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BoE could boost bond demand with leverage rule tweak, say banks

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World absorbs historic Iran war oil supply loss, but depleted stocks bring price spike risks

Energy and logistics niches seen to accelerate Qatar's startup ecosystem

By Peter Alagos
Business Editor

Qatar is sharpening its focus on energy-transition technologies and advanced logistics systems as priority niches to accelerate its startup ecosystem, aligning with the Third National Development Strategy and Vision 2030.

The emphasis follows the release of the 'Qatar Startup Ecosystem Study: A Roadmap for Qatar's Ecosystem Acceleration', co-developed by the US-Qatar Business Council – Doha (USQBC Doha) and the International Finance Corporation (IFC), which outlined actionable pathways to strengthen Qatar's positioning as a regional hub for innovation and investment.

Energy technology and industrial decarbonisation stand out as areas where Qatar's concentrated liquefied natural gas and petrochemical infrastructure can provide a unique platform for scaling clean tech solutions.

"Qatar's energy and industrial system provides a large-scale platform for technologies that enhance operational efficiency, reduce emissions, and support the transition to lower-carbon production," the study stated.

Ongoing investments in blue ammonia, carbon capture, and industrial sustainability mirror wider GCC energy-transition programmes, but Qatar's integrated approach offers a distinctive advantage, according to the study.

"National sustainability ambitions under the Third National Development Strategy and Vision 2030 reinforce the need to advance clean tech solutions across water, emissions, resource efficiency, and circular economy systems.

"Introducing innovative startups into large-scale industrial processes will require detailed value chain analysis to identify synergies and realistic collaborations," the study pointed out.

The study stated that established initiatives in carbon capture, utilisation, and storage, industrial efficiency, and water reuse provide a ready deployment and piloting platform for decarbonisation and clean tech solutions, complementing similar transition programmes in the UAE, Saudi Arabia, and Oman.

The study recommends establishing industrial innovation zones focused on decarbonisation, integrating piloting mechanisms within LNG expansion and refining clusters, and strengthening partnerships between research institutions and industrial operators.

In parallel, Qatar is leveraging its airport-port-free zone configuration to reinforce logistics, aviation, and cold-chain technology as another niche sector. The report highlights strong pharma and cold-chain capabilities as a specialised logistics niche, supplementing emerging systems in Oman and Kuwait.

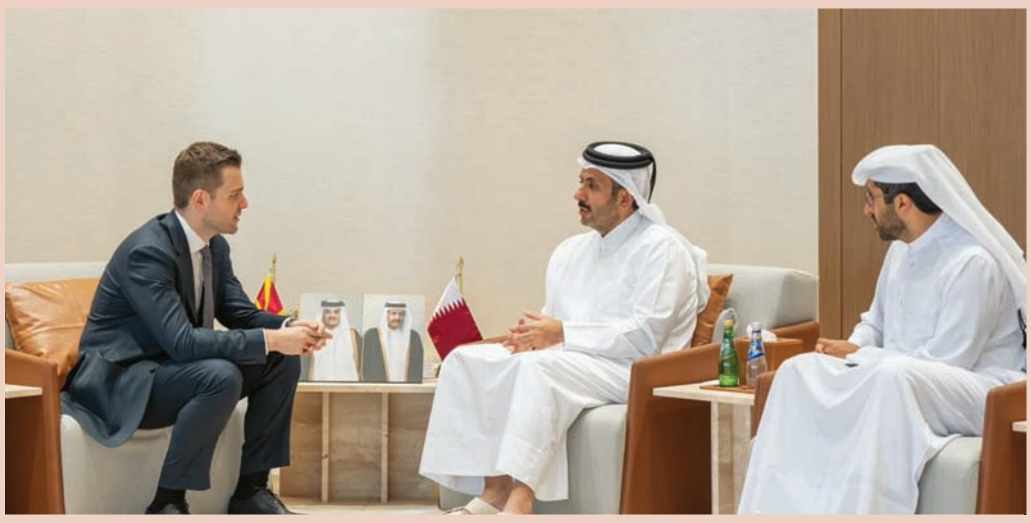
The study also pointed to existing expertise in fintech as a critical components for smart contracts, export insurance, and provenance applications within supply chains. Proposed pathways include developing logistics innovation corridors focused on automation, digitising customs and warehouse processes, and expanding technology-driven cold-chain solutions, the study noted.

Anchored by QatarEnergy, Qatar Airways Cargo, and Mwani Qatar, the study stated that these initiatives are designed to create specialised clusters that can attract startups, scale innovation, and reinforce Qatar's role as a regional hub.

By linking sectoral specialisation to institutional anchors, the study emphasised that Qatar aims to translate evidence-based recommendations into tangible opportunities, echoing USQBC Doha's call to move capital, talent, and ideas "from conversation into commitment."

Energy technology and industrial decarbonisation stand out as areas where Qatar's concentrated liquefied natural gas and petrochemical infrastructure can provide a unique platform for scaling clean tech solutions, according to the 'Qatar Startup Ecosystem Study: A Roadmap for Qatar's Ecosystem Acceleration'

Sheikh Faisal meets North Macedonia minister



HE the Minister of Commerce and Industry Sheikh Faisal bin Thani bin Faisal al-Thani met on Monday with Minister of Foreign Affairs and Foreign Trade of the Republic of North Macedonia Timco Mucunski, who is visiting the country, reports QNA. The meeting explored future opportunities for cooperation and ways to strengthen bilateral ties in the fields of trade, investment and industry. The two sides also discussed several issues of mutual interest aimed at advancing cooperation and further enhancing relations between the two countries.

