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**UNDERVALUATION: Page 2**

Commerzbank rejects UniCredit's \$43bn offer

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**COMMERCIAL BANK**

# Qatar-Pakistan Joint Business Council seeks to strengthen economic and commercial co-operation

The Qatar-Pakistan Joint Business Council held its inaugural session yesterday via video conference, bringing together senior representatives from both countries to strengthen economic and commercial co-operation.

The session was attended by Qatar Chamber board member Mohamed bin Ahmed al-Obaidli, who is also chairman of the council's Qatari side; Zaki Aijaz, vice president of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI); and Mehmood Arshad, chairman of the Pakistan Chapter of the Qatar-Pakistan Joint Business Council; as well as the Embassy of Pakistan's commercial attaché.

In his remarks, al-Obaidli highlighted the steadily growing relations between Qatar and Pakistan, supported by high-level visits and agreements across various sectors. He noted that bilateral trade reached QR11.8bn in 2025, reflecting strong economic ties.

He emphasised that the council serves as a key platform for exploring new investment opportunities and strengthening private-sector partnerships, reaffirming Qatar Chamber's commitment to supporting enhanced trade and investment co-operation. Al-Obaidli underscored



Qatar Chamber board member Mohamed bin Ahmed al-Obaidli.



The session was attended by Zaki Aijaz, vice-president of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI); and Mehmood Arshad, chairman of the Pakistan Chapter of the Qatar-Pakistan Joint Business Council; as well as the Embassy of Pakistan's commercial attaché.

Pakistan's role as a strategic economic partner, with its dynamic market, skilled workforce, and diverse investment opportunities, while highlighting Qatar's attractive investment environment aligned with Qatar National Vision

2030. He also stressed the importance of co-operation in several key economic sectors, such as technology, banking, and food security, which provide a qualitative addition to both parties.

For his part, Aijaz said the Joint Business Council constitutes an important platform for enhancing co-operation between the Pakistani and Qatari business communities.

He lauded the ongoing co-operation between the Federation of Pakistan Chambers and Qatar Chamber, which led to the council's activation.

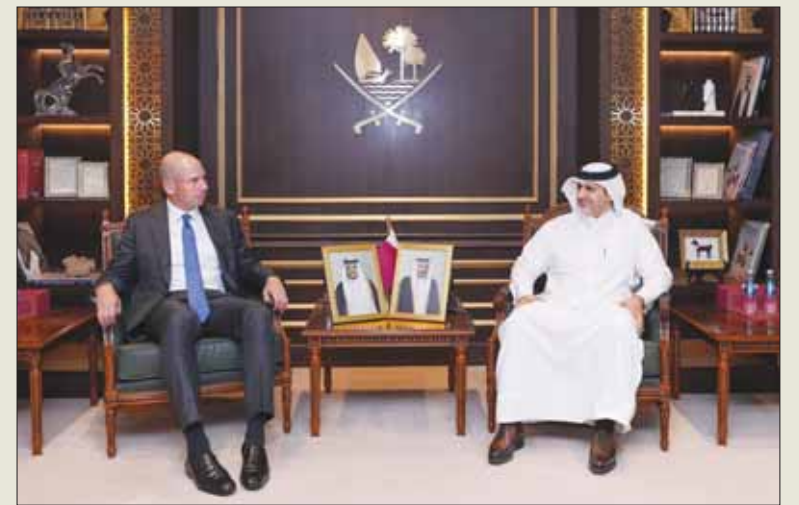
He noted that Pakistan offers promising investment opportunities in sectors such as agriculture, food security, tourism, logistics, manufacturing, and infrastructure.

He called on Qatari investors to explore these opportunities and invest in Pakistan, which welcomes Qatari investments.

In turn, Arshad praised the strong economic ties between Pakistan and Qatar, stressing the important role of the private sector in expanding bilateral co-operation.

He noted that the business council will enhance communication between businessmen from both sides and help explore investment and partnership opportunities that support greater trade exchange and mutual economic benefits.

## QCB governor meets board member of Bloomberg



HE the Governor of the Qatar Central Bank (QCB) Sheikh Bandar bin Mohammed bin Saoud al-Thani met yesterday with Board Member at Bloomberg LP Joshua Steiner, reports QNA. During the meeting, they discussed the latest developments in global finance and investment, along with other related topics.

## Qatar CPI declines by 0.74% in April

QNA  
Doha

Qatar's Consumer Price Index (CPI) for April 2026 stood at 110.61 points, recording a decline of 0.74% compared to March 2026, while rising by 2.62% year-on-year compared to April 2025.

The index, which measures inflation, comprises 12 main groups covering 737 goods and services. It is calculated based on the 2018 base year, using data derived from the 2017-2018 Household Income and Expenditure Survey.

Data released by the National Planning Council (NPC) attributed the monthly decline to decreases in "recreation and culture" group by 6.19%, "transport" group by 0.88%, "clothing and footwear" group by 0.61%, "miscellaneous goods and services" group by 0.18%, and "health" group by 0.10%.

