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Airports are seen as conveners in sustainable aviation fuel drive

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Qatar-Uzbek trade, investment seen to significantly grow in next 5 years

LuLu Group chairman Yusufali MA delivers a speech while Mohammed bin Ali al-Athbah, president of the Central Municipal Council, and Dr Mohamed Althaf, LuLu Group Global director, look on. **PICTURE:** Shaji Kayamkulam

LuLu Group's QR500mn Qatar investment is underway, says Yusufali

By Peter Alagos
Business Editor

LuLu Group is progressing with a major retail expansion in Qatar, anchoring its next phase of growth around a substantial investment pipeline of QR500mn to boost its footprint across the country, according to chairman Yusufali MA.

Yusufali made the announcement during the LuLu Hypermarket's celebration of its 1mn members in the LuLu Happiness loyalty programme held yesterday at its Al Gharaffa branch.

"We will expand our footprint here. The group has a project in the pipeline with investments worth QR500mn in this great country of Qatar. Other developments include the opening of new stores located in Baraha Town, Al Waab, and Qetaifan Island," Yusufali emphasised.

Speaking to *Gulf Times* on the sidelines of the event, Yusufali revealed that the group is expected to complete the three upcoming projects "within the next eight to 10 months." He also said there are "three other projects that are in advanced stages of negotiations."

"We are very thankful to His Highness the Amir Sheikh Tamim bin Hamad al-Thani and His Highness the Deputy Amir Sheikh Abdullah bin Hamad al-Thani, as well as the government of Qatar, for their wholehearted support for these commercial initiatives," he said, adding that he called on HE the Minister of Commerce and Industry Sheikh Faisal bin Thani bin Faisal al-Thani earlier in the day.

Last month, LuLu Hypermarket signed a memorandum of understanding (MoU) with Baraha Town to open a new flagship store within its mixed-use project in the Abu Hamour area, according to a press statement.

The statement also noted that the new store is set to feature a contemporary yet vibrant design and an enhanced shopping experience that meets the aspirations of the local community and visitors alike.

The partnership comes as part of the ongoing preparations for the opening of Baraha Town in the first quarter of 2027, a project set to become Qatar's largest fully air-conditioned destination offering retail, residential, and office spaces, the statement added.

The newly achieved milestone for the loyalty programme reflects the growing consumer base of the group, which currently operates 24 hypermarkets and supermarkets across the country. Yusufali noted that reaching 1mn members is a highly significant step that reflects the trust and loyalty of their customers.

Reflecting on past challenges, Yusufali lauded the resilience of the local operations since the beginning of the February 28 regional crisis, citing the key role of Dr Mohamed Althaf, LuLu Group Global director; Shanavas PM, regional director of LuLu Hypermarket Qatar; and Shaijan MO, director of LuLu Hypermarket Qatar, including their entire operational teams.

Yusufali emphasised that the company worked around the clock to ensure there was no shortage of food products or any inflation in prices, even during the observance of the Holy Month of Ramadan.

He credited the Qatari government and the country's leadership for making this supply stability possible. According to Yusufali, "the wholehearted support of the authorities" ensured that products arrived on time and that essential services, including electricity, water, and food supplies, remained entirely unaffected throughout the period.

Qatar Chamber chairman discusses trade relations with UAE envoy

Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani held a meeting with Saeed Abdullah al-Qamzi, the UAE's ambassador to Qatar, at the chamber's Lusail headquarters yesterday. The meeting was attended by Qatar Chamber board member Mohammed bin Ahmed al-Obaidli, chairman of the Food Security and Environment Committee, and Hussain al-Naqbi, the head of Economic, Political and Media Section at the UAE Embassy. During the meeting, both sides discussed trade and economic cooperation relations between the two countries and ways to enhance and develop them. They also reviewed the role of the private sector in strengthening mutual and joint investments that contribute to increasing trade exchange.

Dukhan Bank issues $500mn additional Tier 1 capital sukuk

Dukhan Bank, rated A2 (stable outlook) by Moody's and A (rating watch negative) by Fitch, successfully issued a $500mn perpetual non-call 5.5-year Fixed Rate Resettable Additional Tier 1 Capital Sukuk at a profit rate of 6%, the tightest yield achieved by an Additional Tier 1 Capital Sukuk issuance in the region so far this year.

The transaction was met with strong demand from a diverse base of international and regional institutional and private banking investors. Initial price guidance was released at 6.50%, with a final landing at 6%, representing a tightening of 50bps. Order books were more than three times oversubscribed.

It reflected the continued confidence in Dukhan Bank's credit profile and capital position, as well as the depth of demand for Qatari Islamic banks' credit despite a more cautious backdrop for the region.

Mohammed bin Hamad bin Jassim al-Thani, executive board member and managing director of Dukhan Bank, said: "This issuance reflects the trust investors continue to place in Dukhan Bank and reinforces its standing as one of the leading Islamic banks in the region.

"It is a testament to the strength of our fundamentals, the discipline of our long-term strategic direction and the confidence the market holds in Qatar's banking sector. I would like to thank the Qatar Central Bank for their continued support of the banking sector, and our investors and advisors for their confidence in the bank".

