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BUSINESS

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Crude shipments through Hormuz at highest since war amid concerns

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VC firm targets untapped China tech opportunities to support GCC investors

By Peter Alagos
Business Editor

A Doha-based venture capital (VC) firm is moving to connect Gulf institutional investors with China's fast-growing artificial intelligence (AI) and deep technology sectors, noting the region has yet to fully tap one of the world's most dynamic innovation markets.

Rawdat Capital founder and managing partner Dalia al-Khalaf told *Gulf Times* that access to Chinese innovation has historically been limited not by the quality of technology on offer, but by the difficulty of navigating differences in language, culture, regulation, and commercial relationships.

"The challenge has been navigating differences in language, culture, relationships, regulation, and market understanding. Rawdat Capital was created specifically to bridge that gap," she said in an exclusive interview.

Al-Khalaf said China has moved well beyond its traditional reputation as a global manufacturing hub and now leads in sectors such as electric vehicles, battery technologies, industrial automation, medical technology, renewable energy, and applied AI.

"While much of the world's AI investment capital continues to flow into North America, some of the most significant advances in artificial intelligence, robotics, advanced manufacturing, healthcare technology, clean energy, and industrial automation are increasingly emerging from China," she noted.

She said Rawdat Capital is "the first China-focused AI and deep technology investment platform founded by a GCC national" that aims to provide Gulf investors structured access to that ecosystem through trusted local relationships, market knowledge, and on-the-ground execution.

Dalia al-Khalaf, Rawdat Capital founder and managing partner.

She clarified that the firm does not operate as a deal introducer. "We help companies localise, build partnerships, win business, and deliver meaningful outcomes for regional stakeholders," she explained.

According to al-Khalaf, the platform aligns directly with Qatar National Vision 2030's emphasis on economic diversification and knowledge-based growth. She said the firm focuses on technologies shaping the next generation of economic activity, including AI, healthcare innovation, robotics, advanced manufacturing, climate technologies, energy innovation, and digital infrastructure.

On technology transfer, she said many of the world's most advanced solutions in precision agriculture, smart farming, industrial automation, and resource optimisation are being developed in China, areas that are directly relevant to Qatar's food security and sustainability priorities.

"Our objective is not simply investment. It is enabling meaningful technology transfer, commercial partnerships, and practical deployment opportunities that create lasting value within Qatar," al-Khalaf said.

Rawdat Capital previously announced that it has secured an exclusive partnership with Sinovation Ventures, one of China's leading AI-focused investment firms. The firm has appointed Dr Kai-Fu Lee, "widely recognised as a founding figure of modern AI," as chairman of its Investment Committee, al-Khalaf said.

The firm also recently signed a strategic partnership with Guolian Industry Investment Fund Management, a Chinese private equity manager with an accumulated fund scale of approximately RMB60bn (around US$8.5bn). Al-Khalaf said the agreement reflects the confidence that major Chinese institutions have in Qatar's role as a gateway to regional opportunity.

She said Qatar's combination of stability, infrastructure, and access to decision-makers positions Doha as the natural base for a China-MENA technology corridor, noting that the country "provides more than a market."

"Qatar provides a platform from which they can access the broader GCC and MENA region while working with partners who understand how to navigate local commercial, regulatory, and institutional environments," al-Khalaf added.

QFZ CEO discusses trade, investment ties with ambassador of Sudan

Chief Executive Officer of the Qatar Free Zones Authority (QFZ), Sheikh Mohammed bin Hamad bin Faisal al-Thani has met with ambassador of the Republic of Sudan to the State of Qatar Badreddine Abdullah Mohammed Ahmed, reports QNA. During the meeting, the two sides discussed ways to enhance trade and investment cooperation between the two countries. The meeting also highlighted the investment opportunities and outstanding benefits offered by Qatar's free zones, to attract Sudanese companies to invest and establish their businesses in Qatar.

Qatari Diar CEO explores cooperation prospects with Kyrgyzstan ambassador

CEO of Qatari Diar, Sheikh Hamad bin Talal al-Thani has met with ambassador of the Republic of Kyrgyzstan to the State of Qatar Aibek Toktobolotov, reports QNA. During the meeting, they discussed prospects for cooperation and explored real estate investment opportunities of mutual interest as well as the company's key projects and investments worldwide.

Iraq warns it might leave Opec if oil quota not raised, say sources

Reuters
Baghdad

Iraq has considered leaving Opec if the oil producer group does not allow Baghdad to significantly increase oil production, sources with knowledge of the matter told Reuters.

The prospect of Iraq leaving would be a serious blow to the Organization of the Petroleum Exporting Countries, which saw the United Arab Emirates walk away less than two months ago.

Iraq is the group's second-largest producer after Saudi Arabia and one of its five founding members. Opec was formed in the Iraqi capital in 1960.

The country relies on oil for the bulk of its income, which has been slashed since the Iran war effectively blocked exports via the Strait of Hormuz.

The government is grappling with a financial crisis as a result of the war and a significant rise in its Opec quota should be treated seriously, a senior Iraqi oil ministry official told Reuters on Thursday.

Iraq had considered leaving Opec, but the current plan was to remain a member and seek a higher quota, he added.

Iraq's quota for July is 4.378mn barrels per day though current output is significantly below this because of the Hormuz disruption.

"Saudi Arabia and other Opec allies should treat this matter with the utmost seriousness. Failing that, Iraq will be compelled to consider all available options," he said.

Asked if they had discussed an Opec exit, he said: "It's still premature for this step".

Iraq's oil ministry said on Thursday that reports suggesting Baghdad was considering ending its membership in Opec did not reflect the Iraqi government's official position. Opec and Saudi authorities did not immediately respond to requests for comment.

Oil prices briefly extended their decline after the Reuters report, trading below $73 a barrel.

The Iraqi officials' comments come as Opec+, which groups Opec members with Russia and other producers, is undergoing a review of members' oil production capacity.

