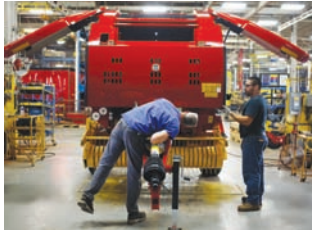


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INFLATION FEAR | Page 4

US manufacturing sector holds steady in April; input costs hit 4-year high

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SHARES ON LOSING STREAK: Page 2

Wall Street is bullish on Oracle, but investors aren't buying it

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البنك التجاري
COMMERCIAL BANK

Malaysia and Qatar eye gateway role to drive mutual growth: Envoy

By Peter Alagos
Business Editor

Malaysia and Qatar are exploring deeper strategic alignment beyond energy and diplomacy to encompass investment, digital infrastructure, and economic diversification, amid shifts in global trade patterns and inter-regional partnerships.

"Ultimately, Malaysia can position itself as a gateway to Asean, while Qatar serves as a gateway to the Middle East, creating a complementary and mutually beneficial partnership," Malaysian ambassador Faizal Razali told *Gulf Times* in an exclusive interview.

Razali described Qatar's foreign policy as "pragmatic and diversification-driven," underpinned by stability-enhancing diplomacy and a preference for maintaining open channels with multiple global actors, which he said, reinforces its image as "a reliable partner for trade and investment."

The ambassador lauded Qatar for actively pursuing economic diplomacy to widen market access, attract capital, and build future sectors, such as technology, sustainability, logistics, and advanced services. He further noted that Qatar is also moving into new sectors, particularly AI and innovative industries, with projects being reactivated and resumed and a clear push to bring in fresh investment.

Razali said as Qatar continues to seek opportunities to expand its export reach within the Middle East, partners such as Malaysia are well-placed to support this growth, particularly by contributing capabilities in areas that deepen the country's industrial and commercial ecosystem.

Qatar's continued growth in its business ecosystem and industrial capability presents an opportunity for partners such as Malaysia to contribute meaningfully, particularly in areas where complementary strengths can add value, he pointed out.

The ambassador further noted that Qatar remains highly attractive in terms of quality of life, particularly for families and expatriates, describing the environment as safe, stable, and welcoming, factors that make it a preferred destination for foreign professionals.

He said existing platforms such as the Joint Business Council (JBC) and Malaysia-Qatar business linkages provide a foundation that both sides should further activate and utilise, and called for a more structured Malaysia-Qatar task force or engagement plat-



Malaysian ambassador Faizal Razali.

form, particularly in key sectors, to drive co-operation more effectively.

Companies from both countries should be encouraged to work more closely together, with Malaysia serving as a bridge into Asean markets and Qatar acting as a gateway into the Middle East, he said.

On the role of Malaysia's embassy in facilitating bilateral business, the ambassador said the mission has established the Malaysia Business Executive Council (MBEC) to strengthen the Malaysian business community in Qatar and serve as a platform for coordinating engagements and identifying opportunities.

He said the embassy has facilitated high-level meetings with key Qatari stakeholders, including the Minister of State for Foreign Trade Affairs HE Dr Ahmed bin Mohammed al-Sayed, Qatari Businessmen Association (QBA), and Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani, while also leveraging Asean-related engagements where relevant. The embassy is also encouraging the MBEC to engage with other business councils, including those representing India and Bangladesh, to broaden regional networks and expand collaboration opportunities, he noted.

The ambassador said the embassy is promoting Malaysian participation in key trade fairs and exhibitions in Qatar, organising sector-focused trade missions targeting high-potential industries, such as halal, food security, and the digital economy. Among the flagship events being promoted are the Malaysia International Halal Showcase (MIHAS) and Visit Malaysia 2026, he

noted, adding that the embassy is also engaging Qatar Post to facilitate e-commerce linkages and leveraging Malaysia's network of 11 e-commerce hubs to support bilateral trade.

There are currently 37 Malaysian companies operating in Qatar, the ambassador said, spanning a wide range of sectors including construction, infrastructure, ICT, and services.

He said doing business in Qatar has matured well beyond an exploratory stage, with the Qatar brand, built on its unique environment, strategic position as an important hub, and the breadth of opportunities available, remaining highly credible and appealing to the Malaysian business community.

"Malaysia's strong brand, particularly in terms of quality, reliability and capability, remains an important asset in Qatar. There is an opportunity for Qatar to further open up and provide greater exposure to Malaysian businesses to expand their presence," he emphasised.

Addressing both nations directly, Razali said Qatar should be seen not only as an energy partner but as a strategic investment and collaboration destination, while Malaysia offers stability, trustworthiness, and strong capabilities across multiple sectors. "The synergy between both countries can be strengthened further, particularly through deeper economic engagement. For both, the world is looking for stability, but stability without growth is dead. Malaysia is not looking just for investment; we are looking for partners, and Qatar has been one," Razali added.



The award recognises QNB Group's leadership in advancing sustainable finance and its commitment to supporting economic growth across the region

QNB Group named 'Sustainable Lender of the Year' at 2026 Middle East Transition Finance Awards

QNB Group has been named 'Sustainable Lender of the Year' at the 2026 Middle East Transition Finance Awards, organised by Environmental Finance.

Selected by an independent panel of industry experts, the award recognises QNB Group's leadership in advancing sustainable finance and its commitment to supporting economic growth across the region.

By the end of 2025, QNB Group's sustainable financing portfolio reached approximately \$11.34bn, representing a 21% year-on-year increase.

This growth was driven by expansion across green, social, and sustainability-linked loans, alongside increased participation in sustainable syndications, with the group involved in approximately \$20bn of sustainability-linked loan transactions.

Green loans increased to \$4.1bn, social loans reached \$5.0bn, and sustainability-linked loans grew to \$1.4bn, reflecting continued alignment of financing activities with sustainability objectives.

The recognition reflects QNB Group's continued efforts to integrate sustainability across its

business activities and value chain. The group has made meaningful progress in expanding its sustainable finance portfolio and supporting clients' transition journeys across key sectors, underpinned by a disciplined approach, robust frameworks, and alignment with international best practices.

QNB Group's sustainable finance activities are guided by its Sustainable Finance and Product Framework, aligned with international principles and best practices. The group has also demonstrated leadership in climate risk management, becoming the first bank in Qatar to announce a Net Zero 2050 ambition and among the first in the region to align its disclosures with International Financial Reporting Standards sustainability requirements, including independently assured, group-wide Scope 3 financed emissions.

