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Warsh's Fed reform task force aces start, faces tough buy-in hurdle

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SK Hynix's marquee US debut set to test AI appetite

Purpose, realism seen as anchors for Qatar's founders, says expert

By Peter Alagos
Business Editor

Dr Hanan el-Basha, strategic advisor and founder of The Business Doctor.

Founders in Qatar are being urged to define their purpose clearly and balance optimism with realism as they navigate uncertainty, according to an industry expert.

"The most coherent responses came from founders who had a clear enough sense of why they were building that the external disruption didn't destabilise their internal direction," stated Dr Hanan el-Basha, strategic advisor and founder of The Business Doctor, who stressed that purpose functions as a stabilising force in times of crisis.

She explained that founders who lacked clarity often had to reverse decisions later. During recent periods of regional uncertainty, el-Basha witnessed a spectrum of responses among entrepreneurs.

"What I observed during the recent period of uncertainty was a spectrum. Some founders froze — not from weakness, but because the nervous system responds to existential threat by narrowing focus to survival. Others accelerated into action, sometimes wisely, sometimes reactively," she explained.

She noted that the greatest challenge was cognitive clarity, as the mental load of monitoring events, managing team anxiety, and making decisions with incomplete information weighed heavily on founders.

Community support, she also pointed out, plays a significant role in helping founders navigate crises, but its value lies beyond events and programming. "The most valuable community support during a crisis is not limited to programming and events, which are essential to sustaining coherence and spirit in a community," she reiterated.

El-Basha pointed out that honest conversations with peers who share practical knowledge are more effective than encouragement alone. She said, "It is also access to people who will tell you the truth about what they're seeing and experiencing; people who have similar past experiences or applicable practical knowledge."

"Otherwise, the echo chamber problem surfaces in the entrepreneurial ecosystem — too much encouragement, not enough honest diagnosis," she warned.

For young entrepreneurs discouraged by uncertainty, el-Basha advised anchoring ventures in a "Why" that is both personal and business-oriented. "Your 'Why' has to be personal enough to outlast the conditions that triggered it and business-oriented enough to sustain the venture's operations," she noted.

El-Basha cautioned that reasons based solely on market opportunities or excitement may not endure when conditions change. "If you started because of a market opportunity or because entrepreneurship seemed exciting, those reasons may not hold when the market shifts or when the excitement is replaced by sustained difficulty," she pointed out.

El-Basha stressed, "The founders who survive, and thrive, are the ones who can honestly say: even if this takes longer than I thought, even if the path looks different from what I planned, the reason(s) I'm doing this hasn't changed."

She noted that entrepreneurs who sustain themselves through difficult periods are not necessarily the most optimistic. "They are the ones who have looked at their situation clearly — the real financial position, the real market conditions, the real state of their team — and decided, with as-informed-as-possible perspectives, that they are still in," she said.

El-Basha added: "That is not optimism. That is a deliberate choice. And it holds under pressure in a way that optimism alone doesn't."

Egypt current account deficit widens to $5.1bn

An Egyptian rides his cart past the pyramid of Khafre (also spelled Chephren) on the Giza Plateau, on the southern outskirts of the capital Cairo (file). Egypt's current account deficit more than doubled to $5.1bn in the January-March quarter from $2.3bn a year earlier, central bank data showed on Sunday, reports Reuters. Net foreign direct investment inflows edged down to $3.7bn from $3.8bn in the same period of 2025. The central bank attributed the wider July-March current account deficit mainly to a larger merchandise trade deficit, partly offset by higher remittances, tourism revenue and Suez Canal receipts. Remittances from Egyptians working abroad rose to $12.8bn from $9.3bn in the same quarter last year. Tourism revenue increased to $4.2bn from $3.8bn in the same period last year. Suez Canal revenues rose to $1bn from $800mn a year earlier. Oil imports increased to $5.7bn in the same quarter, from $4.8bn a year earlier, while exports rose slightly to $1.6bn from $1.2bn.

Gulf bourses subdued as US and Iran exchange strikes

Reuters
Dubai

A Saudi investor monitors stock prices at the Saudi Stock Exchange, or Tadawul, in the capital Riyadh (file). Saudi Arabia's benchmark index edged 0.1% higher on Sunday, helped by a 0.2% rise in oil giant Saudi Aramco.

Gulf stock markets were subdued on Sunday as US and Iranian forces traded heavy missile and drone strikes, with Tehran hitting US facilities across the region and again shutting the Strait of Hormuz.

A wave of strikes exchanged between the US and Iran over recent days prompted President Donald Trump to announce that their ceasefire was over, though he signalled that talks could still resume. The escalation followed several attacks on commercial vessels in the region.

Iran stated it had shut the strait after firing a warning shot at a ship on an "unauthorised route" and on Sunday reported it had disabled a second vessel.

Saudi Arabia's benchmark index edged 0.1% higher, helped by a 0.2% rise in oil giant Saudi Aramco. The kingdom is considering expanding capacity of its crude oil pipeline to the western Red Sea coast, five sources close to the matter said, enabling the kingdom and possibly neighbours to transport more oil without crossing the Strait of Hormuz. Outside the Gulf, Egypt's blue-chip index eased by 0.1%, with Talaat Moustafa Group Holding down 0.6%. Egypt's current account deficit more than doubled to $5.1bn in the January-March quarter, from $2.3bn a year earlier, central bank data showed on Sunday.

