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**GULF TIMES BUSINESS**

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Global economy risks slump on prolonged Iran conflict, says OECD

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# Qatar's economic strength stems from effective public-private partnership, says Sheikh Khalifa

**QNA**  
Doha

Chairman of Qatar Chamber (QC), Sheikh Khalifa bin Jassim bin Mohammed al-Thani has said that under its wise leadership, the State of Qatar has successfully addressed various global challenges with high efficiency, safeguarding economic stability and ensuring the uninterrupted continuation of essential services. These decisive efforts have further strengthened investor confidence and enhanced Qatar's prominent position on the global economic stage. His remarks came during the Chamber's second General Assembly Meeting on Thursday at its headquarters. The meeting was attended by Board members, prominent businessmen, Chamber members, and media representatives. Chairing the session, Sheikh Khalifa noted that the assembly convened amid a critical regional and international phase marked by rapid changes and increasing economic complexities. He called for a heightened sense of collective responsibility to preserve national economic achievements, emphasising that the true strength of Qatar's economy lies in the effective, deep-rooted partnership between the public and private sectors. He reviewed the comprehensive Board of Directors' report on the Chamber's activities for 2025, highlighting ongoing initiatives to support private enterprises, modernize work mechanisms, and enhance the local business environment in line with the Qatar National Vision 2030. He highlighted the Chamber's swift response during recent developments, noting the concrete, practical steps taken to support the private sector, ensure business continuity, and maintain overall market stability.



Under its wise leadership, Qatar has successfully addressed various challenges with high efficiency, safeguarding economic stability and ensuring uninterrupted continuation of essential services, says Qatar Chamber Chairman Sheikh Khalifa bin Jassim bin Mohammed al-Thani.

The chairman explained that the Chamber's sectoral committees convened a series of intensive meetings with government bodies and private sector representatives to tackle pressing issues facing local businesses. Special focus was placed on mitigating the impact of disrupted supply chains, fluctuating goods flow, escalating shipping and operational costs, and storage difficulties through the development of practical, targeted solutions. He added that, in close cooperation with the General Authority of Customs and relevant stakeholders, the Chamber actively worked on deploying alternative transport routes most notably expanding the utilisation of the International Road Transport (TIR) system. This was complemented by strengthening regional coordination with the Federation of GCC Chambers and participating in emergency sessions addressing regional economic developments. Reviewing the Chamber's 2025 activities, Sheikh Khalifa affirmed the continued implementation of an integrated work programme

dedicated to bolstering private sector growth and global competitiveness. A key milestone was the launch of the Chamber's 2025-2030 strategy. This strategic roadmap focuses on strengthening the Chamber's position as an influential global hub for business communication, empowering small and medium-sized enterprises (SMEs), accelerating digital transformation, and ensuring long-term institutional sustainability. He pointed out that the year 2025 witnessed intensive activity, with the Chamber organising more than 250 events and hosting around 96 international trade delegations, in addition to holding numerous business forums and high-level meetings, further strengthening Qatar's presence on the global economic stage. The assembly approved the Board of Directors' report and the auditor's report for the financial year ending 31 December 2025. It also approved the discharge of the Board members, the estimated budget for the fiscal year 2026, and the appointment of an auditor, along with the determination of their fees.

## QSE seen awaiting FTSE Russell index review

**QNA**  
Doha

Qatar Stock Exchange (QSE) index closed this week down 2.41%, losing 255.7 points to settle at 10,335 points, compared to last week. The decline was driven by pressure across most sectors, with the banking and financial services sector experiencing the steepest drop at 2.67%, followed by the industrial sector and the insurance sector, both down 2.21%. The telecommunications sector, however, saw the largest gains, rising 2.31%. Financial analyst Mubarak al-Tamimi told the Qatar News Agency (QNA) that investor anticipation characterized trading on the QSE this week, particularly as the FTSE Russell index review approaches on June 18. This event is expected to stimulate buying activity in several listed stocks, especially leading stocks with significant weightings in global indices. He explained that the market

witnessed a significant increase in trading values and volumes recently, driven by the entry and exit of foreign investment portfolios linked to the activation of the Morgan Stanley indices. This impacted trading activity and increased the pace of daily stock movements. The QSE has seen active trading in recent weeks as a result of the activation and revisions of the Morgan Stanley Emerging Markets Index. These revisions contributed to increased trading liquidity and higher activity levels in a number of stocks targeted by foreign investors and institutions, he added. Al-Tamimi pointed out that Qatari portfolios and local individuals played a prominent role in stabilizing the market recently through repositioning and rebuilding investment portfolios in a number of leading stocks, particularly in the banking and industrial sectors, which continue to be the primary drivers of the general index's performance. He argued that the recent activity

of the general index was partly speculative in nature, explaining that some liquidity was directed towards profiting from rapid price movements rather than long-term investment. This explains the noticeable volatility witnessed in recent trading sessions. Regarding technical analysis, he explained that the QSE's general index has not yet been able to break through the key resistance level at 10,733 points, which has kept the market within a cautious trading range, awaiting new catalysts capable of pushing the index to higher levels. He indicated that the 10,364-point level represents a significant technical support for the general index during the current phase, warning that breaking this level could open the way for the index to decline towards the technical bottom at 10,095 points. These are levels that investors and financial institutions are closely monitoring to determine the market's direction in the coming period.

## Promising green spending opportunities are seen for Qatari investors in Jordan

**QNA**  
Amman

CEO of the Association of Banks in Jordan (ABJ) Dr Maher al-Mahrouq said Jordan offers promising investment opportunities in green economy projects, calling on Qatari investors to explore opportunities in renewable energy, sustainable transport, circular economy, and low-emission infrastructure. In remarks to Qatar news Agency (QNA), al-Mahrouq said these sectors have become key pillars of Jordan's Economic Modernization Vision 2023-2033, which aims to enhance competitiveness, accelerate growth, and improve the business and investment environment. He described the current period as an important opportunity to expand economic cooperation between Qatar and Jordan, particularly in sustainability, clean energy, and green finance. He noted that Jordan's banking sector views its Qatari counterpart as a strategic partner capable of supporting the transition toward a more efficient and sustainable economy. Al-Mahrouq highlighted the role of the



Dr Maher al-Mahrouq, CEO of Association of Banks in Jordan.