The recognition underscores QNB Group's commitment to embedding sustainability at the core of its strategy, supporting clients in their transition to a low-carbon economy, and contributing to long-term value creation in line with the Qatar National Vision 2030 and the development of a more sustainable economy.

Interest rate hikes may be needed if inflation surges: Fed official

AFP
Washington

US Federal Reserve official warned on Friday that a series of interest rate hikes could be needed if price shocks from the Middle East war are larger than expected, fuelling inflation.

"Federal funds rate increases, potentially a series of them, could be warranted, even at the risk of further weakness to the labor market," Minneapolis Fed President Neel Kashkari said, explaining his dissent to the central bank's overall decision this week.

Kashkari was among four officials who voted against the Fed's statement Wednesday after a two-day policy meeting. There are 12 voting members on the bank rate-setting committee.

Like him, two other regional Fed presidents, Beth Hammack and Lorie Logan, supported the decision to hold rates steady but not the bank's

signal that a rate cut was their next likeliest move. Hammack, too, pointed to the risk of steeper inflation in defending her decision.

Fed governor Stephen Miran, however, continued pushing for lower interest rates.

This was the most number of dissents since October 1992, highlighting the challenges that Fed Chair Jerome Powell's expected successor, Kevin Warsh, will face if he is confirmed by lawmakers. The rate-setting Federal Open Market Committee "should offer a policy outlook that signals that the next rate change could be either a cut or a hike, depending on how the economy evolves," Kashkari said on Friday.

He flagged risks from an extended closure of the Strait of Hormuz due to conflict in the Middle East, and the potential for more damage to energy and commodity infrastructure in the region.

Tehran has virtually blocked the shipment, a key route for energy and fertilizer shipments, after US-Israeli strikes since February 28.

Doha should introduce advance ruling for tax certainty: KPMG in Qatar

By Santhosh V Perumal
Business Reporter

Doha should consider introducing advance ruling provisions for ensuring greater certainty in tax matters, according to KPMG in Qatar.

Government could also consider granting exemptions from withholding tax (WHT) on a transaction-by-transaction basis as an alternative to the recently introduced concept of a "Trusted Entity" for WHT purposes, it said.

On advance ruling provisions, KPMG said it will significantly enhance transparency and provide greater certainty in tax matters.

"These provisions enable taxpayers to obtain authoritative guidance on the

interpretation and application of tax laws in specific situations, thereby reducing ambiguity and the risk of future disputes," it said.

KPMG also suggested implementing a mechanism for the advance collection of corporate tax liabilities to assist both taxpayers and the country in managing their cash flows more effectively.

On simplification of administration of key tax matters, it said Qatar does not automatically apply a treaty benefit and consequently the WHT become a cost to either the payer, if it is being borne by the payer or the payee. Simplification in the administration of WHT may encourage cross border trade.

On the recently introduced the concept of a "Trusted Entity" for WHT purposes, KPMG said entities with more than 1,200

KPMG suggested implementing a mechanism for the advance collection of corporate tax liabilities to assist both taxpayers and the country in managing their cash flows more effectively

WHT transactions a year, or with annual WHT payments in excess of QR10mn, may qualify for the status of "Trusted Entities," which are permitted to apply treaty benefits upfront.

However, the responsibility rests with these entities to accurately assess and apply the appropriate WHT benefit under the relevant tax treaty. Failure to do so may result in substantial penalties.

"While this development is a positive step towards facilitating certain entities in claiming treaty benefits, it is important

to note that the scope of this measure may be limited, as only a small number of entities are likely to meet the qualifying criteria for Trusted Entity status," KPMG said.

Furthermore, given the significant penalties associated with incorrect assessments, some entities may be reluctant to apply for "Trusted Entity" status, it added.

"As an alternative, it is recommended that Qatar consider granting exemptions from WHT on a transaction-by-transaction basis, similar to practices adopted in other jurisdictions," it said, adding this approach could provide greater flexibility and accessibility for a broader range of taxpayers.

Similarly, a change in shareholding should not be denied solely on the basis

of outstanding liabilities on Dhareeba or ongoing tax litigation against the company, KPMG said.

"A mechanism could be introduced whereby a company may provide a bank guarantee to cover any potential liabilities. In the event that the company fails to satisfy such liabilities, the bank would be obligated to make the payment," it said. On simplified filing, KPMG said an effort should be made to simplify the process for small entities.

"The tax authorities can establish a quantitative threshold to define small entities. Entities meeting this threshold could then be provided with the option to file tax returns based on a predetermined percentage of revenue, thereby reducing administrative burdens and facilitating compliance," it said.



SpaceX spending on Starship tops \$15bn in rush for airline-like rocketry

Reuters
Washington

SpaceX has spent more than \$15bn developing its next-generation Starship rocket, according to the company's IPO registration reviewed by Reuters, a sum that dwarfs the cost of its workhorse Falcon rocket as Elon Musk's space company nears a decade trying to perfect a fully reusable launch system. The future of SpaceX's most lucrative businesses as it sprints toward public markets at a \$1.75tn valuation rests largely on Starship, a towering two-stage rocket system central to Musk's ambitions to launch larger batches of Starlink satellites, carry humans to the moon and Mars, and eventually deploy thousands of artificial intelligence computing satellites as an alternative to power-hungry data centers on Earth. The \$15bn figure, which has not been previously reported, eclipses the roughly \$400mn SpaceX spent developing Falcon 9, the world's most frequently flown rocket. Falcon 9 has underpinned SpaceX's commercial dominance, enabling rapid Starlink deployments and giving the

company a wide lead over launch rivals. "We have continued to invest significantly in further increasing our lead by pursuing full and rapid reusability at scale, including investing over \$15bn in our next-generation rocket, Starship," SpaceX said in its confidential IPO registration. The company aims to begin launching its latest generation of Starlink satellites, known as V3, in the second half of 2026, according to the filing. That is likely to be on Starship, whose payload bay was tailored for the upgraded satellites and can fit up to 60 of them in a single flight, SpaceX said in the filing. That is a dramatic increase from the two dozen smaller Starlinks typically launched on Falcon, underscoring how tightly Starship's success is woven into the economics of Starlink. Starship now consumes the bulk of the company's development spending. SpaceX devoted \$3bn to research and development in 2025 for its space segment, the entirety of which went to the Starship programme, the filing shows, a sharp jump from the \$1.8bn spent in that segment the prior year. The surge highlights how fundamentally different Starship is from Falcon and from any

