public awareness across Qatar's financial sector.

"By engaging in this global initiative, the QFCRA reinforces its commitment to safeguarding consumers, promoting transparency and supporting collaborative efforts that build trust in the financial system," she added.

QSE sees Islamic equities make gains amidst overall gloom

By Santhosh V Perumal
Business Reporter

WEEKLY REVIEW

Uncertainties over the failed US-Iran talks had their reflection on the Qatar Stock Exchange (QSE), which closed this week weak.

The banks and transport counters witnessed higher than average selling pressure as the 20-stock Qatar Index shed 0.49% this week which saw QIB report QR368mn in the first quarter (Q1) of 2026. "The market reaction is linked to geopolitics. There has been a negative bias after the US-Iran talks collapsed, although losses have been moderate," an analyst working with a leading commercial bank told Gulf Times.

The Islamic index was seen making gains vis-a-vis declines in the other indices of the main bourse this week, which saw AlRayan Bank report net profit of QR361mn in Q1-2026.

The market was skewed towards shakers in the main market this week which saw Nebras' Q1-2026 net profit at QR295mn. The consumer goods and industrials sectors accounted for about 56% of the trading volumes in the main market this week which saw Doha Bank report net

profit of QR234mn in January-March 2026. More than 59% of the traded constituents extended gains to investors in the main market this week, which saw a total of 0.02mn AlRayan Bank-sponsored exchange traded fund QATR worth QR0.04mn trade across 16 deals. Market capitalisation shed QR3.6bn or 0.56% to QR634.95bn on the back of mid and small cap segments this week which saw a total of 0.04mn Doha Bank-sponsored exchange traded fund QETF worth QR0.44mn trade across 44 transactions.

Trade turnover and volumes were on the decline in the main market this week which saw as many as 70 sovereign sukuk valued at QR0.7mn change hands across seven deals.

Trade turnover and volumes were on the decrease in the venture market this week which saw no trading of treasury bills. The Total Return Index shed 0.49% and the All Share Index by 0.66%, while the All Islamic Index gained 0.34% this week which saw Milaha strategically realign its business segments to deliver a more integrated platform that better serves



The banks and transport counters witnessed higher than average selling pressure as the 20-stock Qatar Index shed 0.49% this week

customers and drive sustainable growth. The banks and financial services sector index tanked 1.61%, transport (1.3%), real estate (0.45%) and telecom (0.19%); whereas insurance gained 1.72%, industrials (1.5%) and consumer goods and services (0.11%) this week which saw Techno Q outline a five-point strategy,

which includes controlled expansion and technology-led differentiation, to strengthen market leadership and ensure profitable trajectory. Of the 54 stocks, as many as 32 declined, while 21 gained and one was unchanged this week which saw KPMG in Qatar view that Doha could see the revival of initial

public offerings or IPOs/listing in the energy sectors in the medium-to-long term in the post Iran-war scenario.

Major shakers in the main market included Aamal Company, Doha bank, Qatar National Cement, Gulf Warehousing, Medicare Group, QNB, Qatar Islamic Bank, Inma Holding, Qatar German Medical Devices, United Development Company, Mazaya Qatar, Ooredoo, Milaha and Nakilat. In the junior bourse, Techno Q saw its shares depreciate in value this week.

Nevertheless, Qatar General Insurance and Reinsurance, Doha Insurance, Dlala, Baladna, Estithmar Holding, QIB, Widam Food, Meeza, Industries Qatar, Mesaieed Petrochemical Holding and Vodafone Qatar were among the movers in the main market this week.

The main bourse saw an 11% contraction in trade volumes to 0.87bn shares, 12% in value to QR2.28bn and 17% in deals to 131,849 this week. In the venture market, trade volumes plummeted 54% to 2.1mn equities, value by 57% to QR4.77mn and transactions by 59% to 409 this week. "Going forward, the trajectory of the market depends on renewed negotiations and the stability of Strait of Hormuz," the analyst said.



The biggest investment risk right now? Risk aversion

By Jamie McGeever
Orlando, Florida

In a swirling world of heightened uncertainty, investors could be forgiven for hunkering down and minimising exposure to proliferating risks. Yet paradoxically, the biggest risk may be risk aversion itself.

With the Iran war set to enter its third month, the largest global energy shock in decades is stifling growth, stoking inflation, and confounding policymakers. And that's on top of the new world order - marked by de-globalization, de-dollarisation, and trade wars - that investors were trying to make sense of before the war started on February 28.

All good reasons to reduce exposure to risk assets like equities and adopt a more defensive posture, right? Not really.

As it turns out, money talks. Specifically, profit. US companies - particularly the tech megacaps - continue to generate bumper earnings, largely driven by the artificial intelligence boom. The possible holes in this narrative, like the potentially unsustainable capex binge and the heavy sector concentration, are well-known. But the fear of missing out - "FOMO" - continues to outweigh everything. Investors are being rewarded for holding

the line. Since the war started, traditional safe havens like gold, US Treasuries, and the Swiss franc have all depreciated, while the Nasdaq and S&P 500 have climbed to new highs. The Nasdaq is up 9% since February 28.

Investors who sought cover found underperformance instead. Other markets around the world have powered ahead too - Japan's Nikkei 225 and South Korea's KOSPI both hit new peaks this week - but none carry the "risk on" torch quite like Wall Street.

BlackRock, the world's biggest money manager with \$14tn of assets under management, last week went overweight US equities.

Meanwhile, JPMorgan's equity strategists upgraded their year-end S&P price forecast to 7,600 points from 7,200, implying a 7% rise from current levels. This was driven by the upward revision to their earnings per share forecast to \$330 - well above the LSEG consensus of \$315 - based on the AI outlook. If a permanent ceasefire in the Middle East is reached, they reckon the S&P 500 could hit 8,000. In other words, the outlook is either great or really great.

Given this backdrop, there are real costs to standing on the sidelines.