Dukhan Bank acting Group CEO Ahmed I Hashem said, "We are very pleased with the outcome of this transaction. Pricing at the tightest yield achieved by an AT1 issuance in the region this year demonstrates the market's confidence in Dukhan Bank."

The issuance comes after a series of global investor meetings led by Dukhan Bank's senior management team.

Dukhan Bank mandated Abu Dhabi Commercial Bank, Emirates NBD Capital, HSBC, Mashreq, Standard Chartered Bank, Qatar International Islamic Bank, Qatar Islamic Bank, QNB Capital, The First Investor, and Warba Bank to act as joint lead managers and joint bookrunners on the transaction.

Qatar, Malta business leaders explore stronger trade ties

QNA
Doha

Mohammed bin Ahmed al-Obaidly, Board Member of Qatar Chamber and Chairman of the Food Security and Environment Committee.

Qatari and Maltese business leaders have discussed ways to strengthen trade and investment cooperation during a virtual business meeting organized by Qatar Chamber and The Malta Chamber.

The meeting was chaired by Mohammed bin Ahmed al-Obaidly, Board Member of Qatar Chamber and Chairman of the Food Security and Environment Committee, and Dr Marthese Portelli, Chief Executive Officer of The Malta Chamber, with the participation of business representatives from both countries.

Discussions focused on expanding cooperation in sectors including technology, artificial intelligence, cybersecurity, financial services, fintech, regulatory technology, corporate services, public administration, infrastructure and hospitality.

Al-Obaidly highlighted the strong relations between Qatar and Malta and underscored the importance of enhancing economic, commercial and investment cooperation. He said Qatar Chamber remains committed to supporting joint investments and fostering partnerships between businesses in both countries.

He noted that bilateral trade grew by around 15% last year to reach QR46.4mn, compared with QR40.3mn in the previous year, while stressing that there remains significant potential for further growth.

Al-Obaidly encouraged Qatari investors to explore opportunities in Malta and invited Maltese companies to benefit from Qatar's investment environment, modern infrastructure and strategic location.

Portelli reaffirmed Malta's interest in strengthening economic ties with Qatar, highlighting the incentives and opportunities available to foreign investors in the Mediterranean island nation.

US, Qatar urge EU to change methane rules, warn of supply risk

- Exporters warn EU methane rules could hit gas supplies
- EU resists changes, offers limited flexibility
- Some EU countries seek three-year delay, document shows

Reuters
Washington/Brussels

Eleven EU governments including Italy, the Czech Republic, the Netherlands and Poland, have separately asked Brussels to delay the rules by three years amid energy supply disruptions linked to the Iran war

Major energy exporters the US and Qatar urged the European Union on Wednesday to rewrite planned methane emissions rules for oil and gas imports, warning the policy could disrupt fuel supplies to Europe.

From next year, the EU regulation will require methane monitoring and verification for fuel deliveries to the bloc. The rules aim to curb leaks of the potent greenhouse gas, but have drawn strong opposition from industry and overseas suppliers.

In an open letter to EU leaders, the energy ministers of the US, Qatar, Nigeria and Algeria — all gas suppliers to Europe -called on the EU to pause the law and introduce "targeted amendments".

"Importers have already begun the process of purchasing oil and natural gas that will be stored for delivery in 2027, and as of now there is no viable path to compliance with the regulation," said the letter.

A European Commission spokesperson did not immediately respond to a request for comment.

Speaking to reporters before the letter was published, EU Energy Commissioner Dan Jorgensen said he was open to discussions on easing implementation, but would not dilute the policy's ambition.

"I will not reopen it. I'm very proud of our methane regulation," Jorgensen said.

"We've also experienced a lot of pressure from international companies and countries like the US, and the message to them is the same. We will help as much as we can in being pragmatic, but we have to stand guard of the legislation."

Methane is the second-biggest contributor to global warming after carbon dioxide.

The Commission has drafted plans to waive penalties for companies that breach the law, but has so far refused to rewrite the rules.

Eleven EU governments including Italy, the Czech Republic, the Netherlands and Poland, have separately asked Brussels to delay the rules by three years amid energy supply disruptions linked to the Iran war, according to a document seen by Reuters. EU energy ministers will discuss their request on Friday.

An oil and gas industry-backed study by Wood Mackenzie, published in March, said nearly half of the EU's gas imports could struggle to comply. However, research released this week by Rystad — for the Environmental Defense Fund — said available compliant gas was three times the EU's current imports.

QIB mobile app receives 'Top Financial Innovations in the Middle East' award

The mobile app of Qatar Islamic Bank (QIB) has been recognised among *Global Finance*'s Top Financial Innovations for 2026 in the Middle East.

The achievement, announced during the *Global Finance* Innovators Awards 2026, reflects QIB's continued leadership in digital banking and its commitment to delivering innovative, customer-centric banking experiences.

The award highlights the success of the QIB Mobile App, which is a comprehensive digital banking platform serving the evolving needs of customers across Qatar. With 99% of retail transactions conducted digitally and over 5mn logins monthly, QIB continues to lead the industry in digital adoption, with the Mobile App playing a central role in this achievement.

Today, the QIB Mobile App offers more than 320 features and services, enabling customers to access a wide range of banking solutions through a single platform. The app provides easy access to everyday banking services, including account opening, payments, transfers, financing, card issuance & management and investments.