rocket that has come before it. Since 2023, SpaceX has conducted 11 Starship test flights, producing both spectacular failures and eye-catching advances. Among the milestones was catching the rocket's towering Super Heavy booster on its return to Earth using massive mechanical arms, a maneuver designed to dramatically accelerate reusability. Even with those gains, SpaceX acknowledged in its filing that several unprecedented hurdles remain before Starship can reach Musk's goal of "thousands of launches per year." That launch rate, the company said, would be required to deploy 100 gigawatts of solar powered AI satellites annually, roughly a quarter of the energy consumed by the United States in a year. "They're getting really close," said Chris Quilty, president of Quilty Space, a space and satellite industry research firm. "But what we still don't know, and won't know for a while is, can they do it repeatedly?" Among the most significant challenges facing Starship is building the vast ground infrastructure needed to support Musk's desired flight cadence, including fuel supplies, water systems and, for the core

ship, a heat-shield capable of surviving repeated atmospheric re-entries. A single Starship launch requires the equivalent of 244 tanker trucks of natural gas, according to a Federal Aviation Administration analysis. About 1mn gallons of water are used to suppress the rocket's intense acoustic vibrations during liftoff. "There is not enough water in the water system to support the launch of Starship" at such a scale, Quilty said. Another formidable obstacle is in-orbit refueling, a risky and unproven process in which Starships dock with tanker versions of the vehicle to transfer fuel. The maneuver would be essential for deep space missions and would itself require multiple Starship launches. "That's probably the last big challenge," said Hans Koenigsmann, former SpaceX Vice President of Flight Reliability and one of the company's earliest employees. "If that happens, then I think from then on it should be more or less, success." The challenge is compounded by the propellant itself. Liquid oxygen must be kept at extremely low temperatures and tightly sealed to prevent it from seeping out into space.

"In-orbit refueling is complex, and we have not yet demonstrated or attempted it," SpaceX said in its filing. "We may not be able to develop, commercialise, scale, or successfully implement these or other strategic initiatives on the timelines we currently anticipate, or at all," it added. Over the past decade, SpaceX has built an extensive development site in South Texas, Starbase, dedicated to Starship. The facility supports a manufacturing push designed to produce rockets at a pace more akin to commercial aircraft than traditional space vehicles. "When you build up your production before you actually have the product, you obviously run the risk that if you change your mind... every change on the rocket has a change on the factory now too," Koenigsmann said. Testing failures have driven hundreds of design changes to the vehicle. Koenigsmann described Starship as "a totally different animal" from Falcon 9. SpaceX is now preparing for its first Starship test launch since October, the program's longest pause between flights. The mission will debut the Starship V3 prototype.

Bank of England's sole dissenter makes case for quick rate hikes

Bloomberg
London

The Bank of England (BoE) should be raising interest rates with greater urgency after entering the Iran war with slowing progress in its battle to bring down inflation, according to its chief economist.

Huw Pill – the only voice on the Monetary Policy Committee to back higher rates on Thursday – said he was concerned about disinflation "stalling" even before energy prices were pushed up by the conflict.

The MPC kept rates at 3.75% on Thursday as Pill was outvoted in an 8-1 decision. As oil prices fluctuated wildly in the hours before the announcement, however, minutes showed several rate-setters signaled that they may join the chief economist in considering hikes at upcoming meetings.

Speaking at an online briefing on Friday, Pill, who had spoken about his uneasiness with the speed at which the BoE was loosening policy before the war, said the decision to hold rates yesterday left policy in a "relatively good place." The panel was not a "rabbit frozen in the headlights" amid the uncertainty, he said, but he added that he would prefer policy to be tighter.

"Personally, I think that the better starting point, given the uncertainties, might be a slightly higher level of interest rates," he said. "I have a view that we perhaps should be acting a little bit more promptly in responding with higher rates."

The BoE laid out multiple scenarios for inflation as it grapples with the intense uncertainty over the endgame for the war.

While the BoE believes tighter financial conditions since the US and Israel attacked the Iran are helping to contain the inflationary impact, its models of how policy could respond to the scenarios suggested rates may need to rise. The most pessimistic of the scenarios pointed to sharp increases in borrowing costs to stop a feedback loop in prices as firms pass on higher costs and workers try to bid up wages.

Pill repeated language used by Governor Andrew Bailey yesterday that the MPC had taken an "active decision" to leave borrowing costs unchanged. "We're not just in a sort of passive wait-and-see mode," he said. "We're in a mode of saying, given the uncertainties, this is where we think we should be."

Still, Pill said the committee shouldn't overreact to daily fluctuations in energy prices as the war in Iran boosts volatility.

Wall Street is bullish on Oracle, but investors aren't buying it

Bloomberg
New York

To Wall Street, Oracle Corp is a screaming buy. To many investors, however, the company's relationship with OpenAI, its sizeable debt load and the durability of its software business have made owning the stock a risk.

Oracle shares are on a six-session losing streak in which they've lost 14%, their worst stretch in months. Despite an April rally, the stock is down more than 50% since hitting a high in September.

The latest move is centered around OpenAI, which is facing questions about its ability to meet the hundreds of billions of dollars it's committed to spend on developing artificial intelligence technology. The ChatGPT owner missed its latest sales and user targets, according to a Tuesday report, and Oracle shares sank 4.1% in that session.

But Wall Street pros argue that the market is wrongly focused on the noise coming from OpenAI and failing to recognise Oracle's growth potential as Big Tech builds out the infrastructure to power AI.

"We don't see meaningful negative impact or any negative impact from the OpenAI news. We think it's kind of overdone," said Michael Monaghan, portfolio manager at Founder ETFs, which owns Oracle shares. What's not understood by some investors is "what a major disruptor they'll be in AI infrastructure. We think that they're attacking the boring but highly profitable layer of the AI stack."

Of the 51 Wall Street analysts tracked by Bloomberg who follow Oracle, 41 have buy ratings on the stock and only one rates it a sell. The consensus price target for the shares is about \$240. Based on its Thursday closing



Oracle Corp signage on the floor of the New York Stock Exchange. Oracle shares are on a six-session losing streak in which they've lost 14%, their worst stretch in months. Despite an April rally, the stock is down more than 50% since hitting a high in September.

price of around \$161, that implies a 49% rise over the next 12 months, one of the highest projected upsides among Oracle's large-cap tech peers.