On the other hand, some groups recorded increases, including "food and beverages" by 1.48%, "housing, wa-

ter, electricity, gas and other fuels" by 0.13%, "furniture and household equipment" by 0.12%, and "restaurants and hotels" by 0.07%. No change was recorded in "tobacco", "communications", and "education".

On a yearly basis, the data showed increases in eight groups: "Miscellaneous goods and services" by 13.82%, "food and beverages" by 10.41%, "clothing and footwear" by 4.71%, "education" by 2.09%, "housing, water, electricity, gas and other fuels" by 1.62%, "restaurants and hotels" by 0.90%, "furniture and household equipment" by 0.81%, and "communications" by 0.75%.

In contrast, the index recorded declines in "recreation and culture" group by 3.18%, "transport group by 0.55%, and "health" group by 0.09%, while "tobacco" group remained unchanged.

When calculating the CPI for April 2026 excluding the "housing, water, electricity, gas and other fuels" group, the index stood at 115.39 points, down 0.92% compared to March 2026, and up 2.84% compared to April 2025.

## Oil market supply tight through 2026 despite Hormuz reopening: Moody's

By Santhosh V Perumal  
Business Reporter

Oil market may remain supply-constrained with persistently higher and volatile energy prices, leading to broader "knock-on" effects, even if safe passage through the Hormuz Strait were to resume in the next six months, according to Moody's, an international credit rating agency.

Cautioning that the knock-on effects are expected through costs, demand and financing conditions for exposed borrowers; Moody's said "these lasting supply constraints, combined with embedded geopolitical risks, will result in persistently higher energy prices, with Brent crude averaging \$90-\$110 a barrel (bbl) through much of the year." Persistently higher energy prices will lead to increases in inflation and production costs, limiting household purchasing power, complicating the path for monetary policy across major economies and tightening financing conditions, it said in a report.

Highlighting that it now sees a single, central scenario which assumes a prolonged and significant disruption to the Strait of Hormuz through autumn; Moody's said under this scenario, it continues to assume no major damage to key production facilities or infrastructure, but expects sustained disruption to shipping, including energy supplies and related products, through autumn of 2026.

"Transit flows should gradually improve from current levels as oil importers bilaterally negotiates passage, though a return to pre-conflict traffic volumes is unlikely," it said. Even where mitigating factors emerge - such as an early negotiated settlement, faster-than-expected

improvement in transit flows, or higher non-Opec supply - any improvement in credit conditions will be gradual, with normalisation still taking several months, it said, expecting geopolitical uncertainty to persist through much of the year, alongside ongoing vulnerabilities in energy markets and supply chains.

Expecting transit flows to gradually improve, but through bilateral channels rather than a general reopening; it said oil importers - particularly China, India, Japan and Republic of Korea - to negotiate passage bilaterally with Iran, potentially through coordinated transit corridors such as those reportedly emerging near Larak Island and through Omani territorial waters.

"This would allow some incremental improvement in energy transit flows from near zero now, but the process will be slow, opaque and subject to interruption. A return to pre-conflict traffic volumes in 2026 is unlikely," it added. Finding that core energy infrastructure in the Gulf Co-operation Council (GCC) region has not suffered lasting damage, it said the supply shock is driven by the disruption to transit, not the destruction of productive capacity.

Highlighting that the Strait disruption is no longer a short-lived supply interruption buffered by inventories but is now a structural supply constraint drawing down global stocks, constraining refinery throughput and keeping crude and refined product prices persistently high; Moody's said the effects extend beyond crude.

"Qatar supplies around 20% of worldwide LNG (liquefied natural gas) trade, almost all of which transits the Strait. Prolonged disruption will keep prices high for natural gas, particularly in Europe and Asia, and also for fertilisers, aluminium and other industrial inputs, with knock-on effects on food prices," it said.

## Workshop shows Qatar entrepreneurs how AI can fast-track software, startup creation

By Peter Alagos  
Business Editor

Artificial intelligence-assisted tools have been instrumental in narrowing the gap between a startup idea and a working product, allowing founders and developers to build apps, websites, data tools, and business products without writing a single line of traditional code. This was among the key themes discussed during a hands-on workshop organised by Startup Grind Doha, in collaboration with Qatar Science & Technology Park (QSTP), which drew more than 100 founders, developers, creators, and technology enthusiasts to explore how AI is reshaping software and startup creation.

Held at QSTP, the 'Ship Anything with Replit Agent 4' workshop showcased how startups and entrepreneurs can rapidly move from idea to execution by building apps, websites, data tools, and business products directly through AI-assisted workflows.

The session featured Abdulrahman Aldhalaan, a member of the growth team at Replit, who led participants through the capabilities of Replit Agent 4, an AI-powered development system designed to help users plan, design, build, and launch products through natural language. Attendees also



Held at the Qatar Science and Technology Park (QSTP), the 'Ship Anything with Replit Agent 4' workshop gathered more than 100 founders, developers, creators, and technology enthusiasts to explore how AI is reshaping software and startup creation.

received access to Replit to continue experimenting and building on the platform after the event.

The workshop comes as Replit, whose platform underpinned the session, closed a \$400mn Series D funding round that tripled its valuation to \$9bn, with the Qatar Investment Authority (QIA) among participants.

