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Edaa advances Qatar's capital market infrastructure in collaboration with LSEG

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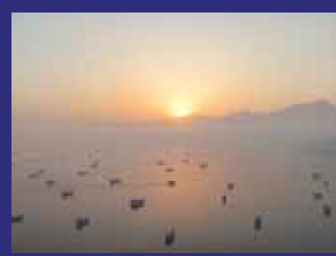


VITAL CONDUIT: Page 2

Shipowners seek details on Hormuz deal before resuming transits

Moody's affirms QIIB's long-term ratings as outlook remains stable

Moody's Ratings has affirmed Qatar International Islamic Bank's (QIIB) long-term issuer rating at (A2), while maintaining a 'stable' outlook.

Moody's has indicated that the affirmation reflects the resilience of the bank's financial performance and its continued ability to withstand evolving operating conditions.

In its latest report, Moody's stated that the affirmation of the bank's ratings and the maintenance of the stable outlook are underpinned, at the standalone level, by the strength of QIIB's core financial fundamentals, particularly its solid capital position and sound liquidity levels.

The bank's Tangible Common Equity (TCE) to Risk-Weighted Assets (RWA) ratio stood at a strong 16% as of the end of March 2026. In addition, QIIB maintains a "very high" provisioning coverage ratio of 214%, providing substantial protection against potential pressures on asset quality.

The report further noted that QIIB benefits from "exceptional operating efficiency" that supports profitability over the medium term, as reflected in its outstanding cost-to-income ratio of 21% and a return on tangible banking assets of around 2%.

Moody's also highlighted the strength of the bank's funding profile, which is primarily supported by a stable and diversified domestic retail deposit base, reducing exposure to deposit outflows and refinancing risks.

QIIB CEO Dr Abdulbasit Ahmed al-Shaibei.

It noted that the stable outlook appropriately balances expectations of a recovery in profitability and the maintenance of sound capital and liquidity buffers against temporary pressures arising from regional operating challenges.

The agency further emphasised that the bank's ratings continue to benefit from a very high likelihood of government support, reflecting the exceptional credit strength of Qatar, which is rated (Aa2) with a "stable" outlook, as well as its established track record of providing proactive support to the banking sector when needed.

Moody's Ratings noted, "The affirmation is supported by Qatar's 'strong' macro profile, reflecting vast hydrocarbon reserves, very high income levels, and a robust sovereign balance sheet, all of which provide substantial shock absorption capacity against the disruption of hydrocarbon exports."

QIIB CEO Dr Abdulbasit Ahmed al-Shaibei said: "This affirmation, particularly amid current conditions and emerging challenges, represents renewed recognition of the resilience of our financial position and validates the success of our prudent risk management strategy, as well as our continued commitment to maintaining strong and sustainable liquidity and capital levels.

"We highly value Moody's recognition of QIIB's structural strengths, particularly our exceptional operating efficiency, which continues to distinguish us within the banking sector, as evidenced by our 21% cost-to-income ratio. We also take pride in our robust retail banking franchise and stable deposit base."

These strengths, according to al-Shaibei, together with the bank's solid capital position represented by a 16% TCE-to-RWA ratio and provisioning coverage exceeding 214%, provided the flexibility and resilience needed to absorb temporary pressures on asset quality, safeguard profitability and support stronger growth over the medium term.

He said, "Our confidence remains firmly anchored in the strength and resilience of the Qatari economy, which benefits from one of the strongest sovereign credit profiles globally. The banking sector's ability to withstand shocks continues to be supported by the proactive measures and ongoing support provided by the State and the Qatar Central Bank, creating a secure and stable operating environment for the financial sector."

Sheikh Faisal meets Korea's minister of trade, industry and resources

HE the Minister of Commerce and Industry Sheikh Faisal bin Thani bin Faisal al-Thani met on Monday with Minister of Trade, Industry and Resources of the Republic of Korea, Jung-Kwan Kim, during his visit to the State of Qatar, reports QNA. During the meeting, the two sides reviewed cooperation between the two countries in the domains of commerce, investment, and industry, along with a range of matters of mutual interest. Notably, the trade volume between Qatar and Korea reached almost $8.44bn in 2025, with Korea ranking fourth among commercial partners of Qatar in the same year. The Qatari market is also home to 168 Korean and Qatari-Korean companies.

Al Bidda Industries, Siemens sign MoU to expand cooperation

By Peter Alagos
Business Editor

Al Bidda Industries and Services (ABIS) and Siemens in Qatar signed a memorandum of understanding (MoU) yesterday to expand their cooperation into the Syrian market and broaden the scope of their existing partnership to cover additional products within the Siemens portfolio.

The agreement was signed by Sheikh Suhaim bin Abdulaziz al-Thani, chairman of Al Bidda Group, and Hakan Ozdemir, CEO of Siemens in Qatar, in the presence of German ambassador Oliver Owcza and Al Bidda Group deputy chairman Abdulla Darwish al-Darwish.