However, questions about Oracle's growth remain. The stock hit its previous record on the strength of an aggressive outlook for its cloud business, which was partially based on a deal with OpenAI said to be worth \$300bn over five years. The ensuing selloff was spurred by creeping doubts about OpenAI's circular financing agreements – where it's a customer of the companies it's being funded by – and the potential fallout if it fails to meet its multitude of financial commitments.

Capacity constraints are an emerging issue, with companies such as Alphabet Inc., Microsoft Corp, Meta Platforms

Inc and Amazon.com Inc signaling on earnings calls this week that demand for AI-related components is outstripping supply. This is why hyperscalers are spending so much on AI infrastructure, including chips and data centres. If, however, the big spenders like OpenAI suddenly turn off the spigot, that equation could reverse, leaving Oracle without a major client for its products.

Oracle also has been caught up in investors' worries about AI disrupting the software sector, since it sells enterprise software in addition to data management and cloud infrastructure technology. And its rising debt levels to fund investments in AI infrastructure have also given investors pause. In March, the cost of protecting the company's debt against default for five years rose to the

highest closing level on record, taking out the previous record hit in 2008.

Bulls see these fears as overblown, however, especially with the company in the early years of what's expected to be a massive long-term buildout to power AI.

"The worries over the debt were ridiculous in our view," said Nancy Tengler, chief investment officer at Laffer Tengler Investments, which holds Oracle shares. "This is a company that has always had a tremendous amount of debt on their balance sheet. The debt-to-equity ratio has actually gone down materially year-over-year."

The tech infrastructure that Oracle is building is fungible and proven to be in high demand, Tengler said. For example, when Oracle and OpenAI

scrapped plans to expand an AI data center in Abilene, Texas, in March, Meta Platforms Inc. quickly stepped in to consider leasing the site with Nvidia Corp helping to facilitate the discussions.

"There is plenty of other demand out there to whom Oracle could lease that capacity or provide that capacity," said JoAnne Feeney, a portfolio manager at Advisors Capital Management. "So I think there's some mistaken responses here to sort of sell off all of these guys."

While the recent downturn in Oracle shares has compressed the company's market valuation, they're still relatively expensive by historical standards. The stock currently trades at about 20 times forward earnings, above its 10-year average around 18 times.

But Oracle shareholders are more focused on the company's long-term potential as the AI trend continues to grow. In particular, they believe in the company's leadership. Chairman Larry Ellison has been "the ultimate founder, who sees a vision and executes it. He's been doing it for 40 years. We think he'll continue to do it," Founder ETFs' Monaghan said. To Tengler, he's one of Silicon Valley's fiercest competitors.

"Our price target is double the current stock price," said Monaghan, who sees catalysts over the next three to four quarters unlocking that value. "We think it's an incredibly attractive entry point."

Alphabet added a historic amount to its market capitalisation on Thursday, following blowout quarterly earnings that sent the stock skyrocketing. The shares rose 10% to \$384.80, adding \$421bn to its market valuation, the second-biggest one-day jump in market cap add for any stock ever, according to data compiled by Bloomberg.

Exxon beats earnings estimate in Q1, output hit by Iran war

Reuters
Houston

Exxon Mobil beat estimates for quarterly adjusted earnings on Friday, helped by higher output in Guyana and the Permian Basin, though unadjusted profit dropped to its lowest level in five years due to disruptions from the Iran war that could hit production further in the current quarter.

Adjusted earnings for the first three months of the year were \$1.16 per share, above the consensus estimate of \$1.00 as compiled by LSEG, while net income was \$4.2bn, lowest since the first quarter of 2021, and down from \$7.7bn for the year-ago period. The Middle East conflict has driven both US and international oil prices to well over \$100 a barrel, but the effect on oil majors' profits has been uneven.

Exxon, one of the most exposed, saw its production dip, while European rivals BP and Total brought in higher profits from trading operations. About 20% of

Exxon's oil and gas production is located in the Middle East, one of the highest exposure rates among the majors. Chevron, the No 2 US oil producer, said on Friday that less than 5% of its production comes from that region.

Exxon's worldwide production was 4.59mn barrels of oil equivalent per day for the quarter, up marginally from a year ago, but down nearly 8% from 5mn bpd in the fourth quarter, due largely to ongoing disruptions to the shuttered Strait of Hormuz, used to transit one-fifth of the world's oil and gas supply.

If the Strait closed for the rest of the second quarter, Exxon said production would fall between 4.1mn and 4.3mn barrels of oil equivalent per day, which would include lower Middle East production of 750,000 bpd relative to 2025. If the waterway were to reopen immediately, second-quarter production could be up to 4.7mn bpd, the company said.

Exxon's adjusted figure excludes a \$700mn loss from cargoes that could not be delivered as a result of the unprecedented



Gas prices are seen at an Exxon station in Washington, DC. Exxon Mobil beat estimates for quarterly adjusted earnings yesterday, helped by higher output in Guyana and the Permian Basin, though unadjusted profit dropped to its lowest level in five years due to disruptions from the Iran war that could hit production further in the current quarter.

supply disruption caused by the conflict, which began at the end of February. Exxon CEO Darren Woods said the company would stick to its current path of focusing on what it considers high-quality production. "The conflict in

the Middle East contributed to a highly volatile operating environment. Supply tightened. Logistics became more complex. Markets moved quickly. That kind of environment does not change our strategy, it proves its effective-

ness," he said in prepared remarks.

During a conference call with analysts later on Friday, executives will likely receive questions about the timeline for repairing damaged assets in the Middle East, which also accounts for a large portion of Exxon's liquefied natural gas portfolio.

"We expect questions to arise today around XOM's plans to potentially increase activity," RBC Capital Markets analyst Biraj Borkhataria said in a note. "We expect a neutral reaction to today's results."

Exxon's most significant upstream assets are the Permian Basin and offshore production in Guyana. Exxon Chief Financial Officer Neil Hansen said Guyana production hit a new record, and that the company is continuing to grow in the Permian. That helped offset disruptions in the Middle East.

Exxon previously disclosed a multi-billion-dollar hit from the timing effects that it expects to unwind in subsequent quarters. Earnings were \$2.09 a share when excluding losses from financial de-

derivatives. Exxon uses financial derivatives to mitigate the risk of price changes during the time it takes to deliver cargoes to customers.

The value of the physical shipment is not reflected in earnings until the transaction is complete, creating a timing impact, the company said.