Central Bank of Jordan in promoting this transition through cooperation with regulators, banks, and economic institutions to stimulate growth and expand sustainable investments. He said these efforts have helped create an advanced regulatory environment capable of addressing global climate and sustainability challenges while strengthening the financial sector's readiness to lead the transformation. He encouraged Qatari financial institutions to invest in Jordan through green and sustainable financing instruments, stressing that the Jordanian market

offers attractive opportunities capable of generating strong economic returns while supporting sustainable development goals and economic integration between the two countries. Al-Mahrouq said the partnership between the ABJ and the central bank serves as a successful model of institutional cooperation, particularly in green finance and environmental and climate risk management. This collaboration has enabled Jordanian banks to adapt to evolving global market requirements and develop financial products aligned with the green economy transition. Jordan's banking sector has reached an advanced stage of readiness for the green economy, supported by growing institutional awareness of sustainability and the development of regulatory frameworks governing green finance and climate-related risk management, he added. Looking ahead, al-Mahrouq said the future of green finance in Jordan appears promising due to evolving regulatory frameworks, growing regional and international interest in the green economy, and rising investment needs in energy, water, sustainable transport, and green infrastructure.

# Qatar Chamber launches Commercial and Industrial Directory 2025-26

Qatar Chamber chairman Sheikh Khalifa bin Jassim bin Mohammed al-Thani launched the Qatar Commercial and Industrial Directory 2025-2026 during a ceremony held yesterday at the Chamber's headquarters. The launching ceremony was attended by Mohamed bin Twar al-Kuwari, first vice-chairman of the Chamber; Sheikh Rashid bin Hamad al-Athba, second vice-chairman; a number of Board members, and Ali Bu Sherbak al-Mansori, acting general manager; in addition to Saad al-Tawah al-Hajri, chairman of Al Ikhtiyar Investment Group, owner of Al Ikhtiyar Advertising and Public Relations Company, which produced the directory for the Chamber. A video presentation was screened to showcase the directory's objectives, comprehensive contents, and key features. The presentation highlighted the publication's vital role in facilitating seamless business-to-business communication and supporting the wider commercial community in Qatar. Following the presentation, Sheikh Khalifa honoured the representatives of the sponsoring companies and entities for their support of the directory. He presented honours to Abdulghani Nasser al-Abdulghani, CEO of Al Abdulghani Motors, as the Strategic Partner; and Khaled Ahmed al-Sada, senior executive vice president of



Qatar's Commercial and Industrial Directory 2025-26 was launched yesterday at the Qatar Chamber headquarters. **Right:** Qatar Chamber chairman Sheikh Khalifa bin Jassim bin Mohammed al-Thani honours Abdulghani Nasser al-Abdulghani at the event.

Corporate and Institutional Banking Services at QNB Group, as the Main Sponsor. He also honoured Ramzi Mazloum, CEO of Ramaco Trading and Contracting (Platinum Sponsor); Nasser Suleiman al-Haidar, chairman of Al Suleiman Holding Group (Gold Sponsor); and Hassan Mohammed Al Afrangi, CEO of Ahli Bank (Silver Sponsor). Additionally, Bronze Sponsorship honours were presented to Hayat Boukhsheesa, acting director of the Technical Office; Public Works Authority (Ashghal), and Jasim Mohammed Taleb al-Khouri, director of Research and Development at Taleb Group.

Sheikh Khalifa affirmed Qatar Chamber's commitment to fostering a seamless business environment by strengthening communication across all commercial and industrial sectors. He noted that the directory provides a comprehensive and up-to-date database of companies and establishments affiliated with the Chamber, at a time when the Qatari economy is experiencing sustained growth, expansion, and diversification. He added that the publication serves as a trusted economic reference, offering an integrated platform that enables investors, entrepreneurs, and stakeholders to access

data with ease and efficiency. He further asserted that the Chamber views the directory as a strategic platform to strengthen business connections, highlight investment opportunities, and expand commercial cooperation both locally and globally. He noted that the directory reflects the dynamism of Qatar's economic landscape, highlighting the rapid development of the private sector, the diversity of commercial, industrial, and service activities, and the broad base of companies operating in the Qatari market. Al-Hajri stated that the directory was produced and printed to the highest international

standards, reflecting the Qatar Chamber's leading role. He noted that the publication serves as a modern, comprehensive database for the private sector and will be available to all members of the business community, including Qatar Chamber members and relevant government entities. Designed to foster a seamless business environment by providing effortless access to corporate contact information, the directory will be made available to the local business community in a printed format, published in both Arabic and English.

## Global airline chiefs to confront Iran war fuel shock at industry summit

Reuters  
Rio de Janeiro

Global airline bosses gathering in Rio de Janeiro this weekend will be searching for answers to the industry's biggest crisis since the pandemic, with the Iran war driving up jet fuel costs, forcing flight detours and testing carriers' ability to raise fares. The June 6-8 annual meeting of the International Air Transport Association (IATA) is the industry's biggest summit, bringing together hundreds of top executives from airlines, manufacturers, suppliers and financiers. IATA represents more than 370 airlines accounting for some 85% of global air traffic, giving it a central role in a sector where profits were expected to reach a record \$41bn this year before the Iran war began. Industry executives and analysts expect a downgrade to that forecast at the meeting, where discussions are expected to centre on

surging fuel prices and supply fears, disruptions to Middle Eastern airspace, deepening aircraft delivery delays and whether airlines are falling further behind on climate goals. Airlines around the world have already been responding by raising fares, cutting unprofitable routes and conserving cash until pressures ease, raising more questions about whether they can meet IATA's goal of net-zero emissions by 2050 given the high cost and limited supply of sustainable aviation fuel. Moody's Ratings last week cut its global airline sector outlook to negative from stable, saying fuel costs tied to the Iran war and disruption around the Strait of Hormuz would "materially reduce" operating profit this year. It said profits could fall by more than 35% in 2026 before recovering next year. IATA data showed global passenger traffic contracted in April for the first time since the post-pandemic recovery, led by a sharp drop at Middle Eastern carriers. Air India's outgoing CEO Campbell Wilson