By incorporating advanced capabilities such as AI-powered financial insights, instant digital financing, and real-time customer onboarding, the app enables a faster, more convenient, and personalised banking experience.

In addition to banking services, it serves as a broader digital ecosystem that offers customers access to innovative lifestyle solutions, including digital marketplaces and loyalty programmes. These include the Auto Marketplace, an integrated platform that enables customers to browse vehicles, compare options, book test drives, and complete financing applications digitally through a seamless end-to-end journey.

Through continuous enhancements, QIB remains focused on simplifying financial services and making banking more accessible through innovative digital solutions.

D Anand, QIB general manager of Personal Banking Group, said: "We are pleased to receive this recognition from *Global Finance*, which reflects our ongoing commitment to innovation and delivering exceptional digital banking experiences for our customers."

He added: "The QIB Mobile App has evolved into a comprehensive financial platform that enables customers to conveniently and securely manage their banking through a single app.

"We will continue to invest in enhancing our digital capabilities, introducing meaningful innovations, and providing solutions that simplify banking while creating greater value for our customers."

The *Global Finance* Innovators Awards recognise financial institutions that introduce impactful innovations and contribute to the advancement of financial services through technology, customer-centric solutions, and digital transformation. The awards highlight organisations that are redefining banking through innovative products, services, and customer experiences.

The award highlights the success of the QIB Mobile App, which is a comprehensive digital banking platform serving the evolving needs of customers across Qatar

Qatar-Uzbek investment, trade seen to significantly grow over next 5 years

QNA
Doha

The Minister of Investment, Industry and Trade of the Republic of Uzbekistan, Laziz Kudretov has affirmed that the next five years will witness significant growth in the volume of trade and mutual investments between the State of Qatar and Uzbekistan, with Qatari investments moving from the stage of studying opportunities to active implementation in the energy, infrastructure, industry and finance sectors.

He noted that Uzbekistan represents a strategic gateway to the markets of central Asia and beyond, which enhances the regional expansion opportunities for Qatari investors.

In an exclusive statement to Qatar News Agency (QNA), Kudretov said that economic and investment relations between Qatar and Uzbekistan are witnessing steady development, supported by the strategic partnership agreement that Uzbekistan ratified in 2025. He noted that the volume of trade exchange between the two countries increased by more than 30% last year, while Uzbek exports to Qatar recorded growth exceeding 36%.

He added that the greatest momentum in bilateral cooperation is concentrated in seven key sectors: transport and logistics infrastructure, energy, chemical industries, agriculture, education and tourism, in addition to exploring promising opportunities in the pharmaceutical, mining and financial sectors, including the possibility of Qatari banks entering the Uzbek market.

Regarding joint projects, he noted the work to reach a preferential trade agreement between the two countries, and the organisation of the 'Made in Uzbekistan' exhibition in Doha this year, in addition to developing projects in the mining, metal processing, building materials and chemical industries sectors.

He emphasised that there is an opportunity for Qatari investments in power generation projects, oil and gas exploration and production, real estate, smart cities and tourism infrastructure.

He added that the energy sector is a top priority for Qatari investors, along with the processing of vital minerals, manufacturing industries and building materials, in addition to the services sector, which is witnessing remarkable growth in the fields of financial technology and artificial intelligence, as Uzbek services exports reached about $10bn. He noted that these opportunities are supported by economic reforms and increasing institutional stability.

Kudretov stressed that the private sector represents the main driver of bilateral economic relations, pointing to the development of its capabilities in Uzbekistan to work with foreign investors and establish partnerships and joint projects, in addition to activating economic dialogue platforms in Tashkent and Doha, adopting digital mechanisms to follow up on projects and monitor risks, as well as the role of the Foreign Investors Council in solving the challenges facing investors.

Laziz Kudretov, Minister of Investment, Industry and Trade of Uzbekistan.

Seminar discusses latest arbitration practices in Qatar

The Qatar International Centre for Conciliation and Arbitration (QICCA), affiliated with Qatar Chamber, organised a specialised seminar titled 'Arbitration and Expertise in Light of Practical Practices in the State of Qatar' yesterday.

The seminar, held at Qatar Chamber's headquarters in Lusail, saw the participation of a select group of experts and specialists in the fields of law, engineering, and accounting.

The seminar shed light on the latest professional practices in arbitration, the role of technical expertise in supporting procedures for resolving commercial disputes, and the practical experiences adopted in Qatar, to enhance the business environment and strengthen the principles of justice and transparency.

Engineer Mohammed al-Kuwari, board member of the Qatar Society of Engineers; Asma al-Ghanim, board member of the Qatar Lawyers Association; and Maryam Mohammed al-Malik, vice president of the Qatar Association of Certified Public Accountants, delivered presentations addressing the roles of experts in their respective fields and their connection to arbitration procedures.

During the seminar, the speakers emphasised the importance of integration between legal and technical aspects in arbitration cases. They noted that the presence of qualified experts significantly contributes to improving the efficiency and effectiveness of dispute resolution and enhances investors' confidence in Qatar's business environment.

QICCA vice chairman Sheikh Dr Thani bin Ali al-Thani affirmed the centre's commitment to organising such events on an ongoing basis, as they aim to promote the culture of arbitration and develop local competencies in line with international best practices.