"In general, it takes a few months for that to unwind," Hansen said in an interview, though he added it is hard to predict the potential for further timing effects, which will depend on how commodity prices change.

Upstream earnings, including identified items, were \$5.7bn, up 63% from the previous quarter and down 15% from last year.

The downstream unit registered a loss of \$1.3bn compared with a profit of \$827mn last year. Excluding all timing effects, Exxon said downstream profits were \$2.8bn. Hansen said the underlying business was resilient and that, excluding all timing impacts and undelivered cargoes, net income grew compared to the previous year.

Yen jumps sharply as Japan warns it is ready to intervene again

Reuters
Tokyo

Japan's yen jumped sharply on Friday as the country's top foreign exchange diplomat said Tokyo was ready to step back into markets, hours after official buying lifted the fragile currency.

Atsushi Mimura's comments and the yen's sudden jump sparked speculation among currency traders of another round of intervention by Japan. Having held steady overnight, the dollar dropped in London morning trade, falling by as much as 0.66% to a session low of 155.60 from 157.12 earlier, triggering talk of further intervention among already nervous currency traders.

It was not immediately clear what was behind Friday's move, but analysts said markets were on edge after Thursday's session. Central bank data published late on Friday showed Japan may have spent as much as 5.48tn yen (\$35bn) bolstering its embattled currency, just shy of the \$36.8bn last spent on intervention in July 2024.

"Liquidity is thin and people are nervous after yesterday so there is a susceptibility to volatility in the dollar/yen," said Jeremy Stretch, head of G10 FX strategy, CIBC Capital Markets.

Tokyo's ramped-up rhetoric comes as the yen stays under pressure from wide US-Japan interest rate gaps and ahead of a holiday stretch officials fear could invite speculative moves.

"I won't comment on what we'll do ahead. But I will tell you that Japan's Golden Week holidays have just started," Mimura told reporters when asked whether Tokyo could intervene in the currency market. Japan's finance minister, Satsuki Katayama, warned on Thursday "decisive action" was approaching. She also urged reporters to keep their smartphones on hand during the holidays, a pointed signal of To-



A woman walks past an electronic quotation board displaying the foreign exchange rate of the Japanese yen against the US dollar along a street in Tokyo. Japan's yen jumped sharply yesterday as the country's top foreign exchange diplomat said Tokyo was ready to step back into markets, hours after official buying lifted the fragile currency.

kyo's readiness to intervene and deter speculators from exploiting thin liquidity to push the yen lower. Hours later, Japan stepped into the market to support the yen, its first official currency intervention in nearly two years, two sources familiar with the matter told Reuters, sending the Japanese currency as much as 3% higher.

Mimura declined to comment on whether Japan intervened in the currency market on Thursday and when asked whether currency moves remained speculative, replied: "There's no change to my view on markets."

Japan remains in "extremely close contact" with the US, Mimura said, adding that both countries agree action may be needed depending on market developments. "Every time we see a substantial move in the yen there will be questioning about what is

driving this given the warnings we have had," said Stretch at CIBC Capital Markets.

After surging to 155.5 per dollar following the intervention on Thursday, the yen trimmed some gains to stand on the stronger side of the 160 mark which is seen as the Japanese authorities' line in the sand for intervention.

Nervousness was reflected in the options market, where the cost of protection against big swings in the yen over the coming week neared its highest in a month, LSEG data showed.

Before the latest action, Japan last stepped into the currency market in July 2024, buying yen after it hit a 38-year low of 161.96 per dollar. Weekly data from the US market regulator shows speculators hold the largest bearish position in the yen since July 2024, worth nearly \$7.5bn. Japanese markets

were closed on Monday through Wednesday for Golden Week, which could result in wild swings in the yen due to thin liquidity, analysts say. The slow pace of rate hikes by the Bank of Japan has been one factor behind a weak yen. Even the BoJ's hawkish signals on Tuesday failed to provide lasting support, as the dollar gained on market bets that mounting inflationary pressures will keep the US Federal Reserve from cutting rates.

The yen has also been hurt by the surge in oil prices since the start of the Iran war. Japan is an energy importer.

"The yen will remain under downward pressure on inflation concerns from high oil prices, slow BoJ rate hikes and the hawkish tone of other central banks," said Rinto Maruyama, FX and rates strategist at SMBC Nikko Securities.

Asian markets track Wall Street rally in thin trade

AFP
Hong Kong

Oil prices edged up on Friday after the previous day's wild swings, with investors awaiting the next move in the Middle East crisis, while Asian stocks rose in holiday-thinned trade following a tech-led record day on Wall Street.

In Tokyo, the Nikkei 225 closed up 0.4% to 59,513.12 points; Hong Kong and Shanghai closed for a holiday.

With peace talks between the United States and Iran stalled for the past week, there appears to be little sign that they will agree a deal to reopen the Strait of Hormuz any time soon, choking off a fifth of the world's oil and gas supplies.

After tumbling early in April on news of a ceasefire between the rivals, crude has spiked in recent weeks amid stuttering negotiations, and they soared on Thursday after Axio said Donald Trump would be briefed on potential fresh military strikes. The report compounded fears after the US president warned the blockade of Iranian ports could last months.

Brent for June delivery hit a peak above \$126 before easing back to end at \$114, which was down for the day. Its July contract, which had been cheaper, started Friday by rising more than one percent. West Texas Intermediate's June contract, which was still being traded, was also slightly up.

Investors are now keeping an eye on Washington and Tehran, hoping for fresh moves towards ending the crisis - which is hammering the global economy - with the British and European central banks warning of a spike in inflation.

Meanwhile, the United States is seeking to assemble an international coalition of allied states and shipping firms to coordinate safe passage through Hormuz - while maintaining its blockade of ships serving Iran, a State Department official said.

That came as International Energy Agency chief Fatih Birol warned the world faced a "major energy and economic challenge" as oil prices soar, and warned of "the biggest energy crisis in history". UN chief Antonio Guterres said the closure of Hormuz was

"strangling the global economy" and that even if restrictions were lifted today, "supply chains will take months to recover, prolonging lower economic output and higher prices".

Still, stocks rose on a day when the majority of markets in Asia Pacific were shut for a holiday. Tokyo, Sydney and Wellington were all up.

But London opened lower. Paris and Frankfurt were also closed. The gains were helped by tech firms, tracking Wall Street's sharp gains that saw the S&P 500 and Nasdaq once again end at record highs thanks to strong earnings and economic data.