The US economy remains the most dynamic in the world - home to the most innovative and profitable companies as well as the most

liquid and efficient markets. The market cap of US stocks is more than 70% of world shares, and US stocks have had a valuation premium over world stocks for the last 24 years.

"No one has been rewarded for selling US equities," says global capital flows expert Brad Setzer at the Council on Foreign Relations. "There's deep reluctance to be underweight the US and risk underperforming."

This echoes the "U.S. exceptionalism" narrative that gained currency in 2024. It holds that investors can't afford not to have large exposure to US equity, especially tech.

While this thesis has been questioned over the past year due to some of President Donald Trump's more unorthodox and controversial policies, the dominance of US hyperscalers has offset any trepidation about the current administration.

Investors might be wary of the direction of US fiscal or foreign policy, but 'selling America' is simply too risky.

There are plenty of reasons why the current Wall Street rally could run out of steam, however. The S&P 500 just recorded its third consecutive weekly rise of 3% or more. As analysts at Jefferies point out, this has only happened twice in the past 75 years: August 1982, and May 2020.

Additionally, trading volume in "call"

options - derivatives contracts that are effectively a bet on further price gains - has reached historically high levels in stocks and exchange-traded funds, especially tech.

This hyper-bullishness means there is little margin for error.

And there are alternatives. Investors wanting exposure to the AI and tech boom have options in Asia, like Taiwan's TSMC, and South Korea's Samsung or SK Hynix. There are also several firms in Europe that stand to benefit from the defense and tech spending splurge likely to come in the years ahead.

Investors wouldn't necessarily be taking a performance hit if they diversify on the margins. While the big three US indices have rebounded strongly from their Iran-war lows in March, Japanese equities as well as the benchmark MSCI Asia ex-Japan and MSCI emerging market indices have performed better year to date.

However, they don't offer nearly the size or liquidity of Wall Street. And in the US, loose financial conditions, strong earnings, and plentiful liquidity all continue to suppress volatility, which, in turn, should attract even more capital.

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

'Bubble' signal flagged by BofA as tech stocks, volatility soar

Bloomberg
New York

A record-smashing rally in technology megacaps has rekindled bubble warnings at Bank of America Corp.

To the firm's strategists, a pattern similar to the dot-com bubble is playing out in the Nasdaq 100 Index, which has risen in tandem with the gauge's measure of 10-day realised volatility for 14 of the 16 days through Wednesday. That's a departure from a historical trend when price swings subside as shares rise.

Technology stocks were among the market's biggest losers during the peak of the Middle East conflict in March. So speculation that the worst is over sent traders gorging both on the megacap shares and the options betting on more upside. The firm's derivatives strategists say that signals a melt-up is in the offing that risks a painful unwind should the selloff resume.

"It's a statement to us that the fear of missing upside seems to outweigh the fear of downside," said Nitin Saksena, Bank of America's head of equity derivatives research. "That's kind of the psychological lens through which people seem to be approaching the market."

Traders have been piling into high-flying technology stocks at breakneck speed as optimism over the ceasefire between the US and Iran swept aside fears of prolonged war. Semiconductor stocks clocked their longest streak of consecutive gains ever. The broader Nasdaq 100 advanced in 14 out of 16 trading days, a pattern last topped in 2013, before slipping on Thursday.

To keep track with the momentum, investors had to buy call options on tech stocks, and the broader market, at a record pace. A ratio of volume of puts to calls on the S&P 500 Index fell below 1 last week for the first time since November 2019, according to data from Cboe Global Markets Inc.

"This is highly unusual as we typically see more puts trading than calls," said Mandy Xu, Cboe's head of derivatives market intelligence.

Instances when historical volatility goes up in tandem with the stock market are rare but not unprecedented, but they tend to happen during recoveries off of crisis-level lows, like in the aftermath of global financial crisis or the Covid-19 pandemic. But this time, the Nasdaq 100 troughed 12% below its peak, while the S&P 500 fell less than 10%.

"What really stood out about this rebound was the persistence, the magnitude and the violence," said Saksena.

How long technology stocks are going to swing in tandem with volatility is anyone's guess - but Saksena suggests traders buy tech call options to take advantage of the risk-on run and simultaneously bet on wider swings in the broader market. One way to play it is via a call spread wagering on a jump in the Invesco QQQ Trust above \$665 by the end of May, combined with a VIX options call spread that pays out if the volatility measure exceeds 24 by May 19.

The stocks-up, volatility-up dynamic isn't exclusive to US stocks, according to Saksena. He flags two recent examples of the pattern: The rally in South Korean stocks that took the Kospi Index up more than 52% this year, and near-record volatility in precious metals at the start of 2025.

"You're starting to see many markets across asset classes experience these dynamics in price, where they seem to be decoupling from fundamentals," he said.

Collapsing volatility boosts returns in carry trades

Bloomberg
New York

DoubleLine Capital and Van Eck Associates Corp are among investors seeing renewed appeal in a currency strategy that's revving up as the Middle East ceasefire helps steady markets and reignite risk appetite.

The carry trade - borrowing where interest rates are low and investing where they're high - was already thriving as the war sparked a surge in oil prices that boosted commodity currencies such as Brazil's real and Colombia's peso.

But now it's getting turbocharged by the relative ebbing of international tensions, which has caused volatility in currencies, bonds and stocks to collapse. That backdrop is giving investors confidence that exchange rates won't swing abruptly against them, as happened in 2024 when the trade combust and roiled markets broadly.

Banks including Citigroup Inc and Goldman Sachs Group Inc, which have been recommending various iterations of the strategy for weeks, are sticking with the calls. One common version of the trade - borrowing in the yen to buy a basket comprising the Brazilian real, Colombian peso and Turkish lira - has gained about 12% in 2026, the best annual start in three years.

"Carry is back in control," said Luis Estrada, a strategist at RBC Capital Markets. "Markets have recovered losses too quickly for most investors to participate, so they're moving from hedging to a yield-seeking regime, while volatility is drifting lower."