The assessments will be used for 2027 output baselines, from which quotas are set.

Iraq has struggled to meet its Opec quotas in the past, as it expanded oil capacity with the help of Western oil companies.

Iraq pumped 1.48mn bpd in May, according to Opec data, down from almost 4.2mn in February before the closure of Hormuz.

A government spokesperson said Iraq was working to return to full export capacity, but declined to comment further on its Opec quota or the possibility of exiting the group.

"Iraq is working to restore its full oil export capacity and aims to raise oil production to 7mn barrels per day over the coming years," Iraqi spokesperson Haider al-Aboudi said.

There was no official comment from Russia on the Iraqi officials' comments, but a Russian oil source said they do not represent a major challenge for the Opec+ deal and a slight increase in Iraq's quota may help.

Since taking office in May, Iraqi Prime Minister Ali al-Zaidi has signalled that rebuilding Iraq's economy, attracting foreign investment, and combating corruption will be central to his administration's agenda.

On Wednesday, he said Iraq wanted Opec to raise Iraq's oil output quota in line with its production capacity and population, state news agency INA reported.

QSE ends volatile week amid Q2 earnings anticipation, investment opportunities

QNA
Doha

The Qatar Stock Exchange (QSE) index ended the week down 2.18%, losing 229.11 points to close at 10,281, weighed down by declines across all sectors.

The industrial sector posted the biggest loss, falling 3.29%, followed by telecommunications at 2.44% and transportation at 2.38%.

Speaking to Qatar News Agency (QNA), financial markets analyst Youssef Bouhalaiqa said the QSE experienced a volatile week marked by increased investor caution despite an improvement in the geopolitical environment following the announcement of a de-escalation agreement between the US and Iran, which eased concerns over energy supplies and regional trade.

He said investors are closely awaiting second-quarter earnings results, which are viewed as a key test of the markets ability to regain momentum amid concerns over global monetary tightening and declining oil prices.

Bouhalaiqa noted that blue-chip stocks came under selling pressure during the week as investors reassessed their positions ahead of the anticipated financial results.

He added that the market is witnessing a clear divergence among sectors, with some industries benefiting from emerging economic priorities, while others face pressure from higher financing costs and slower implementation of certain major projects.

The industrial sector posted the biggest loss, falling 3.29%, followed by telecommunications at 2.44% and transportation at 2.38%

According to Bouhalaiqa, the banking sector was the main driver of market volatility this week due to investor concerns about the continuation of high interest rates and their impact on lending activity and profitability.

He said the current decline is mainly driven by fears that restrictive monetary policies aimed at curbing global inflation will persist, increasing financing costs and affecting appetite for large-scale investment projects.

Despite these challenges, he believes the recent sell-off could create attractive investment opportunities for new and long-term investors, stressing that the decline reflects normal concerns associated with interest-rate cycles rather than a fundamental shift in the market's overall direction.

He added that the strength of Qatar's economy, continued spending on strategic projects, and the solid financial positions of many listed companies support prospects for recovery in the second half of the year, particularly if financial results meet or exceed investor expectations.

Dubai enlists businesses to help secure hub status after Iran war shock

Reuters
Dubai

Days after Iran began striking targets across the United Arab Emirates in March, Dubai's top officials gathered hundreds of business leaders to discuss how the Gulf tourism and financial hub could limit the economic damage. The meeting, unusual for its size and timing and reported here for the first time, helped spur measures including a central bank liquidity package, said five people present, who declined to be named because it was private.

Attendees were asked three questions: What should we do to get tourists back? What should we do to get investors back? And how can we support your business? two of the people said, adding that the crown prince of Dubai had circulated between tables asking business leaders for their input.

Dubai has since pledged 2.5bn dirhams ($681mn) in support, focused mainly on sectors such as tourism and retail, which have been hit hardest by the conflict.

While a preliminary US-Iran peace deal is easing the immediate strains, restoring business confidence in Dubai will take time and may require more incentives, six company leaders and analysts told Reuters.

"Investors want signals on how authorities will respond if tensions return, not just how they managed the last shock," said Neil Quilliam, associate fellow at UK-based think tank Chatham House, almost four months after the war began. As shelter alerts locked down the UAE, the March 10 meeting was an early signal of authorities' determination to prevent capital flight or an exodus of businesses and investors.

Hosted by Helal Saeed al-Marri, director general of Dubai's Department of Economy and Tourism (DET), the meeting was also attended by Dubai Crown Prince Sheikh Hamdan bin Mohammed bin Rashid al-Maktoum.

Those present at the newly renovated Meydan hotel included real-estate magnate Hussein Sajwani, Emirates airline president Tim Clark and representatives of Rothschild and UBS. The UAE's military and big family-owned companies were also represented.

Government officials told business leaders there would be fiscal and financial support and that teams were working tirelessly on supply chains, the sources said.

Several investor calls arranged through banks including JPMorgan and Citi have followed, another three people said.

Rothschild, JPMorgan, Citi and UBS declined to comment. DAMAC and Emirates did not respond to requests for comment.

"The Dubai Department of Economy and Tourism and other entities maintain regular and ongoing engagement with a broad range of stakeholders as part of Dubai's established public-private collaboration model," the DET told Reuters.

"While recent months have seen political instability in the region, they have also underscored the city's resilient economic foundations, and its ability to absorb challenges," it said.

Dubai remains committed to its long-term strategic goals, the DET added in emailed comments.

Dubai has since pledged 2.5bn dirhams ($681mn) in support, focused mainly on sectors such as tourism and retail, which have been hit hardest by the conflict. While a preliminary US-Iran peace deal is easing the immediate strains, restoring business confidence in Dubai will take time and may require more incentives, six company leaders and analysts told Reuters

Big billboards appeared along the city's roads last week with just the words: "Dubai-it", a new term coined by the government in what it says is a nod to Dubai's history of getting big things done fast and a sign of what is to come. With oil generating less than 2% of its GDP, Dubai sought international companies, Wall Street and Chinese banks, hedge funds and the wealthy. Its convenient time zone, proximity to the Gulf's sovereign wealth funds and favourable tax regime have drawn capital and jobs.