QSTP programme director Hayfa al-Abdulla emphasised that providing access to global technologies and practical innovation experiences remains central to its role in Qatar's entrepreneurial ecosystem. Al-Abdulla said, "QSTP is committed to advancing Qatar's innovation ecosystem by connecting global technologies with local talent

and entrepreneurs. Hosting workshops like 'Ship Anything with Replit Agent 4' reflects our focus on delivering hands-on experiences that turn innovation into real impact."

Aldhalaan noted that Replit is witnessing "incredible momentum" across the region from founders and builders who want to move faster and turn ideas into products with the help of AI. "Replit Agent 4 is designed to make software creation dramatically more accessible, and it was exciting to see the enthusiasm and creativity from the community in Doha," he explained. Indica Amarasinghe, chapter director of Startup Grind Doha, said: "AI is fundamentally changing how startups are built."



# Iran war saddles global companies with \$25bn bill

**Companies face higher costs, supply disruptions, and operational changes; airlines, automakers, and other companies warn of profit hits; extra costs not yet showing up in earnings, analysts say; Europe and Asia most affected by oil-price surge**

Reuters  
London

The US-Israeli war with Iran has already cost companies around the world at least \$25bn - and the bill is climbing, according to a Reuters analysis. A review of corporate statements since the start of the conflict by companies listed in the United States, Europe and Asia offers a sobering look at the fallout. Businesses are grappling with soaring energy prices, fractured supply chains and trade routes severed by Iran's chokehold on the Strait of Hormuz. At least 279 companies have cited the war as a trigger for defensive actions to blunt the financial hit, including price increases and production cuts, the analysis shows. Others have suspended dividends or buybacks, furloughed staff, added

fuel surcharges, or sought emergency government assistance. The upheaval - the latest in a series of discombobulating global events for business following the Covid-19 pandemic and Russia's invasion of Ukraine - is tempering expectations for the rest of the year with little sense that an agreement to end the conflict is forthcoming. "This level of industry decline is similar to what we have observed during the global financial crisis and even higher than during other recessionary periods," Whirlpool CEO Marc Bitzer told analysts after it slashed its full-year forecast in half and suspended its dividend. As growth slows, pricing power will weaken and fixed costs will become harder to absorb, analysts say, threatening profit margins in the second quarter and beyond. Sustained price hikes are likely to fuel inflation, hurting already-fragile consumer confidence. "Consumers are holding back on replacing products and rather repairing them," Bitzer said. The appliance maker is not alone. Companies including Procter & Gamble and Toyota have warned of the mounting toll as the conflict enters its third month.

Iran's blockade of the Strait of Hormuz - the world's most critical energy chokepoint - has pushed oil prices above \$100 a barrel, more than 50% higher than before the war. The closure has driven up shipping costs, squeezed supplies of raw materials and cut off trade routes vital to the flow of goods. Supplies of fertilisers, helium, aluminium, polyethylene and other key inputs have been hit. One-fifth of companies in the review - which make everything from cosmetics to tyres and detergent, to cruise operators and airlines - have flagged a financial hit due to the war. A majority were based in the UK and Europe, where energy costs were already elevated, while almost a third were from Asia, reflecting those regions' deep reliance on Middle Eastern oil and fuel products. To put the tally into context, hundreds of companies by October last year had flagged more than \$35bn in costs from US President Donald Trump's 2025 tariffs. Airlines account for the biggest share of quantified war-related costs, representing nearly \$15bn, with jet fuel prices having nearly doubled. As the bottleneck drags on, more companies

from other industries are sounding the alarm. Japan's Toyota warned of a \$4.3bn hit while P&G estimated a \$1bn post-tax profit blow. Fast-food giant McDonald's said earlier this month it expected higher long-term cost inflation from ongoing supply-chain disruptions, the kind of assessment that until recently had been confined to industrial earnings calls. The surge in fuel prices is hurting lower-income consumer demand, CEO Chris Kempczinski said, adding that "elevated gas prices are the core issue we're seeing right now." Nearly 40 companies in the industrials, chemicals, and materials industries have said they would raise prices due to their exposure to Middle Eastern petrochemical supply. Newell Brands Chief Financial Officer Mark Erceg said earlier this month that every \$5 rise in per-barrel oil prices adds about \$5mn in costs. German tyre maker Continental expects a hit of at least 100mn euros (\$117mn) from the second quarter due to surging oil prices making raw materials more expensive. Continental executive Roland

Welzbacher said earlier this month that it would take three to four months before affecting the company's profit-and-loss statement. "It probably hits us late in Q2, and then it will come in full-blown in the second half," he said. Corporate profits have been buoyant through the first quarter, part of why major indexes like the S&P 500 have managed to scale new highs even as energy costs bite and bond yields rise on inflation-led worries. Since March 31, second-quarter net profit margin forecasts have been cut by 0.38 percentage points for S&P 500 industrials, 0.14 percentage points for consumer discretionary companies and 0.08 percentage points for consumer staples, FactSet data show. European STOXX 600-listed companies will face margin pressure beginning in the second quarter, as it will become harder to pass through extra costs and as protection from hedging expires, Goldman Sachs analysts said. Consumer-facing sectors including autos, telecoms, and household products are seeing negative revisions of more than 5% for the next 12 months, Gerry Fowler, UBS head of European equity strategy, said.

