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BUSINESS

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UAE exports record oil volumes after Opec exit, shows ship-tracking data

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Signed in Nicosia, the declaration represents an important milestone in advancing the development of Cyprus' offshore resources

QatarEnergy signs commercial discovery declaration for Block 10 offshore Cyprus

QNA
Doha

QatarEnergy has signed a commercial discovery declaration for the Glaucus and Pegasus fields in Block 10, offshore Cyprus, as well as a collaboration statement, together with the Government of Cyprus and ExxonMobil.

Signed in Nicosia, the declaration represents an important milestone in advancing the development of Cyprus' offshore resources. It also reflects the strong and constructive relationship between the parties and their shared commitment to continued collaboration and long-term strategic engagement, encompassing both the development of Block 10 and broader future opportunities.

Commenting on this occasion, HE the Minister of State for Energy Affairs, the President and CEO of QatarEnergy, Saad bin Sherida al-Kaabi said: "This marks an important step in advancing the development of offshore resources in Cyprus and in reinforcing regional energy cooperation across the Eastern Mediterranean. We would like to convey our thanks to the Government of Cyprus and to our strategic partner ExxonMobil for their support and cooperation, and we look forward to continuing to work closely with them on Block 10 future activities."

Under the declaration, the parties will work together to advance regulatory engagement and approvals, as well as development and production planning, in support of the next phase of Block 10 activities.

In parallel, QatarEnergy and ExxonMobil have reaffirmed their shared commitment to sustained collaboration and alignment across both the development of Block 10 and broader potential opportunities.

GTA organises specialised workshop on valuation for calculating capital gains tax

QNA
Doha

The General Tax Authority (GTA) has organised a specialised workshop for taxpayers on valuation for the calculation of Capital Gains Tax, as part of its efforts to enhance tax awareness, raise compliance levels, and clarify the requirements and procedures related to the implementation of the tax.

The workshop aimed to enable taxpayers to better understand the regulatory frameworks and approved valuation methodologies.

The GTA said in a statement on Tuesday that the workshop covered a number of technical and legislative topics, beginning with an overview of the Capital Gains Tax law.

It also addressed the methodology for calculating Capital Gains Tax and the applicable tax rates, in addition to explaining the International Financial Reporting Standard (IFRS 13), including its definition, purpose in the context of Capital Gains Tax, and scope of application.

The workshop also featured a detailed presentation on approved valuation methodologies and the requirements for preparing valuation reports, while highlighting the most commonly used valuation approaches. This contributed to strengthening taxpayers' understanding of the technical mechanisms adopted in calculating the tax.

This workshop forms a part of a series of awareness and specialised programmes organised by the GTA to support tax compliance, promote transparency, and provide taxpayers with the knowledge needed to understand and apply tax legislation and procedures in line with best practices.

The workshop aimed to enable taxpayers to better understand the regulatory frameworks and approved valuation methodologies.

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Cyber threats to grow more automated, persistent and targeted, warns expert

By Peter Alagos
Business Editor

Qatar's businesses and policymakers may face a more automated, more targeted and more persistent wave of cyber threats over the next five years, a top executive at an Indonesia-based cybersecurity firm has said.

"I think there are several trends that organisations in Qatar and across the Gulf should be preparing for. The first is that attacks will become more automated, more targeted and more persistent because of AI," Patrick Dannacher, president director and CEO of ITSEC Asia, told *Gulf Times*.

According to Dannacher, artificial intelligence (AI) is lowering the barriers that once separated serious threat actors from opportunistic ones, allowing attacks to run at a scale that was not previously possible.

Critical infrastructure is also drawing more attention as Qatar's digital footprint expands, he said, with sectors such as energy, transportation, telecommunications, and financial services "becoming increasingly attractive to sophisticated threat actors."

Visibility is another gap organisations will need to close, Dannacher noted. "You cannot protect what you cannot see, so having a clear understanding of where you are vulnerable will become increasingly important," he said.

On the talent side, Dannacher said every country in the world is dealing with a shortage of cybersecurity professionals, and Qatar is no exception. He noted that technology will automate a growing number of tasks, but skilled professionals remain the ones making decisions, investigating incidents, and managing risk.

Patrick Dannacher, president director and CEO of ITSEC Asia.

The fifth trend Dannacher identified is a shift away from annual or periodic security assessments toward continuous validation and monitoring. "The threat landscape changes too quickly for organisations to check their security once or twice a year and assume everything is fine," he pointed out.

Dannacher said the organisations best placed to handle what is coming are not necessarily those that manage to avoid every attack, but those that build the habit of continuous improvement and adapt quickly when something goes wrong.