For Iran, that made it a target that could unsettle international finance, adding to pressure on Washington.

HSBC analysts have cut their 2026 Gulf growth forecast by 5 percentage points since the conflict began and now expect the region to contract for the first time since the Covid-19 pandemic. Non-oil growth in Dubai and Abu Dhabi could fall 8 percentage points or more year-on-year, they said.

March and the entire second quarter have been "lost", said the CEO of a UAE investment firm, who declined to be identified because of the sensitivity of the matter.

"I suspect recovery will be uneven, with some sectors and activities bouncing back or adjusting to the new normal faster than others," said Robert Mogielnicki, founder of consulting firm Polisphere Advisory.

While restaurant tables are filling again and flights have largely resumed, hotel occupancy has plummeted. Trade flows are also shifting, with cargo increasingly moving through Oman and Saudi Arabia to avoid the Strait of Hormuz, bypassing Dubai.

Quilliam at Chatham House said new "targeted support" may be needed for exposed sectors like tourism and aviation or SMEs.

The CEO of a small-medium business, who spoke on condition of anonymity, said Dubai could tell banks to boost lending to the sector and possibly remove corporate tax or offer rebates.

Another business owner said the government could partner with global private equity firms to invest in assets and companies to provide a floor for prices, reduce risk and boost external credibility.

While the peace accord has halted months of intermittent fighting, challenges persist.

Foreign investor flows on the Dubai Financial Market swung from a net inflow position of $890mn year to date on February 26, two days before the war began, to outflows of $853mn in the same period by June 12.

To safeguard the banking sector, the UAE central bank launched a March 17 relief package backed by more than $270bn in foreign exchange reserves.

The $681mn so far rolled out is dwarfed by the pandemic support of some $1.93bn and a fraction of Dubai's $121bn 2024 real GDP, the latest annual figure available.

Longer-term pledges include a $9.3bn new metro line and $15bn in prospective contracts related to an airport expansion, while Emaar Properties is planning a new $55bn development.

Mogielnicki said Iran's strikes on the UAE had created "acute economic pressures" in part due to the large expatriate presence. The widely held view is that the economy remains resilient, he said.

Quilliam said the peace deal was a step forward but investors would focus on what follows.

"If stability persists, capital will return. If uncertainty lingers, they will hold back," he said.

Crude shipments through Hormuz at highest since war amid fears over Iran demands

- Shipments through Hormuz rise after ceasefire deal
- Concerns about how long waterway will stay open also boost trade
- Difficult to estimate exact volume of trade
- Overall sailings still a fraction of pre-war daily average
- UN agency launched scheme this week to evacuate vessels trapped in Gulf

Reuters
London/Singapore

An oil tanker sails at the sea near the Omani coast, as seen from Musandam, Oman on Thursday. Crude shipments through the Strait of Hormuz rose this week to their highest level since the US-Israeli conflict with Iran began in February after a ceasefire deal reopened the waterway, data showed on Thursday.

Crude shipments through the Strait of Hormuz rose this week to their highest level since the US-Israeli conflict with Iran began in February after a ceasefire deal reopened the waterway, data showed on Thursday.

Concerns about how long the strait would stay open also boosted trade.

Still, while there was an increase in oil shipments amid strong demand, especially in Asia after months of disruptions, overall sailings are still a fraction of the daily average of 125 ships passing through the strait before the February 28 conflict began.

Four tankers carrying 6mn barrels of crude oil sailed through the strait on Thursday and an additional 4mn barrels of Iranian crude onboard two separate tankers also left, according to analysis from Kpler.

On Wednesday, some 10.8mn barrels of oil were shipped out on six tankers, Kpler analysis showed.

"The rebound reflects the adaptability of Mideast Gulf export systems rather than a clean return to pre-conflict trade," Kpler said in a report this week.

Many ships have been switching on their public AIS tracking transponders, but some may have gone undetected due in part to major disruption of AIS signals as well as ships not showing their movements through the strait. That makes it difficult to estimate the complete volume of shipments.

"Traffic levels are still below historical norms, and market participants continue to assess the durability of the current framework," Greece-based Allied Shipbroking said in a report this week. "The 60-day agreement has reduced immediate risks to navigation, but it has not removed broader geopolitical uncertainties from the region."

US Energy Secretary Chris Wright told the Reuters Global Energy Forum in New York on Wednesday that some 20mn barrels of crude oil exited the strait in the last 24 hours, amounting to around a fifth of world consumption, and similar to levels in recent days following an initial US-Iran agreement to end the conflict.

Traffic through Hormuz is rising daily although ships are avoiding the central area of the waterway. Many have opted to hug the Omani side of the strait with fewer opting to use Iranian waters, according to analysis of ship movements.

The so-called Traffic Separation Scheme, adopted by the UN's shipping agency in 1968, established routing lanes through Iranian and Omani waters in the strait. This central section is currently not usable due to the risk of mines, shipping and maritime security sources said.

These risks, together with uncertainty over what Iran's Revolutionary Guards may do has limited even more traffic passing through, shipping industry sources said.

The Revolutionary Guards said in a statement on Thursday that safe passage through the strait was only possible through routes designated by Iran, warning that a newly announced shipping route proposed without coordination with Tehran was unacceptable and poses safety risks. The statement added that action would be taken against vessels that fail to comply with the requirements.

A Panama-flagged crude oil tanker made a U-turn on Thursday after trying to transit the strait in the direction of Omani waters and the vessel was instructed to take the northern Iranian route, British maritime security company Ambrey said on Thursday citing messages that were broadcast.

A separate Panama-flagged oil products tanker was ordered to change course on Wednesday and wait for instructions after beginning a voyage through the Iranian side of Hormuz, Ambrey added.