The waning market turbulence has energised trades across asset classes. In bonds, wagers that Treasuries will outperform interest-rate swaps - a bet that does well when volatility is low - got



A collection of Brazilian real bank notes. DoubleLine Capital and Van Eck Associates Corp are among investors seeing renewed appeal in a currency strategy that's revving up as the Middle East ceasefire helps steady markets and reignite risk appetite.

a lift from the ceasefire, while the S&P 500 Index set a record high this week.

"The perception of the war ending is the base case now, even if it may be overly optimistic," said Anna Wu, a cross-asset strategist at Van Eck. "In particular, South American FX and yields are really strong at the moment thanks to their commodities links, which make them attractive for carry-trade bets."

At RBC, Estrada suggests betting on Brazilian real gains versus the yen and Chile's peso. Citigroup's recommendations include Mexico's peso, the real and the Turkish lira, while Goldman Sachs strategists have been telling clients to wager on an equally weighted basket of currencies - including the lira and Nigerian naira - against the dollar.

At Bank of America Corp, John Locascio, who heads Latin

America currency-options trading, said hedge funds have been focusing on short-term trades looking for the Brazilian real to advance, while asset managers have been entering longer-term trades using digital options. These trades offer a fixed payout if the real reaches a specified higher level, effectively functioning as an all-or-nothing wager.

Locascio also said Colombia's peso has gained "significant traction" in carry strategies in recent weeks despite the currency's higher volatility and less-liquid status.

The peso is among the currencies that have benefited as costlier oil is expected to buoy energy-producing economies at the expense of countries that depend on imported fuel. And while crude prices are down from their war-time peak, they're still well above levels before the conflict erupted,

keeping that dynamic intact.

"Emerging-market currencies of energy exporters outside the Middle East, particularly those currencies that have elevated real yields, can continue to outperform," said Valerie Ho, a portfolio manager at DoubleLine. "Brazil's real has emerged as a market favourite."

Of course, the volatility backdrop can change in an instant given the fragile nature of the situation in the Middle East. US stocks fell on Thursday and oil rose as tensions picked up with peace talks stalled. On Friday, there were signs of a potential second round of talks between Tehran and Washington.

For Jamie Patton at TCW Group, it all points to investors being too complacent.

"People are loading up the boats with risk in shallow water," said Patton, TCW's co-head of

global rates. "However and wherever you look at risk being priced, it's just too low."

Another concern is that the popularity of the strategy only increases the peril for both traders and the economies they pour cash into.

Crowded wagers on emerging markets - and, on the other side, short bets against currencies like the yen - can spark a rush for the exits depending on global events or changing macroeconomic expectations. A prime example was August 2024, when a policy shift by the Bank of Japan helped upend carry trades, triggering a yen rally and jolting global markets.

An International Monetary Fund report this month flagged the rising sensitivity of hedge-fund performance to emerging-market carry returns in recent years. That suggests the unwinding of these trades, typically considered the territory of hot money that can flee quickly in times of stress, could put pressure on developing nations.

For now, though, investors appear to be banking on the peace initiative to prevail. In currencies, a JPMorgan measure of volatility has tumbled from a multi-month high reached at the end of March, and is now around its lowest level since January.

That reversal is a boon for the carry trade because investors using the strategy rely on picking up small bits of yield over time, returns that can be swiftly wiped out by swings in exchange rates. So the calmer markets are, the better the approach looks on a risk-adjusted basis.

"Markets always look through to the other end, and the carry trade is an opportunity to make money in a risk-on environment," said George Boubouras, head of research at hedge fund K2 Asset Management. "But we may see some reversals in the next 30 to 90 days, potentially because it's run so well."

Fed has multiple ways to measure 'underlying' inflation: Warsh

Reuters
Washington

Federal Reserve Chair nominee Kevin Warsh has called for a major rethink of how to measure inflation, but he may have less trouble finding new ideas at the central bank than in choosing from an expanding set of alternate models, measures and forecasts designed to understand how the price level is changing.

One month of recent data shows the dilemma.

February inflation numbers under the key measure tracked by the Fed came in nearly a percentage point above the central bank's 2% target. Separate calculations at the Dallas Federal Reserve, using a methodology preferred by Warsh that discards outliers like the 384% annualised price jump for moving services or the 50% annualised crash for calculators and typewriters, suggested a close-to-target pace of just 2.3%.

The Cleveland Fed's Center for Inflation Research, meanwhile, focused on the median pace of price increases and found it close to the Bureau of Economic Analysis' headline number, while a more complex

statistical model created by the New York Fed suggested underlying trend inflation was getting even worse at 3.1%.

The idea that a "true" measure of underlying inflation is at hand and so far overlooked by the Fed, said Omair Sharif, president and founder of Inflation Insights, "sounded like somebody who has not been in the building for a while and has not looked at inflation research since he left the Fed" in 2011 after a term as governor.

Sharif noted that the alternative measure Warsh said he favoured at his Senate confirmation hearing on Tuesday, known as the trimmed mean, currently had the lowest inflation rate among the different common measurements - and was thus more compatible with the rate cuts expected by President Donald Trump - but also missed the broadening and acceleration of inflation in 2021, a key data lapse that more commonly used inflation statistics captured. The trimmed mean measure maintained by the Dallas Fed, constructed by discarding items with outsized changes and averaging what remains, may be understating inflation in the current moment as well because of changes in the comparative "skew" between the fastest and slowest price changes.



Kevin Warsh.

The benefit of sticking with well-worn measures, like the personal consumption expenditures price index excluding food and energy, or core PCE, "is that it is better known in the market and possibly easier to explain with limited reference to statistics," Krishna Guha, vice chair of Evercore ISI, wrote in an analysis of Warsh's comments about developing a new Fed inflation framework.