Behind those five trends lies a broader mindset problem that, according to Dannacher, cuts across industries and geographies. "I think this is less about the Middle East and more about how organisations around the world think about cyber risk," he said.

He said many organisations only shift their attention to cybersecurity after something goes wrong, citing a breach, a ransomware attack, or a significant incident. "If nothing happens for a couple of years, people become comfortable again and attention moves elsewhere," Dannacher pointed out.

Dannacher said, "We need to move from a reactive mindset to a proactive one. Organisations should be continuously monitoring their environment, understanding how the threat landscape is changing, and identifying where they are most vulnerable before an incident occurs."

Citing fire drills as an example, Dannacher said most organisations run them several times a year and staff generally know what to do, where to go, and who is responsible. Cyber exercises rarely get the same treatment: "But how many organisations run cyber drills with the same frequency?" he noted.

"Cyber drills help identify weaknesses, test response capabilities and ensure the right people and processes are in place before something happens," he emphasised.

Dannacher also cautioned against treating regulatory compliance as the finish line. "Compliance is important, but the threat landscape moves much faster than regulations. The most resilient organisations are the ones that go beyond compliance, continuously improve and prepare for the risks of tomorrow, not just the requirements of today," he said.

Dannacher explained that building that kind of resilience requires governments, regulators, academia, and industry to work together and share what they know. "The more we share information, learn from each other's experiences and work together, the stronger and safer the entire ecosystem becomes," he said.

He added: "The more we share information, learn from each other's experiences and work together, the stronger and safer the entire ecosystem becomes."

BUSINESS

Analysts dial down oil forecasts on Hormuz reopening

Reuters
London

Analysts have cut their 2026 oil price forecasts for the first time since the Iran war began, after five straight monthly increases, as the reopening of the Strait of Hormuz eases concerns over prolonged supply disruptions, a Reuters poll showed on Tuesday.
The monthly survey of 31 economists and analysts forecast Brent crude would average $84.50 per barrel in 2026, versus $90.44 projected last month. US crude was seen averaging $79.49 per barrel, down from May's view of $84.63. The latest revisions mark a more than 6% decline from May estimates.
Forecasts had jumped following the outbreak of the Iran conflict at the end of February that disrupted oil supplies and drove oil prices to multi-year highs.
Oil benchmarks have since fallen significantly from peaks above $126 per barrel for Brent and nearly $120 for WTI as easing geopolitical tensions and the restoration of shipping flows through the Strait of Hormuz alleviated fears of prolonged supply disruptions.
"The bulk of the geopolitical risk premium has already unwound," said UniCredit analyst Tobias Keller, adding that recovering Middle East flows and weaker demand are likely to cap further upside.
On average, analysts see Brent easing from about $84 in the third quarter of 2026 to around $79 in quarter four, before falling to the mid-$70s by mid-2027, according to the poll.
However, some market participants cautioned that lingering geopolitical risks could still provide support to prices.
"If traffic through the Strait of Hormuz comes back to normal, we will go back to supply surplus on the oil markets. Therefore prices will continue to go down in the second half of 2026," LBBW's head of commodity research Frank Schallenberger said.
During the conflict the closure of the Strait of Hormuz had choked off nearly a fifth of global oil supply, forcing a sharp drawdown in inventories and pushing markets into a deficit in 2026.
"Our 2026 balance estimates show a market in about a 2mn barrel per day deficit... and a return to a small surplus of about 1mn bpd in the fourth quarter of 2026, assuming Gulf production is restored to near normal," said Kim Fustier, head of European oil & gas research at HSBC.
Several respondents expect Opec+ to continue raising output, although at a measured pace, as it seeks to regain market share while preventing a sharp fall in prices.
In its first look at 2027, the International Energy Agency said the oil market will enter a significant supply overhang, with global supply set to surge by 8mn barrels per day and demand rising by just 2mn.
According to the poll, oil demand growth in 2026 is expected to decline by roughly 1.0mn to 2.0mn barrels per day. Analysts said demand has softened due to weaker consumption in China, the world's largest oil importer.
Opec kept its 2026 oil demand growth forecast steady at about 1.4mn barrels per day from February through April, before cutting it to around 1.2mn bpd in May and to below 1mn bpd in June.
However, some poll participants see demand improving later on affordability, with Goldman Sachs citing a structural trend of global strategic stockpiling of over 1mn bpd in 2027.