A new scheme launched this week by the UN's shipping agency to evacuate hundreds of vessels trapped inside the Gulf due to the conflict has seen some 57 ships carrying an estimated 1,100 seafarers transiting the strait since June 23, UN agency data showed on Thursday.

Middle East fuel oil exports to hit 4-month high in June, still below pre-war levels

Reuters
Singapore

Middle Eastern fuel oil exports are set to rebound to a four-month high in June as Iraq and Saudi Arabia diverted supply to other ports while shipments through the Strait of Hormuz are set to pick up, according to trade sources and shipping data.

Supply from the region could rise further as more cargoes gradually exit the strait after the US and Iran reached an interim deal to end their conflict, sending high-sulphur fuel oil prices tumbling at key trading hubs like Singapore.

Middle East exports are set to hit about 2.4mn metric tons (508,000 barrels per day) this month, up over 20% from May, data from Kpler and LSEG showed. However, this remains well below a monthly average of 5.5mn to 6.0mn tons before the war.

"Fuel oil flows through the Strait of Hormuz are expected to increase over the next 60 days, but the recovery is unlikely to be substantial," said Palash Jain, Middle East oil consultant at FGE NexantECA.

Uncertainty over the outcome of negotiations and the durability of the peace deal is expected to keep shippers cautious, Jain added.

Late on Wednesday, Aframax tanker Gamsunoro, carrying about 80,000 tons of fuel oil loaded in Iraq, exited the strait and headed for Fujairah, shipping data on LSEG showed.

Other factors that could cap exports include tight regional balances, limited scope for a sharp increase in refinery runs and upcoming peak summer demand, Jain said.

HSFO is used in powering ships, generating electricity and also processed at refineries.

The top three Middle Eastern HSFO exporters in June were Syria, Saudi Arabia and Oman, shipping data showed. Before the war, top exporters were Iraq, Kuwait, Iran, and the United Arab Emirates.

Iraq started exporting fuel oil from Syria's Baniyas port for the first time in March, with volumes hitting a record high of over 600,000 tons in June.

"Iraq remains focused on diversifying export routes, with the Syrian corridor serving as a strategic alternative to Hormuz," said FGE's Jain.

Before the Iran war, Iraq mainly exported its fuel oil from the Khor al-Zubair port. The work-around saw millions of barrels of Iraqi fuel oil trucked across Syria to Baniyas, before being re-exported.

Separately, Saudi Arabia is set to export over 300,000 tons of fuel oil in June, a five-month high, from the Red Sea port of Yanbu where it has diverted supplies.

Fuel oil exports from Oman are also set to reach nearly 300,000 tons for June, the highest in more than two years.

Meanwhile, trading sources expect Iranian fuel oil trade to remain capped despite the interim peace deal's 60-day US sanction waiver, as they expect banking and payments to remain a key hurdle.

Physical crude markets mired in discounts as Middle East ramps up supply

Reuters
Singapore/London

Physical crude oil cargoes are selling at discounts across the globe, changing trade flows as markets come under pressure from fast-rising Middle Eastern supply with Iran set to boost sales following a temporary reprieve from US sanctions.

The steep drop in prices follows the 60-day interim deal between the US and Iran to end the war that started on February 28, allowing some shipping to resume in the Strait of Hormuz which used to see a fifth of the global oil and liquefied natural gas shipments before the war.

Tehran is also ramping up oil exports, seeking sales beyond China, after Washington temporarily lifted sanctions as part of the deal.

The release of cargoes stranded inside the Gulf and a wave of crude offers from Abu Dhabi National Oil Co, Kuwait Petroleum Corp and Iraq's SOMO have also boosted prompt supply and depressed Middle East benchmarks Dubai, Oman and Murban to discounts.

Asian refiners, which typically buy crude two months in advance, have already booked cargoes for delivery up to August.

"Refineries in the East have already been well supplied for the next two months and have no need for the incremental barrels, leading to a very weak market and Dubai spreads in contango," said June Goh, a senior oil market analyst at Sparta Commodities.

Dubai slipped to a discount of 27 cents a barrel on Tuesday, after peaking at more than $60 in March, while discounts for Oman and Murban widened to 96 cents and 67 cents, respectively, Reuters data showed.

Prompt cargoes trade at a discount to later-dated ones in a contango market, indicating ample supplies. ADNOC sold at least 48mn barrels of spot crude so far this month for June-August loading, boosting regional supply.

The collapse in Middle Eastern crude prices has made Gulf oil cheaper against Brent, enabling energy majors Exxon Mobil, Eni and TotalEnergies to send supertankers of crude such as Abu Dhabi's Murban and Upper Zakum to Europe, traders said.

On the other hand, weak Middle East prices have shut the arbitrage window for Atlantic Basin crude to Asia, traders said. Spot differential for US West Texas Intermediate Midland crude has flipped from a premium a week ago to a discount of about 45 cents.

"We're expecting US crude export premiums to Asia to erode and AB (Atlantic Basin) differentials to soften as the weeks progress," Rystad analyst Janiv Shah said.

US crude exports to Asia are set to ease in the third quarter after hitting a record high of 2.634mn barrels per day in May, ship tracking data from Kpler showed.

Discounts for European and West African grades have also widened this week with the increase in Middle East supply.

North Sea Forties crude, one of the six grades that can set the value of the dated Brent benchmark, traded on Monday at a discount of $1 a barrel to dated Brent, the lowest since November and sharply down from a record premium of $21.50 a barrel in April, according to LSEG data.

"Europe is becoming the clearing point for crude that either lost its eastern outlet or now screens cheap enough to travel west," analysts at Kpler said in a note.

For West African grades, Eni has sold Angolan Nemba crude for August loading to Glencore at $7.95 a barrel below dated Brent while ExxonMobil offered a cargo of Angolan Hungo for loading on August 6-7 at a discount of $4.05 per barrel to dated Brent, traders said.