said higher fuel prices and airspace closures were making some routes harder to justify. "When you take on all those competitive dynamics, the added cost of this extra flying, the added cost to fuel, it just makes some routes uneconomic," he said. Airlines with stronger demand and greater premium traffic have more room to raise fares, but the ability to recover fuel costs is uneven across markets and business models. Southwest Airlines CEO Bob Jordan, whose carrier joined IATA last year, said US carriers had raised fares on seven occasions since February without seeing demand weaken. But he said fares were still "not close" to covering current fuel costs. Gulf carriers face a particular test. Emirates and Qatar Airways rely heavily on hubs in Dubai and Doha, while Etihad Airways is expanding again from Abu Dhabi after scaling back earlier global ambitions. The Iran war has not broken the Gulf hub model, but detours have exposed its reliance on

accessible airspace and stable routes, lengthening flight times and increasing fuel burn. The disruption is also creating openings on some long-haul flows for airlines offering non-stop flights between Asia and Europe, including Lufthansa Group, Air France-KLM, Singapore Airlines and Cathay Pacific. For European carriers, the picture is mixed. Some may benefit from Gulf airline troubles on long-haul routes, avoiding the most disrupted airspace, but higher fuel costs are compounding pressure from closed Russian airspace, air traffic control disruption and sustainable aviation fuel mandates. In Asia, Air India faces higher fuel costs and longer routings, while IndiGo remains exposed to aircraft shortages and Pratt & Whitney engine issues. Currency weakness is amplifying fuel costs for Japanese carriers, while Air New Zealand has warned of a sharp earnings hit. In Latin America, the fuel shock is colliding with currency swings and consumers with

limited room to absorb fare increases, even as limited competition gives some carriers more room to pass on costs. LATAM has cut its earnings forecast due to fuel costs, while Brazil's Azul remains exposed to fuel prices and currency volatility. Delayed Boeing and Airbus deliveries, meanwhile, are forcing airlines to keep older, less fuel-efficient jets in service, adding to margin pressure. United Airlines CEO Scott Kirby said engines and components had become the key constraint, estimating that 800 to 900 aircraft worldwide were grounded due to engine issues. "There are not enough engines and they're not going to be for many, many years," Kirby said at a Bernstein conference last week. The fuel shock is also driving talk of sector consolidation, as airlines with thinner margins and less pricing power struggle to absorb higher costs, underscored by the collapse last month of US no-frills pioneer Spirit Airlines.

## Prince Alwaleed sees wealth soar as SpaceX bet pays off

Bloomberg  
Riyadh/New York

When Saudi Prince Alwaleed bin Talal bought into Twitter in 2011, he was among the world's most prominent investors, worth about \$20bn and known for outsized bets on Apple Inc to News Corp.

Elon Musk, in contrast, hadn't even entered the ranks of the world's billionaires.

Fifteen years later, the initial public offering of SpaceX is poised to make Musk a near-trillionaire while enriching legions of people around him, including the Saudi prince, whose investing strategy has received a much-needed boost from his relationship with the world's richest man.

Alwaleed's net worth is at a decade-high after his firm, Kingdom Holding Co, confirmed a report by Saudi news service Asharq that he personally and the company hold a 0.63% stake in SpaceX. That sent Kingdom's shares spiking 21% in two days earlier this week, driving his wealth up to about \$24.5bn, according to the Bloomberg Billionaires Index.

That stake is the culmination of a bet on Twitter, now X, that expanded to xAI and then SpaceX, tying one of the Middle East's best-known investors to the most valuable private technology ecosystem in the world.

Alwaleed first threw his lot in with Musk in 2022 when the Tesla Inc co-founder bought Twitter for \$44bn, rolling over his equity alongside investors like Larry Ellison and Andreessen Horowitz.

The move came with some drama: Alwaleed initially used the social-media platform to reject Musk's takeover offer, saying it didn't "come close" to the company's intrinsic value, while Musk mocked Alwaleed. Eventually, Alwaleed changed course, backing Musk and saying he'd be an "excellent leader."

He invested in Musk's artificial intelligence startup xAI alongside Kingdom over two rounds in 2024. When xAI combined with X three months after his second investment, Alwaleed, together with Kingdom, became the biggest shareholder in the new firm behind Musk. Fortune favored him again in February, when Musk merged xAI with SpaceX, giving Alwaleed a slice of what's set to be the biggest IPO in history.

His personal stake in SpaceX is now valued at about \$3.2bn, based on the firm's \$800bn valuation in a December 2025 tender offer and the value of xAI in a January 2026 funding round before the two companies were combined. (Bloomberg's calculations include a 5% liquidity discount.) Alwaleed said his stake is worth about \$4bn, more than seven times his original investment.

The IPO is expected to raise \$75bn, more than double the \$29.4bn raised by Saudi



Prince Alwaleed bin Talal in 2018.



Elon Musk during the US-Saudi Investment Forum in Washington, DC, in 2025.

Aramco in 2019. It will benefit other investors in Saudi Arabia too, including the \$1tn Public Investment Fund, which owns a stake in Alwaleed's firm, as well as the country as a whole, which has made AI a central plank of efforts to diversify its economy from oil.

Humain, a PIF-backed artificial intelligence firm, invested \$3bn into xAI this year as part of a \$20bn funding round. That deal gave Humain a significant minority stake in xAI, with holdings that it said at the time would convert into SpaceX shares.

That deal came after a period of frosty ties between Musk and the sovereign investment fund. In 2018, the billionaire's short lived attempt to take Tesla private at \$420 a share triggered a public rupture with PIF over what he saw as the fund's

lack of public backing for the deal. Text messages later revealed during legal proceedings showed Musk telling PIF governor Yasir al-Rumayyan, "I'm sorry, but we cannot work together." He replied "it's up to you Elon."