A man walks on a road while vessels are in the Strait of Hormuz near the beach of Bandar Abbas on Tuesday. Oil benchmarks have fallen significantly from peaks above $126 per barrel for Brent and nearly $120 for WTI as easing geopolitical tensions and the restoration of shipping flows through the Strait of Hormuz alleviated fears of prolonged supply disruptions.

IMF paves way for disbursement of $1.6bn to Egypt

AFP
Washington

The International Monetary Fund (IMF) has reached a staff-level agreement with Egyptian authorities on reviews of the country's loan programme, clearing the way for the disbursement of $1.6bn.
Egypt has multiple programmes with the IMF, with a four-year $8.5bn Extended Fund Facility that began in 2022 and a $1.3bn Resilience and Sustainability Facility arrangement signed last year.
Heavily indebted Egypt is struggling with double-digit inflation as the effects of the US-Israel war on Iran hit energy and other sectors, with the Egyptian currency depreciating as a result.
"The impact of the war in the Middle East on the Egyptian economy has remained relatively contained, supported by the authorities' timely and decisive policy actions," said Amine Mati, IMF mission chief for Egypt, in a statement on Monday.
Nevertheless, the Fund warned that downside risks were significant, with renewed global inflationary pressures and tightening financial conditions.
In April, the IMF slashed its Middle East and North Africa growth forecast to 1.1% due to the effects of the war on Iran.
The Fund is due to issue an update of its World Economic Outlook next week.
Mati highlighted Egyptian efforts to increase domestic revenue and strengthen public debt management, but warned that more needed to be done to place the country's economy on a sustainable path.
The agreement will now be considered by the IMF's board before disbursement can be made.

UAE exports record high oil and condensate volumes after Opec exit

Reuters
Singapore/Dubai

The United Arab Emirates boosted crude oil and condensate exports to a record high in June, preliminary Kpler and Vortexa ship-tracking data showed, shortly after the Gulf producer left Opec. The decision to end almost 60 years of membership of the Organisation of the Petroleum Exporting Countries on May 1 during the US-Israeli war with Iran was aimed at maximising the value of its resources, free from the constraints of the producer group's quotas.
Iran's chokehold on the Strait of Hormuz, meanwhile, prompted Abu Dhabi National Oil Company (Adnoc) to set up a tanker shuttle service to export its crude on vessels with their transponders switched off to reduce the risk of attack while sailing through the Gulf, trade sources and experts have said.
Crude and condensate exports from the UAE have averaged about 3.7mn barrels per day this month, the highest level on record, remaining above the 3.1mn to 3.3mn bpd achieved before the Middle East conflict, said Kpler senior oil analyst Johannes Rauball.
UAE exports last peaked at 3.44mn bpd in April 2020 after Saudi Arabia and Russia engaged in a short-lived oil price war.
"The rise can be attributed to multiple factors, including a resumption in flows via the Strait of Hormuz, helping to free trapped vessels," Rauball said. "At the same time, we have been observing a ramp up in supply from the UAE, which we estimate is closing in on pre-war levels."
The UAE has also been unwinding part of its inventories, helping to keep volumes elevated, Rauball said.
Adnoc did not respond to an emailed request for comment.
Abu Dhabi crude loadings hit 4mn bpd between June 1 and June 29, exceeding pre-war levels of 3.4mn bpd, said Emma Li, senior oil analyst at Vortexa. Exports, meanwhile, rose to a record 3.7mn bpd, compared with 3.3mn bpd in the first two months of the year, she added.
Asia remains a big focus for Adnoc, but there has been more demand west of the Suez Canal, including from Africa, the US west coast, northwest Europe and the Mediterranean, a source close to the matter said.
Trade sources said Adnoc has sold crude to Nigeria's Dangote refinery and Turkey's Tupras.
Oil loadings from the Gulf, excluding Iran, rose 65% month on month to 7mn bpd in June, but are still below the 16.6mn bpd in February, Vortexa's Li said.
Meanwhile Adnoc issued its fifth crude sale tender this month, offering Upper Zakum, Umm Lulu or Das crude in parcels of 500,000 barrels to 2mn barrels for loading June to August. The tender closes on Wednesday.

People walk past the logo of Abu Dhabi National Oil Company (Adnoc) during an industry event in Abu Dhabi (file). Crude and condensate exports from the UAE have averaged about 3.7mn barrels per day this month, the highest level on record, remaining above the 3.1mn to 3.3mn bpd achieved before the Middle East conflict, according to a Kpler analyst.