# Commerzbank formally rejects UniCredit's \$43bn offer as too low

Bloomberg  
Frankfurt

Commerzbank AG dismissed UniCredit SpA's €37bn (\$43bn) takeover bid as too low and urged investors to spurn it, further ratcheting up the heat in the 19-month-long takeover saga.

UniCredit "does not offer an adequate premium to our shareholders," Commerzbank Chief Executive Officer Bettina Orlopp said in a statement on Monday, reflecting the formal assessment by the bank's management board and supervisory board.

Commerzbank is open to talks if UniCredit improves the offer and presents a strategy for the combined entity that "builds on the strengths" of its business model, it said. However, UniCredit's current proposals rely on synergy estimates that are "neither robust nor convincing" and they would "weaken" the bank's ability to serve German companies, it said.

UniCredit is offering 0.485 of its own shares for each one in its German rival, valuing the target at roughly €37bn at Friday's close. Commerzbank's market value was about €39bn.

UniCredit CEO Andrea Orsel has floated the option of improving the bid if there's strong investor take-up or talks with Commerzbank.

The Italian lender said in a statement following Commerzbank's release on Monday that "we fundamentally disagree with many of the arguments put forward and find them to be without merit or substantiating data." It added that a fuller response will be published "in due course."

The exchange between the two



The Commerzbank AG headquarters in Frankfurt. Commerzbank dismissed UniCredit's \$43bn takeover bid as too low and urged investors to spurn it, further ratcheting up the heat in the 19-month-long takeover saga.

banks escalates tensions that have been bubbling ever since Orsel started openly pursuing Commerzbank in September 2024 in an effort to expand operations in Europe's largest economy.

Orsel unveiled a formal takeover offer in March, which was submitted to Commerzbank investors earlier this month and runs through June 16.

Commerzbank has since repeatedly criticised UniCredit's tactics and accused the Italian bank of seeking to talk down its valuation. It renewed that critique on Monday saying that any talks with UniCredit would require a relationship of trust.

That has been "severely undermined" by the Italian lender's "uncoordinated conduct and its repeatedly misleading communications," it said.

The German government, which is Commerzbank's second-largest investor with a shareholding of about 12%, is vehemently opposed to the deal.

Orlopp and Orsel held talks about the offer earlier this year but the meetings ended up in disagreement and ultimately deepened divisions between the two. While UniCredit has said that a takeover would improve Commerzbank's profitability through substantial cost cuts, the German lender has dismissed the proposals as unrealistic and said they would cause revenue loss.

Commerzbank has also accused UniCredit of using "misleading" representations in the strategy proposals it has made for the German bank.

"UniCredit is inaccurately assessing the revenue losses, cost

saving potential, and restructuring costs as well as the time required to implement its planned measures," Commerzbank said in the release on Monday. "This applies in particular to the headcount reductions envisaged by UniCredit, the complex IT integration, and revenue losses arising from overlaps in the Corporate Clients business."

The price offered by UniCredit has been below Commerzbank's market value for some time and very few shares have been tendered so far.

UniCredit currently owns close to 27% in Commerzbank through direct shares and it controls another 12% of voting rights through derivatives, with most of those instruments only allowing for cash settlement, according to the latest regulatory filing.

# IMF raises UK outlook, but warns political turmoil could hurt growth

Reuters  
London

The International Monetary Fund (IMF) raised its growth forecast for Britain's economy this year on Monday but warned that further "domestic uncertainty", at a time when political instability is engulfing the government, could hit spending and investment.

In an upgrade that finance minister Rachel Reeves hailed as a sign of progress by embattled Prime Minister Keir Starmer's government, the IMF said Britain's economy would grow by 1.0% this year.

That was up from a forecast of 0.8% it made last month when the Fund lowered its global outlook to reflect risks from the Iran war. But it would still represent a slowdown for Britain from 2025.

"While the UK economy has remained resilient in recent years, the war in the Middle East is dampening near-term prospects," the IMF said in its annual assessment of Britain's economy.

The new, higher forecast for 2026 was due to pre-war economic momentum which was reflected in recent stronger-than-expected growth and revisions to previous data, the Fund said.

Inflation was likely to rise to just under 4% by the end of the year but the BoE would be able to get it back to its 2% target by the end of 2027 without raising interest rates, assuming energy prices fell as markets expect, the report said.

However, given the uncertainty about the Iran conflict, the BoE might have to cut or raise rates and should "be prepared to respond forcefully" if second-round effects - such as worker demands for higher pay or companies raising their selling prices - proved stronger than anticipated.

Over the past two weeks, British politics has been rocked by speculation about Starmer's future, driving benchmark 10-year borrowing costs to their highest since 2008 on Friday on the prospect of

weaker fiscal discipline. The IMF warned the turmoil could hit the economy and reinforced the need for the government to stick to its deficit reduction plans which target a balanced budget for non-investment spending by 2029/30.