While core PCE is considered the bet-

ter guide to trend inflation, the Fed uses headline PCE for its 2% target. Warsh did not explicitly suggest changes to that target but did say focus should be "left of the decimal point," hinting at a tolerance for inflation some degree above the goal.

Warsh's hearing highlighted a number of areas he feels are ripe for reform, but his determination to fight what he called "the tyranny of the status quo" doesn't mean that "a new framework, new tools, and... new communications" will be easily developed or successful.

The Fed can be hard to change, with its Washington-based Board of Governors, an influential team of board economists, 12 regional banks with their own staff and philosophies, and an array of former officials and staff often tapped to contribute to research or other debates. Current Chair Jerome Powell, for example, shares some of Warsh's criticism of the Fed's communications tools but was largely rebuffed by other policymakers and staff when he suggested changes last year.

But neither is thinking fixed. When many mainstream economists argued in 2022, for example, that fast Fed rate hikes risked massive unemployment, research by Governor Christopher Waller and staff

economist Andrew Figura showed why that was unlikely, and helped ease policymakers' concerns about raising rates to control inflation.

The Fed even ditched the "status quo" altogether in 2020 with a new framework that showed it could adopt new ideas, and also showed the risks of doing so. That new framework was abandoned just last year for having downplayed inflation at precisely the wrong moment and delaying policymakers' response.

Much like the Powell Fed bet it could improve economic outcomes by lifting subpar inflation to test the limit of maximum employment with lower rates, Warsh is betting he can test the borders of non-inflationary economic growth with lower rates on the grounds that artificial intelligence will improve productivity and thus ease the pressure to raise prices.

In his hearing Warsh hedged on the timing, leaving his short-term rates outlook up in the air.

But the direction was clear. AI could "increase the potential output of the economy," Warsh said in response to questions from lawmakers concerned that misreading its impact could mean a policy mistake and higher inflation.

DeepSeek previews new AI model adapted to run on Huawei chips

Reuters
Beijing

DeepSeek, the Chinese startup whose low-cost AI model stunned the world last year, on Friday launched a preview of a highly awaited new model adapted for Huawei chip technology, underlining China's growing self-sufficiency in the sector. The Pro version of the new model outperforms other open-source models in world-knowledge benchmarks, trailing only Google's closed-source Gemini-Pro-3.1, DeepSeek said.

The close collaboration with Huawei on the new model, the V4, contrasts with DeepSeek's past reliance on Nvidia's chips.

"This is a big deal for China's AI industry," said He Hui, director of semiconductor research at consultancy Omdia.

"Huawei's Ascend chips are the country's best homegrown alternative to Nvidia, and supporting DeepSeek V4 shows that top Chinese AI models can now run on Chinese hardware."

Most leading AI models are trained and run on chips made by Nvidia. Huawei said its chips were used in some of the V4's training process.

DeepSeek's pivot underscores concerns raised by Nvidia CEO Jensen Huang and others that the US firm risks losing its developer ecosystem in China due to US export controls and Beijing's self-sufficiency push.

"The day that DeepSeek comes out on Huawei first, that is a horrible outcome for our nation," Huang said in a Dwarkey Podcast interview this month.

DeepSeek has often been hit with accusations by Washington and US rivals that its success owes much to the improper use of US know-how, and Friday's launch comes one day after the White House accused China of stealing US AI labs' intellectual property on an industrial scale.

It was not clear, however, if the issue is large enough to strain relations ahead of a visit by US President Donald Trump to Beijing next month to



The headquarters of Chinese AI startup DeepSeek in Hangzhou in China's eastern Zhejiang province. DeepSeek released a new artificial intelligence model with 'drastically reduced costs yesterday, more than a year after it stunned the world with a low-cost reasoning model that matched the capabilities of US rivals.

meet with China's leader, Xi Jinping.

For its part, DeepSeek has acknowledged the use of Nvidia chips but has not commented on whether those particular chips were subject to export bans. It has also said it has not intentionally used synthetic data generated by OpenAI.

Washington began to restrict China's access to advanced AI chips made by US firms in 2022 and since then Beijing has accelerated its push to achieve tech self-sufficiency.

Huawei said it had worked closely with DeepSeek so the new V4 models could run across its full line of high-performance Ascend systems.

Nvidia now faces even more of an uphill battle in regaining market share in China.

The Trump administration in January gave the green light for Nvidia's powerful H200 chips to be sold in China but sources have said that shipments have been stymied by disagreements over the terms of the sales both in China and the US.

Nvidia's shares were flat in pre-market trading. Chinese chipmakers rallied on expectations for wider use

of homegrown chips, with Huahong Semiconductor and SMIC surging 15% and 10% respectively.

Many Western and some Asian governments have banned their institutions and officials from using DeepSeek, citing data privacy concerns. Nevertheless, DeepSeek's models have consistently been among the most used on international platforms that host open-source models.

In China, despite rocketing to national champion status a year ago, its lead has evaporated amid a slew of competitive offerings from domestic rivals. DeepSeek said on Friday that the V4 would be particularly suited to AI agent work, which can execute more complex tasks than chatbots but needs more computing power.

Just how successful it will be remains to be seen.

"The rapid iteration of new AI models makes it difficult to determine an ultimate winner. We believe the market is not a 'winner-takes-all' scenario; instead, success will depend on monetization, adoption rates, and sustainable revenue from services," Citi analysts said in a note.

Most Asia stocks end higher

AFP
Hong Kong

Oil prices extended gains on Friday and most Asian stocks rose as investors worried about a lack of progress in ending the Middle East crisis, with Tehran keeping the Strait of Hormuz closed and the US maintaining a blockade of Iranian ports.

In Tokyo, the Nikkei 225 closed up 1.0% to 59,716.18 points; Hong Kong - Hang Seng Index ended up 0.2% to 25,978.07 points and Shanghai - Composite closed down 0.3% to 4,079.90 points yesterday.