By 2024, the tone had shifted. Musk appeared via video at Saudi Arabia's Future Investment Initiative in Riyadh, speaking on artificial intelligence to a packed audience with Al Rumayyan in the front row.

For years, Alwaleed was one of the Middle East's most high-profile financiers, known for swaggering bets.

Now, his stake in Musk's empire has given him the kind of renewed profile he hasn't enjoyed since he threw a lifeline to Citigroup in the 1990s when it was struggling under a mountain of bad loans.



Saudi Arabia's Minister of Energy Prince Abdulaziz bin Salman al-Saud and Opec Secretary General Haitham al-Ghais attend a session at the St Petersburg International Economic Forum (SPIEF) in Saint Petersburg, Russia on Thursday.

## Opec secretary general says oil demand to remain robust, no change to estimates

Reuters  
St Petersburg

Opec expects robust oil demand growth and is not changing its estimates, Secretary General Haitham al-Ghais said on Thursday at the St Petersburg International Economic Forum, despite the Middle East conflict and closure of the Strait of Hormuz. "Despite all the commentary out

there that oil demand is declining, we have not registered signs of that yet," al-Ghais said.

"We still see robust demand growth at 1.2m barrels a day for this year," he said.

He also said that investments in the oil industry should not be affected by "one-off events" that happen anywhere in the world.

"We need to invest well ahead of time to be prepared for the demand that we see in the future," he said.

## Russia's Novak meets Saudi oil minister, says demand outlook is unclear

Reuters  
St Petersburg

Russian Deputy Prime Minister Alexander Novak said on Thursday there was rising uncertainty about global oil demand and that he had discussed this issue with Saudi Energy Minister Prince Abdulaziz bin Salman.

"We came to the conclusion that no one really knows what to expect regarding demand at the moment. In other words, uncertainty has in-

creased," Novak said after meeting the Saudi minister at the St Petersburg International Economic Forum.

The US and Israel's war with Iran, subsequent damage to Iran and its Gulf neighbours' oil infrastructure and the effective closure of the Strait of Hormuz shipping lane have caused one of the largest oil supply crises in history.

"Estimates made just a few years ago now need to be fundamentally revised," Novak said, adding that the Opec+ group of crude oil exporters would be able to offset changes taking place in the sector.

## Foreign investors snap up Turkish stocks in fast-track trades

Bloomberg  
Istanbul

Foreign investors are piling into fast-tracked sales of shares in Turkish companies, seeing pockets of value in a market facing political turmoil at home and fallout from the Iran war.

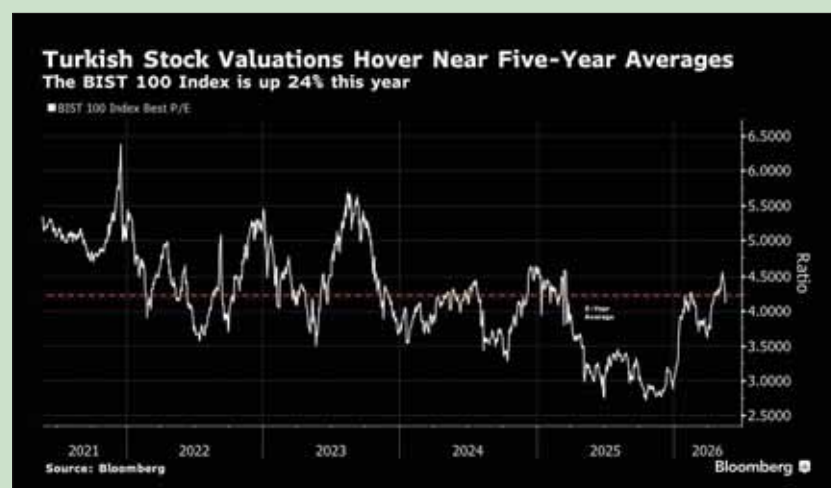
Major shareholders in eight listed companies have sold over \$1.2bn of stock through so-called accelerated bookbuilding transactions since January, an increase of more than 70% in dollar terms versus last year, according to data compiled by Bloomberg. In several cases, the number of shares offered was increased to satisfy demand.

The last three rapid block sales, which are often completed within a day, were placed exclusively with foreign investors, including one for shares in renewable energy company Margun Enerji AS on Wednesday. That deal came less than two weeks after the removal of the leader of Turkiye's main opposition party sparked a sharp selloff in a market already buffeted by the Iran conflict.

Recent transactions "have demonstrated that international capital remains keen to buy Turkish listed companies despite periods of global volatility," said Burcin Ozan, chief executive officer at HSBC Turkiye. Investors are becoming increasingly selective but were ready to back companies "offering liquidity, scale and a compelling investment case," she added.

Long-only investors, hedge funds and local pension funds have all bought shares, said Tunc Yildirim, managing director at Istanbul-based brokerage Unlu & Co.

Family holding companies and Turkiye's sovereign wealth fund have been most active on the sell side. With tight credit conditions and elevated interest rates - weighted average rates for commercial loans have been above 50% for most of this year - firms are finding it harder to borrow, making equity sales attractive. In the Margun Enerji sale this week, the sellers committed to reinvest the proceeds into the business in the form of a loan, according to terms seen by Bloomberg.



"Controlling shareholders are taking the opportunity to monetize stakes and strengthen their cash positions in these uncertain times," said Yildirim. Deals this year have ranged from refiner Turkiye Petrol Rafinerileri AS to electrical equipment manufacturer Astor Enerji AS and real estate developer Ronisans Gayrimenkul

Yatirim AS. Others, such as Sasa Polyester's €415mn convertible bond issue in January, also included an accelerated bookbuild component, with shares placed simultaneously to help bond investors hedge their positions. Turkiye's stock market soared before the war in Iran, buoyed by cheap

valuations and renewed appetite for emerging markets. That, in turn, generated the liquidity that's essential for conducting expedited sales. Even now, despite continued conflict in the Middle East, the country still ranks among the 10 best-performing equity markets of 2026. Gains on the benchmark Borsa Istanbul 100 Index have lifted previously depressed valuations to around five-year averages, making share sales even more compelling for company owners. The combination of attractive valuations for buyers and limited access to financing for sellers means deals should continue to flow, possibly at a slower pace if a protracted conflict keeps oil prices higher for longer, said Evren Kirikoglu, the founder of Istanbul-based consultancy Orca Macro. "Looking ahead, we continue to see strong engagement from global investors seeking exposure to high-quality Turkish corporates and institutions, supported by an active pipeline of live mandates and potential execution opportunities in the coming months," said Ozan at HSBC Turkiye.