QICCA vice-chairman Sheikh Dr Thani bin Ali al-Thani.

SK Hynix targets $29bn US listing as AI demand surges

Reuters
Seoul

South Korea's SK Hynix said on Wednesday it plans to raise up to $29.4bn through a US stock market listing in what would be among the biggest listings globally, as the Nvidia supplier seeks to capitalise on strong investor appetite for AI stocks.

If completed at the top end, the deal would be the second-biggest share sale after a record $85.7bn initial public offering by SpaceX earlier this month, surpassing Saudi Aramco's $25.6bn IPO in 2019 and Alibaba's similar-sized offering in 2014.

The planned listing reflects strong global appetite for AI-linked equities, even as volatility increases across US tech and semiconductor markets.

It comes weeks after record-breaking equity issuance elsewhere in the sector, including Elon Musk's SpaceX, and ahead of expected IPOs from AI-focused companies including Anthropic and OpenAI later this year.

The world's largest tech companies are tapping debt markets and raising equity to fund a costly expansion of AI infrastructure. Earlier this month, Google-parent Alphabet said it was looking to raise $80bn in equity offerings.

"The most attractive benefit for investors is that SK Hynix will trade on Nasdaq alongside rival Micron, giving the company an opportunity to be re-rated in the US market," said Ryu Young-ho, a senior analyst at NH Investment & Securities. "That could also be reflected in its Korea-listed shares as investors increasingly link the two valuations."

The memory chip maker, now valued at about $1.2tn, has been one of the clearest beneficiaries of the AI boom. Its shares have quadrupled so far this year, outperforming rivals Samsung Electronics and US-based Micron.

The company is a key supplier of high-bandwidth memory chips used in AI systems by customers such as Nvidia and Google, and this week overtook Samsung to become South Korea's most valuable company.

CLSA Senior Analyst Sanjeev Rana said expectations for a US listing have already helped drive the stock's rally, alongside strong demand for high-end memory used in AI data centres.

"If they can get at least a valuation multiple similar to Micron, for example, then the local shares also need to reflect that, so that kind of expectation is there," Rana said. "I wouldn't be surprised if this rally continues."

Its blistering share price rally marks a dramatic reversal of fortunes for a chipmaker that two decades ago nearly collapsed under debt and also helped the size of the share sale increase sharply from an initial plan which a source said in March could raise as much as $14bn.

AXESS POWER batteries gain recognition across Qatar for industrial, emergency applications

AXESS POWER continues to strengthen its position as a trusted battery brand in Qatar through its strategic partnership with AAGE International, one of the region's growing suppliers of energy storage and backup power solutions.

In an era where uninterrupted power is critical for businesses, infrastructure, safety systems, and industrial operations, AXESS POWER batteries, distributed exclusively through AAGE International, are helping organisations across various sectors ensure operational continuity through dependable and high-performance energy storage solutions.

As Qatar advances its infrastructure, commercial developments, and smart building initiatives, the demand for reliable power backup systems has increased significantly.

AXESS POWER offers a comprehensive range of batteries designed for mission-critical applications including UPS systems, emergency lighting, fire alarm systems, telecommunications, renewable energy storage, golf carts, and industrial backup power requirements.

Known for their durability, consistent performance, and long service life, AXESS POWER batteries are engineered to meet the demands of challenging environments while delivering reliable backup power when it matters most.

AXESS POWER battery models have gained recognition in the Qatar market for meeting stringent quality and safety standards, making them a preferred choice among contractors, facility managers, consultants, and system integrators.

Quality assurance remains at the core of the AXESS POWER brand. Manufactured according to international standards and subjected to rigorous quality control procedures, AXESS POWER batteries are designed to provide dependable performance across a wide range of applications.

The brand's growing presence in Qatar is supported by AAGE International's commitment to supplying certified and reliable products that align with local market requirements. This dedication to quality has helped establish long-term relationships with customers who prioritize performance, safety, and value.

AAGE International has emerged as a trusted supplier of industrial battery solutions in Qatar. The company has built its reputation on technical expertise, customer-centric service, and the ability to provide tailored power backup solutions for diverse industries.

From project consultation and product selection to after-sales support, AAGE International works closely with customers to ensure they receive the most suitable energy storage solutions for their operational needs.

The company's focus on product availability, technical support, and timely delivery has contributed significantly to customer satisfaction and repeat business across the country.

As Qatar continues to invest in infrastructure development, smart technologies, commercial facilities, and industrial projects, dependable power backup solutions have become increasingly important.

AXESS POWER and AAGE International remain committed to supporting this growth by providing advanced battery technologies that help safeguard critical operations and maintain business continuity.

Through continuous innovation, quality assurance, and customer-focused service, the partnership aims to contribute to a more resilient and reliable power infrastructure across Qatar and the wider GCC region.

With a growing customer base and increasing demand for dependable energy storage solutions, AXESS POWER and AAGE International are poised for further expansion in the Qatar market.

Their shared vision is simple: deliver trusted battery solutions that empower businesses, protect critical systems, and ensure uninterrupted performance in an increasingly connected world.