A week that started with hopes the two sides would eventually hold peace talks was set to end on a negative note, with Donald Trump saying he had "all the time in the world" despite fears about the impact of the war on the global economy.

With few developments to fuel buying, traders took a cautious approach heading into the weekend and ahead of a slew of earnings next week from Wall Street titans including Alphabet, Meta, Microsoft, Amazon and Apple. Crude has jumped about a fifth in the past week, having tumbled last week to one-month lows on optimism that a peace agreement would be reached.

Both main contracts rose more than one percent Friday, having advanced around three percent the day before, with Iran refusing to join talks while the US blockade remained in place. With the Strait of Hormuz effectively closed, the International Energy Agency

warned liquefied natural gas (LNG) supplies were likely to remain strained through the end of 2027. The waterway usually sees a fifth of global oil and gas supplies pass through it. Trump took to Truth Social on Thursday to announce: "I have all the time in the World, but Iran doesn't -- The clock is ticking!" He added that Iran's military was destroyed and "their leaders are no longer with us, the Blockade is airtight and strong and, from there, it only gets worse".

He also vowed the United States would destroy any vessel laying mines in the Strait of Hormuz but ruled out striking the country with a nuclear weapon, saying they "should never be allowed to be used by anybody". Meanwhile, US military officials said the USS George H.W. Bush aircraft carrier had arrived in the Middle East, bringing the number of the massive American warships operating in the region to three. The standoff weighed on equity markets, with Shanghai, Sydney, Seoul, Singapore, Mumbai, Bangkok, Manila, Wellington and Jakarta all down. However, Taipei surged more than three percent thanks to a rally in chip titan TSMC, which hit a record high, after Taiwanese officials said they would ease a rule preventing more than 10% of a fund's net asset value being invested in any single stock.

"Market confidence has started to shift into a more cautious phase, as new comments from Iran suggest that a full reopening of the Strait of Hormuz is not possible while US blockades remain in place," wrote Julian Pineda, market analyst at City Index.

EM equities rise, currencies decline

Reuters
Singapore

Most emerging market (EM) stocks and currencies were on track for weekly losses on Friday as uncertainty around a lasting end to the US-Iran conflict kept crude prices higher and turned investors averse to riskier assets.

Global markets see-sawed for much of the week as investors reacted to headlines that raised hopes of an imminent end to the conflict, even as developments in the Middle East offered little cause for optimism.

MSCI's index tracking emerging market stocks edged up 0.6% on Friday and was set for small weekly gains as tech-heavy Asian stocks in Korea and Taiwan did much of the heavy lifting on artificial intelligence optimism and strong results from SK Hynix.

However, indexes tracking bourses in the Asean region, emerging Europe and Latin America were headed for weekly declines. A broader EM currencies index dipped 0.1% and was set for weekly losses as investors flocked to the safe-haven dollar.

Currencies such as Indonesia's rupiah and In-

dia's rupee hovered near record lows, prompting defensive actions by their respective central banks earlier this week. Meanwhile, hawkish monetary policy decisions by central banks in Turkey and the Philippines, stemming from inflation concerns, did little to stall the slide in the peso and the lira.

"An inflation shock seems unavoidable now, and the key question is the intensity and duration," Bas van Geffen, senior macro strategist at Rabobank, said in a note. "The longer the conflict in the Middle East remains unresolved, the bigger the stagflationary impact will be."

Further greenback strength and higher crude prices, denominated in dollars, are likely to pressure developing economies' fiscal and current account balances, with a majority of the countries also having to face elevated costs when servicing their hard-currency debt.

S&P Global Ratings warned that the risks to African sovereign credit scores were likely to worsen, with Egypt, Mozambique and Rwanda among the "most exposed".

Fitch downgraded Mozambique debt deeper to junk status on Thursday, with the International Monetary Fund saying it will send a team to the country in June for advance talks on a new loan programme.

Chinese EVs, flying cars take centre stage at biggest auto show

AFP
Beijing

Thousands squeezed into the world's biggest car show on Friday, snapping selfies beside Chinese electric vehicles as automakers showcased AI, humanoid robots and flying-car ambitions in a cut-throat market.

Rows of influencers posed in front of gleaming models at the capital's cavernous international exhibition centre, darting to suitcases stuffed with outfit changes, while animated CEOs worked the crowds in front of massive LED screens. Legacy overseas brands such as Volkswagen, Toyota and BMW once dominated in China, but have lost market share in past years to domestic firms that beat them to the electric vehicle revolution and undercut them on price.

Chinese manufacturers including BYD, Xiaomi and XPeng are now also at the forefront of integrating AI software and autonomous driving technology into their EVs. The Auto China exhibition, hosted

at two side-by-side venues, spans 380,000 square metres (4m square feet), according to organisers - more than 50 football pitches.

More than 1,400 vehicles from hundreds of Chinese and foreign companies are on display from Friday, when the show opened to industry professionals and the media, and later to the public from April 28 until May 3.

While traditional leading brands like Germany's BMW and Mercedes held sweeping areas of the vast halls, most of the event's mega stages were dominated by Chinese brands including BYD and battery giant CATL.

At the sprawling expo, crowds cheered as XPeng chief executive He Xiaopeng unveiled the company's new GX, a six-seat electric SUV.

The imposing 5.2-metre vehicle incorporates AI technology and is aimed at breaking into the luxury market, He said.

It would soon be followed by humanoid robots this year, He promised, and eventually by flying



People gather at the Beijing International Automotive Exhibition (Auto China), in Beijing. Thousands squeezed into the world's biggest car show yesterday, snapping selfies beside Chinese electric vehicles as automakers showcased AI, humanoid robots and flying-car ambitions in a cut-throat market.

cars, which XPeng hopes to mass-produce. Foreign automakers are increasingly collaborating with Chinese firms to stay competitive. BMW has partnered with CATL, while Audi is using Huawei's

driving assistance systems and Volkswagen is co-developing EVs with Guangzhou-based XPeng. XPeng President Brian Gu said companies were "leveraging their respective strength to collaborate

with China" a trend he said would continue. Gu has his eyes set on export markets including the Gulf and Europe, where he anticipates growth to accelerate.