Speaking to *Gulf Times* on the sidelines of the signing ceremony, al-Darwish said the MoU carries two main objectives. The first is to transfer ABIS's experience, alongside Siemens, from its current portfolio to Syria. The second is to extend the cooperation to cover other products within the Siemens portfolio to serve the Syrian market.

The MoU covers Siemens' Smart Infrastructure and Digital Industries portfolios, which al-Darwish said could serve sectors including energy, real estate, industrial, and utilities.

In his speech at the ceremony, al-Darwish said the company was established on the vision of His Highness the Amir Sheikh Tamim bin Hamad al-Thani to develop Qatar's industrial sector and build local manufacturing capabilities.

"Based on this vision, and with the support of KAHRAMAA, we established Al Bidda Industries and Services to localise products that were previously imported and to build a Qatari industrial platform capable of serving both local and regional markets," al-Darwish emphasised.

ABIS was set up in 2015 under a Qatar Development Bank (QDB) initiative and has since supplied switchgear to projects, including Qatar Rail, Hamad Medical Corporation, KAHRAMAA, the Private Engineering Office, and the Qatar Naval Base.

Al-Darwish said the relationship between ABIS and Siemens has grown over time on the basis of trust and shared goals, crediting the German company's support for enabling ABIS to reach buyers across the Middle East and Asia.

Sheikh Suhaim bin Abdulaziz al-Thani, chairman of Al Bidda Group, and Hakan Ozdemir, CEO of Siemens in Qatar, signed the agreement, in the presence of German ambassador Oliver Owcza and Al Bidda Group deputy chairman Abdulla Darwish al-Darwish. **PICTURE:** Ram Chand

"Based on the experience we have gained over the years, and with Siemens' support, we aim to establish local manufacturing capabilities and support the deployment of Siemens' advanced technology across various projects," he said.

Ozdemir said the signing was an important milestone, describing ABIS as a long-standing partner that has shown competence and resilience over the years.

"We have decided to sign an MoU just to emphasise our collaboration moving forward into different territories in the regional place and more, as well as our activities in Qatar to be expanded in our other portfolio as well," Ozdemir said.

He said what drew Siemens to deepen the partnership was ABIS's understanding of local market needs and its track record on critical infrastructure projects in Qatar.

"What is important for Siemens is the transfer of knowhow and knowledge distribution to our ecosystem, and Al Bidda is a strong player in our ecosystem in Qatar," he said, adding that "We want to exchange our knowhow with Al Bidda into different portfolios to create a win-win situation in the markets by utilising their local expertise and competencies."

The German ambassador described the agreement as a reflection of the Qatari-German partnership, which he said is rooted in long-standing tradition rather than circumstance. "It is also a proof of resilience because these past weeks and months...it's an important investment into the future because you are basically entering the next level," he added.

Global shipowners seek details on Hormuz deal

Bloomberg
London/Dubai

A US-Iran deal intended to reopen the Strait of Hormuz within days has been met with caution by shipowners and traders, with many saying they would need more details in order to assess whether safe transits are possible after months of false starts.

A vital conduit for global oil and gas, Hormuz has been at the heart of the conflict from the first days of strikes on Iran, and the urgent need to resume traffic has been a vital theme in months of on-off peace discussions. The disruption has upended the global energy trade, all but cutting off some of the world's top producers and forcing major players to resort to "dark" transits.

News of a long-awaited agreement between the US and Iran and the prospect of ending a double blockade drove Brent oil futures down almost 5%. But those ferrying crude and gas around the world are still questioning what exactly a reopening — which US President Donald Trump has said will come on Friday — could mean in practice.

Iran's semi-official Fars News Agency said transits will be free for 60 days, after which Tehran will start charging. Future administration of "navigation services" in the strait will be determined by Iran and Oman, it reported. BIMCO, the world's top trade group for shipowners, cautioned that key details still need clarification before transit can be considered safe.

"From the bridge and the engine room where we're sitting, right now it looks very different to what the headlines may say," said Angad Banga, chief executive officer of maritime conglomerate The Caravel Group, which owns Fleet Management Limited, one of the world's largest ship management companies. It presently has several crews trapped in the Arabian Gulf. "We've seen positive signals before, and I think ultimately what matters is what holds."

Major Japanese shipping companies, among the first ones to respond to the deal, cautioned that safe navigation would only be possible after details are finalized. Mitsui OSK Lines said close coordination with governments and insurance firms would be essential before it could send ships through the strait again, while Nippon Yusen KK said a normalization of traffic hinges on what's being laid out in the agreement.

There was little activity in the strait in the hours after the news, with the exception of one liquefied natural gas tanker, Disha, testing the waters as it heads into the eastern arm of Hormuz, toward the Gulf of Oman.

"Shipowners are on a risk spectrum — the Japanese, Koreans and Chinese are less open to high risk, while the Greeks have a different appetite — so we may see some people gearing up," said Anoop Singh, global head of shipping research at Oil Brokerage Ltd. "But by and large the rest of the market is still seeking more details and assurance before proceeding."