More frequent and targeted cyberattacks seen as growing driver of fraud risk

By Peter Alagos
Business Editor

Cyberattacks are becoming more frequent, more targeted, and more difficult for organisations to detect early, often resulting in fraud, according to a senior official at Visa.

The warning came from Walter Lironi, senior vice president and head of Value Added Services for Central and Eastern Europe, Middle East, and Africa at Visa, during the recent announcement of a new cyber defence initiative.

"Fraud is widely recognised as a downstream outcome of earlier cyber incidents, often beginning with data compromise, credential theft, or system exploitation well before a transaction is initiated," a statement from Visa emphasised.

It further stated, "Cyberattacks that expose payment credentials can originate anywhere across the payments ecosystem – from merchants and issuers to acquirers, processors, and service providers. In some cases, compromised credentials are trafficked and later misused, which can result in financial loss and operational disruption."

Lironi said Visa's new Threat Intelligence Platform (VTIP) is designed to help financial institutions detect threats earlier by combining cyber and payments intelligence in one place, "giving them clearer, more actionable insight to reduce risk before it turns into fraud."

Developed by Visa's defence operations team and tested internally across its global payments network, VTIP brings the same intelligence used to defend Visa's systems to clients. Visa said it blocks approximately "90mn" cyberattacks and "11mn" phishing emails each month across more than 200 countries.

The platform is purpose built for the financial sector, helping security, fraud, and risk teams cut through fragmented data and focus on intelligence directly tied to payments risk. Capabilities include threat intelligence, vulnerability intelligence, brand protection, digital identity monitoring, and financial intelligence that surfaces compromised payment credentials from the dark web. According to Visa, by unifying cyber and fraud intelligence, VTIP aims to help institutions anticipate upstream threats, prioritise response, and reduce the likelihood that cyber incidents escalate into fraud losses.

Data from Visa showed the company has invested more than "$13bn" in technology over the past five years to reduce fraud and increase network security. Gartner Consulting recently gave Visa its highest rating (4.9) among peer companies for the overall maturity of its cybersecurity programme.

Lironi emphasised that the growing sophistication of cyberattacks means financial institutions must act earlier to prevent fraud from spreading across the payments ecosystem.

Walter Lironi, senior vice president and head of Value Added Services for Central and Eastern Europe, Middle East, and Africa at Visa.

Payments industry urged to prepare for agentic commerce, blockchain shift

By Peter Alagos
Business Editor

Businesses must prepare for agentic commerce, where AI-powered agents will shop on behalf of consumers, and for blockchain-based solutions that could reshape cross-border transactions.

Visa Group president Oliver Jenkyn made the statement during 'Media Day' held recently ahead of the Visa Payments Forum in Paris, France, where he described the global payments industry as facing nine simultaneous technological revolutions.

Jenkyn said the convergence of technologies such as generative AI, blockchain, quantum computing, and post-quantum cryptography is creating both confusion and opportunity. "If you aren't a little bit confused, you aren't paying attention," he emphasised.

He noted that uncertainty has always accompanied major industrial shifts, citing the advent of the internal combustion engine, personal computers, and the Internet. Quoting Voltaire, Einstein, and psychologists Dunning and Kruger, Jenkyn argued that humility and curiosity are essential qualities for navigating disruption.

Jenkyn stressed that the difference between good and great teams lies in their willingness to adapt. "Great teams embrace the change; they lean into the change. They adopt a culture of curiosity, and they push themselves and their teams to learn and continue to advance," he explained.

He said the Visa Payments Forum provides a platform for dialogue and inspiration at a time when the industry is redefining itself. "It provides a venue for conversation and communication so that we can share and support, and most importantly, we can inspire each other for this next phase of what's happening in our industry," he emphasised.

Jenkyn acknowledged that while technologies such as generative AI and blockchain are often discussed in abstract terms, they are already having tangible impacts on payments. "All of these topics are wonderful conversation topics, but unfortunately they're having a very real and tangible impact on our business right now," he said.

He urged businesses to prepare for agentic commerce, where consumers will delegate shopping decisions to AI-powered agents, and for blockchain-based solutions that could reshape cross-border transactions.

In Qatar, regulators have echoed similar concerns about balancing innovation with stability. In its 2025 Annual Report, the Qatar Central Bank (QCB) emphasised the need for robust cybersecurity and regulatory frameworks to support digital transformation in payments.

The QCB's Fintech Strategy 2025 also highlighted the importance of fostering fintech partnerships while ensuring compliance with international standards, a stance that aligns with Jenkyn's call for curiosity and adaptability in the face of disruption.

Jenkyn pointed out that the industry's future will depend not on eliminating uncertainty, but on harnessing it as a driver of growth. "There will always be change. There will always be uncertainty; and we will always be able to adjust," he noted.