AXESS POWER offers a comprehensive range of batteries designed for mission-critical applications including UPS systems, emergency lighting, fire alarm systems, telecommunications, renewable energy storage, golf carts, and industrial backup power requirements

OpenAI unveils AI chip Jalapeno

AFP
San Francisco

OpenAI on Wednesday unveiled its first custom-designed computer chip, called Jalapeno, built to run ChatGPT and other artificial intelligence products faster and more cheaply.

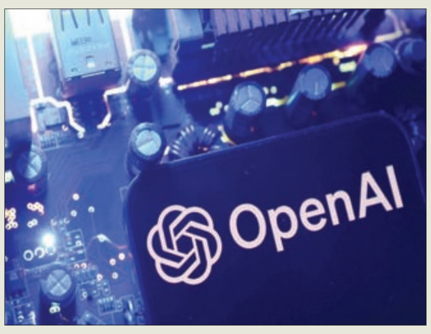
The chip, co-developed with semiconductor company Broadcom, is designed specifically for AI inference -- the process of running an AI model to generate answers for users, as opposed to the lengthy and expensive process of training a model from scratch.

"While OpenAI is still measuring final performance, early testing shows that Jalapeno will deliver performance per watt substantially better than current state-of-the-art," the company said in a blog post.

The company said its own AI models helped design the chip, tightening the timeline to develop high-performance semiconductors.

The chip is designed to work with a broad range of AI models, not just OpenAI's own products, and will be deployed at data centers operated by Microsoft and other partners beginning in 2026.

By controlling its own chip design, OpenAI aims to reduce its dependence on outside suppliers such as Nvidia. Broadcom chief executive Hock Tan called the chip "just the beginning,"



OpenAI logo is seen in an illustration.

with the two companies planning successive generations of products.

The companies last year announced their partnership to design and build their own specialised computer processors for artificial intelligence in an effort to break a dependency on Nvidia's technology.

The chip was the latest in a series of announcements by OpenAI as it looked to strengthen its position as the preeminent company in generative AI against increasing competition from rivals Anthropic and Google.

Powerful chips are the engine of AI, and most companies building AI models depend on technology from Nvidia and a handful of other suppliers.

Asian markets look to recover from rout

AFP
Hong Kong

South Korean stocks bounced back on Wednesday from the previous day's rout, while the rest of Asia fought to recover from a region-wide sell-off amid lingering concern about the AI spending boom.

In Seoul, the Kospi closed up 3.3% to 8,471.02 points; Tokyo - Nikkei 225 ended down 0.9% to 69,174.97 points; Hong Kong - Hang Seng Index closed up 0.3% to 23,412.18 points and Shanghai - Composite ended up 0.1% to 4,110.81 points yesterday.

Oil prices fell more than one percent to sit around their lowest levels since the early days of the Middle East crisis, even as strain emerged in talks to bring an end to the conflict.

Investors tentatively got back on the horse in Seoul as they picked up the pieces following a 10% collapse on Tuesday in the Kospi that was led by 12% losses in chip giants and market heavyweights SK hynix and Samsung.

While no specific catalyst was blamed for the selling, analysts said it illustrated the growing concern on trading floors about the extended valuations of the tech firms that have been the key driver of a rally to record highs in several markets globally.

Questions over when firms will see a return on the trillions that have been invested in all things artificial intelligence have also been cited, as has the prospect of a US interest rate hike following last week's hawkish pivot by the Federal Reserve.

Seoul, Tokyo and Taipei -- where many of the world's hardware makers are listed -- have been at the forefront of the rally this year, taking over from Wall Street, where many of the big-name performers are downstream software firms.

Pedestrians walk past a stock quotation board in Tokyo. The Nikkei 225 closed down 0.9% to 69,174.97 points yesterday.

"The next-stage debate on AI investing is not whether the theme is real, but whether the scale of investment will ultimately generate the returns that investors expect," said Christoffer Enemaerke at RBC BlueBay Asset Management.

After a second day of selling on Wall Street -- where the Nasdaq lost a further two percent -- Seoul ended up more than three percent, with Samsung almost 10%, though SK hynix added just 1%.

"Tuesday was not simply a bad day for Korean equities," wrote Stephen Innes at SPI Asset Management. "It was a reminder that one of the world's most successful AI markets had also become one of its most crowded expressions of over-leverage."

But he added: "The fundamental case remains intact, at least for now. Memory remains one of the critical bottlenecks in the global AI buildout, and neither SK hynix nor Samsung suddenly lost their strategic importance because the market had one violent session."

There were also gains in Hong Kong, Shanghai, Sydney, Singapore, Mumbai and Bangkok, though Tokyo, Taipei, Manila, Jakarta and Wellington fell again.

Jakarta shed 2% as stock compiler MSCI delayed a decision on whether to downgrade the Indonesia market amid concerns about "opacity in shareholding structures".

London and Frankfurt edged lower, while Paris rose.

Eyes turn later in the day on the release earnings from US chipmaker Micron Technology, which will provide a fresh idea about the state of demand in the sector and whether the AI rally still has legs.

Oil prices continued to fall on optimism for an eventual deal to end the war in Iran, as two maritime tracking platforms said traffic through the Strait of Hormuz on Monday reached its highest level since the war began.