"Domestic uncertainty could also add to the already volatile global environment, holding back consumption and investment decisions," it said. Speaking to reporters in London, IMF mission chief Luc Eyraud said markets and investors put a premium on predictable government policy.

"Today's policymaking is constrained by a more volatile external environment with more frequent and overlapping shocks, a rising public interest bill, in part reflecting market concerns with countries' elevated debt, and the long-standing challenge of weak productivity growth," he said.

Reeves said the upgrade of Britain's growth forecasts and its support for her budget plans showed Starmer's government had the right plan and she warned potential challengers to the prime minister that they could damage the economy.

"Putting our stability at risk when signs of progress are emerging would leave families and businesses worse off," she said.

Starmer and Reeves are keen to take steps to reduce the cost of living - a major worry for voters - and the Sun newspaper reported over the weekend that Reeves was poised to announce she would scrap a rise in fuel tax planned for September.

But the IMF said any energy subsidies should be targeted and temporary, and funded by tax rises or spending cuts rather than new borrowing. "Staying the course on deficit reduction will be important given market pressures and elevated implementation risks," it said.

Further ahead, the government should consider broadening the base of value-added tax and reforming property tax as well as keeping a tighter grip on rising welfare spending.

# Modest ECB rate hike would limit economic pain, says official

Bloomberg  
Frankfurt

A small European Central Bank (ECB) interest-rate increase could temper inflation without causing economic damage, Governing Council member Yannis Stournaras told Liberal.gr. "A significant but temporary excess over the inflation target would mean a measured adjustment of monetary policy in a more restrictive direction in the near future, in order to limit the intensity of second-round effects, without disproportionately affecting economic activity," the Greek central bank was cited as saying. Markets and economists are betting on a quarter-point hike at the ECB's June meeting, with several policymakers indicating they would back such a step. Still, some have been less direct, instead holding out for more incoming economic data.

"The duration and intensity of the energy shock, as well as the mechanisms through which it is transmitted to the real economy, will also determine our response," Stournaras said. "We will continue to



Yannis Stournaras, governing council member of the European Central Bank.

closely assess all available data and remain ready to set policy rates at levels consistent with maintaining price stability over the medium term." The typically dovish central banker highlighted that there "currently is no strong evidence" of second-round effects, but warned of heightened uncertainty. "Damage to energy infrastructure in the Gulf could prolong inflationary pressures over the medium term," he said. "Longer delivery times and rising input costs suggest that supply chains are coming under increasing pressure."

# Arm Holdings to face US antitrust probe

Bloomberg  
London

Arm Holdings Plc is facing an antitrust investigation by the US Federal Trade Commission (FTC) over the UK company's licensing of its semiconductor technology, part of ongoing global scrutiny of the business, people familiar with the matter said.

The US competition and consumer protection regulator is probing whether Arm is trying to illegally monopolise parts of the semiconductor market, according to the people, who were granted anonymity to discuss a confidential probe. The FTC is looking to determine if Arm will refuse or lower the quality of licenses for blueprints to develop central processing units - the brain of a computer - while ramping up efforts to develop its own chips, said the people.

Earlier this year, the US regulator notified Arm of the investigation and demanded the company preserve documents, the people said. A spokesperson for the FTC declined to comment.

Arm, which is majority-owned by SoftBank Group Corp, historically hasn't made its own chips. Rather, it sells chip designs and licenses a so-called instruc-

tion set - code used by software to communicate with processors. Chipmakers including Qualcomm Inc and device makers such as Apple Inc rely on Arm licenses for their products.

Regulators outside the US are also looking into Arm's practices, spurred in part by Qualcomm, Bloomberg has reported. Qualcomm's 2024 complaint with the European Commission accused Arm of trying to restrict access to licenses and withholding key technology. Last year, competition authorities in South Korea conducted unannounced inspections at Arm's offices in Seoul, as part of a similar investigation.

Arm declined to comment on the investigations. But in a statement, the company said "Qualcomm's baseless allegation of anticompetitive conduct is nothing more than a desperate and underhanded attempt to obtain leverage in the parties' ongoing commercial dispute for its own competitive benefit."

A Qualcomm spokesperson did not respond to a request for comment.

The FTC investigation is the latest escalation in a global fight between the companies. Qualcomm had opposed a bid by artificial intelligence chipmaker Nvidia Corp to acquire Arm - a takeover that failed in 2022. In 2021, Qualcomm pur-

chased Nuvia Inc. and sparked a breach-of-contract fight over use of the startup's Arm license. Qualcomm won in court, though Arm is appealing.

Both companies are trying to position themselves to ride a boom in computing - for everything from desktops to AI systems - as demand becomes more sluggish for the smartphone chips that fueled much of their growth in recent years.

Qualcomm, the No 1 maker of chips that run phones, contends that Arm created a heavy reliance on its technology through an open licensing model, which also fostered a thriving semiconductor industry. But Qualcomm maintains that Arm's announcement in March of plans to design its own processors - a move that could generate \$15bn annually within five years - are indicative of fears that Arm will limit access to its technology.