Visa Group president Oliver Jenkyn delivering a presentation during 'Media Day' held recently ahead of the Visa Payments Forum in Paris.

UAE crude output said to near record following Opec exit

Reuters
London

The United Arab Emirates raised its crude output to near record highs above 3.8mn barrels per day in June after it quit Opec to escape production caps, two sources familiar with production data said on Monday.
June's output was the highest since April 2020, according to Reuters estimates, exceeding levels seen before the Iran war and providing an early vindication of the UAE's decision to leave Opec and Opec+ on May 1 to free production from quota restrictions.
Abu Dhabi National Oil Company and the UAE's energy ministry did not reply to Reuters requests for comment.
Abu Dhabi has argued that years of investment in production capacity justified greater freedom to produce oil, with Energy Minister Suhail al-Mazrouei saying at the time of the Opec exit that the UAE owed it to investors to supply what global markets required "without restrictions".
The jump in output comes as oil markets have shifted from concerns over severe supply disruptions during the US-Israeli war with Iran to worries about surplus supply. Brent crude, which hit a four-year high above $126 in late April, was trading at about $72 a barrel in early trade on Monday, around levels seen before the outbreak of the Iran war in late February.
The UAE told Opec it pumped 2.11mn bpd of crude in May at the height of the conflict shut-ins, down from about 3.40mn bpd in February.
The International Energy Agency, however, assessed a much higher production level for both months, seeing May output at 2.8mn bpd and February at 3.64mn.
Underscoring the supply surge, ADNOC has been selling crude through tenders at discounted prices, traders told Reuters. The rebound has outpaced that of other Gulf producers, many of whom have restored exports through the Strait of Hormuz but remain well below pre-conflict production levels.
Saudi crude exports averaged 4.32mn bpd in June, according to Vortexa data, around 3mn bpd below February levels. Kuwaiti output rose to 1.65mn bpd in June, roughly triple May levels but still nearly 1mn bpd short of pre-conflict production.
Iraq, Opec's second-largest producer, exported about 780,000 bpd in June, roughly one-fifth of volumes shipped before the conflict, Vortexa data showed.

Saudi Arabia cuts August Arab Light Asia OSP, biggest drop in over two decades

A general view of the production facility at Saudi Aramco's Shaybah oilfield in the Empty Quarter (file). Saudi Arabia has set the August official selling price (OSP) for its flagship Arab Light crude to Asia at $1.50 a barrel below the Oman/Dubai average, an $11 cut from the previous month and the biggest drop in more than two decades, according to a Saudi Aramco pricing statement released on Monday. Reuters data dating back to 2003 show the reduction is the largest on record. The August OSP is the lowest level since June 2020 and compares with a premium of $9.50 a barrel in the previous month. The cut exceeded forecasts in a Reuters survey conducted in late June, which had pointed to a premium of $1.50 to $3.00 a barrel. Since then, spot crude prices have fallen further as Gulf producers increased supplies, adding to downward pressure on the market.

World absorbs historic Iran war oil supply loss, but depleted stocks bring risks

Reuters
London

The world has absorbed with surprising ease the loss of over 1bn barrels of oil supply since the Iran war began, but, with long-term peace elusive and buffer reserves now drained, it still faces the looming risk of future price spikes.

Tehran's throttling of the Strait of Hormuz in response to the US and Israeli attacks launched on February 28 fed fears of a catastrophic global energy crunch. The ensuing four-month conflict did, indeed, create the biggest energy disruption in history, according to the International Energy Agency.

At its worst, the headline supply loss was 14mn barrels per day.

But worries that Asia and Europe would run out of gasoline, diesel or jet fuel never materialised. And after peaking around $126 per barrel in April — still some $20 below the 2008 record — benchmark Brent oil prices are now lower than they were when the conflict began.

"This suggests traders viewed the disruption as serious but manageable, reflecting confidence in today's more resilient energy and economic systems," said John Baffes, senior economist at the World Bank.

Since the oil crisis of the 1970s, World Bank data shows that oil intensity — a measure of the role oil plays in economic activity — has fallen by more than half in most advanced economies and roughly 20% in emerging and developing countries.

Beyond that structural shift, however, three specific factors have been responsible for forestalling the worst-case scenario during the Gulf crisis. Saudi Arabia and the UAE found alternative routes to export. Asia, led by China, curtailed buying. And countries around the world likely pulled around 1bn barrels of oil from their reserves, including via an IEA-led record stocks release.

When the war broke out China had nearly 1.4bn barrels of oil stored, according to the US Energy Information Administration. That was more than the 1.2bn barrels held by all of the 32 members of the IEA combined, including the United States' 413mn barrels.

China's rapid electric vehicle adoption in recent years along with flexibility in oil and petrochemicals output also helped, said Ilia Bouchouev, of the Oxford Institute for Energy Studies.

"They are managing the market a lot better than (the Organization of the Petroleum Exporting Countries) used to," said Bouchouev, a former head of derivatives trading at Koch Global Partners.

The adjustments by China, the world's biggest oil importer, helped ease global demand pressure. And the IEA's scheme to release 400mn barrels of reserves provided further breathing room at a time when US President Donald Trump was repeatedly stating an end to the war was imminent.

"Traders always took the view this can't go on much longer," said Neil Atkinson, a former IEA official.