Pricing agency S&P Global Energy Platts assessed on Tuesday that Congolese crude Djeno was at a discount of $10.845 per barrel to dated Brent, the lowest in its records dating back to 2013. Angola's Nemba was priced at a six-year low discount of $7.95 per barrel, it added.

A general view of the Shuaiba oil refinery south of Kuwait City (file). The release of cargoes stranded inside the Gulf and a wave of crude offers from Abu Dhabi National Oil Co, Kuwait Petroleum Corp and Iraq's SOMO have boosted prompt supply and depressed Middle East benchmarks Dubai, Oman and Murban to discounts.

Indonesian stocks get MSCI reprieve with extension, but clock ticks on market reforms

Reuters
Singapore

A five-month extension to index provider MSCI's review of Indonesian equities gives Jakarta regulators a longer runway for reforms, but will not immediately lure long-term capital back to the battered market, investors say.

The benchmark index fell 1.6% after MSCI pushed its review to November, deferring rather than eliminating the downgrade threat, with the country retaining its emerging market status for now.

Indonesian assets have been hammered since January, when MSCI froze the country's stocks in its indexes and raised the prospect of a downgrade to frontier status, leading to a flurry of reforms, including moves to raise free-float levels.

The index is down 30% so far this year, making it the world's worst-performing major stock market, as overseas investors net sold around $3.9bn worth of shares.

With foreign outflows unrelenting and fiscal worries dragging the rupiah to record lows, the window of opportunity is narrow to turn around a market that has gone from darling to deadweight.

Tan Altundag, investment manager for emerging equities at Pictet Asset Management, said staying in the investable universe for a broader range of funds is meaningful, but "it does not automatically restore confidence or reverse outflows."

"This is not a clear-cut recovery narrative, and the bar for re-engagement remains high," said Altundag, who is underweight Indonesia.

The index provider late on Tuesday called measures from Jakarta a "step in the right direction", but warned it would consider options such as a consultation on a downgrade if sufficient progress was not evident by November.

Gary Tan, portfolio manager at Allspring Global Investments, said the outcome was in line with market expectations, with the tone of MSCI's statement more cautionary than outright negative.

"What stood out is the clear shift toward implementation and measurable outcomes, signalling that announced reforms alone are not sufficient," Tan said.

"The extension of the review to November keeps pressure on regulators and effectively kicks the decision down the road."

Indonesia's financial regulator said on Wednesday the MSCI announcement would serve as momentum to strengthen and accelerate the capital market reform agendas initiated since January.

For passive emerging market funds and ETFs, the impact is likely to be limited, said Kunhee Park, investment strategist for ETF equities at State Street Investment Management, noting Indonesia's weight in the MSCI emerging markets index has already more than halved this year to less than 0.5%.

Investor unease has been growing over President Prabowo Subianto's spending agenda, which has supported initiatives such as free meals to millions of people but has also contributed to the rupiah sliding to record lows, leaving the broader investment backdrop looking fragile.

Credit-rating firms Moody's and Fitch cut their debt rating outlooks for Indonesia to negative earlier this year, citing reduced policymaking credibility.

A downgrade would be devastating for Indonesia and could trigger as much as $13bn in outflows from the equity market, Goldman Sachs has estimated, at a time when the combined market value of Indonesian equities has shrunk by $370bn since January.

Mohit Mirpuri, a Singapore-based fund manager at SGMC Capital, said the MSCI extension is a better outcome than many had feared, but stressed that the onus is now on Indonesian regulators.

"The next few months will be about execution, credibility and evidence rather than further policy announcements," he said.

Kenya's China loan revamp sparks wider interest in yuan switch, says AidData

Reuters
Nairobi

Kenya's move to convert Chinese loans from dollars into yuan to cut borrowing costs is drawing interest from at least five other African and Asian nations, an AidData study found, in a sign debt-laden borrowers are exploring alternatives to expensive dollar-linked financing.

Ethiopia, Mozambique, Zambia, Pakistan and Indonesia were among countries that could seek Kenya-style changes to the terms of Chinese loans, according to the report, as Beijing also pushes broader use of the renminbi in cross-border lending.

AidData is a US-based research group at the College of William & Mary that analyses global development finance, including Chinese lending.

The East African nation converted three Chinese railway loans from dollars into yuan, alongside longer maturities and extra grace periods, cutting its debt-service costs by about $215mn a year.

"Kenya's widely publicized payment relief from China Eximbank has sparked interest among other countries in converting their existing debts from USD to RMB," said AidData, which also analysed media reports for its study.

The US dollar remains the dominant currency for bilateral lending to developing economies.

However, Kenya's move is also being seen as part of a strategic shift in China Eximbank's broader portfolio of cross-border loans as it works to accelerate the internationalization of RMB, the report said.

China Eximbank is now encouraging — and in some cases requiring — sovereigns to borrow in yuan rather than dollars, the report said, citing recent examples from Sri Lanka and Bangladesh.

China Eximbank and ministry officials were not immediately available to respond to a request for comment.

Ethiopia, which also borrowed money from Beijing to build a railway and is at the tail end of restructuring its external debt, was a top candidate for benefiting from a similar move, the report found.

KPMG Australia's chairman and two partners resign as audit scandal widens

Reuters
Sydney

KPMG Australia has said its chairman and two senior partners will leave the firm as it moves to contain a growing scandal over whistleblower allegations that staff misused confidential client information to win audit work.

The departures of Chairman Martin Sheppard, and audit partners Paul Rogers and Eileen Hoggett, mark the latest fallout from the controversy that has engulfed the firm and has already claimed its CEO and audit chief.

"The decisions announced today are necessary and immediate," interim CEO Stan Stavros said in a statement. "We did not meet the standards expected of us, and we recognise the impact this has had on the whistleblower, our people, our clients and the community."

KPMG has been under fire after the whistleblower alleged it misused confidential board papers from real estate company Lendlease to support bids for major audit tenders.