"In the last year, we started local production, and this year we are going to launch even more new products for the European market" which he said was responsible for half of XPeng's global sales in 2025. Asked by AFP how Trump's tariffs were affecting XPeng, he said only that the US market remained an important one.

This year, companies are also jostling to sell space, analysts say, with roomy SUVs' new growth area targeting customers prioritising seating and comfort. China "has become a customer retention and replacement/upgrade-driven market, and these big SUVs address that need," independent analyst Lei Xing wrote in a blog this week.

Firms have flooded the domestic market in recent years with trade-in schemes, offering huge discounts to customers to give up their old car for a new one.

The fierce price war led Chinese officials last year to call for tighter price monitoring and improving long-term regulation of competition.

But newcomers appear unfazed, Lei wrote, naming at least eight EV brands from Chinese automakers that have cropped up over the last two years. Electric vehicles, an area China dominates, are also gaining traction as rising global oil prices linked to the Middle East war push drivers away from fossil fuel-powered models.

Chinese tech on display Friday went beyond the road. Dozens of people queued to clamber into an enormous air taxi, a 10-seater from Chinese aviation startup AutoFlight, part of China's wider push to dominate the low-altitude economy.

For Chinese auto enthusiast Dai, domestic EVs were the expo's clear main characters. "In comparison, foreign brands seem to have a weaker presence and less visibility," the 30-year-old influencer, who gave only his surname, said.

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US chipmakers hit record highs as Intel turbocharges AI rally

Reuters
New York

US chip stocks soared to record highs on Friday as Intel's unexpectedly strong revenue forecast reinforced confidence that the AI boom powering this year's rally in the semiconductor sector is showing no signs of slowing down.

The foremost stock index for chip makers - the Philadelphia SE Semiconductor Index - rose 3.2% to an all-time high and was on track to extend its record-breaking streak of single-day gains to 18. The index has gained more than 47% this year.

Chip stocks have been some of the biggest gainers of the spending spree by tech giants on scaling up their AI infrastructure.

"The AI build-out race is still on. We are seeing solid results, especially for semiconductors and no sign that demand for AI is slowing down," said Angelo Kourkafas, senior global investment strategist at Edward Jones.

The semiconductors sub-indus-

try alone is expected to record first-quarter earnings growth of 109.2% - much higher than the broader S&P 500 information technology sector whose earnings growth is seen at 48.2%, according to LSEG data.

Intel surged 22.6% to soar past its dotcom-era peak from 2000, following a robust revenue outlook that signaled strong demand for central processors (CPUs) that power the way AI models answer user queries.

Rivals AMD and Arm also climbed 13.7% and 12%, respectively.

Nvidia, now the world's most valuable company, rose 1.6%. Much of last year's rally in chip stocks was driven by Nvidia, whose gains were fuelled by strong demand for its flagship graphics processing units (GPUs) that are used for tasks like training models on large datasets.

Edward Jones' Kourkafas also pointed to renewed enthusiasm for the broader tech sector, especially driven by semiconductors, after a recent dip in valuations.

"Over the last 12 months, tech valuations have cheapened and have come in broadly in line with

the overall market," Kourkafas said.

AI-related and other Big Tech stocks were under pressure earlier this year as investors grew uneasy over huge spending without near-term proof it would translate into faster revenue, stronger margins and higher cash flow. The S&P 500 information technology index's price-to-earnings ratio has dropped to around 22 times its 12-month forward earnings from a peak of around 31.8 last year.

US tech stocks also seemed to shrug off a preview of a new AI model from Chinese startup DeepSeek, whose low-cost AI model rocked Wall Street last year.

"Over time, people have come to realize that actually they're not the threat that they seemed to be. The market's saying, 'Hang on, we're not going to be bitten twice with this,'" said David Morrison, senior market analyst at Trade Nation, referring to the threat from DeepSeek.

The Philadelphia chips index was last trading at around 26.6 times its 12-month forward earnings estimates, compared to around 20.7 for the S&P 500.

Google to invest up to \$40bn in Anthropic

Bloomberg
San Francisco

Google will invest \$10bn in Anthropic PBC, with another \$30bn potentially to follow, strengthening the relationship between two companies that are at once partners and rivals in the race to build artificial intelligence. Anthropic said that Google is committing to invest \$10bn now in cash at a \$350bn valuation, the same amount it was valued at in a funding round in February, not including the recent money raised. The Alphabet Inc-owned company will invest another \$30bn if Anthropic hits performance targets, the startup said Friday, and support a significant expansion of Anthropic's computing capacity.

Anthropic has ramped up its fundraising amid the breakout success of Claude Code, an AI agent that speeds the process of writing computer software. The startup said earlier this week that it nabbed another \$5bn from Amazon, also at a valuation of \$350bn, with the option to inject another \$20bn over time. Anthropic

raised \$30bn in February and investors have since sought to back the firm at a valuation of \$800bn or more.

Anthropic is a major customer of Google's chips and cloud services, businesses that Google is striving to grow as its main moneymaker, search advertising, matures. Google Cloud will provide 5 gigawatts worth of computing capacity to Anthropic over the next five years, and several more gigawatts could follow.

The deal marks an expansion of an agreement announced earlier this month between Anthropic, Google and Broadcom Inc (A single gigawatt is enough to power about 750,000 US homes at any given time.)

Google's tensor processing units, or TPUs, are one of the best alternatives to Nvidia's chips, making them a scarce and precious resource for Anthropic and other AI developers in a business that requires tremendous amounts of computing power.