Washington's narrative management, that more supply was coming, also made hedge funds reluctant to hold long positions that bet on prices rising, Societe Generale analysts noted. With the signing last month of a preliminary agreement to end the war, there has been a rapid swing back towards business as usual.

"The market seems to have decided that this peace deal is for real," Atkinson said.

In reality, however, little is as it was before the war.

Even as Saudi Arabia, Kuwait, Qatar, Iraq and Bahrain resume production and exports, it will be years in some cases before they fully repair the damage to their energy infrastructure caused by Iranian attacks. While prices may reflect expectations of a rapid return to pre-war supply levels, data on tanker traffic through the Strait of Hormuz tells a different, more pessimistic story.

And with the clock ticking on the 60-day ceasefire between Washington and Tehran, progress towards a final agreement to end the war has been achingly slow, with key questions — including the fate of Iran's nuclear programme — still unresolved.

Meanwhile, there's the mammoth task of rebuilding global oil inventories.

The global economy weathered the shock by drawing down stocks at a record pace, according to IEA data, draining the very buffers designed to protect it from supply crises.

"It doesn't mean we can't operate without one, it just means that forward prices could be more prone to spikes," Bouchouev said.

That kind of volatility is costly.

Every $5 increase in oil prices adds roughly $190bn in annual costs to the global economy, according to Reuters calculations based on oil demand of 104mn barrels per day.

Replenishing oil stocks, never cheap, has likely been made more expensive by the war.

Before the conflict, the European Central Bank had estimated 2027-2028 oil prices at $63 to $64 per barrel. That's now risen to an average of $65 to $75, according to an ECB report published in June.

At current Brent prices, it would likely cost more than $70bn to replace reserves drawn down to mitigate Iran war supply loss.

A tanker unloads imported crude oil at a terminal port in Qingdao, in China's eastern Shandong province. When the war broke out China had nearly 1.4bn barrels of oil stored, according to the US Energy Information Administration. That was more than the 1.2bn barrels held by all of the 32 members of the IEA combined, including the United States' 413mn barrels.

Indonesia, Singapore say key oil passage of Strait of Malacca will remain 'accessible'

AFP
Jakarta

Indonesia and Singapore vowed on Monday that the Strait of Malacca, a critical oil transit chokepoint in the region, will remain "accessible" even as Iran imposes fees on ships traversing the Strait of Hormuz.
Indonesian President Prabowo Subianto discussed the matter with Singaporean Prime Minister Lawrence Wong in Jakarta as Southeast Asia reels from the effects of oil prices pushed sky-high by the Middle East war.
The Strait of Malacca, surrounded by Indonesia, Malaysia, Singapore and Thailand, is the world's largest oil chokepoint in terms of transit volume, according to the US Energy Information Administration (EIA).
More than 23mn barrels — 29% of total maritime oil flows — crossed the strait in the first half of last year, the latest EIA data shows.
In April, Indonesian Finance Minister Purbaya Yudhi Sadewa floated the idea of charging vessels to cross the strait, but later backtracked.
Prabowo said on Monday that Indonesia and Singapore "have an interest in keeping the Strait of Malacca as a free passageway".
"We will continue to coordinate with Malaysia and Thailand so that... the Strait of Malacca will always be open to all, safe and accessible," he said.
Wong said Singapore and Indonesia were committed to upholding freedom of navigation and rights of passage under the UN Convention on the Law of the Sea (Unclos).
The strait, he said, must "remain safe, open, accessible to all".
On Sunday, Iran's ambassador to China said ships transiting the Strait of Hormuz would be charged fees, but how "friendly" countries would receive special treatment.

The Strait of Malacca, surrounded by Indonesia, Malaysia, Singapore and Thailand, is the world's largest oil chokepoint in terms of transit volume, according to the US Energy Information Administration

The Strait of Hormuz normally carries a fifth of the world's crude oil and liquefied natural gas, but was all but closed by Iran during the Middle East war. Iran lifted its blockade after striking an initial deal with the US to pause hostilities, and negotiations on a permanent settlement of the conflict are ongoing.
Wong also announced his country was working with Indonesia on a solar power project on the island of Sulawesi, highlighting Indonesia's "tremendous" renewable energy potential.

Dubai's DAE and Neuberger arm to launch aircraft leasing firm targeting $6bn investment

Reuters
Dubai

Dubai Aerospace Enterprise is launching a new aircraft leasing co-investment vehicle with Neuberger Specialty Finance that will target investment of around $6bn over the medium-term and across multiple vehicles, the two companies said in a joint statement on Monday.
The new aircraft leasing co-investment vehicle, Mustang Aerospace, will enable managed funds of both DAE and Neuberger's asset-based finance arm to acquire a diverse fleet of aircraft. The co-investment vehicle plans to deploy capital steadily "over a long-term period to build Mustang into an entity of significant size and heft."
The deal comes as the Iran war has thrown global aviation into turmoil this year, with heavy schedule disruption and provoking a spike in jet fuel prices, compounding earlier challenges for airlines including delays in deliveries by the biggest planemakers.
The transaction also marks the latest expansion of asset managers into aviation finance, a sector that has attracted growing institutional interest as supply constraints push lease rates higher. Mustang has also signed a deal with Goldman Sachs, Mizuho, BNP Paribas, MUFG, Societe Generale, and Truist to obtain committed warehouse financing.
DAE is owned by Dubai's wealth fund ICD. It has a fleet of around 700 aircraft that was valued at $25bn as of the end of March.