Japan says ready to act as yen hits 40-year low

AFP
Tokyo

Japan's finance minister said on Tuesday that authorities were ready to take "appropriate action" after the yen hit a 40-year low against the dollar.
The currency has been sliding for years and has come under renewed pressure because of the Middle East war and the gap in US and Japanese interest rates.
Satsuki Katayama said Japan "will take appropriate action at any time as necessary", local media reported.
The comment was intended to signal to markets that Japan was prepared to intervene to support the currency after spending more than $70bn doing so last month.
The yen sank past 161.96 per dollar in London trade on Monday for the first time since 1986. It hit 162.40 in Asian trade on Tuesday before recovering to 162.17.
A weak yen makes imports more expensive for resource-poor Japan, notably for dollar-traded oil.
Prime Minister Sanae Takaichi's government has been shielding consumers with heavy fuel and energy subsidies.
But the weak yen has also helped fuel a boom in tourism, since it makes shopping, accommodation and food cheaper for foreign tourists.
The Bank of Japan this month raised interest rates to a 31-year high but there are expectations that the US Federal Reserve could lift borrowing costs itself this year, meaning that the gap will remain.
Further hikes by the BoJ could also meet resistance from Takaichi's government, which is anxious not to snuff out growth with high borrowing costs.
Japan's currency authorities did not intervene in the exchange market between May 28 and June 26, finance ministry data showed late on Tuesday.
Part of the reason is the gap between Japanese interest rates and those of other central banks, especially the US Federal Reserve.
While the BoJ began hiking rates above zero in 2024, and raised them to a 31-year high on June 16, they remain low compared to other major economies.
This gap means that investors borrow yen at cheap rates and invest in other assets outside Japan with better returns. This results in capital outflows and pressure on the yen.

Policy, not data centres, is the real US power problem

By Douglas J Arent
New York

Data centres are being blamed for America's rising electric bills. But the real issue is not that AI - and consumers in general - are boosting energy usage. The real problem is structural, and it began long before the latest infrastructure boom.
Average residential electricity rates rose 6% last year - more than twice the inflation rate. Roughly one-third of American households now spend more than 5% of their income on electricity. In 2025, rate increase requests filed by investor-owned utilities hit their highest level since the mid-1980s. Something is clearly broken.
These increases are often attributed to rising demand from data centres powering the AI race and other industries turning toward electrification.
But in several states that have welcomed enormous data centres and vast new industrial facilities, including Nebraska, New Mexico and North Dakota, residents' electricity bills have actually decreased. Meanwhile, households across the Mid-Atlantic, California, the Northeast and the Southeast - areas that have seen far less data centre growth - are watching their power costs climb well above the rate of inflation, according to two studies by the Columbia University Center on Global Energy Policy (CGEP).
So why is demand growth lowering bills in some places and raising them in others? For decades, the American power system has rewarded utilities for building new infrastructure rather than for managing existing assets wisely. Under traditional rate regulation, utilities earn reliable returns - typically 9% to 10% - on capital they deploy, according to Federal Energy Regulatory Commission filings.
But upgrade an existing line instead or deploy software instead of building new infrastructure? The answer is not as clear. The incentive to make large capital investments is baked in, and customers foot the bill over the lifetime of every new asset built.
Over the last decade, that dynamic has become less tenable because of spiking inflation in the power sector. Since 2019, inflation, tight supply chains and increased tariffs have driven the price of transformers, which transfer electricity between circuits, up by 89%. Wire and cable prices have risen 152%. Those costs could flow into customer bills for decades.
Another issue is the growing toll of climate change. In Florida, some utility bills now carry "storm cost recovery" surcharges. In California, bills have increased over the last five years to mitigate wildfires. These hikes are not anomalies. They are compounding, recurring costs that ratepayers are absorbing.
The data centre boom arrived against this backdrop, meaning that it did not cause a power affordability crisis, but exposed and accelerated one that was already well underway. That does not mean data centres are benign actors.

Average residential electricity rates rose 6% last year - more than twice the inflation rate. Roughly one-third of American households now spend more than 5% of their income on electricity