Google parent Alphabet soared 10 percent after it posted on Wednesday forecast-topping profits and solid revenue across its major divisions.

And after the market close on Thursday, Apple said earnings beat expectations thanks to strong iPhone demand.

"The market firmly bought into Wednesday's solid earnings story from the hyperscalers, with risk appetite also backstopped by the broader path on the geopolitical front continuing to lead towards de-escalation," said Pepperstone's Michael Brown.

"My view is still that the 'path of least resistance' leads higher for stocks, and that dips still represent buying opportunities." Meanwhile, the US Commerce Department estimated the world's biggest economy grew by an annual rate of 2.0% in the first three months of this year. A key factor was a surge in artificial intelligence investments, although consumer spending cooled.

On currency markets, the yen held up against the dollar a day after surging on speculation Japanese authorities had stepped in to provide support.

The unit finished Thursday just above 157 per dollar, compared with 160.72 earlier in the day. Officials had recently warned about moves in the market that had seen the yen drop, suggesting they were ready to intervene.

But the country's top currency official, Atsushi Mimura refused to comment on suggestions Japan had stepped in, but said authorities were in close communication with US counterparts.

Singapore economy to 'slow' on prolonged Hormuz closure: PM

AFP
Singapore

Singapore's prime minister warned on Friday that economic growth will slow this year and some countries may slip into recession as the Middle East crisis keeps the Strait of Hormuz closed. In a May Day speech, Lawrence Wong said the war was not expected "to be over anytime soon" and supply disruptions may worsen in the months ahead.

Shipping through the strait, which handles a fifth of global oil and gas, has been effectively stopped since the United States and Israel began bombing Iran on February 28.

"Here in Asia, we are especially affected because of our high dependence on energy and other critical supplies from the Gulf," Wong said.

Some regional countries are already facing fuel shortages, airlines have cut flights and factories are reporting delays, he said. "Globally, inflation will rise, spreading from energy to food and then other essentials. Some economies may well slip into recession, and Singapore will feel the impact directly,"

he said. "Our growth this year will slow, and inflation will be higher, and all this will put real pressure on businesses, workers and households."

He did not give any figures, but the trade ministry in February said it expected the economy to expand 2.0-4.0% this year, a bump from its previous forecast of 1.0-3.0%. "We must brace ourselves and be prepared for a more difficult period ahead. And I want to be upfront with all of you so that we are mentally prepared," he said.

Singapore, however, is dealing with the crisis from a position of strength because of policies it implemented in the past to build energy resilience, including being a major oil refining hub and energy trading centre.

Even if the Strait of Hormuz reopens, a return to normal will likely not be immediate, Wong warned.

"Ports and energy infrastructure have been damaged. Shipping lanes will need to be cleared of mines," he said. "Confidence must be restored that it is safe for ships to sail through, that insurance can be obtained, and people are prepared to take risks to go through the Strait."

EM equities and currencies inch up

Reuters
Singapore

Indexes tracking emerging market stocks and currencies inched up in holiday-thinned trade on Friday with attention on the Iran war and the prospect of more intervention to support the Japanese yen.

MSCI's gauge tracking global EM currencies was up 0.2%, set for its biggest monthly gain since November 2023 in April.

The stocks equivalent was also up 0.2%, on track for its sharpest monthly advance since May 2009 last month. Both indexes were set for marginal weekly gains as uncertainty over the Iran conflict largely offset any optimism around corporate earnings.

On Friday, the Japanese yen suddenly jumped against the dollar, a day after official buying lifted the fragile currency.

"The bigger issue is whether intervention can do more than briefly stabilise markets. Japan faces structural pressures:

It is a major energy importer amid elevated oil prices, and its central bank is cautiously pursuing policy normalisation after years of ultra-loose settings," Elwin de Groot, head of macro strategy at Rabobank, said.

"Authorities can resist market forces for a time, but they cannot fundamentally change them."

The dollar index, which measures the greenback against a basket of currencies, dipped 0.1%.

South Africa's rand weakened 0.3%, partly due to a 1% fall in gold prices, while most currencies in emerging Europe slipped against the euro.

Romania's leu fell to a record low versus the euro on Thursday due to worries about the future of Ilie Bolojan's minority government which faces a no confidence vote in early May.

Trading volumes were thin on Friday as Poland, Hungary, Romania, Turkey, South Africa and many developed European markets were shut for public holidays. Meanwhile, progress in the Middle

East conflict was stalled as concerns of renewed military escalation between the US and Iran led investors to price in continued disruption to shipping through the crucial Strait of Hormuz.

Since its outset, the conflict has battered global markets and clouded prospects of global economic growth as countries scrambled to tackle the impact of energy-driven inflation pressures.

This week, the US Federal Reserve's board was the most divided since 1992, as some policymakers thought an "easing bias" in the policy statement was not appropriate amid the conflict.

European Central Bank President Christine Lagarde said on Thursday the option of an interest rate hike was already on the table, while the Bank of England said the worst economic impacts could entail "forceful" rate rises.

More economic data and interest rate decisions next week will provide further clarity on the war's impact on emerging economies.

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Warsh to confront risks of dissenting in his first Fed vote

Bloomberg
Washington

When Kevin Warsh hosts his first meeting as the new chair of the Federal Reserve, he'll face an immediate dilemma: Stare down White House demands for immediate interest-rate cuts, or stare down fellow policymakers who remain skeptical of the need to ease. The unusual starting place raises the possibility that Warsh may eventually be forced to cast a dissenting vote against his colleagues to make his case heard. Ordinarily, the idea of a Fed chair breaking from a consensus decision at the central bank would be almost unthinkable. Paul Volcker in 1986, G. William Miller in 1978 and Marriner Eccles in the late 1930s were the only chairs to have dissented against the majority view on a policy decision. But these aren't ordinary times. This week alone saw three officials disagree with the dovish tone of the Fed's policy statement, and another who voted against the decision to hold rates steady, making it the first time since October 1992 that four officials dissented. Two of those

officials released statements Friday saying they had wanted the Federal Open Market Committee to include language signaling the next rate move could be a hike. President Donald Trump, who nominated Warsh for the Fed role, has been scathing in his criticism of the central bank for not cutting fast enough. He's also threatened criminal investigations, lawsuits and the firing of Fed officials. Warsh won the race for Fed chair partly through sketching out a road map to rate cuts on the premise that an AI-driven productivity boom would keep inflation low. He's also proposed that shrinking the Fed's \$6.7tn balance sheet would leave space for lower interest rates. In his confirmation hearing, Warsh even floated a new inflation framework, though he gave few details on what that would look like. It's not impossible that Warsh enjoys a honeymoon period in which his new colleagues grant him a near-term cut, said Jon Faust, a former special adviser to Powell. Warsh's first policy meeting will be June 17-18. But, Faust cautioned, it's just as likely his new colleagues will be dead set against that. "In that case, he will only have terrible options," he said. The Fed's