Shippers Maersk and Hapag-Lloyd begin return to Suez Canal trade route

Reuters
Copenhagen

Shipping groups Maersk and Hapag-Lloyd will resume some sailings through the Suez Canal under their Gemini joint network, Maersk said on Monday, hitting shares of both companies because of the potential impact on freight rates.
The Asia-Europe trade corridor through the Suez Canal was abandoned by most shippers after attacks in the Red Sea by Yemen's Houthis. That forced them to take the much longer trip around Africa's Cape of Good Hope, but shipping companies are now considering a return to the Red Sea route.
"This joint decision with Hapag-Lloyd comes after thorough assessments of the security situation in the Red Sea area and marks a step towards a gradual return to the trans-Suez corridor," Maersk's statement said.
Changes to the AE15 service, which connects Asia, the Mediterranean and Europe, will reduce the duration of the passage by four weeks, a Hapag-Lloyd spokesperson said.
The route through the Suez Canal and the Red Sea is the fastest linking Europe and Asia and accounted for 10% of global seaborne trade until the attacks began, data from Clarksons Research show.
The longer journeys around Africa drove up shipping rates, making freight more expensive.
Maersk and Hapag-Lloyd do not have plans to change any other Gemini services, Maersk said, adding that they would continue to monitor the situation in the Middle East.
"Any alteration to services within the Gemini Cooperation will remain dependent on the ongoing stability in the Red Sea area and absence of any escalation in conflicts in the region," the company added.
"We view this as the first step that will pave the way for a full return to the Red Sea by the end of this year," Jyske Bank analyst Haider Anjum said in a note to clients.
"A full return, and thus more efficient capacity management, combined with the prospect of new ships being delivered in 2027 and 2028, should put pressure on freight rates and, consequently, on shipping companies' earnings."
Maersk and Hapag-Lloyd resumed their joint ME11 service — connecting India and the Middle East with the Mediterranean through the Suez Canal — in mid-February, with ships sailing under naval escort.
However, Red Sea transits were suspended in late February after the outbreak of the Iran war, Maersk said in a separate emailed statement on Monday.

A cargo ship is seen crossing through the New Suez Canal, Ismailia, Egypt (file). The Asia-Europe trade corridor through the Suez Canal was abandoned by most shippers after attacks in the Red Sea by Yemen's Houthis.

Asian markets show mixed trend as tech stocks recovery stutters

AFP
Hong Kong

Asian markets were mixed on Monday as last week's late tech recovery petered out, with traders turning their focus to the upcoming earnings season.

In Tokyo, the Nikkei 225 ended flat at 69,737.69 points; Seoul - Kospi closed down 0.5% to 8,051.33 points; Hong Kong - Hang Seng Index ended up 1.1% to 23,616.32 points and Shanghai - Composite closed down 0.1% to 4,041.24 points yesterday.

After a tough end to June -- fuelled by worries that valuations linked to the AI boom may have been overdone -- the mood was lifted on Thursday by data showing fewer US jobs than expected were created last month. That soothed fears the Federal Reserve could hike interest rates soon to bring down inflation, and fuelled a healthy bounce across Asia, led by Seoul.

However, traders remain edgy and tech

People walk outside the Hong Kong Stock Exchange building. The Hang Seng Index closed up 1.1% to 23,616.32 points yesterday.

firms once again saw big moves Monday, with Seoul swinging from a near two percent gain to a more than 2% loss. The Kospi closed slightly lower. There were also losses in Shanghai, Sydney, Taipei and Bangkok, while Tokyo was marginally lower.

Hong Kong, Singapore, Manila, Mumbai, Jakarta, Wellington and Taipei edged up.

The AI theme remains the dominant force in markets, with talk now centred on when firms will see returns on the trillions of dollars invested in the sector and whether valuations have run ahead of themselves.

Alphabet, Amazon, Meta and Microsoft have said they would put aside more than $725bn for the industry this year alone.

Sentiment was given a lift by Taipei-listed Hon Hai, which announced a forecast-beating jump in April-June sales and predicted more growth to come.

The firm, also known as Foxconn, has gone beyond assembling low-margin iPhones to making AI servers for Nvidia, along with electric vehicles and robots. The firm's shares rose more than six percent in Taipei.

The report comes at the start of an earnings season that will be pored over for an idea about companies' plans for AI and their outlook in light of the huge sums stumped up so far.

Yen pinned near 40-year lows as intervention risks mount

Reuters
Singapore

The Japanese yen floundered around four-decade lows on Monday, raising the risk of official intervention, while the dollar steadied after last week's soft jobs report lessened the odds of an imminent interest rate hike.

The yen last traded around 162.26 per dollar, not far from last week's low of 162.84, the weakest since 1986, leaving traders nervous after a sudden surge in buying briefly lifted the currency on Thursday.

The dollar found its feet after having posted its worst weekly performance since April last week, weighed down by a US payrolls report that showed job growth slowed sharply in June, which, together with the weaker oil price, has curbed market expectations for a rate increase this month.