A drone view of vessels in the Strait of Hormuz, as seen from Musandam, Oman, on Monday. A vital conduit for global oil and gas, Hormuz has been at the heart of the conflict from the first days of strikes on Iran, and the urgent need to resume traffic has been a vital theme in months of on-off peace discussions. The disruption has upended the global energy trade, all but cutting off some of the world's top producers and forcing major players to resort to "dark" transits.

Traffic through the strait has slowed dramatically since US and Israeli strikes began at the end of February, sinking to a fraction of a pre-war average of about 135 transits daily. Some oil and gas producers have found workarounds to send tankers through, at times with support from the US or through government-to-government negotiations, but total crossings remain way down.

Out of the hundreds of vessels idling in the Gulf, nearly 300 are loaded and waiting to cross at a moment's notice — with around the same number empty on the other side in the Gulf of Oman, waiting to head back to major export terminals, according to Muyu Xu, a senior crude oil analyst at commodity intelligence firm Kpler. Around 250 are ballasting in the Arabian Gulf, primed to also start picking up cargoes for any potential outbound journeys.

That exact count of observed vessels may change as ships that have turned off their transponders restart transmission. Electronic interference that has complicated tracking in the area over the past month should also ease.

In theory, even a temporary peace deal should release millions of barrels of oil that have been trapped for months in the Gulf. In practice, there will still be a long list of impediments — including prosaic problems like the need to remove barnacles from ship hulls, and to ensure crews are in position and prepared to sail.

For now, though, security, remains the primary concern, as purported deals over the past months have ended with Iranian forces firing at ships or seizing vessels.

Fars reported that once the 60 days of free transits are over, Iran will begin charging for safety, navigation, environmental and insurance services.

BIMCO, the world's largest direct-membership shipping trade group, said key details of the agreement still need to be clarified before navigation can be considered safe.

"Credible assurances from both sides of the conflict must be given before traffic can resume fully to pre-conflict levels," Jakob Larsen, the organization's chief safety and security officer, said in a statement. He added that mine clearance remained a critical issue and that the large number of vessels trapped in the Gulf meant departures would need to be carefully coordinated.

Brett Erickson, a managing principal at Obsidian Risk Advisors, said security is front of mind for all ships and companies operating in the area.

"The maritime industry understands that. Captains understand it. Crews understand it," he said. "They know that a single miscalculation, a single strike, or a single political decision can inject new friction into the situation and once again place their lives at risk."

Managing a vastly increased flow of traffic through the waterway will be another headache, even once other worries ease.

The strait's narrow width — only 24 miles (39 kilometers) wide at its tightest point, with shipping lanes in each direction merely two miles wide — raises the risks of vessels colliding if they begin rushing for the exit. The picture is complicated by the fact that electronic interference and irregular use of transponders may misrepresent true locations.

"During extreme traffic congestion periods, collision and grounding risks may materially increase. Both dimensions must be appropriately addressed in the pre-transit planning," a guidance document jointly published by major industry groups such as BIMCO, Intertanko and the International Chamber of Shipping last month.

"Do not rely on AIS," it added, referring to the automatic identification system that ships often use for automatic tracking of vessels' locations.

Fertiliser ships face long backlog even after Hormuz reopens

Bloomberg
Dubai

An interim US-Iran deal to end their months-long war and potentially fully reopen the Strait of Hormuz is unlikely to immediately ease fertiliser flows as shipowners wait for more details to assess the safety of transits.

A vital conduit for global commodity trade, Hormuz has been effectively closed since the first strikes on Iran at the end of February. Even once there is more clarity on the resumption of trade through the waterway, market watchers expect movement of the crop nutrients to be gradual as hundreds of vessels stranded in the region — carrying a variety of cargo — compete for access.

The Gulf region is home to some of the world's largest fertiliser plants, and the waterway handled about one-third of the global trade in urea — one of the world's most important crop nutrients. The months of disruption have left large volumes of urea and other fertiliser products trapped behind the strait, sitting aboard vessels unable or unwilling to transit the waterway.

There are over 40 vessels laden with fertiliser in the strait, according to tanker-tracking data compiled by Bloomberg and Kpler. A trickle of ships have made it out since the conflict began, but weekly exports are down 90% from pre-conflict levels, Kpler data show, with flows falling from nearly 600,000 tons a week in late February to 60,000 tons in early June.

Also, fertiliser cargoes are unlikely to be among the first shipments to move. Hormuz is crucial for global energy flows and analysts expect oil and LNG tankers to receive priority.

"When it comes to moving ships through the Strait of Hormuz, it's going to be oil tankers and LNG carriers that are top of the list once we get towards a more normal flow of traffic," said Alexis Ellender, senior dry bulk lead at Kpler. "Fertiliser is not as high a priority."