# Global economy risks slump on prolonged Iran conflict: OECD

**Bloomberg**  
Paris

The fate of the global economy hinges on the conflict in the Middle East that has already stifled growth and could yet trigger recessions and significantly stronger inflation, the OECD said.

Price pressures and weakened demand are set to be felt for some time, and may even worsen beyond a potential reopening of the Strait of Hormuz, the Paris-based organization said in its latest economic outlook. Even in a scenario of time-limited disruption, the organization revised up its inflation estimates for 2027 and only slightly tweaked already feeble growth projections it announced in March.

It also presented a bleaker scenario of prolonged confrontation and economic fallout that would trigger the deepest global slowdown for 40 years, outside of the Covid pandemic and the 2009 financial crisis. The world's inflation would be 0.4 percentage point higher this year and 1.3 points in 2027.

"The conflict in the Middle East has become the dominant force shaping the global economic outlook," Chief Economist Stefano Scarpetta said. "The global economy is now again under pressure."

The latest assessment from the club of advanced economies is a stark warning of what's at stake for other countries the world over if the US and Iran can't find a path to de-escalation. Predicting the extent to



A drone view of vessels anchored in the Strait of Hormuz as seen from Musandam, Oman on Wednesday. Price pressures and weakened demand are set to be felt for some time, and may even worsen beyond a potential reopening of the Strait of Hormuz, Paris-based OECD said in its latest economic outlook.

which that is possible is hazardous, as optimism on a deal on opening Hormuz is repeatedly punctuated by renewed threats of attacks and diplomatic setbacks. Should disruptions persist into 2027, global growth would slip to 1.8%, tipping some economies into or close to recession, driving up unemployment,

weakening investment – including in artificial intelligence – and increasing the risk of repricing on financial markets, the OECD said.

The severity of the fallout and the potential for exacerbation will make policy decisions particularly difficult.

Fiscal expansions will likely shoulder most of the burden, according to the OECD, but governments have little space to intervene due to elevated public debt. It also warned that the broad support many states have already provided has undesirable effects of encouraging energy consumption in a supply crunch. Meanwhile, central banks face challenges weighing the need for tighter policy to rein in inflation while avoiding unnecessary economic harm. In the OECD's milder scenario, it expects some interest-rate increases followed by cuts in 2027 as price pressures retreat.

But the picture becomes more complex if the disruption is prolonged and inflation reaches the more acute projections. The OECD expects policy rates would then likely rise by 50 to 75 basis points in most countries, only to be reduced again in 2027 as the drag on growth intensifies.

If there is severe tightening of market conditions, the organization said central banks may have to reconsider further reductions in holdings of sovereign bonds acquired in past crises and even reboot quantitative easing or – in the case of the ECB – long-term refinancing operations.

"Central banks can look through the supply-driven rise in prices as long as inflation expectations remain well anchored and second-round effects are contained," Scarpetta said. "However, a policy response may become necessary if price pressures broaden, or if growth weakens significantly."

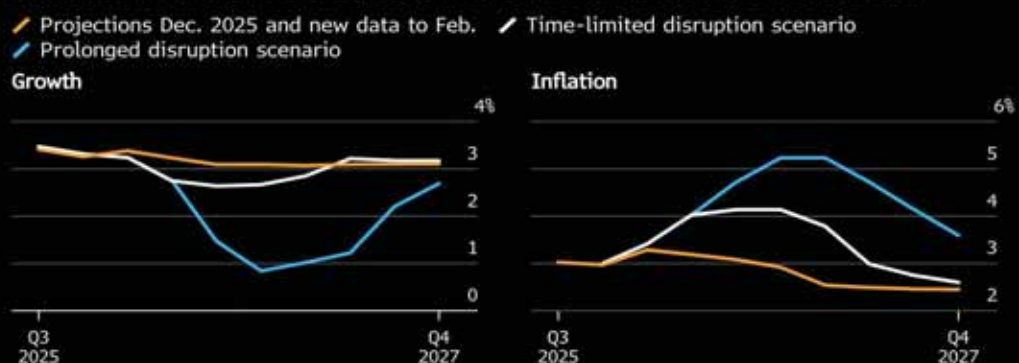
## Global Growth Is Set to Slow, Inflation Accelerate This Year

	2025	2026	2027
<b>Growth</b>	—	—	—
World	3.4%	2.8%	3.1%
US	2.1%	2%	1.8%
Euro zone	1.4%	0.8%	1.2%
Japan	1.1%	0.6%	0.8%
<b>Inflation</b>	—	—	—
G-20	3.4%	4%	3.1%
US	2.6%	3.7%	2.1%
Euro zone	2.1%	2.8%	2.4%
Japan	3.2%	1.8%	2.2%

Note: Projections based on scenario for short-lived disruption  
Source: Organization for Economic Cooperation and Development