Through 2024, data centre power demand ranged widely from 5 megawatts (MW) to about 200 MW, equivalent to the demand of about 200,000 homes. But massive new data campuses with power demand of 1,000 to 5,000 MW have now been proposed, and some are already under development. This has raised concerns across the country, with data centre demand projected to consume 5% to 15% of total US electricity by 2030.
Moreover, grid upgrades are far from costless.
Where the grid is constrained, large new loads can raise local costs, especially if utilities pass those expenses to households. The answer, though, is not to limit new demand. Indeed, the broader evidence points to different solutions.
Where low-cost wind and solar power are available and large users pay their fair share, new electricity demand can actually lower prices for everyone. That outcome isn't guaranteed, of course. It depends on whether the grid can connect to low-cost supply and allocate upgrade costs fairly. This could mean requiring data centers to pay for their own transmission upgrades.
The main problem for major US grid operators is that the infrastructure needed to deliver higher volumes of electricity has not kept pace with demand growth.
This is certainly the case for PJM, the largest grid operator in the US, serving 13 Mid-Atlantic and Midwestern states. The good news, CGEP studies show, is that meaningful solutions are available. Employing existing technology in innovative ways could significantly expand the capacity of transmission lines already in place.
Dynamic line rating, for example, uses real-time weather data to determine how much electricity lines can actually carry, rather than relying on static assumptions that often overestimate the amount needed. One Pennsylvania utility reduced congestion by up to 65% on monitored lines using this approach.
Another option is upgrading the physical lines themselves. Replacing conventional steel-core wires with lighter, stronger carbon-core alternatives could nearly double line capacity in months.
CGEP analysis indicates that deploying these grid-enhancing technologies nationwide could result in $180bn in savings by 2050.
Data centers themselves can also be part of the solution. Pilot projects in Arizona and North Carolina have shown that data centres can be designed to avoid drawing power from the grid during periods of high demand.
These near-term tools buy time. But deeper reforms are also necessary.
One possibility is tying utility executive compensation to how efficiently the system is managed, not just how much is built. Modernising the permitting and interconnection processes that delay new power plants and transmission lines could also be a game-changer.
Finally, data centres - and other new large energy-hungry infrastructure - could also bear a fair share of the energy costs they trigger, instead of passing those costs to residential ratepayers.
The states where electricity prices are falling despite increased demand from data centres have not discovered magic. They have managed supply, infrastructure and cost allocation sensibly. Prices rise when those things are mismanaged. They do not have to.

■ The views expressed here are those of Douglas J Arent, a global fellow at the Columbia University Center on Global Energy Policy.

Iran war and AI boom drive wild ride on global markets

Iran war, AI chipmaker rally and SpaceX IPO dominate; oil and gas prices shot up then retreated; gold's record run suddenly melted while yen took a beating; best first half for emerging market stocks since 2009; Venezuelan bonds soared

Reuters
London

Investors have faced intense market volatility this year as the turmoil from the conflict in the Middle East has clashed with a seemingly unstoppable boom in artificial intelligence and next-generation technologies.

Global stocks are now $7tn higher than at the end of 2025, even though the war caused a $9tn drop in March, when oil shot to $120 a barrel and hopes of lower interest rates were dashed.

Republic of Korea's stock market has surged by 100% and Elon Musk's $2tn SpaceX has blasted off, but the "Magnificent Seven" tech giants are down as a set and gold has suddenly lost its shine.

Chief economic adviser at Equity Bank, Charlie Robertson, said it has been astounding, not because of what has happened, but because of what has not happened.

"We have had one of the greatest geopolitical shocks that it has been possible to imagine and it has still not undermined global markets," he said.

The MSCI All-Country World index has jumped almost 10%, or roughly $7tn in market capitalisation, in the first half of the year. It has also registered the best second quarter since 2020, though it paled compared with South Korea's record-breaking run.

Currency markets, meanwhile, have been gripped by the woes of the Japanese yen, which is at a 40-year low despite Tokyo spending 11.7tn yen ($72.25bn) trying to prop it up.

The Nikkei has shot up almost 40%, but State Street's head of global macro strategy, Michael Metcalfe, said the yen's fate has now become a key global risk point. "It is all about what happens to Japanese fixed-income demand if you have a crisis in the yen," he said, describing the risk that higher Japanese interest rates drive money back into Japan and trigger selloffs elsewhere.

The dollar's broader 3% rise suggests recent talk of its demise has been premature, Metcalfe added, though BofA analysts say it remains a "rent, not an own" for now.

This year has been a wild ride, with the United States' capture of Venezuela's president and then Donald Trump's demands to take control of Greenland while issuing tariff threats to all and sundry.

January brought the biggest monthly rise in gold prices since the latter stages of the global financial crisis, but they have gone into reverse more recently.

Gold is down more than 12% in June, on track for its worst month since October 2008 and its biggest quarterly drop since 2013. To be fair, it had doubled in value since the start of last year.

Venezuelan bonds, which Caracas has not made a payment on for nine years, have soared 55% since the US capture of President Nicolas Maduro, making them the world's best performers.

Major bond markets end the first half with more modest moves. US and UK 10-year Treasury yields are up roughly 24 basis points (bps) while Germany's are flat and Japan's are up about 50 bps.