Still, the continued delays come as much of the Iran war premium has evaporated from the fertiliser market. Prices of urea have plunged more than 30% since mid-April after China eased export restrictions and the planting season in much of the Northern Hemisphere has wound down. However, prices in the US are still 10% higher than a year earlier.

The ships stranded in the Gulf region are carrying around 1mn tons of fertiliser, according to senior CRU analyst Pranshi Goyal. Roughly 40% of that is already committed to India, but the remainder could return to the market once transit resumes, potentially further weighing on prices.

Bloomberg QuickTake Q&A

What the US-Iran peace deal means for Strait of Hormuz

By Julian Lee, Alex Longley and Yongchang Chin

No region of the world produces more oil and gas than the countries straddling the Arabian Gulf. Most of this energy can only be exported aboard tankers that cross the Strait of Hormuz — a waterway that's effectively been closed for more than three months since the US and Israel started a war against Iran in late February. The disruption has rippled through the global economy. Supplies of oil, gas and other commodities have been squeezed, pushing prices far higher than before the war.

There's hope this might soon change. On June 15, the US and Iran announced an interim deal to halt the war and reopen the strait, with a formal agreement to be signed on June 19. The announcement was met with cautious optimism in energy and shipping markets, but major questions about how the waterway will be reopened and what rules will govern the passage remain unanswered.

The war has also exposed the fragility of the route, fueling debate over whether global energy trade can remain so heavily dependent on a single chokepoint.

What's the significance of the Strait of Hormuz?

Situated between Iran to its north and the United Arab Emirates and Oman to its south, the Strait of Hormuz connects the Arabian Gulf to the Indian Ocean. It's around 100 miles (161 kilometers) long and 24 miles wide at its narrowest point. The shipping lanes in each direction are just two miles wide.

The strait is an essential route for the energy market, handling around a fifth of the world's oil and liquefied natural gas supply. Saudi Arabia, Iraq, Iran, Kuwait, Bahrain, Qatar and the UAE all ship crude through Hormuz in normal times, and the majority of their cargoes go to Asia.

Gulf countries are also home to refineries that produce large volumes of diesel, jet fuel, naphtha — used to make plastics and gasoline — and other petroleum products that are exported globally via the strait.

Beyond energy, Hormuz is a chokepoint for products including aluminum, fertilizer and even helium, which is used in the production of semiconductors.

How has the Iran war affected shipping through the Strait of Hormuz?

Ship traffic through the Strait of Hormuz has slowed dramatically since the war began. The average number of daily ship transits through the waterway has dropped to fewer than 10 vessels a day, down from around 135 in peacetime.

The collapse in traffic has also forced the region's oil producers to halt most of their output as they run out of space to store their crude.

The strait's effective closure stemmed largely from Iran's response to the US and Israeli attacks on its territory. In addition to launching retaliatory strikes, Tehran imposed severe restrictions on shipping through Hormuz and intermittently attacked vessels in and around the Gulf.

The safety risks became so high that most ship-owners stopped sending vessels through the passage.

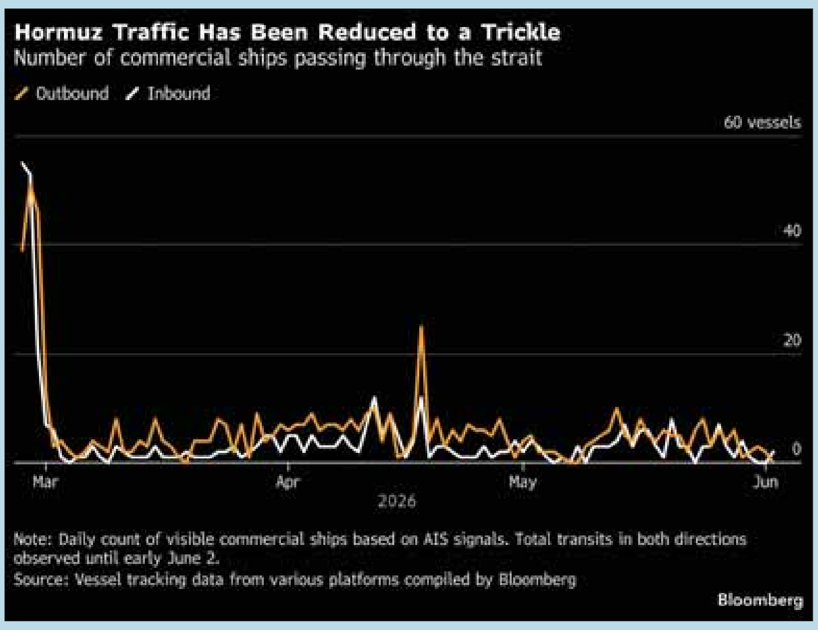
Some vessels have nevertheless continued to brave the journey, in some cases turning off their transponders in an effort to avoid detection. There's also evidence that the US military has quietly helped guide some vessels through the waterway. Iran, meanwhile, has allowed certain ships to transit via a corridor close to its coastline, often after negotiations over safe passage and, in some cases, requesting payments of as much as $2mn.