Anthropic, which is considering an initial public offering as soon as October, has been on the hunt for more infrastructure

to meet growing demand for its products. Claude Code has quickly become the go-to for engineers across Silicon Valley, including some at Google, spurring a scramble in the rest of the industry to catch up. Anthropic's Cowork agent, which does not require coding skill and can be used to complete a wider range of tasks, is also growing quickly, according to the company. Anthropic Chief Executive Officer Dario Amodei worked at Google as an AI researcher earlier in his career. The companies have maintained close ties since Amodei founded Anthropic with a group of former OpenAI employees in 2021. Last year, Google said it would provide up to 1mn of its TPU chips to Anthropic, in a deal worth tens of billions of dollars. The search giant had already invested about \$3bn into the startup by that point. Yet as Google pours more money into Anthropic, the companies are also battling to be the first to create AI that can match humans' capabilities, and to put their tools in the hands of businesses across the economy.

Russian central bank cuts key rate, raises oil price forecast on Iran war

Reuters
Moscow

The Russian central bank reduced its key rate by 50 basis points to 14.5% on Friday, as expected by analysts, despite pressure from businesses to cut faster to boost the economy, which contracted by 1.8% in the first two months of the year.

The central bank governor Elvira Nabiullina urged caution on the impact of the Iran war and a blockade of the Strait of Hormuz, which has sent prices for Russia's export commodities soaring even as Russia has had to cut oil output due to Ukrainian drone attacks on ports and refineries.

"If the conflict drags on, the adverse effects for the Russian economy will be strengthening. The implications caused by a global rise in costs might turn out to be more serious than the benefits from larger exports and a stronger rouble," she said. "The situation in the Middle East remains a factor of uncertainty," she said.

However, the central bank raised its forecast for the average oil price, used for the calculation of budget revenues, in 2026 by 45% to \$65 per barrel, and said that the higher price will boost economic growth later this year.

In its statement, the central bank blamed one-off factors such as a value-added tax increase at the start of the year, which hit many small and medium-sized businesses, as well as heavy snowfalls across the country, for the contraction.

"The abnormal frosts and snowfalls at the beginning of this year led to forced downtime in the first quarter, and therefore, construction companies will make efforts to catch up in the next quarter," she said.

The central bank added that since the contraction was largely driven by one-off factors, it decided to leave

its forecast for economic growth in 2026 unchanged at between 0.5% and 1.5%.

Nabiullina's first deputy, Alexei Zabolotkin, said first quarter GDP data, which will be released in May, will be different "for the better" from the data in January and February.

Nabiullina said that she saw no risks of the economy overcooling. She stressed that the central bank will cut faster only if inflation falls below the target level of 4% from the current 5.9% and unemployment starts rising.

"It took humanity 50 years to return to the Moon. We will also return to 4% inflation, I am sure of it, and I am confident that it will happen much faster," she said.

President Vladimir Putin scolded his top officials last week for the economic contraction, urging them to devise new measures to boost growth. Russian businesses see 12% as the key rate level at which economic growth can resume.

Several major companies, including steelmaker Severstal and aluminium maker Rusal reported a quarterly loss or a fall in profit, attributing their results to the central bank's tight monetary policy.

Nabiullina said that productivity growth was key to the resumption of overall growth, stressing that the central bank saw its role as financial markets regulator in ensuring that capital flows to more productive sectors of the economy.

The central bank said that any potential changes in fiscal policy in favour of accelerated spending and a higher deficit could push it toward keeping the key rate higher for a longer period.

"In case of higher expenditures accompanied by growth in the structural budget deficit, tighter monetary policy will be required than that under the baseline scenario," the central bank said.

ECB to raise rates in June on war-driven inflation, but path beyond unclear

Reuters
Frankfurt

The European Central Bank (ECB) will hold its deposit rate on April 30 but hike it in June, according to just over half of economists polled by Reuters, in a bid to prevent a war-fuelled energy shock from knocking the eurozone economy off balance.

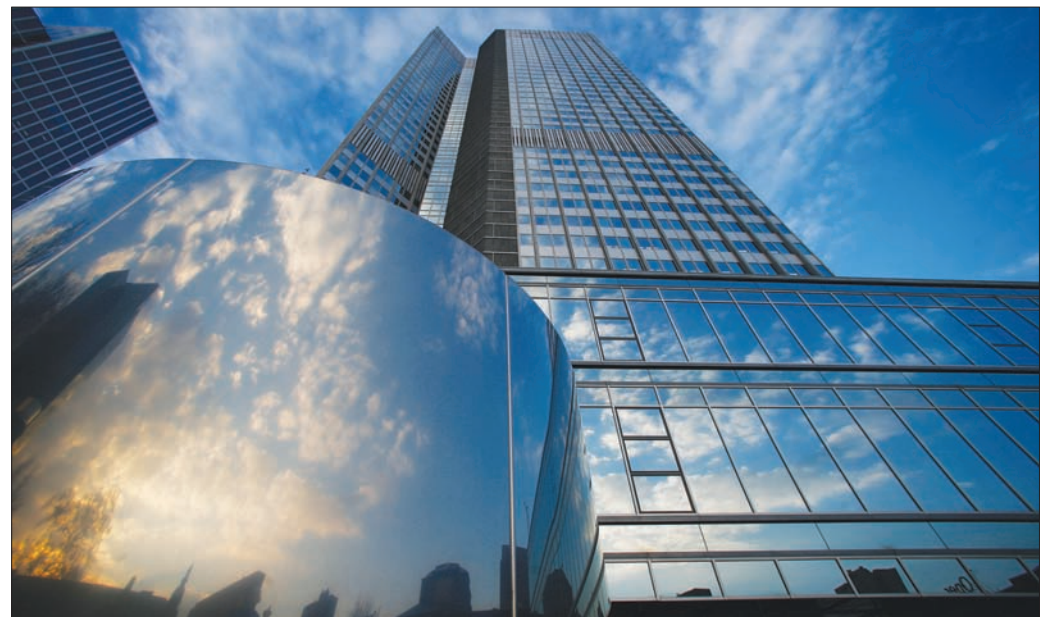
Economists, however, failed to agree on what would follow June's quarter-point lift, largely seen as an insurance move because the extent of any second-round inflationary effects arising from higher fuel prices was still unclear.