KPMG has admitted it has mishandled the complaint and has launched a fourth investigation after the previous ones failed to substantiate any wrongdoing.

Rogers and Hoggett were directly named by the whistleblower as the lead partners on the Lendlease auditing team involved in the misconduct, according to the whistleblower's allegations that were made public in March.

Don't confuse turbulence with decline: This market has leg

By Jamie McGeever
Orlando, Florida

As the end of a tumultuous first half of 2026 approaches, markets face no shortage of red flags warning that the second half will be just as choppy. But don't confuse turbulence with a signal of an impending correction.

Wild volatility and eye-watering price swings in blue-chip shares, benchmark indices and entire asset classes are often hallmarks of late bull markets. To paraphrase the late Federal Reserve Chair Alan Greenspan, this is when exuberance gets irrational.

These dynamics are currently playing out to varying degrees across many markets. Silver is down 55% from its peak in January and Bitcoin has also lost more than half its value since November. The ride in tech has been volatile — the SOX Philadelphia semiconductor index posting 10% single-day drops but still up 90% since March; Micron Technology tripling to a $1tn market cap in three months; and Oracle plunging 30% in June alone.

But nothing encapsulates the turbulence — and resilience — of the first six months of 2026 quite like South Korean stocks.

The AI-pumped KOSPI was in a rampant bull market — rising 50% in the first two months of the year — before plunging into a bear market within three days after the US-Israeli attack on Iran. Little wonder realized volatility soared to record highs.

Yet since that low in March, the KOSPI has nearly doubled, despite the index posting four double-digit corrections along the way. Such frenzied behavior typically precedes a steeper correction, a bear market, or even a crash. That's why these wild price swings — coupled with sky-high valuations and a growing IPO frenzy — are putting investors on high alert that several bubbles are about to burst. But even if the diagnosis is accurate and markets are moving into "irrational" territory, fears of a sharp correction might be premature.

At least that's what Wall Street seems to think. Strategists at JPMorgan and Barclays this week upped their end-2026 S&P 500 calls to 7,800 points, implying a further 5% upside, while their counterparts at BCA Research increased their year-end forecast to 8,100, nearly 10% above current levels. "Our constructive equity view rests on earnings, not valuation," BCA's team wrote on Tuesday. "The economy has shifted from slowdown to expansion, the investment side of the economy continues to accelerate, and earnings growth is broader and stronger than we expected at the start of the year." Until hard evidence emerges to the contrary, that's a compelling case.

Currency dealers monitor exchange rates as an electronic screen shows South Korea's benchmark stock index (Kospi) in a foreign exchange dealing room at the Hana Bank headquarters in Seoul. Since the low hit in March, the Kospi has nearly doubled, despite the index posting four double-digit corrections along the way.

Bull markets can collapse under their own weight, but that's rare. More often, a sharp reversal requires a trigger, such as a steep rise in interest rates, a policy error, or an unforeseen financial shock. We haven't seen one yet.

The first six months of the year have thrown up a war, a historic global energy squeeze, a hawkish shift in Fed communications and growing concern about hyperscalers' capex spending and debt issuance. But investors have shrugged it all off.

Still, as JPMorgan's Dubravko Lakos-Bujas and team recognize, even if the path for US equities is upwards, it will likely be "non-linear" and various hurdles will need to be cleared.

The bar for upcoming earnings has been raised by the strength of recent quarters. Equity supply is expected to surge with the listings of OpenAI, Anthropic and others. And, perhaps most importantly, the Fed could soon move from talking about tightening monetary policy to actually hiking rates.

One of the most common causes of death for bull markets is rising borrowing costs. Indeed, there's a strong argument to be made that the US central bank's latest hawkish pivot is behind the recent bout of weakness in certain risk assets.

But if earnings hold up, the AI craze continues and the global economy keeps chugging along, investors are likely to continue viewing downdrafts as buying opportunities.

It's worth noting that Greenspan made his famous "irrational exuberance" remark in December 1996, more than three years before the dotcom bubble peaked in March 2000. There may be plenty of road for the current rally to run.

The opinions expressed here are those of the author, a columnist for Reuters.

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China state refiners seen considering resuming Iran oil imports

Reuters
Singapore

China's state-owned refiners are considering resuming Iranian oil purchases, but competing alternative supplies and falling domestic fuel demand will temper their interest, said several industry sources.
Any purchases would be the first since 2019 when Sinopec and PetroChina bought Iranian crude shortly after US President Donald Trump reimposed sanctions on Tehran's petroleum exports in his first term.
PetroChina and Sinopec are examining the banking, insurance and shipping considerations needed to resume their Iranian transactions, said three of the sources, officials at Chinese state oil companies who spoke on condition of anonymity as the subject is sensitive.
The decision follows Monday's US waiver allowing global customers to buy Iranian oil and petrochemical products and settle in US dollars after the memorandum of understanding signed last week that ended the US-Israeli war with Iran.
"Let's see who might be the first to eat the crab," said one of the three sources, using a Chinese idiom referring to the first person to take up something new, who also pointed out there is no shortage of oil as exports from Saudi Arabia, Kuwait and Iraq are rising.
It is also unclear which banks could provide financing and clearing for the deals and if Iran has the shipping capacity to deliver the cargoes, the source added.
Sinopec and PetroChina did not immediately reply to emails seeking comment.
Asian refiners, including Chinese, are well stocked despite supply disruptions from the Middle East because of the war by securing cargoes from West Africa, Brazil and Russia. Middle East shipments from Gulf suppliers are expected to rebound with the reopening of the Strait of Hormuz under the interim peace deal.
Iranian oil loadings accelerated to around 1.6mn barrels per day between June 19 and June 24, versus 340,000 bpd during the first 18 days of June and 370,000 bpd in May, according to tanker tracker Vortexa.
State firms are also unlikely to resume Iranian oil buying because of tepid domestic demand, said a second state oil official, as declines in Chinese fuel and petrochemical consumption have outpaced recent cuts in the country's crude imports and refinery throughput.
For now, Chinese independent refiners known as teapots remain the key Iranian crude buyers, dealing with a group of obscure middlemen and mostly settling their purchases in Chinese yuan.
Among the state majors, Sinopec could emerge as a readier buyer, as the refiner, once Tehran's single-largest customer, has faced deeper crude supply cuts and needs to replenish inventories after having to draw on commercial stockpiles since May, two of the three Chinese sources said.
Sinopec enquired with National Iranian Oil Co about possible purchases under the previous 30-day waiver in March, before deciding against it as the window was too narrow to complete a transaction, said an industry official close to the Iranian company.
NIOC, which operates a marketing team each in Beijing and Shanghai, is anticipating renewed interest from state refiners in the coming days, the official said.
NIOC will be the sole contractual party for oil under waiver, and Russia's main export grade ESPO blend will be used as a pricing reference for potential new deal discussions, the official added.
NIOC did not immediately reply to an email seeking comment.