It has been volatile, though. Britain's borrowing costs hit their highest in decades as worries about its finances returned. US 30-year yields rose to their highest since 2007 and Japan's 10-year yields struck record peaks.

Most of the second-quarter stock market gains have been powered by a scorching rally in anything AI, particularly in Asian markets.

The S&P 500 is up 14% and the Nasdaq, which welcomed Musk's $2tn SpaceX to its ranks a few weeks ago, has gained 20%. There are some notable exceptions. Every one of the "Magnificent Seven" tech giants has underperformed the MSCI world index and the Bank for International Settlements has just warned that disappointing AI returns could trigger major strife in global markets.

The second half of the year looks like being lively, too.

Britain's markets nervously await a new prime minister, the yen remains fragile, new Federal Reserve chief Kevin Warsh is sounding hawkish and Trump is revving up for November's US midterms.

Equity Bank's Robertson worries that a blizzard of coming IPOs could mark "peak AI" before the end of the year, while Standard Chartered's managing director of debt capital markets, Patrick Dupont-Liot, senses an "undertone of risk".

"None of us has a crystal ball, we don't know what's going to really happen, but we do know that Trump has not ceased to surprise us since he has come into office," Dupont-Liot said.

Rapid oil price retreat eases urgency for ECB to lift rates

Reuters/AFP
Frankfurt

The unexpectedly rapid retreat in energy prices in the past week has further taken pressure off European Central Bank (ECB) policymakers to lift interest rates next month but the case for a small hike later on remains firm, four sources told Reuters. The ECB lifted interest rates this month to prevent an Iran-war induced oil-price spike from raising price expectations, and policymakers are now debating the urgency of any follow-up move.

The sources, all with direct knowledge of the discussion, said they were surprised by how quickly oil prices have eased and futures for several key durations were now even below the bank's 'milder' scenario.

Fear of shortages for items such as jet fuel have been proven wrong while some producers, particularly Saudi Arabia, have increased energy output more than forecast to keep the market supplied.

China also consumed less oil than predicted, likely because it substituted oil with other energy sources more aggressively than expected. That further supports the case for a rapid retreat in energy prices once supplies normalise, the sources said.

An ECB spokesperson declined to comment.

Oil prices did not even react strongly to the escalation of the conflict between Iran and the US over the weekend, suggesting that normalisation of the energy market was well underway, the sources added.

A rate hike in September remains the more likely scenario for now, but the sources said June inflation data due on Wednesday, still carried greater significance.

If the headline figure indeed retreats from 3.2% as financial markets now anticipate, then waiting until September was the better option, one of the sources said.

However, a negative surprise would strengthen the case for a quick follow-up hike in July, the source added. Retreating consumer and business price expectations also back the case for taking some time before pulling the trigger again.

The ECB targets inflation at 2%. Its baseline projection does not see it back at that target until the second half of next year. Its milder scenario sees it well below 2% by mid-2027.

Financial markets now see just a one-in-three chance of a rate hike in July, and are not fully pricing in a hike until October. This follow-up hike, already advocated by some, is likely to prevent the oil surge from seeping into the broader economy, setting off a second-round effect that could worsen inflation.

The sources, however, agreed that such second-round effects have been negligible for now, even if economic logic dictates that some will eventually result.

Meanwhile inflation slowed in the eurozone's three largest economies in June, data showed on Tuesday, boosting the likelihood of the European Central Bank keeping interest rates on hold at its next meeting, reports AFP.

The energy shock triggered by the US-Israeli war against Iran stoked consumer prices in Europe but pressure is now easing after Washington and Tehran struck a preliminary agreement to end the conflict.

In Germany, annual inflation fell to 2.3%, down from 2.6% in May, according to provisional data from federal statistics agency Destatis.

In France consumer price rises slowed to 1.8%, down from 2.4%, statistics authority Insee said, as costs of petroleum products eased.

In Italy, the rate eased to 3% from 3.2%, official data showed.

In Germany, inflation slowed thanks especially to a cut in fuel duty introduced to combat rising prices amid the war, Destatis head Ruth Brand said.

"The reduction in the tax on motor fuels, which has applied since the start of May, is likely to have had a dampening effect on the rise in prices," she said.

The tame inflation data will raise hopes that the ECB's rate rise earlier this month -- the first since 2023 -- will not need to be repeated.

President Christine Lagarde last week told European lawmakers in Brussels that there was no need for "forceful" action, citing falling energy prices and the lack of "second-round" effects like higher wage demands that could further stoke inflation.

But other members of the ECB's rate-setting Governing Council have taken a more hawkish tone, with German central bank chief Joachim Nagel telling CNBC on Tuesday that he saw inflation overshooting the ECB's two-per-cent target for a while.