Arm's plans have been welcomed by dozens of others in the industry, from customers including Alphabet Inc's Google and Amazon.com Inc, as well as chip peers such as Advanced Micro Devices Inc. Under Chief Executive Officer Rene Haas - who has also recently taken on an executive role with SoftBank - Arm has shifted from its roots as a provider of smartphone technology and taken a greater role in the data centre market.

## Bond rout pushes eurozone yields higher

Reuters  
London

Eurozone bond yields rose on Monday amid a broader global bond selloff, with investors worried that higher energy prices amid the Middle East conflict could fuel inflation and prompt further interest rate hikes.

The yield on the German 10-year bond, the benchmark for the euro zone, touched a fresh 15-year high, up 2.5 bps to 3.1796%.

On Friday, the yield had risen as much as 8.5 bps to its highest level since May 2011. Bonds from Tokyo to New York extended losses on Monday as investors grew increasingly jittery about inflation, with a deadlock in the Iran war dragging on.

Italian 10-year yields meanwhile rose 3 bps to 3.973%, earlier hitting their highest level in six weeks. European Central Bank head Christine Lagarde, asked on Monday if she was worried by the bond selloff, replied to reporters: "I always worry,

that's my job!" Moves on shorter-dated bond yields were more muted, with Germany's 2-year bond yield up 1.4 bps at 2.7442% while Italy's 2-year yield rose 1.8 bps to 2.9617. "Inflation and deficit concerns have been in the background for a while, UK was probably the catalyst for bringing these concerns to the fore," wrote Mohit Kumar, chief economist for Europe at Jefferies.

UK 10-year gilt yields fell 3 bps on Monday, having on Friday registered their biggest daily slump since April 2025 amid rising political uncertainty as British Prime Minister Keir Starmer comes under intense pressure to quit.

But the Iran war remains the main focus for markets on Monday, said Olle Holmgren, strategist at SEB Research, who added that he will be closely watching PMIs due out of the euro zone and the UK later this week.

"The impact on growth is interesting, but it will also be interesting to see what happens to both input

and output prices - especially output prices where you saw a relatively large increase in Germany in April," he said.

UK PMIs for April will hit screens later this week as will euro zone PMIs, followed by euro zone consumer confidence survey and Germany's Ifo survey.

Commerzbank analysts said in a note that they expect Bunds to remain rangebound for the first half of the week as markets digest Friday's steep moves, with data later this week serving as a reality check.

"Given the front-end has come a long way and the ceasefire in Iran that is fragile but enduring so far, 10y yields look set to consolidate near current levels," they wrote.

Traders will be looking for any hint that inflation is feeding through to the real economy, as they wait to see how central banks react to rising prices.

Markets are placing an 85% chance on a 25 bps hike at the European Central Bank's (ECB's) next meeting.

## Gold prices steady as Iran sanctions waiver report counters rate fears

Bloomberg  
London

Gold steadied as traders weighed the inflation risks from a lack of progress in reopening the Strait of Hormuz against Iranian media reports that the US has proposed a temporary waiver on oil sanctions. The US has accepted waiving the sanctions on Iran during peak talks, the semi-official Tasnim news agency reported, citing a source close to the negotiation team. Oil erased an earlier gain.

Bullion retreated almost 4% last week, after US and Iran remained far apart on a deal to end weeks of war and reopen Hormuz, a vital waterway for energy flows. President Donald Trump renewed threats against Iran over the weekend, fanning inflation concerns and raising

the odds of a rate hike that would weigh on non-yielding bullion.

The precious metal has traded in a fairly narrow range since falling sharply in the early days of the war, as investors weigh inflation risks that could keep rates higher against growth concerns that might prompt monetary easing if the conflict drags on.

Bullion has fallen 14% since the conflict started. A drone attack on Sunday that sparked a fire at a nuclear plant in the United Arab Emirates highlighted the fragility of the US-Iran ceasefire.

Bond markets have tumbled in recent sessions on growing fears a war-driven surge in inflation will pressure central banks into raising interest rates. The rout sent yields surging as doubts mounted over how quickly Middle Eastern oil

supplies can return to normal. New investment interest in precious metals "has dried to a trickle" on worries over higher interest rates, analysts including Gregory Shearer at JPMorgan Chase & Co wrote in a note to clients. A resolution to the conflict is key to reviving demand, they said, although the market is likely to find support from central bank purchases. India's demand has also been hit by stricter import policies. Bullion inflows have slowed as traders grapple with higher duties. Over the weekend, the nation further tightened the rules for silver imports in a bid to defend its currency, which has sunk to an all-time low. Meanwhile, traders will be keeping tabs on the minutes from the US Federal Reserve's April Meeting this week for clues on the future path for rates.

## G7 finance chiefs meet to seek common stance on unstable ground

AFP  
Paris

Finance chiefs from the G7 industrialised nations gathered in Paris on Monday for two days of talks aimed at forging a united front as the Middle East war roils economic prospects worldwide.

France, which currently chairs the rotating presidency of the Group of Seven, faces the tricky task of keeping dialogue open as trade feuds spurred by US President Donald Trump's tariff blitz compound geopolitical tensions.