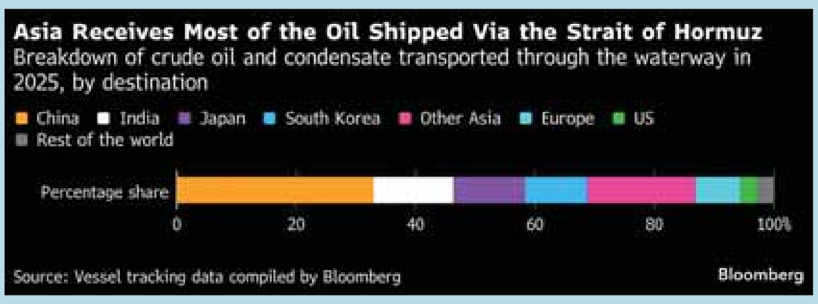
The disruption deepened in mid-April, when the US issued a blockade on Iran-linked ships in the Gulf of Oman to pressure Iran into reopening the waterway. Iran resisted, however, and in May expanded its claimed area of control around the strait and created a new entity to control crossings. Iranian officials have also discussed establishing some form of permanent toll system in coordination with Oman, which lies south of the strait.

Tensions escalated further in early June when US forces fired on several ships in the strait, including an oil tanker Washington claimed had violated its blockade. Three Indian sailors were killed in the incident.

What does the US-Iran deal mean for the Strait of Hormuz?

As part of the interim peace deal, the US and Iran have agreed to stop attacking each other and to reopen the Strait of Hormuz "immediately" once the deal is officially signed. Iran is also expected to receive some relief from oil sanctions at a later stage.





Yet many of the most important details — including how the strait will reopen, what restrictions might remain in place and who will regulate traffic — have not been made public. Iran said shipping through the strait would be regulated by Tehran and Oman, suggesting it may seek to retain some control over the waterway rather than simply returning to the prewar status quo. The deal between the US and Iran also sets in motion 60 days of negotiations over the future of Iran's nuclear program, underscoring the interim nature of the deal.

The agreement is therefore unlikely to lead to an immediate resumption of regular pre-war traffic. Ship-owners will need confidence that any vessels they send into the Gulf will be able to get out safely, without lengthy delays or new transit fees. A backlog of ships waiting to transit the waterway could also take weeks to work through.

Does Iran have the right to control the Strait of Hormuz?

Under the UN Convention on the Law of the Sea, countries can exercise sovereignty up to 12 nautical miles (14 miles) from their coastline — an area known as their territorial waters.

The Strait of Hormuz runs through the territorial waters of Iran and Oman. However, nations must allow "innocent passage" of foreign vessels through their territorial waters and must not impede "innocent" or "transit passage" through straits used for international navigation.

The treaty also says that countries cannot charge foreign ships merely for passage through their territorial waters.

While Iran's government signed Unclos in 1982, its parliament never ratified the treaty.

Can oil producers bypass the Strait of Hormuz?

Kuwait, Qatar and Bahrain have no other viable routes for their exports.

Saudi Arabia, which ships the most oil through Hormuz, has rerouted its crude through a pipeline that runs westward to the Red Sea port of Yanbu. It exported 3.65mn barrels a day of crude from Yanbu in May, which amounts to just over half of what the nation's oil shipments were in January, the last month of unaffected exports before the Hormuz closure. While the pipeline can transport 7mn barrels a day, some of the oil is reserved for domestic use and the route itself has been targeted by Iranian strikes.

The UAE can also bypass Hormuz via a pipeline linking its oil fields to the port of Fujairah along the Gulf of Oman. But it can carry less than half the country's usual export volumes, and infrastructure at both ends has come under attack. State-owned Abu Dhabi National Oil Co is accelerating construction of a second pipeline to double export capacity out of Fujairah by 2027.

Iraq has few viable alternatives. A pipeline to Turkish Mediterranean port isn't currently linked to the country's major southern oil fields, while plans to revive shipments through neighboring Jordan and Syria would handle only a fraction of volumes normally shipped through Hormuz.

The disruptions have also prompted Asian countries — among the most heavily reliant on Middle Eastern supply — to scour elsewhere, including the US, for oil. While those alternatives are often more expensive, many importers have been willing to pay elevated premiums to secure supplies. The crisis has also exposed the risks of relying too heavily on a single trade route, potentially accelerating efforts to diversify sources of crude even after the strait reopens.

Edaa advances Qatar capital market infrastructure in collaboration with LSEG

QNA
Doha

The London Stock Exchange (LSEG) yesterday welcomed Edaa, Qatar's central securities depository, to open trading – marking a new chapter in a collaboration to modernise and transform Qatar's post-trade infrastructure, reshaping the foundations of the country's capital markets and connecting them more closely to the world.