Eurozone benchmark yield hits 3-month low

Reuters
London

The 10-year German Bund yield hit a three-month low on Wednesday on the back of this week's shift by investors to thinking eurozone inflation will remain broadly in check, limiting the amount of policy tightening needed by the European Central Bank.

The eurozone benchmark fell as low as 2.899%, its lowest since March 18, and was last a whisker above that level, down around 1 basis point on the day.

It has fallen 8 basis points (bps) this week after ECB President Christine Lagarde told the European Parliament on Monday there was no evidence of the kind of pick-up in inflation that would warrant more forceful policy action, and after soft inflation readings from business activity data on Tuesday. Those reinforced the shift in market sentiment that followed last week's initial agreement between the US and Iran. The deal allowed shipping to resume through the Strait of Hormuz, sending the price of Brent crude oil down to near $75 a barrel, and reducing the likelihood energy will cause a rise in prices more broadly.

All else being equal, that should mean fewer interest rate hikes by the ECB, which tightened policy earlier this month.

Markets are pricing in another increase of 25 bps by the end of the year, but they see little chance of a third move in 2026, a change from a few weeks ago.

Analysts at RBC Capital Markets have removed a third interest rate hike this year from their forecasts, saying in a note that "there has been a material change in the inflation environment."

A220: The little jet that grew up, and why a stretch makes sense

By Alex Macheras

There is a particular kind of aircraft programme that spends years being described as promising. It is admired by the people who fly it, praised by the passengers who experience it for themselves, and quietly overlooked by almost everyone making the big decisions about fleets and capital. The Airbus A220 has lived in that category for most of its life. In 2026, it has finally stepped out of it.

The programme crossed five hundred deliveries in March, the orderbook now sits comfortably beyond nine hundred firm commitments, and the aircraft serves more than nineteen hundred routes to five hundred destinations. Delta operates the largest fleet at eighty-five aircraft. airBaltic, the European true believer, has built almost its entire operation around the type. None of this happened by accident, and none of it happened quickly.

The aircraft began life as the Bombardier CSeries, a clean-sheet design that nearly bankrupted its original maker before Airbus acquired control of the programme for a symbolic sum in 2018. It was, in hindsight, one of the great bargains in commercial aviation history.

What Airbus bought was an aircraft with no real peer in its segment. The A220 carries between roughly one hundred and one hundred and sixty passengers, depending on variant and layout, and it does so with economics that older regional jets simply cannot match. The twin-engine design and light airframe keep maintenance costs down. The cabin uses a two-three layout rather than the three-three arrangement found on most single-aisle jets, which means fewer middle seats and a product that frequent flyers actively notice. In an era when passengers check seat maps before booking, that detail has commercial value, not merely sentimental value.

The aircraft also does something its rivals cannot. The A220-100 is the largest jet certified to operate into London City Airport, threading the famous five-and-a-half-degree approach over the towers of the financial district and onto a runway less than half the length of Heathrow's. That capability is not a marketing flourish. It is a genuine operational moat. The aircraft can serve hot-and-high airfields and constrained city-centre runways while still flying medium-haul sectors, a combination no other in-production aircraft in its class can claim.

London City matters here for another reason. The airport launched a consultation in March seeking approval for a shallower approach that would, in time, admit the A320neo. The constraint that once defined the airport is loosening, and that shift sits directly beneath the question now facing Airbus.

That question is the stretch. For several years Airbus has studied a longer A220, informally the A220-500, and the company has spent 2026 actively courting pre-orders. The concept is a simple stretch: lengthen the fuselage by around five frames, add roughly twenty seats to reach about a hundred and eighty in a single-class layout, and leave the wing and engines largely untouched. Lars Wagner, who took over as chief executive of Airbus Commercial Aircraft in January, has publicly backed the project, explaining he favours an aircraft seating around a hundred and sixty-five passengers in single class.

His predecessor Christian Scherer had long argued the same case.

The business logic is straightforward and, in the current market, compelling. A stretch improves seat-mile costs because operating expenses rise more slowly than capacity. Industry estimates suggest the A220-500 could cut per-seat costs by around ten per cent against the A220-300. That is a meaningful figure on the busy short and medium-haul routes where margins are thin and frequency matters.

The timing helps too. The narrowbody market is structurally sold out. The largest single-aisle families are spoken for until close to 2035, and airlines that want capacity cannot find delivery slots. A well-timed A220-500 gives Airbus another lever to capture demand that would otherwise go unmet. Air France, Delta, Lufthansa and Air Canada have all encouraged Airbus to proceed, and AirAsia has gone further, securing options on a hundred and fifty of the larger variant.

The objection is equally clear, and it is internal. A hundred-and-eighty-seat A220 lands squarely in A320neo territory. Airbus already sells an aircraft of that size, in volume, and it is the company's financial cash cow. Build a cheaper-to-operate jet beside it and you risk cannibalising your own best product, and depressing the resale values that lessors depend on. This is precisely why Airbus has hesitated for years, and why powerful leasing firms have lobbied to slow the programme.

The counter-argument is that shifting thinner routes onto the A220-500 frees A321neo production capacity for the long-haul, high-density missions where demand is fiercest, while the A220 takes on Embraer's E2 family and Boeing's 737 Max 8 at the lower end. Done well, the stretch is not cannibalisation. It is segmentation.