Kevin Warsh during his Senate Banking confirmation hearing in Washington on April 21.

benchmark rate is currently in a range of 3.5% to 3.75% and investors see it staying there well into 2027. A decision by Warsh to vote against fellow policymakers would be laden with risk. It could antagonize the very people he's hoping to win over and damage his credibility among investors. The outgoing chair, Jerome Powell, was accused several times by commentators of having "lost control" of the FOMC when rate decisions he led generated repeated dissents. A Warsh dissent could also send a message

to the White House that the new chair is unable to deliver the lower rates Trump is calling for. That may make it more likely that Warsh will, at first, attempt to build consensus for a rate cut. His dovish case would be bolstered if there were renewed weakness in the labor market, or if inflation starts to show clear progress toward the Fed's 2% target. Yet those aren't the signals the economy is currently sending. Economic growth accelerated at the start of the year, and the Fed's preferred measure of inflation — the personal consumption expenditures price index — rose 0.7% last month, the most since 2022, as the Iran war sent fuel costs soaring. Before the war, markets were betting the Fed was on a glide path to another half percentage point of rate cuts before the end of 2026. The energy shock has torn up that outlook. Powell this week warned the oil-price surge brought about by the war hasn't yet peaked, and the broader outlook remains highly uncertain. "Based on how the labor-market data are evolving, coupled with elevated inflation readings, the data do not support a cut in the near term," said Stephanie Roth, chief economist at Wolfe Research.

Still, that may not stop Warsh from trying. The incoming Fed chair, who is on track for final confirmation in the Senate by the middle of May, told lawmakers he'd like Fed policy meetings to be more contentious, with robust disagreements allowed. "I tend to favour messier meetings than some, where people don't show up with rehearsed scripts but we can have a good family fight," Warsh said, clearly indicating that not every decision will be made by consensus. Depending on how the economy evolves, a majority of policymakers might yet swing Warsh's way, said David Seif, chief economist for developed markets at Nomura. But the new chair might also decide to go his own way. "I certainly could envision a situation where he eventually does dissent," Seif said, adding that would be "totally unprecedented in modern Fed history." Trump, and his Treasury Secretary Scott Bessent, have sent mixed signals in recent weeks over what they'll tolerate. While Bessent has said the Fed has scope to remain on hold given the impact of the war, Trump has made it clear he'd be disappointed if rates aren't cut immediately.

US manufacturing sector holds steady in April; input costs hit 4-year high

Reuters
Washington

US manufacturing activity held steady in April, but supplier delivery performance worsened as the war in the Middle East disrupted shipping in the Strait of Hormuz, boosting prices for raw materials and other inputs to a four-year high.

Concerns about the US-Israeli war with Iran dominated comments from manufacturers in the Institute for Supply Management survey published on Friday, with some makers of chemical products saying "all products tied to crude, polyethylene resin or energy have seen multiple increase spikes tied to the Iran crisis and market supply inflation."

Crude oil prices have jumped more than 50% since the war started on February 28. Tariffs on imports also remained a constraint and accounted for the surge in inflation at the factory gate.

The rise reinforced economists' expectations that inflation would accelerate further this year. Financial markets expect the Federal Reserve will keep rates unchanged into 2027. "The Fed will pay attention to this, no matter who is serving as FOMC (Federal Open Market Committee) chair," said Carl Weinberg, chief economist at High Frequency Economics. "What we hear from purchasing managers is that the cost of everything coming in the door has gone up because of higher fuel costs for deliveries."

The ISM said its manufacturing PMI was unchanged at near a four-year high of 52.7 last month. The PMI remained above the 50 level, which indicates expansion in the manufacturing sector, for a fourth straight month. Econo-



Workers review an assembled New Holland round baler at the company's Haytools factory in Pennsylvania. US manufacturing activity held steady in April, but supplier delivery performance worsened as the war in the Middle East disrupted shipping in the Strait of Hormuz, boosting prices for raw materials and other inputs to a four-year high.

mists polled by Reuters had forecast the PMI would rise to 53.

The PMI was anchored by an increase in new orders as businesses rushed to avoid shortages and higher prices stemming from the war. ISM Manufacturing Business Survey Committee Chair Susan Spence noted that "among comments, the war was mentioned in 47 percent and tariffs in 18%." Prior to the war, manufacturing had been slammed by President Donald Trump's sweeping tariffs on imports, which were struck down by the US Supreme Court. New duties have been put in place by the White House, which has argued that the import duties are necessary to rejuvenate the domestic industrial base.

Thirteen industries reported growth last month, including textile mills, primary metals, trans-

portation equipment, machinery, electrical equipment, appliances and components as well as computer and electronic products. But makers of wood, petroleum and coal, and food, beverage and tobacco products reported a contraction.

Some transportation equipment manufacturers said while demand was "trending higher" compared to last year, "geopolitical uncertainty and rising oil and diesel prices continue to weigh on demand," adding that "many customers are exercising caution and remain in a wait-and-watch mode."

Machinery producers reported "general uncertainty" over the impact of the war, noting that though they had "not yet started to see the full impact of fuel increases but were aware they are

coming." Makers of computer and electronic products said "continuing fluctuation in US tariffs as well as market constraints for certain materials are affecting our current business." They also reported that "US support of AI-related industry is also in flux, which is causing some customer and investment hesitancy."

An artificial intelligence investment boom is helping to anchor manufacturing, which accounts for 10.1% of the economy, and was one of the key drivers of economic growth in the fourth quarter. The construction of data centres to power the technology, however, has been met with resistance in some states.

Stocks were trading higher. The dollar slipped against a basket of currencies. US Treasury prices were largely higher.

Oil companies must do their part to lower fuel costs: German finance minister

Reuters
Bergkamen, Germany

Oil companies must pass on the benefits of Germany's fuel price discount to consumers, German Finance Minister Lars Klingbeil told Reuters on Friday, as his government seeks to cushion the effects of the energy price shock caused by the Iran war.