"The energy-price shock that started with that conflict in the Middle East is not over," he said. "It's still in the system."

A view of the European Central Bank headquarters in Frankfurt. The unexpectedly rapid retreat in energy prices in the past week has further taken pressure off ECB policymakers to lift interest rates next month but the case for a small hike later on remains firm.

US job openings edge up to two-year high in May

Reuters
Washington

US job openings edged up to a two-year high in May, but subdued hiring soured consumers' perceptions of the labor market, with the share viewing employment as "hard to get" surging to nearly a 5-1/2-year high in June.

Economists said the mixed reports on Tuesday suggested the labour market remained stable, despite strong gains in recent months. They said there was no indication that the US-Israeli war with Iran had materially impacted the labor market, and many viewed downside risks from the conflict as greatly diminished by a fragile ceasefire, which would allow the Federal Reserve more scope to focus on fighting inflation.

There were 1.04 jobs for every unemployed person in May, little changed from April, but up from 1.01 a year ago.

"The labor market continues to show signs of stabilisation," said Matthew Martin, a senior US economist at Oxford Economics. "For Fed officials, this means their attention will stay focused on the inflation mandate and ensuring price stability." Job openings, a measure of labor demand, had increased 9,000 to 7.594mn by the last day of May, the highest level since May 2024, the Labor Department's Bureau of Labor Statistics said in its Job Openings and Labor Turnover Survey, or JOLTS report. Economists polled by Reuters had forecast 7.30mn vacancies in May. But some economists said the JOLTS report should be treated with caution, noting the response rate to the survey was very low.

"Only 24% of businesses asked by the BLS to participate in the survey now agree to do so, down from 35% just two years ago and about 70% in the late 2010s," said Samuel Tombs, chief US economist at Pantheon Macroeconomics. "And the proportion of businesses in the sample responding has declined to just 35%, from 65% in the 2010s. The potential for non-response bias, therefore, has increased substantially."

Nearly all the job openings last month were at businesses with 10 to 249 employees. There were 132,000 fewer vacancies at establishments with fewer than 10 employees. The wholesale trade industry had an additional 71,000 unfilled jobs, while leisure and hospitality vacancies increased by 95,000, with most of the openings at restaurants and bars.

Canada's GDP rebounds in April

Reuters
Ottawa

Canada's economy rebounded more than expected in April, data showed on Tuesday, following a slight contraction in the previous month, allaying concerns that a tariff-led slowdown was getting more entrenched.

The Gross Domestic Product in April grew by 0.5% on a month on month basis, Statistics Canada said, adding the growth was the largest monthly expansion in nine months.

Analysts polled by Reuters had estimated the GDP in April to grow by 0.4% on a monthly basis, after the GDP contracted by 0.1% in March.