There is a cost to the simplicity. A stretch that leaves the wing and engines alone trades range for capacity. Analysis suggests the A220-500 would carry around thirteen per cent less range than the A220-300. For European carriers that fly shorter sectors, this is no obstacle. For North American operators who value transcontinental reach, it is a genuine question, and it explains why Air Canada has pushed for a little more range alongside the extra seats.

The other shadow over the programme is one the marketing cannot dispel. The Pratt and Whitney geared turbofan reliability issues have grounded a significant share of the global A220 fleet, and no order milestone erases that operational reality. Any stretch decision must reckon with an engine that has not yet delivered the maturity the airframe deserves.

A formal launch was widely expected at Farnborough next month.

The latest signals suggest Airbus may hold off, weighing range requirements, supply-chain strain and lessor resistance before committing. That caution is understandable. It is also, in a sense, the surest sign of how far this aircraft has travelled.

The A220 is no longer the interesting outsider that Airbus rescued from administration. It is now central enough to the company's strategy that the decision to grow it has become genuinely difficult.

■ *The author is an aviation analyst. X handle: @AlexInAir.*

A passenger plane approaches a runway at Terminal 5 of Heathrow Airport. Airports are emerging as catalysts in aviation's decarbonisation efforts, taking on a central role as "strong facilitators and enablers" of sustainable aviation fuel deployment.

Airports are emerging as conveners in sustainable aviation fuel takeoff

By Peter Alagos
Business Reporter

Airports are emerging as catalysts in aviation's decarbonisation efforts, taking on a central role as "strong facilitators and enablers" of sustainable aviation fuel (SAF) deployment.

The Airports Council International's (ACI) World Airports and Sustainable Aviation Fuels Policy Brief 2026 stated that airports are already encouraging their users to procure SAF, helping move the industry closer to its net zero ambition.

"At the centre of the aviation system, airports can and are already playing an important role in facilitating and encouraging their users to procure SAF and, in doing so, contribute to moving the aviation industry forward in its ambition to decarbonise," according to the policy brief.

The ACI emphasised that airports possess extensive convening power, enabling them to bring together airlines, regulators, and the wider public to align interests in support of cleaner energy adoption.

The report noted that sustainable aviation fuels could reduce approximately 55% of international aviation emissions, with life cycle reductions of up to 80% compared with conventional jet fuel, depending on production pathways and compliance with sustainability criteria.

The ACI explained that SAF can be distributed across the existing fuel supply chain without modification, a major advantage that lowers costs and complexity of adoption.

"Strong political commitments and a growing number of national and sub-national policies have contributed to the recent growth of the SAF market, which has doubled in production every year since 2023.

"Scenarios estimate SAF production needs between 330 and 500 Mt of SAF per annum by 2050. 1 Mt was produced in 2024, 1.9 Mt expected in 2025, and 2.4 Mt potentially expected for 2026," the report stated.

The brief also highlighted barriers such as high SAF premiums, limited facilities, and geographic mismatches between production and demand hubs. The ACI stressed that unlocking financial resources and adopting policy frameworks are essential to de risk capital investments for SAF projects. "The aviation sector, in coordination with the energy and financing sectors, must accelerate and ramp up the development of SAF on a global scale, to meet the International Civil Aviation Organisation (ICAO) global vision of reducing CO2 emissions in international aviation by 5% by 2030 through the use of SAF, LCAF and other aviation cleaner energies (compared to zero cleaner energy use), as agreed by the ICAO Third Conference on Aviation and Alternative Fuels (CAAF/3) in 2023 (ICAO, 2023a)," the report stated.

The report added that airports worldwide are undertaking initiatives to promote SAF, including consortia, feasibility studies, and roadmaps, reinforcing their role as conveners in the global decarbonisation agenda.

Malaysia's AirAsia X to keep lowering fares as jet fuel prices fall, says CEO

Malaysian budget carrier to review prices on weekly basis after a 5% fare cut on June 15; airline had cut 10% of flights and raised fuel surcharges as costs soared; plans to add back capacity cut during Iran war by August; expects to receive first Airbus A220 jets by end of 2027

Reuters
Hong Kong

Malaysian budget carrier AirAsia X has lowered fares by 5% since June 15, with the airline reviewing its pricing week by week and adding back capacity as jet fuel prices drop, the company's CEO, Bo Lingam, said recently.

Lingam said the easing of tensions in the Middle East following the signing of an initial US-Iran peace deal had brought welcome relief to the aviation industry, with fuel prices retreating sharply from their March highs.

"The industry has been really affected by the hiking of the fuel price. So hopefully everything in the Middle East stays as it is today," Lingam told reporters, adding that he had already seen a surge in bookings over the weekend.

"Week by week, as fuel prices go down, we will also be revising our fares," Lingam said.

AirAsia X was hit hard by the spike in jet fuel prices, posting a first-quarter loss as it cut 10% of flights and lifted fuel surcharges to deal with rising costs.

Budget airlines are among the most affected by rising fuel costs because their price-sensitive customers are likely to cut back on spending or look to cheaper alternatives like rail or bus travel when inflation is high, analysts say.

Lingam said some routes had to be suspended entirely as high fuel costs made them unviable even at full capacity.