Bloomberg

## Global Economy's Prospects Depend on Duration of Iran War

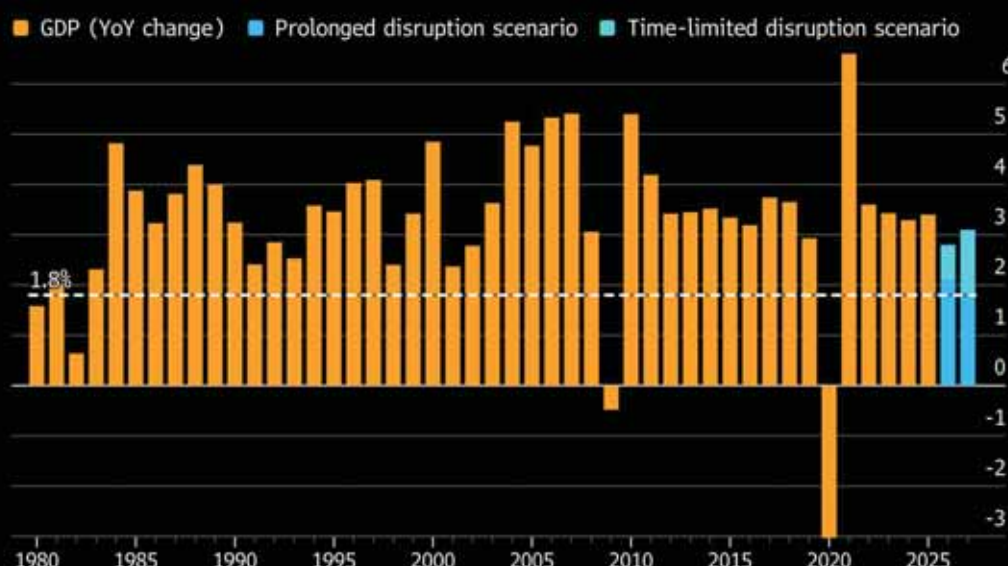


Source: Organization for Economic Cooperation and Development

Bloomberg

## Global Economy Risks Major Slowdown

Growth could tumble to 1.8% if Iran war disruption persists into 2027

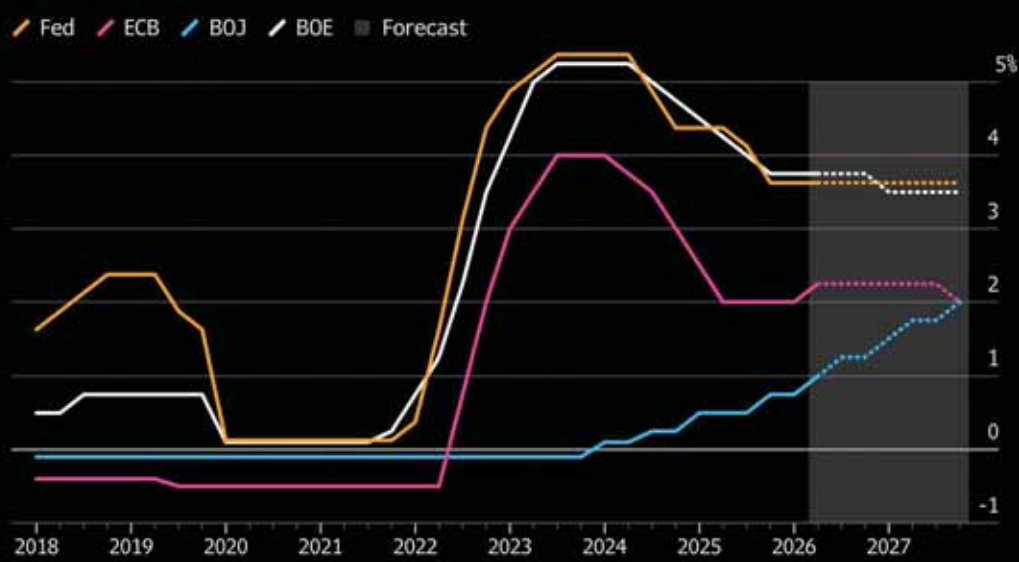


Source: Organization for Economic Cooperation and Development

Bloomberg

## OECD Sees ECB and BOJ Hikes This Year

Rates expected higher even in scenario of time-limited disruption from war



Note: For the Fed, the policy rate refers to the midpoint of the federal funds rate range. The deposit facility rate is used as the policy rate indicator for the ECB. For Japan, from March 21, 2024, to July 31, 2024, the policy rate refers to the maximum of BOJ's rate range. The assumed path of policy interest rates and unconventional measures represents the most likely outcome, conditional upon the OECD projections of activity and inflation

Source: Organization for Economic Cooperation and Development

Bloomberg

# China and Middle East war weigh on global steel sector, says OECD

**AFP**  
Paris

The global steel sector remains in crisis, the OECD said Thursday, as China subsidising production has resulted in a flood of cheap steel on the markets while the war in the Middle East has dented demand.

"Global steelmaking capacity has expanded steadily even as

demand has contracted, pushing the capacity utilisation rate well below sustainable levels," the Organisation for Economic Cooperation and Development (OECD) said in its annual report on the sector.

The OECD noted that steel is necessary for nearly all industrial activities, as well as being critical in many strategic sectors.

It noted that excess capacity reached 640mn tonnes last

year and is expected to rise to 745mn tonnes by 2028. That puts excess capacity at more than a third of the roughly 1,800mn tonnes in steel demand last year.

Meanwhile, the OECD forecasts steel demand will rise by only 0.9% per year through 2030.

The OECD, which unites 38 industrialised nations, most of them industrialised, said most excess steel capacity is from

China, at 54% of the total. It noted Beijing had nearly doubled the subsidy rate for Chinese steelmakers since 2019, taking it to 15 times the rate steelmakers in OECD countries receive.

As China's domestic market has slowed, Chinese steelmakers have stepped up exports.

"The resulting surge in excess capacity is flooding international markets with dumped and

subsidised exports," said the report. Meanwhile, the conflict in the Middle East has pushed up energy costs for the energy-intensive industry, while disrupting supply chains.

"Co-ordinated international action is required to address the structural issues and impact," the OECD said, noting a global coalition of steel-producing nations that excludes China was working on a comprehensive

framework to address the situation.

The OECD report pointed out that the flood of cheap dumped steel was threatening the financial viability of high-quality producers despite increasing trade restrictions.

"If current trends continue, the long-term viability of the sector and the national economic security of many countries will be undermined," it warned.

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## Bloomberg QuickTake Q&amp;A

## Why Trump's new tariff plan focuses on forced labour

By James Mayger

The Trump administration has hit on a new way to impose tariffs on 60 nations that supply almost all US imports — accuse them of failing to enforce bans on foreign goods made with forced labour. If approved, the levies will create a new trade barrier that may be less vulnerable to legal challenges than Trump's "reciprocal" tariffs that were unveiled in April last year and struck down by the Supreme Court in February.