Investor are now looking ahead to the minutes of the Federal Open Market Committee's (FOMC) June meeting on Wednesday for clues about the rate outlook.

New Chair Kevin Warsh has given little away so far, other than to say last week that anyone thinking the Fed may go easy on inflation, which he acknowledged had cooled recently, could be "disappointed".

"But will the rest of the committee follow suit? Waller, for example, argued only a few months ago that you'd have to be 'crazy' to consider cutting interest rates.

Will he provide another similarly definitive signal? That's what traders should be watching for," City Index strategist David Scutt said, referring to Fed policymaker Christopher Waller, who Scutt said tended to be a "lead indicator for the direction of travel on the FOMC".

Russia risks an 'explosive' banking crisis, says report

Intelligence report by European country outlines risk to Russia's banks; report comes ahead of fresh EU sanctions; report says banks are propping up Russia's economy, creating an 'illusion' which 'conceals explosive situation'; Russia's central bank has said it has no 'critical vulnerabilities'

Reuters
Paris/Berlin

Russia risks an "explosive" banking crisis because lenders are shouldering much of the burden of the country's war economy, a European state intelligence report seen by Reuters has warned, as the European Union readies a raft of new sanctions.

The two-page document, which was prepared in recent weeks to inform European officials about the state of Russia's banks, outlines their vulnerability to further Western curbs.

While Russia's banks have mostly weathered the sanctions imposed since Moscow's 2022 full-scale invasion of Ukraine, the June report says deteriorating loans and growing household indebtedness create an "explosive" risk, just as the EU prepares a 21st package of sanctions it hopes to finalise in July, targeting banks and cryptocurrency networks.

The Russian central bank declined to comment on the assessment, although it has recently played down the risks of a major banking crisis.

With the cost of a four-year war with Ukraine draining state coffers, Russia has increasingly leant on banks to support companies and borrowers.

The report says this has lumbered banks with risks, as the economy teeters. The Economy Ministry cut its gross domestic product growth forecast to 0.4% in 2026 from 1.3% previously and to 1.4% in 2027 from 2.8%.

The intelligence report, titled "Note on the probability of a banking crisis in Russia in 2026", said banks have been pushed to give subsidised loans to defence companies, homebuyers and others. It noted that state-backed credit programmes, loan restructurings and government support masked the banks' vulnerability.

"The situation creates the illusion of a dynamic economy that, in reality, conceals an explosive situation which an economic shock, such as an ambitious package of sanctions against banks ... could trigger," said the report.

Lending to defence firms, regional state-backed projects and homeowners has increased the amount of loans that may never be repaid, the authors said.

The report estimates that 10% of corporate loans are doubtful, a sharp increase from 2024, while some major banks reported retail non-performing loan ratios as high as 15% in 2025.

It also says that more than 500,000 Russians declared bankruptcy in 2025, up almost a third from the previous year, while state programmes encouraged more than 13mn Russians to take out at least three loans simultaneously. Russian central bank Deputy Governor Filipp Gabunia said last month that "vulnerabilities in the financial sector are not critical," stressing that banks' capital cushion was at the highest level in three years, while corporate bad loans had, at 4%, not changed during the last year and a half.

"Russia's economy is stagnating but the dominance of the state and defence spending means there is no immediate financial crisis to hand," said Chris Weafer, a Russia expert at consultancy Macro Advisory.

"Asia ignores sanctions. So the idea that a fresh round will tip Russia into crisis is wishful thinking," he said, adding that defence spending was keeping unemployment low and wages high.

The European Union has imposed sweeping sanctions on Russia in an attempt to choke bank profits and international money movements, oil and gas sales and the defence sector.

Russia has struggled but proven largely resilient, while Europe has often had difficulty enforcing sanctions, with no central authority to do so. Compounding Europe's difficulties, the United States, under President Donald Trump, has loosened some sanctions, earlier granting temporary permission to sell Russian oil, although that waiver expired in mid-June.

European diplomats are now discussing targeting banks and cryptocurrency networks as well as drone production, oil traders and refiners.

This would add scores of individuals and entities to the sanctions list, including nearly 90 banks, bringing the number of blackballed lenders to more than 100 - over half of the country's internationally connected banks. Russian President Vladimir Putin recently said Russia would press ahead with its battlefield aim of fully capturing four Ukrainian regions, despite the sanctions, rejecting what he said was a new proposal by Ukraine to rein in hostilities.

Putin also said Russia was expecting a resumption of US-led diplomatic efforts to end the war, once the "hot phase" of the US-Israeli conflict with Iran was resolved.

There are signs of increasing pressure. Russia's second-largest lender VTB plans to boost reserves, its first deputy CEO told Reuters on Friday, to shield itself against higher fuel prices and possible loan losses.

The amount of cash being held outside banks has grown by more than 17% year-on-year to over 19tn roubles ($243bn) so far this year, according to central bank data.

That has put pressure on banks which rely on deposits to fund lending.

"All major banks are already under sanctions ... and when they were introduced in 2022, there was stress," Taras Skvortsov, chief financial officer of Russia's largest bank, Sberbank, told Reuters.

"By 2026, everyone has become so used to it. Many clients of the sanctioned banks do not even know about sanctions."