A tanker unloads imported crude oil at a terminal port in Qingdao, in China's eastern Shandong province. Asian refiners, including Chinese, are well stocked despite supply disruptions from the Middle East because of the war by securing cargoes from West Africa, Brazil and Russia. Middle East shipments from Gulf suppliers are expected to rebound with the reopening of the Strait of Hormuz under the interim peace deal.

Fed's preferred inflation gauge hits fresh three-year high

AFP
Washington

The US Federal Reserve's preferred inflation measure hit a three-year high in May, as elevated energy prices from President Donald Trump's Iran war pose a key test to his Republican Party ahead of midterm elections.

The personal consumption expenditures (PCE) prices index jumped 4.1% from a year ago, the Commerce Department said Thursday, up from 3.8% in April.

The US-Israel war on Iran spiked global energy prices and snarled supply chains as Tehran choked off the critical Strait of Hormuz.

Washington and Tehran have signed a preliminary deal to end the conflict, but markets continue to grapple with uncertainty and experts warn it will take months for fuel prices to return to pre-war levels.

Trump has dismissed recent surging inflation data, insisting prices will come down "like a rock" once the war is over.

Economists and oil industry experts say this is unlikely, as it will take months to ramp production back up to normal levels and to resume regular traffic through the Strait.

Still, some analysts believe US inflation has peaked and that oil prices will fall in the wake of the peace negotiations.

"The good news is gas prices have come down substantially since May," said Heather Long, chief economist at Navy Federal Credit Union. "Some relief has already come for American households and this should translate to cooler inflation readings in June and beyond."

Affordability is a key political issue in November's US midterm elections, with the Democratic Party hoping to wrest control of Congress from Trump's Republicans.

"Trump promised to lower costs on 'Day One,' but he's made clear he just doesn't care," said Democratic Senator Elizabeth Warren in response to the latest inflation data.

In positive news for the world's largest economy, however, the Commerce Department revised its first-quarter GDP growth estimates up by 0.5 percentage points to 2.1% on Thursday, mainly due to updated figures showing lower imports.

Information services, which includes parts of the booming AI industry, was among the biggest drivers of growth in the quarter.

"The latest GDP snapshot reveals softer final demand growth, with consumer spending increasingly supported by a drawdown in savings, greater use of credit and household wealth," said EY-Parthenon's Greg Daco. He added that while the US economy remained resilient, "the foundation of growth has become narrow."

The revision topped market expectations, with economists polled by Dow Jones Newswires and the Wall Street Journal expecting only a 0.1-percentage point rise.

Thursday's inflation data, however, was in line with analyst's expectations, as the impact of high fuel prices began to ripple across the economy.

Core PCE inflation, which strips out volatile food and energy prices, rose by 3.4% year-on-year — the highest rise since October 2023.

The Federal Reserve headquarters in Washington, DC. The US Federal Reserve's preferred inflation measure hit a three-year high in May, as elevated energy prices from President Donald Trump's Iran war pose a key test to his Republican Party ahead of midterm elections

US consumer spending was up but KPMG chief economist Diane Swonk warned growth was "concentrated in the hands of the few."

US consumers spent $151.2bn more on gasoline and related products in May over the same month a year ago, data showed.

The average US price of a gallon of regular gasoline was still 31% higher than at the start of the war, according to the AAA motor club.

Federal Reserve policymakers have flagged rising concerns about sustained inflation, which has remained above its long-term two-percent target for more than five years.

The central bank's rate-setting committee voted unanimously this month to hold interest rates steady for the fourth straight meeting.

New Fed Chairman Kevin Warsh has reaffirmed a commitment to restoring price stability — a sign of likely interest rate hikes to cool the economy.

Japan government blueprint nudges BoJ to fuel demand, clouding rates path

Reuters
Tokyo

Japan's government will call for monetary policy that bolsters private demand, a draft of its long-term economic blueprint reviewed by Reuters showed, signalling a preference for keeping borrowing costs low and setting up potential policy tensions with the central bank.

The draft urges the Bank of Japan (BoJ) to align its decisions with Prime Minister Sanae Takaichi's drive to reflate growth, citing legal provisions requiring the central bank to coordinate policy with the government.

The unusually explicit language underscores the Takaichi administration's growing unease with further rate hikes as the BoJ exits years of ultra-loose policy, and signals a stronger push for coordination that could shape the timing and pace of tightening in the months ahead.

It also pledges the government will take "nimble and sufficient" steps to prevent a return to deflation while lifting long-term growth.

"As the government seeks to achieve strong growth under its economic and fiscal policy, appropriate monetary policy that supports private demand through stable price rises is extremely important," according to the draft reviewed by Reuters on Wednesday.

It has long been customary for administrations to include a paragraph on monetary policy in the blueprint, though most have kept the language deliberately vague, typically urging the BoJ only to guide policy appropriately to achieve price stability.