Edaa began as a central securities depository. Today it stands as an integrated post-trade market infrastructure institution at the heart of Qatar's financial transformation – safeguarding securities, sharpening operational efficiency, broadening investor services, and anchoring the trust on which capital markets are built.

At the centre of that progress is Edaa's Financial Market Infrastructure (FMI) Transformation Programme: a comprehensive, end-to-end modernisation of the systems that sit beneath Qatar's capital markets. Leveraging LSEG Markets Technology, Edaa is deploying a new post-trade technology suite across its operations.

The programme unifies functions that have traditionally run on separate systems. Qatar is adopting the full LSEG Markets Technology suite, a unified, end-to-end platform supporting the full trade lifecycle, including trading, clearing, settlement and depository services.

For the market, that integration is the substance behind the vision – fewer points of friction, faster and more resilient settlement, a single consolidated view for investors and participants, and operations aligned with international best practice and global standards of resilience, transparency and risk management.

For investors, the programme delivers a more seamless, integrated experience and broader access to services – for issuers and for local and foreign investors alike. For market participants, it brings greater operational efficiency, stronger risk controls, and the confidence that comes from infrastructure built to international standards.

For Qatar's capital markets as a whole, it provides a platform with the capacity to support new instruments, deeper liquidity, and the next phase of growth.

The London Stock Exchange yesterday welcomed Edaa, Qatar's central securities depository, to open trading, marking a new chapter in a collaboration to modernise and transform Qatar's post-trade infrastructure

The transformation also lays the groundwork for Qatar's next major milestones: the introduction of a central counterparty (CCP) and a modern central securities depository and securities settlement system. Together, these will bring central clearing and risk mutualisation to the market and a depository rebuilt to international standards – reducing counterparty risk, strengthening settlement resilience, and aligning Qatar's post-trade environment with the world's leading financial centres.

HE the Deputy Governor of the Qatar Central Bank and Chairman of Edaa, Sheikh Ahmed bin Khalid bin Ahmed bin Sultan al- Thani commented: "Edaa's progress reflects the ambition of Qatar's financial sector and the goals of the Qatar Financial Sector Strategy and National Vision 2030.

"We have not simply replaced a system – we have rebuilt the foundations of our market on infrastructure that meets the highest international standards, and that opens the path to a central counterparty and a modern depository for Qatar.

Sheikh Ahmed said: "This collaboration strengthens our capital markets, deepens Qatar's connection to global finance, and gives every investor and participant a more integrated, more resilient market to rely on. The future of market infrastructure belongs to institutions that never stand still – and Edaa intends to lead."

Edaa CEO, Sheikh Mohammed bin Jassim al-Thani said: "Opening the London market is a proud moment for Edaa and for Qatar. We began as a securities depository; today we are building towards a single, integrated post-trade platform that brings clearing, settlement and depository together in one place. That is what modern market infrastructure looks like: secure, resilient and connected to the world. Our collaboration with LSEG is the engine behind that ambition – and behind the next phase of growth for our market."

London Stock Exchange CEO, David Schwimmer said: "Edaa's transformation is a significant milestone for Qatar's capital markets. By bringing together trading, clearing, settlement and depository on a single platform powered by LSEG Markets Technology, the market is better positioned for resilience, efficiency and future growth. We are excited and proud to support this journey as Qatar continues to strengthen its global connectivity and competitiveness."

That ambition reached a defining moment with Edaa's move to its new home, Edaa Hub, and the commencement of the FMI Transformation Program.

This is far more than a technology upgrade. It is the foundation for deeper capital markets, stronger post-trade infrastructure, and a more dynamic, globally connected financial ecosystem for Qatar – advancing both the Qatar Financial Sector Strategy and Qatar National Vision 2030.

Al-Kaabi meets Korea's minister of trade, industry and resources

The Minister of State for Energy Affairs HE Saad bin Sherida al-Kaabi held a meeting with Jung-Kwan Kim, the Minister of Trade, Industry, and Resources of the Republic of Korea, in Doha yesterday. They discussed energy relations and cooperation between Qatar and Korea, and ways to enhance them.

US factory production flat; AI spend is supporting manufacturing

Reuters
Washington

US factory production was unexpectedly unchanged in May after gains in the prior months, which some economists said were related to businesses building up inventory in anticipation of shortages and higher prices due to the war in the Middle East.

Despite the flat reading in output reported by the Federal Reserve on Monday, an artificial intelligence spending boom by businesses is offering a lifeline to manufacturing, helping to offset some of the drag from import tariffs and the recent oil price shock.

Business tax incentives for equipment investment are also supporting the sector. A separate survey from the New York Fed showed delivery times at factories in New York state lengthened further in June, with its measure of supply availability slumping to a four-year low.

The US and Iran said on Sunday they had agreed terms to end the war and reopen the Strait of Hormuz, though the pact may hinge on an end to hostilities in Lebanon.