Reducing reliance on China's vast holdings of rare earths -- crucial for the AI boom that has underpinned economic growth in recent years -- is also at the top of the agenda.

"We are facing significant challenges -- war in the Middle East, obviously, multilateral imbalances that are not sustainable, and the stakes regarding rare earths, critical materials and development aid," French Finance Minister Roland Lescure told journalists on Monday.

He noted in particular the surging US budget deficit, a lack of technological innovation in Europe, and China's efforts to counter slumping consumer spending and industrial over-capacity that has pushed its companies to elbow into overseas markets. "I believe that today, we are going to show that multilateralism is useful, and it works," Lescure said. "We have... to commit ourselves to figure out a return to a more sustainable growth model."

But the meeting, which also aims to lay the groundwork for the G7 summit meeting in Evian, France, next month, comes after US President Donald Trump met with China's President Xi Jinping, without appearing to secure any breakthrough on either the war against Iran or trade and geopolitical tensions.

Trump's combative, transactional approach to dealing with allies and rivals alike is also unnerving G7 leaders as they grapple with the threat of both stagnant growth and surging inflation.

"We can do a lot to... calm the markets and give positive, let me say, momentum in a way that we

have these discussions here," said German central bank chief Joachim Nagel, who was attending alongside European Central Bank president Christine Lagarde.

"I'm always worried -- that's my job!" Lagarde told journalists as she arrived.

Even a shared recognition of the challenges would be considered a victory for the French government, which is hoping to issue two joint statements after the discussions.

Finance ministers from Kenya, Brazil, India and South Korea have also been invited for talks on Tuesday, when a closing press conference is set for midday.

The talks come days after Trump's trip to Beijing for talks with President Xi Jinping failed to provide a clear breakthrough on easing tariffs or ending the war in the Middle East.

China has been making inroads in much of the G7 nations' backyards, and is increasingly willing to play hardball on trade as a key supplier of both raw materials and inexpensive finished goods.

"Up to now, the problem of macroeconomic imbalances was addressed... with regards to global financial stability," said Pierre Jalliel, a researcher at France's Institute for International and Strategic Affairs (IRIS). But now officials are looking "through the optic of economic security: trade surpluses or deficits can reflect vulnerabilities or dependencies, in particular with critical minerals or energy"; and the risk of supply chain disruptions, Jalliel told AFP.

The G7 goal is to "ensure that we don't depend on any one country -- China, without naming names -- for our rare earth supplies," Lescure told journalists last week.

And oil and gas security has become even more crucial with the Middle East war. "We must do for critical materials what we did with energy in the 1970s," Lescure said, and find common cause for dealing with any crisis.

France is hoping to create a "common toolbox" to combat market disruptions to key raw materials, Lescure said, via strategic trade deals or interventionist measures such as price floors, quotas or tariffs.

## QSE sees strong buying from domestic funds and local retail investors

By Santhosh V Perumal  
Business Reporter

The Qatar Stock Exchange (QSE) yesterday witnessed strong buying interests from the domestic funds and local retail investors, even as it plummeted more than 112 points, eroding more than QR6bn in capitalisation.

The market opened on a strong note with its key index touching as high as 10,483 points but soon profit booking pressures ensued to finally settle the 20-stock Qatar Index lower by 1.07% at 10,372.1 points.

Fears over escalation in the Middle East disruptions, after drones had targeted an area near the Barakah nuclear power plant in the UAE, had their impact on the already weak sentiments in the bourses in the region.

The transport and industrials counters witnessed higher than average selling pressure in the market, whose year-to-date losses widened to 3.63%.

As many as 83% of the traded constituents were in the red in the main bourse, whose capitalisation eroded QR6.55bn or 1.05% to QR619.54bn, mainly owing to mid and small cap segments.

The foreign institutions were seen increasingly net profit takers in the main market, whose trade turnover and volumes were on the rise.

The Gulf institutions turned bearish in the main bourse, which saw as many as 0.01mn exchange traded funds (sponsored by AlRayan Bank and Doha Bank) valued at QR0.02mn trade across 11 deals.

The Gulf individuals were seen net sellers in the main market, which saw as many as 10 sovereign bonds valued at QR0.1mn changes hands across one transaction.



The market opened on a strong note with its key index touching as high as 10,483 points but soon profit booking pressures ensued to finally settle the 20-stock Qatar Index lower by 1.07% at 10,372.1 points yesterday

The Islamic index was seen declining faster than the key barometer of the main bourse, which saw no trading of sovereign sukuk.

The Total Return Index shed 1.07%, the All Share Index by 1.01% and the Al Rayan Islamic Index by 1.04% in the main bourse, which saw no trading of treasury bills.

The transport sector index tanked 1.2%, industrials (1.16%), banks and financial services (1.07%), telecom (1.02%), real estate (0.95%), consumer goods and services (0.4%) and insurance (0.01%).

As many as 44 declined, while only six decreased and three were unchanged in the main market.