The draft of Takaichi's blueprint breaks from that practice, explicitly calling for policy to support private demand and invoking the legal requirement for the BoJ to align with government policy.

It also echoes Abenomics-style stimulus while recognising a changed environment of inflation hovering around the 2% target, driven in part by the Iran-linked energy shock.

Takaichi is known as a fan of "Abenomics," a mix of big fiscal spending and bold monetary easing deployed by former premier Shinzo Abe to pull Japan out of prolonged deflation.

"While the phrasing is indirect, the language appears to push back against rate hikes and underscores the government's caution against downside risks to the economy associated with any premature rate increases," said former BoJ board member Takahide Kiuchi.

Global central banks are facing increasing pressure from their governments over monetary policy as the Iran war-induced energy shock heightens the risk of stagflation — an unwelcome mix of low growth and high inflation.

'Very close' to trade deal with US: India

India and the United States are very close to finalising a trade deal, India's trade minister Piyush Goyal said on Thursday, a day after he wrapped up talks with US trade chief Jamieson Greer over a pact seen as crucial to bilateral ties, reports Reuters.
Greer, in a two-day visit to New Delhi this week, led the latest round of negotiations for a deal that has been in the making for months and has added uncertainty in relations strained amid diplomatic tensions.
New Delhi has been pushing for a tariff lower than that imposed on goods from other Asian economies, while Washington wants India to import more American goods.
The two sides discussed how Washington will find "the appropriate tools and legal backing," to give India an advantage over its competition, Goyal said at an event in London.
"The day that happens, the deal is on," Goyal said.
An initial understanding on trade reached between the two nations in February included an 18% tariff on Indian goods in exchange for New Delhi lowering trade barriers and buying more American goods.
At the time, the tariff was lower than for competing economies such as Bangladesh and Vietnam. But a final deal was waylaid when the US Supreme Court invalidated Trump's sweeping global tariffs. Negotiations have been further complicated by the USTR's Section 301 probe into alleged overcapacity and forced labour in India and other countries.

Oil slide softens dollar's inflationary bite

By Jamie McGeever
Orlando, Florida

When the US dollar jumps, the rest of the world holds its breath, awaiting the bout of imported inflation that often follows. The sound you hear now, however, may be a collective sigh of relief.
The dollar, boosted by rising US rate expectations, is the strongest it has been in over a year against many major rivals, including the euro and yen. It's also at multi-year peaks against many emerging market currencies: South Korea's won hit a 17-year low earlier this month.
A weak domestic exchange rate raises the cost of imported goods, materials and inputs, especially dollar-denominated energy and commodities that all countries rely on to varying degrees. But the greenback's inflationary impact is being offset now by a steep slide in global energy prices triggered by the US-Iran interim peace agreement.
This will be a huge relief for policymakers everywhere, particularly in energy-importing countries in Asia that had entered an exchange rate/inflation doom loop. Inflation fears push the currency lower, intensifying price pressures and raising inflation expectations.
They may be closer to exiting that loop than they imagined only a few weeks ago.
The Iran war-driven energy price spike looks set to disappear as quickly as it arrived.
With a 60-day negotiating period for US-Iran peace talks now underway and oil shipments through the Strait of Hormuz picking up again, energy traders feel emboldened to drive prices lower.
European natural gas prices are 45% below the wartime peak and oil is down 40%, with benchmark Brent crude futures on Tuesday closing at their lowest since hostilities erupted in late February. Brent is below $80 per barrel and falling, while US crude looks poised to test $70 soon.
It's a far cry from only a month ago, when oil was well over $100 and talk of $150 was rife. The upward pressure on inflation from expensive energy is fading so fast that oil is close to flipping back to being the disinflationary force it was in the year before the Iran war. In fact, the year-on-year change in US crude futures briefly turned negative on Monday.
This rapid shift is helping to temper inflation expectations globally, offsetting the impact of a stronger dollar.
In Europe, the adjustment is particularly notable.
Economists at Nomura and RBC Capital Markets on Tuesday revised their European Central Bank calls, both removing a quarter-point rate hike from their forecasts. Nomura now expects two hikes in the coming months, with RBC calling for just one.
"There has been a material change in the inflation environment," RBC economists wrote, adding that euro zone inflation dynamics could mean-revert "relatively quickly."
That already appears to be happening. Market-based inflation expectations as measured by one-year euro zone inflation swaps have fallen to 2.45% from almost 3.90% a month ago, and the five-year rate has fallen 50 basis points, close to the ECB's 2% target.
Similarly, in Britain, the two-year inflation swap rate — a key factor in fixed-rate mortgage pricing — is back to pre-war levels. UK rate futures markets are now pricing in only one Bank of England rate hike this year, compared with three a couple of months ago.
With crude prices falling, the pressure on countries to tighten policy further or intervene in the FX market is ebbing, even though the dollar remains strong.
Indeed, it may help explain why Japan, which imports 90% of its energy, isn't intervening to support the yen, which is hovering just above a 40-year low near 162 per dollar.

The dollar, boosted by rising US rate expectations, is the strongest it has been in over a year against many major rivals, including the euro and yen

That's weaker than levels that have triggered multiple rounds of record yen-buying intervention in the last few years, most recently in April, when the dollar was rising above 160 yen.
Crucially, though, Brent crude was at its wartime high above $125 a barrel then. Japanese finance minister Satsuki Katayama's latest intervention threats would carry more weight if oil wasn't below $75.
Several central banks have acted to cool inflationary pressures. The ECB, Reserve Bank of Australia and Norges Bank have raised rates.
Some in emerging economies have taken more drastic action: Bank Indonesia has delivered an emergency rate hike, the Central Bank of Sri Lanka hiked by a whopping 100 basis points in May, and Reserve Bank of India has intervened regularly to support the rupee.
But the pressure valve has been released, and policymakers around the world have some much-needed breathing room.

The opinions expressed here are those of the author, a columnist for Reuters.