"Many businesses have feared since February that the sudden closure of the Strait of Hormuz would trigger supply chain disruptions later this year, and so placed orders with manufacturers early," said Samuel Tombs, chief US economist at Pantheon Macroeconomics.

Manufacturing output increased by an upwardly revised 0.7% in April. Production rose 0.2% in March after accelerating 0.7% in February. Economists polled by Reuters had forecast production in the sector, which accounts for 9.4% of the economy, would increase 0.2% after a previously reported 0.6% surge in April.

Output at factories increased 1.4% on a year-over-year basis in May. Output of long-lasting manufactured goods increased 0.8%, with motor vehicles and parts production advancing 1.2% after rebounding 3.3% in April. Output of computer and electronic products rose 0.9%, and was up 10.3% on a year-over-year basis.

Electrical equipment, appliances and components production gained 0.5%. Production of communications equipment rose 0.7% while that of semiconductors and related electronic components increased 2.4% after advancing 2.8% in April. Output of these goods surged 14.4% on a year-over-year basis.

AI spending made a sizeable contribution to the economy's 1.6% annualized growth pace in the first quarter.

"While much of this investment is imported, domestic production of these goods has also been rising and will likely continue to boost total manufacturing activity in coming months," said Veronica Clark, an economist at Citigroup.

There were also solid increases in the production of wood and nonmetallic mineral products last month as well as primary metals, fabricated metal products, aerospace and miscellaneous transportation equipment, and furniture and related products.

But the strength was offset by a 0.9% decline in the production of non-durable goods. Output of food, beverage and tobacco products fell 0.5%. There were also decreases in the production of petroleum and coal products, chemicals, and plastics and rubber products.

The New York Fed's Empire State Manufacturing Survey showed its measure of general business conditions dropped about 14 points to 5.7 this month, with a further deterioration in delivery performance and worsening of supply availability.

Mideast oil, gas output seen to take months to recover

Reuters
London

A framework agreement between the US and Iran on terms to end their war and reopen the Strait of Hormuz sent oil prices tumbling, as traders anticipated the return of flows.

But industry officials say a full return to pre-war production and refining levels is likely to take weeks, months or even years.

The following explores the main energy implications of the tentative deal.

What does the deal change immediately?

US President Donald Trump said the Strait of Hormuz, a major shipping route for global oil and gas supplies that Iran has effectively shut down for ?months, would open on Friday, and that he had ordered the end of a US blockade of Iranian ports.

Iran's deputy foreign minister, Kazem Gharibabadi, said a more expansive agreement on the wider conflict would be negotiated during a 60-day ceasefire period, including sanctions relief for Iran.

How fast can oil production resume?

Middle East producers including Iraq, Kuwait, Saudi Arabia and the United Arab Emirates shut down millions of barrels per day of crude oil output due to the effective closure of the Strait. The International Energy Agency's most recent report says that more than 14mn barrels per day of oil output is shut, or about 14% of world demand.

Some production such as in Iraq can resume in less than a week of a decision to restart, an official familiar with the matter said. Other fields will take much longer.

"Assuming operators choose a measured and controlled ramp-up, our analysis suggests the fields affected by the Strait's closure could get back to 70% of prior production within three months and to 90% within six months. The last 1mn bpd or so will take considerably longer," analysts at Wood Mackenzie said.

Why are oil refineries a bottleneck?

The Iran war had shut as much as 3.52mn barrels per day of refining capacity as of May 7, according to industry monitor IIR, about 3.5% of the global total, with some plants damaged.

Returning plants that were simply shut as a precaution will take a couple of weeks, analysts say, but repairing damaged sites will take longer. Gulf refineries could reach about 90% to 95% of capacity within 40 to 60 days, Vitol Bahrain's head of research, Bader Nooruddin, said earlier this month.

The Middle East's total repair spending is likely to average around $46bn, with refining and petrochemical assets accounting for the largest share due to their complexity and extent of damage, according to Rystad Energy.

What about gas, including LNG?

Early in the conflict, major liquefied natural gas facilities such as those in Qatar halted output or curtailed operations following attacks.

Once a restart decision is taken, it will take around two weeks to turn gas into a super-chilled fuel and reach full capacity.

In the liquefaction process – which turns gas into a liquid state by cooling it down to approximately minus 162 degrees Celsius (minus 260 degrees Fahrenheit) – the cooldown is the most critical step. It is intentionally slow to avoid thermal shock. The LNG production trains, or processing lines that turn the gas into liquid form, cannot all restart simultaneously; they must be sequenced.

Returning to full capacity will take years. QatarEnergy's CEO said Iranian attacks had wiped out 17% of Qatar's LNG capacity for up to five years.

Oil inventory rebuild to be prolonged

As a result of the supply disruption, the world's oil stocks are dwindling and a return to normal levels will be prolonged, possibly taking years. Stockpiles in the world's largest economies are headed toward their lowest levels since at least 2003, squeezed at a record pace due to the lost Gulf output, according to the US Energy Information Administration.