The US government said the affected countries either haven't banned imports made with forced labour, or haven't properly enforced such bans. Its argument is not about human rights: Nations which fail to block imports made with forced labour are deemed to enjoy an unfair competitive advantage.

## Why is the US prioritizing forced labour in its trade agenda?

The US has prohibited the import of goods made with forced labour since 1930. It has also targeted goods from specific places. A 2021 law bans all imports from the Xinjiang region of China on the presumption that they are made with forced labour. Trump's team has returned to the issue of forced labour as a way to reimpose comprehensive import tariffs following the Supreme Court's February ruling that his "Liberation Day" duties unveiled on April 2, 2025 were unconstitutional. The government has been told to repay those levies, which were based on the 1977 International Emergency Economic Powers Act. That process is still underway.

A few weeks after the ruling, the US Office of the Trade Representative announced two investigations under Section 301 of the 1974 Trade Act, looking at forced labour and excess capacity in manufacturing. The act allows the government to impose punitive measures, including tariffs. The USTR has now released its report on the labour investigation. The overcapacity report is still to come.

## What is forced labour?

The International Labour Organization defines

it as all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.

## What is the administration's justification for the new tariffs?

Unlike the 2021 law, which is based on an assessment of labour conditions in one country, the new report doesn't attempt to say whether specific nations are actually importing goods made with forced labour, nor does it look at whether products are being made in those countries using forced labour.

USTR assessed whether a country has a formal ban in place on goods imported using forced labour and if it is enforcing a ban or otherwise attempting to block such imports.

USTR is arguing that a nation failing to enforce a ban on forced labour "burdens or restricts US commerce by subjecting US producers to unfair competition from forced labour goods in both export markets and the US market, and by displacing foreign goods produced without forced labour or forced labour inputs from their domestic market to the US and other markets."

On Canada, for example, it argues that although the country prohibited imports made with forced labour almost six years ago, the fact that it doesn't appear to have published any official statistics or information on enforcing that means that there is a "low level of enforcement."

The report also argues that a loss of US market share in exports such as tobacco, rice, beef, or cotton to nations where there are concerns or evidence of forced labour suggests "that US exports have possibly been adversely impacted by competition from forced labour goods" or that forced labour goods have possibly entered the US and undermined US businesses.

## How would forced labour-related tariffs work?

The USTR is proposing to impose either a 10% or a 12.5% tariff on imports from the 60 nations — depending on various criteria including

whether they already struck a trade deal with the Trump administration. There is also a special mechanism to "allow for a certain volume of apparel and textile imports from certain economies to enter the United States" at a reduced rate. The levies would be applied at the border in the same way as other tariffs, with the rates decided by the USTR after hearings and public comments.

## What would be the impact of the new tariffs?

The 60 nations investigated cover 99.4% of all US imports. The most affected are likely to be Mexico, Canada and China — the top three sources of US imports last year, according to the International Monetary Fund.

The levies that the new tariffs are meant to replace were different for each nation, so the impact is likely to vary country by country. According to a Bloomberg analysis of the statement, the tariff on Canada and Mexico would be 10%, while on China it would be 12.5%. There are also significant carveouts for electronic goods.

Maeva Cousin of Bloomberg Economics said the new levies, if implemented, would increase the effective US tariff rate by just 0.5 percentage point from its current level of 10.7%, if introduced once a separate raft of "Section 122" tariffs imposed as an interim measure following the Supreme Court ruling expire.

While China's government criticized Washington's latest tariff move, it has previously signaled it would accept some increase in tariffs as long as the total rate didn't exceed what was agreed upon in talks last October.

## What are the next steps for this tariff proposal?

The tariffs are not yet final, and people can now submit comments to the USTR on the proposed action and apply to give testimony on the issue on July 7, according to the announcement. The Section 122 tariffs expire in late July, so the administration may look to announce the start of the new Section 301 tariffs to coincide with that date.

## 'Iran oil exports fall to lowest level in six years'

Reuters  
London

Iranian exports of crude oil and condensate fell to their lowest level in at least six years in May, falling well below 300,000 barrels per day, mainly due to the US naval blockade, according to shipping data and analysts.

The US began enforcing the blockade on April 13, choking Iranian exports as the oil market faces a supply crunch due to Iran's effective closure of the Strait of Hormuz, cutting exports from Saudi Arabia, Kuwait, Iraq and the United Arab Emirates.

Iran's exports averaged about 209,000 bpd in May, Vortexa data shows, down sharply from 1.34mn bpd in April and nearly 1.9mn bpd in March.

This marks their lowest level since late 2019 and early 2020, when US President Donald Trump was pursuing a "maximum pressure" campaign against Iran in his first term, Vortexa said.

Iranian officials in New York did not immediately reply to a Reuters request for comment.

"The key drivers appear to be the disruption around the Strait of Hormuz, the US naval blockade targeting vessels entering or departing Iranian ports, and the broader unwillingness of owners, operators, insurers, and counterparties to expose vessels and crews to the current security environment," said Vortexa analyst Claire Jungman.

Data from another firm, Kpler, showed a similar decline, although it pegged May exports slightly higher at 260,000 bpd — still a six-year low.

The volume of Iranian oil being stored on ships has been falling as more tankers discharge in China, Kpler data shows.

Of roughly 147mn barrels of Iranian crude and condensate floating in storage, about 67mn barrels are stranded inside the Mideast Gulf and Gulf of Oman, Kpler said.

Floating storage volumes have fallen from a recent high of about 190mn barrels in late April.

Iman Nasseri, an analyst at FGE NexantECA, estimated about 55mn barrels of Iranian crude is floating on ships behind the blockade line, less than the Kpler figure.

## Fed's Beige Book shows steady employment, higher inflation

Bloomberg  
Washington

Employment remained stable in recent weeks as inflation continued to rise across much of the country, driven primarily by the impact of war in the Middle East on energy prices, the Federal Reserve said.