BoE could boost bond demand with leverage rule tweak, say banks

Reuters
London

The Bank of England (BoE) could give Britain's government bond market a boost this week and lower public borrowing costs by more than £1bn ($1.3bn) a year, banks say - but some former regulators warn a change in rules to achieve this would increase financial risks.

The BoE is reviewing how its leverage rules operate - which banks argue discourage them from holding public debt - after loosening its main capital requirement in December. It is due to give an update on its plans in its half-yearly Financial Stability Report, released on Tuesday.

The central bank's review into leverage rules and other buffers follows a relaxation of US leverage requirements in November, a development that increased competitive pressures for British lenders and potentially undermined broader resilience, nearly 20 years on from the global financial crisis.

Barclays, with over 20mn UK customers, has called on the BoE to stop counting banks' holdings of British government bonds, known as gilts, towards a leverage ratio which requires banks to have capital worth somewhat over 3.25% of their assets to help cover any losses.

A change here could encourage British banks to hold up to £150bn more gilts, lower average yields by a fifth of a percentage point and save the government £2.5bn a year in debt interest at a time of stretched public finances, Barclays said. This change should only apply to 'unencumbered' gilts - those that banks are free to sell and are not already pledged as collateral in another transaction, Barclays added.

Other banks see a sizeable if smaller gain too. Lloyds said a change might only lead to a £30bn increase in gilt demand, but it still sees at least a £1bn a year reduction in interest payments for the government - almost enough to cover a funding shortfall in defence plans announced last week.

"Supporting the bid for gilt issuance has become a primary concern for the Treasury. A regulatory change that mechanically raises bank gilt demand is politically attractive," Lloyds fixed income analysts Karim Henide and Sam Hill wrote. Britain's government has become increasingly reliant on foreign investors including hedge funds to finance its borrowing - one factor behind higher yields - while British banks only hold half as much domestic bank debt as their eurozone peers.

The Bank of England could give Britain's government bond market a boost this week and lower public borrowing costs by more than £1bn ($1.3bn) a year, banks say -- but some former regulators warn a change in rules to achieve this would increase financial risks

Since launching the review, the BoE has not said if it supports exempting gilts from leverage rules.

However, Sam Woods, who was the BoE deputy governor for prudential regulation until last week, told financiers in October that exempting all gilts from leverage rules "would be a profound - and highly risky - change".

Woods has been succeeded by Katharine Braddick, previously a senior Barclays executive.

Other former regulators have also voiced concerns.

David Aikman, who worked on the original rules at the BoE and is now director of the National Institute of Economic and Social Research, said the leverage ratio was not intended to be the main brake on banks' lending, as it now is for three of Britain's seven largest banks.

But the fact that separate risk-weighted capital rules were no longer a barrier suggested something else was askew - possibly on how the risk of lending to hedge funds and other non-bank financial companies was assessed - and exempting gilts from the leverage ratio was not a solution, he said.

"The answer isn't to take the batteries out of the fire alarm, but to investigate what's going on, figure out which risk weights have fallen too far and recalibrate those risk weights," he told Reuters.

Gilts were not risk-free and could still fall in value, while the eurozone debt crisis of the early 2010s showed what could go wrong if the health of banks and government finances became too intertwined, he said.

Instead, the BoE was likelier to scrap a cyclical component of the leverage ratio that was unique to UK regulation, he said.

Other things BoE watchers are looking out for are updates on risks posed by private markets - where the BoE is undertaking its first stress test of the sector's resilience to a big geopolitical shock - and plans for the gilt repo market, which had £74bn in aggregate net borrowing in March.

In September, the BoE proposed minimum risk margins or "haircuts" for gilt repo transactions that are not centrally cleared, with a full update due in early 2027.

Microsoft cuts 4,800 job as it revamps Xbox division

AFP
Washington

Microsoft said on Monday it was eliminating about 4,800 jobs -- roughly 2% of its global workforce -- in a cost-cutting move that will deliver a sweeping restructuring of its struggling Xbox gaming division.

The cuts include the deepest overhaul in Xbox's history, with approximately 3,200 gaming jobs to be shed over the coming fiscal year, four game studios being spun off or sold, and a fifth entering a review process that could lead to closure, the company said.

The announcement is the latest in a string of mass layoffs by the technology giant as it spends massive amounts of money to stay in the artificial intelligence race, with companies investing tens of billions of dollars in AI-ready data centers and computing power.

"Our business is changing because the world around it is changing," Amy Coleman, Microsoft's executive vice president, wrote in a memo to all employees.

"Companies don't get to choose whether their industry changes; they only get to choose whether they change with it."

Coleman said the layoffs fell mostly within Microsoft's commercial business and Xbox. She said the eliminated roles were "not being replaced by AI," but acknowledged that automation is reshaping how work is done across the company.

On the commercial side, she said the cuts would build on Microsoft's $2.5bn push, announced last week, to embed 6,000 engineers inside enterprise clients to accelerate AI adoption by often reluctant customers. At Xbox, CEO Asha Sharma told employees in a separate memo that 1,600 positions were being cut immediately, with the rest to follow through fiscal year 2027.