The government has temporarily cut Germany's energy tax on diesel and petrol by about 0.17 euros per litre, relief worth around 1.6bn euros (\$1.88bn) as part of a package of measures to mitigate the fallout from soaring global prices.

The unprecedented energy price disruption is impacting many economies including Germany, Europe's largest, which was already struggling to regain momentum after the pandemic as high costs and competition from China strain its export-driven model.

The stakes are high for Klingbeil. His Social Democratic Party took a drubbing in March state elections and, along with Chancellor Friedrich Merz's conservatives, faces a big challenge from the far-right Alternative for Germany, which is surging in the polls.

The energy tax cut took effect on Friday and will remain in place for May and June.

The oil companies must accept their responsibility, Klingbeil said in an interview.

"We in politics will be watching this closely, but these reductions must be passed on," said Klingbeil, who is also pushing for a windfall tax on energy profits.

The German Federal Cartel Office on Friday said the fuel price discount appeared to have been largely passed on to consumers, though it also said some petrol

stations had actually raised prices. "An astonishing development at noon today: Some petrol stations have increased their prices significantly, while others have not, or hardly at all," said Andreas Mundt, President of the Federal Cartel Office.

"The tax cut is intended to provide relief to consumers and the economy during a difficult period. The oil companies are, at best, custodians of this relief; it is not intended for them. It must reach the customers," he said.

Germany's ruling coalition is pushing to enact a series of reforms in the coming months to tax, pensions and health systems but has been shaken by internal squabbling.

Klingbeil played down the disagreements as part of the rough and tumble of democracy, and dismissed talk of the coalition being at breaking point.

"The main goal must be to modernise our country, to make Germany stronger than it has been in recent years, and to finally get back onto a growth trajectory after four years of weakness, and that was clearly evident here," he said.

But Klingbeil, who became finance minister a year ago, acknowledged how the Iran war "is affecting the mood again. Yes, economic growth is declining again; we had just hoped it would improve."

The Iran war, which Germany opposes, has also intensified a rift between US President Donald Trump's administration and its European NATO allies, with relations already strained by disputes over defence spending, Ukraine and non-military issues such as tariffs.

"But right now, our message is to the US government: end this war, focus on negotiations, and ensure that the Strait of Hormuz is reopened," he said.

Apple forecast tops estimates even as Mac shortages linger

Bloomberg
San Francisco

Apple Inc delivered a surprisingly strong revenue forecast for the third quarter, even as it warned that memory-chip costs will increase and that shortages of Mac computers will persist for "several months."

Sales will rise 14% to 17% in the period, which runs through June, the company said during a post-earnings conference call on Thursday. That range trounced the 9.1% that analysts had anticipated on average, helping send the shares rallying in New York on Friday.

The outlook bodes well for incoming Chief Executive Officer John Ternus, who takes the reins from Tim Cook on September 1. Ternus appeared briefly on the conference call, saying he would maintain Cook's "thoughtfulness, deliberateness and discipline" as CEO.

"We have an incredible road map ahead," Ternus said. "This is the most exciting time in my 25-year career at Apple to be building products and services." Cook, who

has run the Cupertino, California-based company for 15 years, will remain as executive chairman.

The stock gained 5.1% to \$285.08 in New York on Friday and notched its biggest intraday gain since August. Investors had taken a wait-and-see approach to Apple this year. The shares were down less than 1% this year heading into the report, trailing a 5.3% gain by the S&P 500 index. They're now up nearly 5% for the year.

Apple has benefited from a series of new products launched in March, including the MacBook Neo, iPhone 17e, updated iPad Air models and a fresh MacBook Pro. The \$599 Neo — Apple's first major push into low-cost laptops — has been particularly popular and remains sold out at several retailers.

Total sales gained 17% to \$111.2bn during the fiscal second quarter, which ended March 28. Analysts had anticipated \$109.7bn on average. Apple itself had projected sales growth of 13% to 16%.

Apple signaled that it's mostly coping with shortages and memory costs, but things will worsen over time. A memory crunch has



Apple MacBook Neo laptop computers during an Apple event in New York. Apple delivered a surprisingly strong revenue forecast for the third quarter, even as it warned that memory-chip costs will increase and that shortages of Mac computers will persist for "several months."

rippled through the tech industry, forcing companies to boost prices and reduce output.

On the call, Cook said memory expenses would climb "significantly higher" this quarter, compared with more subdued increases in the March period. In the fourth quarter and beyond, he said, there would be an "increas-

ing impact on the business." He declined to disclose if Apple would raise prices.

Apple's main supply constraints involve processors rather than memory chips. The impact has primarily hit the Mac mini and Mac Studio, two desktop Macs that have become popular for running artificial intelligence models.

Cook said the company "underestimated" demand on those Macs. It also underestimated the appetite for the MacBook Neo, which also remains hard to find. Apple's online store quotes several-week wait times for all three products and sellouts for some configurations.

"We're not at the point where we're saying this is going to end anytime soon," Cook said, adding that the constraints will likely last "several months." He characterized the iPhone shortages as being less significant than the ones affecting the Mac.

Sales of the iPhone rose 22% to \$57bn during the quarter, in line with estimates. The Mac also increased, growing to \$8.4bn. The iPad rose to \$6.9bn, while Wearables, Home and Accessories brought in \$7.9bn.

As part of its second-quarter earnings report, Apple said it would buy back as much as \$100bn in shares and boosted its dividend. The company also said it would be winding down its net cash strategy as it begins to look at cash and debt independently.

Earnings rose to \$2.01 a share,

beating the projection of \$1.96. The China market — where Apple has struggled in recent years — was a highlight last quarter. Revenue there soared 28% to \$20.5bn. Wall Street had projected \$18.9bn.

Services — a segment that includes TV and music streaming, the App Store, iCloud subscriptions, and other digital offerings — generated revenue of \$31bn last quarter, up 16% from a year earlier. That topped the Wall Street prediction of \$30.4bn, according to data compiled by Bloomberg.

The latest numbers extend a sales resurgence that broke records during the holiday quarter, when revenue increased 16%.

Beyond dealing with supply-chain challenges, Ternus is tasked with turning around Apple's fortunes in artificial intelligence. The tech giant is struggling to keep up with its Silicon Valley rivals in this area and has delayed key features, including a revamped Siri voice assistant.

The company faces "pressure to define the next consumer device for the AI era," Emarketer analyst Jacob Bourne said in a note.