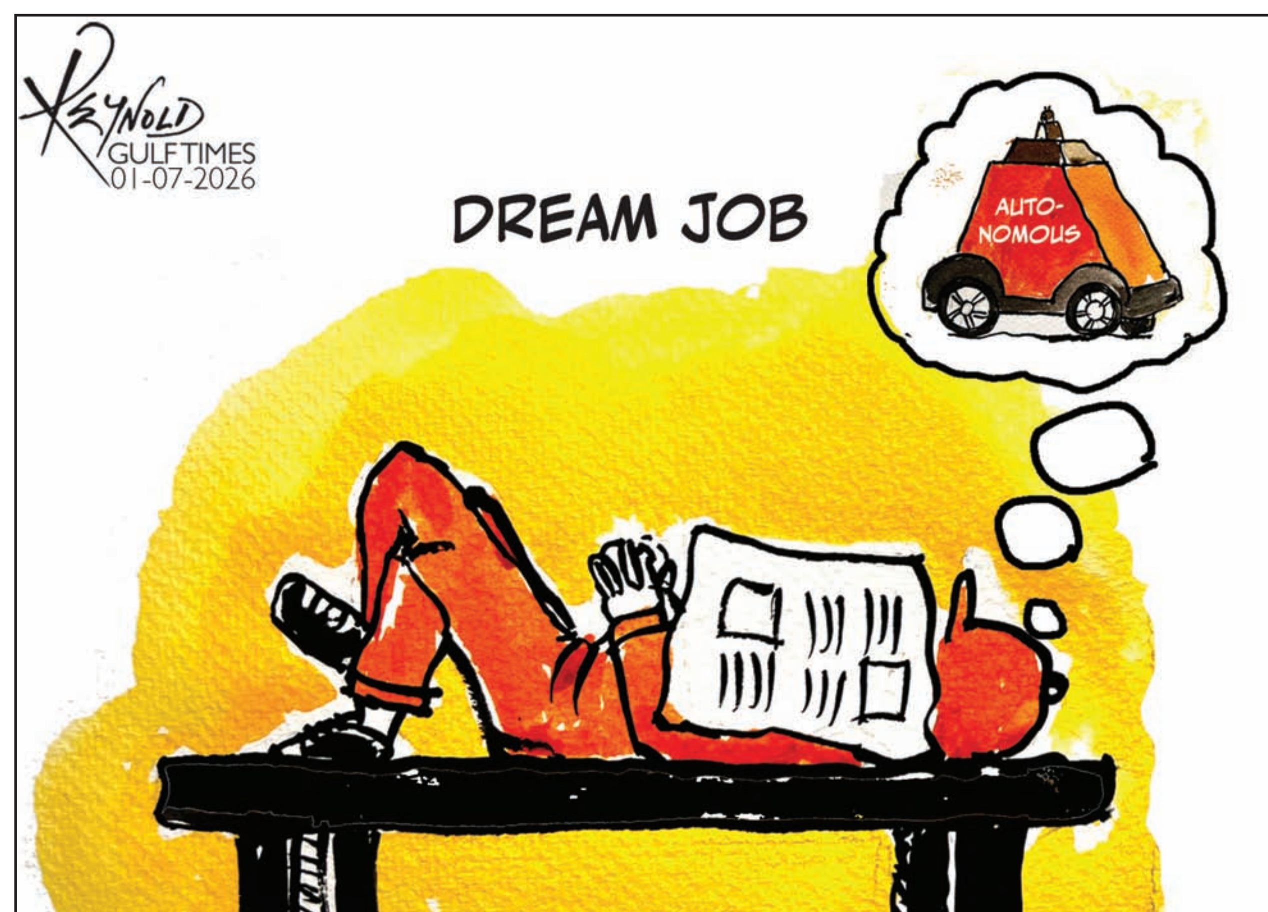
Canada's economy had entered a technical recession at the end of the fourth quarter but the Bank of Canada and most economists had dismissed it as a one-off.

Canada's economy has faced a range of tariffs from the United States administration since last year on some crucial sectors but its impact has largely stayed contained within the affected sectors.

The uncertainty from tariffs and the fate of the US-Mexico-Canada free trade deal which is up for a review on Wednesday has held back investments and job growth.

StatsCan said that 14 of the 20 industrial sectors grew in April.

The goods-producing sector, which contributes up to a quarter of the economy, posted a growth of 1.2%, StatsCan said, adding that mining, quarrying, and oil and gas extraction sector rose 2.9% in April, its largest monthly growth rate in more than two years.



EU offers steel promises to partners

AFP
Brussels

The EU is throwing up new barriers this week to shield its embattled steel industry, but it said on Tuesday close partners including Britain and Korea would still get special access to export into the bloc.

From July 1, the bloc will double duties on foreign steel and cut tariff-free import quotas to defend against global overcapacity -- with cheap exports from China a major source of concern.

China produces more than half of the world's steel, and the EU believes Beijing massively subsidises the sector unfairly.

The bloc's total quotas for tariff-free steel imports will be cut by nearly half to 18.3mn tonnes a year -- the same volume the EU imported in 2013.

Half the quotas will be reserved for countries with which the bloc has free trade agreements or privileged ties. The other half will be accessible for all exporting nations -- including those key partners.

So far, the bloc has reached deals with 13 countries on accessing the tariff-free quotas, including Brazil, Britain, India, Republic of Korea, Switzerland, Turkey and Ukraine. The European Commission, which leads the EU's trade policy, said it intended to "minimise" the impact of its safeguard measures on trading partners.

The issue has become more acute since US President Donald Trump imposed higher tariffs on steel last year, forcing others like Canada to take similar steps.

"The overcapacity was really coming to our markets as other markets such as the North American and the American market in particular, closed itself," a senior European official said.

The EU is also seeking more progress in easing the effects of US steel tariffs since a 2025 deal between Brussels and Washington doesn't include the metal.

The senior EU official stressed the safeguard measure was not "China-specific".

Trade commissioner Maros Sefcovic said in a statement the EU's approach struck "a careful balance" between its commitments in trade agreements, World Trade Organisation rules and "the need to maintain diversified supply".

The industry has welcomed the EU's moves to shield steel manufacturers.

Steel industry group Eurofer said European steel production fell to a record low last year of 125.8mn tonnes, far behind the 960mn tonnes produced in China.