"It will take several months to fully normalise flows, and we estimate that global oil inventories have shrunk by more than 1bn barrels since the start of the conflict," said Paul Gooden, head of natural resources at investment manager Ninety One. One billion barrels would be worth over $83bn at today's prices.

LNG major Woodside says no takeover bid received from Exxon

Bloomberg
Sydney

Woodside Energy Group said it was not in discussions with Exxon Mobil Corp over a potential takeover, while an analyst said any deal would likely face regulatory hurdles if it came to fruition.

Exxon is studying potential acquisition targets including Woodside as it looks for further scale in the liquefied natural gas sector, people familiar with the matter told Bloomberg. The discussions are internal, and at an early stage, they said.

Woodside is not aware of an incoming bid and confirmed it had not been in discussions with Exxon to date, the company said in a statement on Monday.

Any such bid by Exxon for Woodside would face significant challenges from a regulatory perspective, as Australia only has two listed major energy producers, and the government may be unlikely to approve the biggest of them leaving the local bourse.

"The test would be: what's the competitive nature of the acquisitions, and are they able to enhance competition, or at least support it at current levels," said Rick Wilkinson, chief executive officer of industry consultant and research firm EnergyQuest.

"Foreign Investment Review Board and competition concerns would both come up. Either one might be triggered by any interest from Exxon for an Australian company like Woodside."

The last time an international super major made a tilt at Woodside was in 2001, when British-Dutch multinational Shell Plc attempted a $3.2bn takeover. Today, Woodside has a market capitalization of A$56bn ($40bn).

That deal was scuppered when then-Treasurer Peter Costello opposed it saying it wasn't in the national interest. The government held concerns that Shell would prioritize investment internationally, over Australia, something Shell's Australian Chairman Peter Duncan denied.

Shell grew its portfolio in Australia nonetheless, and the majority of its LNG portfolio is now derived from the country.

For Exxon, a deal of this magnitude would supercharge its strategy to grow exposure in gas over oil. While it has a higher valuation to Shell, BP Plc, and other major energy companies, it has traditionally lagged them in geographical spread and volumes of LNG exports.

The American oil giant currently operates the PNG LNG venture in Papua New Guinea, and has stakes in Qatar's export plant. It is a partner in the Golden Pass facility in the US, which is currently being commissioned, and has a wider growth strategy with plans to develop a project in Mozambique.

Social capital: The accelerator every entrepreneur underestimates

By Mohammed Shabeeb

Two business owners offer the same service at the same price. One wins the contract. The other never gets the call. What separated them?

Not capital. Not capability. Someone knew them, and someone was willing to vouch for them. That is social capital. And most entrepreneurs are not building it on purpose.

Every business sits on three models that decide whether it grows. Most owners only see one.

The profitability model is what owners obsess over. Sales price minus cost of sales gives you gross profit. Cumulative gross profit over a period, minus overhead, gives you net profit. This is the language of accountants, and every owner should know it cold. But profitability alone does not grow a business. You can be profitable on one client and still be one phone call away from collapse.

The visibility model is what owners often miss. Opportunity does not arrive randomly. It moves through a chain. There is a person with a need. They make a decision. They say yes or no. The question is whether your name was in the room when that decision was made. If you were not visible, you were not considered. Most owners spend years invisible and call it bad luck.

The social capital model is what connects the two. It is the network of relationships, trust, and reputation you can draw on when you need to be remembered. Financial capital is what you spend, whereas social capital is what you deposit. Every time you help a contact, deliver on a promise, or make a quality introduction, you are putting trust in the bank. When the moment comes that you need a referral, a supplier, or a way through a closed door, you make a withdrawal.

The currency that holds all three models together is mindshare. When a buyer has a need, whose name comes up first in conversation? Whose business does someone recommend without being asked? Mindshare is what makes you the obvious choice before the competition even hears about the opportunity. You build mindshare through time, relationship, and credibility. Not through advertising.

Here is why this matters financially. A referred client arrives already convinced. You skip the cold pitch, the long sales cycle, the discounting war. The contract or investor you need is rarely a stranger. They are usually two handshakes away. Social capital is what closes that gap. Money chases certainty. Social capital manufactures certainty. A well-connected business with modest capital will routinely outperform a well-funded business with none.

The practical question is how to build it deliberately. Most networking is random: cards exchanged at an event, hope that something happens. Hope is not a strategy.

This is why structured networking platforms like BNI work. Members meet consistently, because trust is a function of frequency. One business per category, so members are invested in each other's success rather than competing. One-to-one meetings, so you actually understand each other's business. And the principle that those who give first, win.

BNI Qatar members alone transacted QR113mn in referred business last year. That was not luck. It was social capital, built systematically, converting into financial capital.

Start this week. List ten people in your network. Reach out to three. Help one without expecting anything back. That is the deposit. The compounding takes care of itself.

Open your contact list. Who have you helped this month with no agenda? If the answer is no one, your social capital is depreciating.

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