Microsoft said yesterday it was eliminating about 4,800 jobs, roughly 2% of its global workforce, in a cost-cutting move that will deliver a sweeping restructuring of its struggling Xbox gaming division

Xbox has been through successive rounds of cuts since Microsoft's $68.7bn acquisition of Activision Blizzard closed in 2024 after a long review process by regulators over competition concerns.

Sharma described Xbox's business as "not healthy," with profit margins "3-10 times lower" than rivals.

She succeeded longtime Xbox chief Phil Spencer, who retired in February, and has pledged to return the division to growth by 2027.

German factory orders rebound

AFP
Frankfurt

German industrial orders unexpectedly rebounded in May, official data showed on Monday, but the government warned of continued headwinds due to "geopolitical uncertainty" from the Middle East war.

New orders, a key indicator of future business activity, rose 1.9% in Europe's top economy from a month earlier, according to preliminary figures from statistics agency Destatis.

This was better than a one-percent fall predicted by analysts surveyed by financial data firm FactSet, and followed a sharp drop in April.

"Incoming orders in the manufacturing sector appear to have resumed the upward trend that began in the second half of 2025," said the economy ministry in a statement.

But it also warned that "developments remain highly volatile," adding that "geopolitical uncertainty remains elevated until peace negotiations between the United States and Iran are finally concluded".

The US-Israeli war against Iran sent energy costs surging, a huge extra burden for German industry which has long been struggling with weak demand and fierce competition.

But pressure on European economies, which depend on energy imports, has fallen since Washington and Tehran agreed a preliminary deal to end the conflict.

May's growth in factory orders was driven by an 85% surge in a category of transport equipment that includes military vehicles, aircraft, ships and trains.

Destatis did not give further details, but Germany's drive to rebuild its armed forces has prompted a jump in orders for defence equipment.

ITV, Comcast's Sky reshape British TV landscape with $2.1bn deal

Reuters
London

Comcast's Sky has agreed to buy the broadcast channels and streaming service of Britain's ITV for £1.6bn ($2.13bn), creating a British champion to compete with global players YouTube, Netflix, Amazon and Disney.

Sky CEO Dana Strong said the deal, announced on Monday and confirming a Reuters story, was a "defining moment" in British broadcasting.

The combination of Britain's biggest free-to-air commercial broadcaster, home of "Coronation Street", and pay-TV company Sky would have been unthinkable just a few years ago, but the rise of YouTube and the streaming giants has left traditional companies exposed.

Regulators and lawmakers will now decide if they accept the companies argument that the radical change warrants more flexibility in how deals are assessed.

The merger of the public service channels of ITV, and the leading pay-TV business of Sky, founded by Rupert Murdoch in 1989, would account for more than 70% of the UK television advertising market, including contracts for third party broadcasters, analysts have said.

Strong said the deal would deliver "outstanding British programming" in a rapidly changing world, with ITV remaining "a public service broadcaster at the heart of British life. ITV Chief Executive Carolyn McCall said the combination would benefit viewers and advertisers.

"At a time of really rapid change in viewer behaviour and growing competition from US streamers for both audiences and advertisers, this deal strengthens British content investment," she told reporters. Shares in ITV traded up 1.2% to 83 pence on Monday.

ITV will remain a public service broadcaster, safeguarded by its licence that lasts until 2034, with commitments in news and original content. In return, it has a prominent position on TVs and access to protected programming like the soccer World Cup. Both companies expect the deal to face a lengthy antitrust review and public interest tests. To satisfy concerns, Sky may have to relinquish third-party ad sales contracts, for example for Paramount-owned Channel 5.

The Sky logo is seen illuminated on the outside of a building at the company's headquarters in West London. Sky has agreed to buy the broadcast channels and streaming service of Britain's ITV for $2.13bn, creating a British champion to compete with global players.

Caroline Dinenage, the lawmaker who chairs the cross-party media committee in parliament, said a larger entity could have more clout but said viewers, advertisers and employees would all need reassurance.

News will be a focus for regulators and lawmakers. Sky has rolling news service Sky News, while ITV has national bulletins made by news provider ITN and its own regional news programmes.

Giao Pacey, partner at law firm Simkins, said the deal was "less like opportunistic consolidation and more like an acknowledgement of market reality". Pacey said the real story would be the regulatory process: "The commercial logic may be straightforward, but obtaining the necessary approvals will be considerably more challenging".

Strong said Sky would commit to Sky News beyond 2029, in line with guarantees made by Comcast, and Sky News and ITV News would remain distinct. "We're quite excited about ITV regional news specifically and the ability for us to make that more visible," she said.

ITV will retain 20% of ITN while another 20% stake will transfer to Sky.

Strong said there would be some job losses, but the majority of £200mn in synergy savings would come from marketing, technology and non-British content.

The combined company will reach over 20mn households. But at a time when traditional television is losing audiences to streaming and YouTube, particularly amongst 16-24 year olds, the companies will argue they need to merge to compete.

ITV has for years struggled with a tough ad market, and its shares have lost 36% over the last five years.

The deal will leave ITV as a standalone production business, making shows for the combined ITV-Sky, such as "Love Island", as well as other broadcasters and streamers globally, such as "Rivals", made for Disney, and "The Reluctant Traveller" for Apple TV.