The airline used the past three months to cut underperforming flights, shift demand and renegotiate contracts with all vendors and lessors, Lingam said. The contract restructuring and renegotiation process is ongoing, he added.

AirAsia X said it expected its capacity to be fully restored by August, though Lingam noted that loss-making routes with no demand would not be reinstated.

Lingam said the airline was also streamlining its fleet, returning around 12 older aircraft aged 16 to 17 years this year as more fuel-efficient jets come online.

AirAsia X is set to receive seven Airbus A321LR jets next year, which he said would be deployed on medium-haul routes, including to China.

Lingam also said the airline expected to receive its first Airbus A220 jets by the end of 2027, which would be deployed in the Philippines.

AirAsia X last month announced a firm order for 150 of the A220 jets manufactured in Canada, with 150 options to purchase a larger version of the jet if Airbus makes it.

AirAsia planes stand on the tarmac at Kuala Lumpur International Airport. AirAsia X has lowered fares by 5% since June 15, with the airline reviewing its pricing week by week and adding back capacity as jet fuel prices drop, the company's CEO, Bo Lingam, said.

Airline ticket prices may stay high despite cheaper fuel

Reuters
Chicago/London

Airlines stand to save billions of dollars on jet fuel after an interim US-Iran peace deal sent oil prices lower, but passengers are unlikely to see immediate relief as tight capacity may allow carriers to keep fares well above pre-war levels.

The US market offers the clearest example. Fare increases still lag this year's run-up in fuel costs, while domestic seat growth remains limited.

That gives airlines leeway to use lower fuel bills to rebuild margins rather than reverse recent price increases.

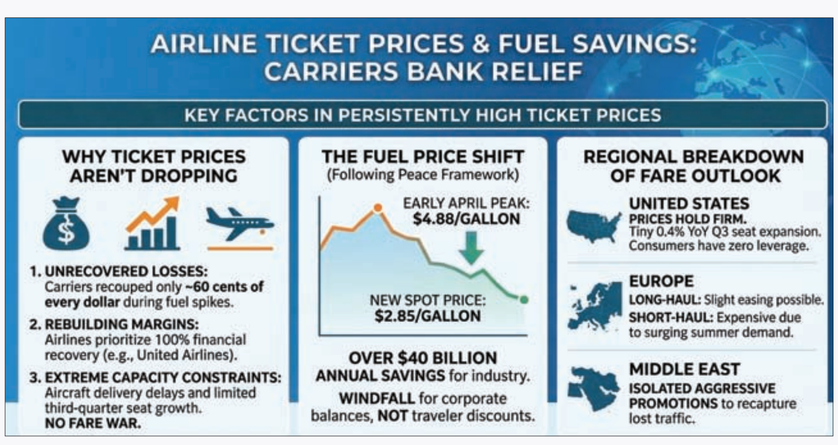
As jet fuel prices surged, US airlines raised ticket prices and bag fees, and cut schedules, but those steps have offset only part of the rise in fuel costs.

Industry data show jet fuel prices rose more than three times as fast as airfares from January through May. Deutsche Bank estimated US carriers would recover only about 60 cents of every additional dollar spent on fuel - $14.4bn in higher revenue against $24.1bn in higher fuel costs. Alaska Air said it was recovering about one-third of the increase, while Delta Air Lines, United Airlines and American Airlines put second-quarter recapture at about 40% to 50%. JetBlue Airways and Frontier Group expect to recover less than half.

United CEO Scott Kirby told Reuters his airline was getting closer to recouping the fuel-cost spike through pricing: "We're on a path to recovering 100% by the end of the year." Raymond James data show average domestic fares booked one week before travel were up 34.1% from a year earlier as of June 8.

The key question is whether airlines can keep recent fare increases as fuel prices ease. "What remains crucial is the ability to hold price," Melius Research analyst Conor Cunningham said, adding that lower gasoline prices could ease consumer pressure over high airfares.

Outside the US, fare relief is likely to be uneven. Lower crude prices will take time to feed through to jet fuel, and unless jet fuel falls back toward start-of-year levels, airlines are likely to keep fares firm or push them higher where demand allows, said Dudley Shanley, head of aviation and travel research at Dublin-based Goodbody.



Long-haul fares are more likely to ease because airlines passed on higher fuel costs more successfully on those routes, RBC analyst Ruairi Cullinane said. Short-haul fares may prove firmer if the peace agreement supports bookings and demand.

In Asia, HSBC analysts said China's big three airlines face weak pricing power and falling aircraft utilisation, while Hong Kong's Cathay Pacific is better placed as higher fares, cargo revenue and premium demand could offset fuel costs.

The Middle East is the clearest exception, after the war disrupted traffic flows. Some airlines may use promotions to win back traffic, said aviation analyst John Strickland, but fuel remains too expensive for widespread discounting. United Arab Emirates carriers could be more aggressive and receive stronger government backing, he added.

How much airlines benefit from lower fuel prices will depend on how long prices stay down.

Fuel bills reflect purchases over time, not spot prices, and even after the latest declines jet fuel still costs 54% more than a year ago, according to the International Air Transport Association. Southwest Airlines Chief Operating Officer Andrew Watterson summed up the pressure.