Major shakers in the main market included Widam Food, Gulf International Services, Industries Qatar, Qamco, Milaha, Ezdan, Qatar Islamic Bank, Commercial Bank, Doha Bank,

Salam International Investment, Qatar German Medical Devices, Qatar Industrial Manufacturing, Qatar National Cement and Vodafone Qatar.

Nevertheless, Al Mahhar Holding, Doha Insurance, Zad Holding, Qatar General Insurance and Reinsurance and Beema were among the movers in the junior bourse. In the venture market, Techno Q saw its shares appreciate in value.

The foreign institutions' net selling increased substantially to QR48.15mn against QR2.58mn the previous day.

The Gulf funds turned net profit takers to the tune of QR5.51mn compared with net buyers of QR3.11mn on Sunday.

The Gulf retail investors were net sellers to the extent of QR0.05mn against net buyers of QR1.43mn on May 17.

However, the domestic funds turned net buyers to the tune of

QR33.3mn compared with net sellers of QR3.49mn the previous day.

The local retail investors were net buyers to the extent of QR11.53mn against net sellers of QR0.79mn on Sunday.

The foreign individuals turned net buyers to the tune of QR4.46mn compared with net sellers of QR0.65mn on May 17.

The Arab retail investors' net buying strengthened perceptibly to QR4.46mn against QR2.97mn the previous day.

The Arab institutions had no major net exposure for the seventh straight session.

The main market saw 63% surge in trade volumes to 164.63mn shares, 77% in value to QR409.77mn and 79% in deals to 26,730.

In the venture market, a total of 0.02mn equities valued at QR0.05mn changed hands across 11 transactions.

## Inflation uptick is starting to send sell signals to stock bulls

Bloomberg  
New York

Wall Street strategists are warning the favourable period for stocks following a blockbuster earnings season is over and that a harsh macro-economic reality now threatens this year's rally.

With more than 90% of S&P 500 Index members having reported earnings, investors' focus is flipping back to the challenges in front of newly installed Federal Reserve Chair Kevin Warsh. Those include oil prices stubbornly above \$100 a barrel and back-to-back hot consumer- and producer-price readings last week that have traders now pricing in the potential for interest rate hikes instead of cuts this year.

"Equity investors are focused on the micro - they're looking at earnings, and they are great," Adam Turnquist, chief technical strategist at LPL Financial, said by phone. "The macro environment is certainly not as optimistic as the

equity market. I think you need to be paying attention."

Investors were forced to pay attention Friday, when the most interest-rate sensitive corners of the market saw big plunges in an ugly market selloff. The small-cap Russell 2000 Index dropped 2.4% for the biggest single-day decline since November. A Morgan Stanley basket of unprofitable members of the index fell even further, declining 4.3%. Goldman Sachs' thematic team suggested at the time to short non-profitable technology and low-quality names as interest rates have climbed.

Morgan Stanley strategists weighed in before the start of trading for the week, writing that equities are at risk of a significant pullback as the global bond selloff threatens to derail the artificial intelligence-driven rally. If the bond market becomes more volatile and long-term interest rates keep rising, "we would expect the first meaningful correction in equity prices since markets bottomed at the end of March," the team led by



Mike Wilson wrote in a note. Still, the strategists stayed with their longer-term bullish call for equities after they raised their 12-month target for the US benchmark to 8,300 last week. "If inflation pressures continue to build up, in three or more

months, the odds of a rate hike would increase and that could be a surprise to the markets that were anticipating a fairly dovish Fed Chair Warsh in the early days of his term," Ed Clissold, chief US strategist at Ned Davis Research, said by phone.

Clissold added inflation to his list of reasons to be cautious on stocks in a May 13 note, saying the rate of change in CPI had climbed high enough above its six-month average to trigger a bear signal. A string of hot inflation readings "can no longer be dismissed as a short-term spike," he said. The indicator, then moving in the opposite direction, correctly predicted the equity market bottom in 2022. Even without the uptick in CPI and PPI, the S&P 500 has historically faced challenges following changes in leadership at the Federal Reserve. Since 1930, the US stocks benchmark has seen an average 12% drawdown in the first three months after a new Fed Chair is installed, according to an analysis by Barclays Plc. Those declines don't always hold, however, with the S&P 500 typically just 1% lower three months after a new chair is installed.

"Historically, new Fed Chairs have been tested by equity markets following their appointment into

office," Barclays strategists led by Alexander Altmann wrote in a note. Across Wall Street, strategists are warning of softness following a sharp run in stocks. The S&P 500 has climbed 13% so far this quarter. Scott Chronert, head of US equity strategy at Citigroup Global Markets Inc, warned of a "post-earnings hangover" at a time when 10-year yields have climbed, inflation concerns have risen and "new Fed Chair Warsh may have his hands full." Traders will get a better sense of the central bank's reasoning for holding interest rates steady this month with the Federal Open Market Committee meeting minutes release on Wednesday. University of Michigan inflation expectations are also due to be released on Friday. To be sure, Nvidia Corp, the largest company in the S&P 500 and a darling of the AI trade, has yet to report earnings. That report could add to bullish bets on the data-center buildout when it releases results on Wednesday.