Overall economic activity increased at a slight to moderate pace in 10 of 12 Fed districts, according to the US central bank's Beige Book survey of regional business contacts released Wednesday.

"Districts noted that energy-related costs tied to the conflict in the Middle East were the primary driver of inflationary pressures, with spillovers into shipping, packaging, groceries and fertilizer," the Fed said. "Consumer uncertainty and concerns about fuel prices impacting households were noted by several districts."

The report was based on information collected by the Fed's 12 regional banks through May 27 and compiled by the Kansas City Fed.

A jump in energy prices since the start of the war in Iran has sparked concerns about persistent inflation, leading more policymakers to argue they need to keep all options on the table, including tighter monetary policy. Still, many officials have said interest rates remain well-positioned for now.

The report showed that while growth is so far holding up amid higher costs, businesses expressed concern over deteriorating customer sentiment.

"Business outlooks for the next six



The exterior of the Marriner S Eccles Federal Reserve Board building is seen in Washington, DC. Employment remained stable in recent weeks as inflation continued to rise across much of the country, driven primarily by the impact of war in the Middle East on energy prices, the Federal Reserve said.

months were reported to have little change in anticipated growth, as elevated uncertainty and signs of weakening consumer spending weighed on sentiment," the Fed said.

The Beige Book also noted that hiring was strongest in the manufacturing sector in several districts, "supported by defense-related activity and rising data-center demand."

Most districts continued to de-

scribe a low-hire, low-fire employment landscape. "Hiring remained selective and primarily focused on critical roles or attrition replacement," the report said.

The central bank's preferred inflation metric increased by 3.8% in the 12 months ending in April — the biggest rise since 2023, according to data released last week by the Bureau of Economic Analysis.

Officials will get an update on the jobs report Friday.

Investors expect Fed officials to hold interest rates steady at their June 16-17 gathering, but are fully pricing in a quarter-point increase by March of next year, according to federal funds futures contracts.

This month's policy meeting will be the first led by new Fed Chairman Kevin Warsh.

## SpaceX seeks a record \$75bn in stock market debut

AFP  
Washington

SpaceX, the rockets-to-AI behemoth led by Elon Musk, aims to raise \$75bn in the biggest initial share sale ever, as the world's richest person pursues data centers in space and a trip to Mars.

SpaceX said in a regulatory filing on Wednesday that it would offer exactly 555,555,555 shares — Musk has shown a penchant for idiosyncratic numbers in his businesses — at \$135 each.

That would value the company at a whopping \$1.8tn. Analysts say Musk is aiming to capitalize on investor enthusiasm for his satellite internet plans as well as artificial intelligence, after he folded his xAI and its Grok chatbot into SpaceX earlier this year.

His plan is to use SpaceX's rockets to launch solar-powered, satellite-based data centers to develop and run future AI models.

And last month, SpaceX announced plans to invest \$55bn to build a "Terafab" semiconductor factory in Texas, producing chips for artificial intelligence as well as robotics.

"The AI trade continues to roar, just in time for SpaceX's IPO next week," said Kathleen Brooks, research director at the brokerage firm XTB in London.

The sale could also make Musk, already the world's richest man, the world's first trillionaire.

Analysts expect further consolidation of Musk's business empire in 2027, when SpaceX, already the owner of X (formerly Twitter), is likely to merge with his electric car company Tesla, which is increasingly focused on robotics, energy and autonomous transportation.

In 2020, SpaceX activated its StarLink broadband operations, shaking up the satellite internet business with fast and relatively affordable access. It now has around 10.3mn subscribers across 164 markets, the company says. Among the many users have been Ukrainian troops battling against Russia's invasion, and Iranian anti-government protesters.

That business has proven to be a key source of cash for the capital-intensive company, which reported a loss \$4.9bn on revenues of nearly \$19bn last year.

## EU delays trading-book rules to blunt Wall Street advantage

Bloomberg  
Frankfurt

The European Union's executive arm has unveiled what it hopes will be its final workaround to shield its lenders from being temporarily hit by harsher trading-book rules than those faced by Wall Street rivals.

The European Commission on Thursday said it had adopted a proposal outlined in April to neutralize the capital impact of the latest Basel measures until 2030. The proposal, which also includes some minor technical tweaks, will now be subject to a scrutiny period from member states and the bloc's parliament, which could last up to six months. The EU move comes after the US watered down its implementation of the trading-book overhaul, while the UK has said it won't implement the toughest of the rules until 2028.

"Europe's banks must be able to compete on equal terms with their international peers," said Maria Luis

Albuquerque, the EU's financial services commissioner. "These targeted and time-limited measures help preserve a level playing field in global financial markets while maintaining our commitment to the Basel standards."

The trading-book reforms are part of the final package of global post-crisis changes agreed by the Basel Committee on Banking Supervision back in 2017. Supervisors wanted to constrain banks' use of aggressive models that understated the risk of their portfolios and reduced capital requirements.

The rules, known as the Fundamental Review of the Trading Book, are most relevant for a handful of large European banks with trading operations, including Deutsche Bank AG and BNP Paribas SA. European lenders have argued for a permanent reprieve on some of the measures introduced by the new trading regime, but regulators have so far resisted substantive changes to the package, fearing a race to the bottom with US policymakers. Still, the EU could

take another look between now and 2030. The commission delayed its implementation of the package three times prior, amid uncertainty about the US's adoption. Those delays, and the one announced on Thursday, relied on so-called delegated acts in the EU's original capital proposals and so didn't require legislative changes.

Any further measures would require a new legislative proposal, a process requiring extensive consultation between the EU's executive arm, its national leaders and the bloc's parliament. Thursday's announcement "reflects the need for further clarity and alignment between jurisdictions, which is particularly important for internationally active banks and critical to avoid unnecessary regulatory fragmentation," said Caroline Liesegang, head of capital and risk Management at the Association for Financial Markets in Europe.

"We now urge authorities to provide the remaining essential clarifications as soon as possible," she said.



The European Union's executive arm has unveiled what it hopes will be its final workaround to shield its lenders from being temporarily hit by harsher trading book rules than those faced by Wall Street rivals