Oil prices have surged during nearly two months of war in the Middle East, pushing inflation well above the ECB's 2% target, leading financial markets to price in more than two rate increases this year and dampening business and consumer sentiment.

ECB policymakers have sounded more determined than their peers to contain inflation but have played down the likelihood of an immediate rate rise, citing insufficient evidence that energy costs, which they can't control, are spilling into broader price rises.

The central bank is still haunted by its slow reaction to a rapid inflation surge in 2022, while also wary of repeating its 2011 mistake, when it raised rates twice in four months as commodity prices climbed, making a euro zone debt crisis worse.

All but one of 85 economists in the April 17 to 23 Reuters poll



The headquarters of the European Central Bank in Frankfurt. The ECB will hold its deposit rate on April 30 but hike it in June, according to just over half of economists polled by Reuters, in a bid to prevent a war-fuelled energy shock from knocking the eurozone economy off balance.

predicted the ECB would hold its deposit rate at 2% next week.

Just over half - 44 - forecast a June increase to 2.25%, while 40 expected no change. Until late last month, most economists had expected rates to stay unchanged this year.

"The ECB will try to avoid a repeat of 2011. They need to have some clarity that whenever they hike, they're not going to have to undo that quickly. And that's a reason to move in June rather than in April," Ruben Segura-Cayuela, head of the European economics research at Bank of America, said. "There's still a scenario in which

the ECB looks through the shock ... The risk is the activity will react a bit more negatively than we are expecting. That might create additional incentives to delay hikes. And once you delay hikes, at some point, you might decide not to hike at all."

Among economists there was no consensus on the path beyond June. Thirty-four of 85 expected at least one further increase by year-end.

"The ECB doesn't have the luxury to wait for the second-round effects to show up in the data. If they do see it in the data, it's already too late. And that's

why we think they will deliver two interest rate hikes in June and September out of precautionary and forward-looking considerations," Anna Titareva, European economist at UBS, said.

More than 40%, 35 of 85, still expect no rate changes this year.

"I think right now, if oil stays around the \$100 mark, it will give the ECB cover to just sort of sit back and watch inflation expectations ... as long as they're not getting out of control, that's valid reason enough for the ECB to stay on the sidelines," Jennifer Lee, senior economist at BMO Capital Markets, said.

Fed official cautions Wall Street CEOs against capital gripes

Bloomberg
Washington

The Federal Reserve's top bank cop recently told Wall Street leaders to support capital plans that are widely seen as a win for industry and stop asking for carve outs. Instead, some big banks have continued to slam the proposals and call for more changes. Fed Vice Chair for Supervision Michelle Bowman in early April met in Washington with chief executive officers from the likes of JPMorgan Chase & Co and Goldman Sachs Group Inc, and urged officials to consider the overall effect of the capital proposals which will reduce industry requirements as a whole, according to people familiar with the matter.

Some bankers walked away from the exchange with the view that they should limit their public comments - which are due by mid-June - to constructive feedback that helps to advance the plans, since the capital proposals are unlikely to undergo major changes,

said the people who asked for anonymity to discuss private meetings.

A spokesperson for the Fed declined to comment. Over the past year, regulators have worked to relax Washington's matrix of banking regulations, which Wall Street has long viewed as overly complex and burdensome. While those plans have largely represented a victory for the industry, big lenders since have called for a further easing of capital requirements, which determine how much banks must keep in reserve to buffer against potential losses.

Bowman has spearheaded the effort since she was tapped last year by President Donald Trump to become the Fed's top bank cop. Those plans include a major package of proposals unveiled in March that would lower the surcharge for the biggest US banks and increase capital requirements tied to Basel III, an international accord that is intended to prevent future bank failures. The Fed has said that when



Michelle Bowman, Fed's vice-chair for supervision.

combined the recent proposals are expected to result in a "moderate decrease" in capital requirements for some banks. That is a stark change from 2023, when banking groups came together to fiercely campaign against a plan to significantly hike capital requirements. That earlier proposal, known as Basel III

Endgame, was never finalized. Since that meeting with Bowman, Wall Street leaders have criticized some of the Trump-era measures, with JPMorgan's Jamie Dimon saying the plans would lock up funds "for no good reason" and Citigroup Inc's Jane Fraser calling them an improvement but "not yet where it should be."

JPMorgan emphasised in a recent earnings' call that while requirements are going down for much of the industry they could be forced to hold onto \$20bn more of capital. Previously, the Bank Policy Institute and the American Bankers Association have griped in public comments that certain aspects of another capital proposal related to stress tests are "overly severe and implausible" given current market dynamics.

The Fed said in December 2024 it would overhaul the annual tests - which gauge how banks would fare during a hypothetical recession - but later that same month industry groups sued the agency. Since then, the Fed has proposed a number of stress-test changes which would give lenders an early peek into criteria for upcoming exams, among other changes, in a move critics say would turn the annual test into an "open-book exam."

Some of the people familiar with Bowman's recent meeting said that although she is open to all

comments, bankers should avoid submitting letters related to the big-bank surcharge and Basel III plans that resemble the industry's demanding tone on stress tests. Bowman's message to bank CEOs comes at a pivotal moment, with regulators trying to finalize some of the biggest capital rule changes since those enacted following the 2008 financial crisis. Banks were united in their fight against the 2023 proposal under then-Vice Chair for Supervision Michael Barr but there now seems to be tension among Wall Street lenders around the March package, according to industry analysts, because they want specific reforms that cater to each bank's unique business model and balance sheet. "There's a bit of a prisoner's dilemma here: Banks could stay united and collectively push for bigger capital reductions across-the-board, or they could each bombard the agencies with requests for special favors and risk delaying or even blocking a final rule," said Jeremy Kress, a former Fed bank policy attorney.