Elsewhere in the Gulf, Bahrain inched 0.1% higher to 2,011; Oman added 0.1% to 7,652, while Kuwait eased 0.1% to 9,082 points.

Russia said to eye mid-July start for commercial logistics hub at Syrian port

Reuters
Dubai

Russia hopes by mid-July to have a commercial logistics hub up and running in one of two berths at the naval base it leases in the Syrian port of Tartous, while keeping a military presence at the port, two Syrian officials told Reuters.

The hub will handle a wide range of Russian goods including wheat and grains, and target initial cargo volumes of around 250,000 tonnes per month, one of the officials said.

The project, the officials said, is central to Russian efforts to maintain and expand its influence in Syria through economic channels, after the overthrow of former president Bashar al-Assad in 2024 deprived Moscow of its staunchest ally in the Middle East.

But much more than business is at stake, with a battle for influence under way as Washington seeks ways to ensure not only that Syria awards contracts to US companies but also curbs Moscow's military presence.

Syria's General Authority for Ports and Customs did not respond to a request for comment before publication of this article. After publication, Mazen Alloush, the authority's spokesman, denied Russia would operate a commercial logistics hub at the port, describing such reports as "entirely false".

Any projects or agreements concerning Syria's ports and border crossings would be announced only through official government channels, he said.

Moscow has backed Syria for decades and intervened militarily in 2015 to support Assad in a 14-year civil war. His fall raised questions about the future of the lease agreement under which Russia has its naval base at Tartous on the Mediterranean coast and the fate of its military base at Hmeimim, southeast of the city of Latakia.

Since Assad was overthrown, Damascus has sought closer ties with Western and Gulf countries, while cooperating with Moscow in areas including energy and food imports and military ties.

Moscow and Syria are now negotiating over the future of Russia's bases at Tartous and Hmeimim. In 2025, Syria's new government cancelled a 49-year contract granting Russian company Stroytransgaz the right to develop commercial facilities at Tartous.

The United Arab Emirates' DP World secured an $800mn, 30-year concession agreement to redevelop and operate the port.

But on June 6, the Russian-Syrian Business Council, a body operating under Russia's Ministry of Industry and Trade, announced plans to establish an "assembly and distribution centre for Russian goods" at Tartous.

Officials interviewed by Reuters, and company statements and documents reviewed by Reuters, provided more details of the plans, including when it is intended to become operational, its precise location and how much cargo it will handle.

Since Assad was overthrown, Damascus has sought closer ties with Western and Gulf countries, while cooperating with Moscow in areas including energy and food imports and military ties

The project is being developed by Syrian logistics company Rus Line in cooperation with Russian companies grouped under the Russian-Syrian Business Council.

Project organisers say they have agreed with Syria's Sovereign Fund on joint management of the logistics centre, providing a direct link to the state's main investment vehicle.

Ossama Ajaj, general manager of Rus Line and adviser to the Russian-Syrian Business Council, said the hub will initially handle Russian wheat, grains, animal feed, vegetable oils, timber, steel, clinker, coal, rice, sugar and mineral oils. Jinan Mubadda, Rus Line's chief executive, said the hub will operate from Pier No 4 at Tartous port. The other berth remains dedicated to Russian naval operations.

Ajaj said the main operations for the hub would be in the Tartous port, with Russia-origin cargos expected to berth at Pier No 4, which Ajaj called a "restricted zone" of the naval base. He said the Syrian authorities would control the hub operations, with all activity requiring Syria's General Authority for Ports and Customs approval.

Russia's government also did not comment for this article. But Foreign Ministry spokeswoman Maria Zakharova said in June that Moscow and Damascus were discussing a possible "reformatting" of Russia's military facilities in Syria and that cooperation between the two countries was developing actively.

Ajaj told Reuters cargo volumes of about 250,000 tonnes per month were being targeted initially and operations were expected to begin in mid-July with a 30,000-tonne grain shipment. He suggested Russia would maintain a "reduced military presence".

Two officials from Syria's foreign ministry said the project was outlined at a January 28 meeting in Moscow between Syrian President Ahmed al-Sharaa and Russian President Vladimir Putin. The officials called the meeting a turning point in efforts to revive economic cooperation.

Ajaj said the two leaders agreed to reactivate trade between the two countries. He also said a framework agreement would establish a regular shipping line between Russian and Syrian ports for raw materials and other Russian goods bound for Syria and other countries.

The project aims to establish a regular maritime route between Russia's Black Sea port of Novorossiysk and Tartous, from where goods will be distributed across Syria and neighbouring countries.

Ajaj identified Iraq and Jordan as the primary target markets, followed by Saudi Arabia, Kuwait and Bahrain.

A May concept document prepared by the Russian-Syrian Business Council said the project envisages the use of Syrian private security companies to protect cargoes where necessary. It ruled out the involvement of Russian security firms.

The commercial logistics hub is set to increase Moscow's already significant economic role in Syria.

The logo of semiconductor and memory chip company SK Hynix during the company's debut at the Nasdaq market in New York City on Friday. The US trading debut following a $26.5bn share sale will be a key test of investors' belief in the durability of the AI boom, coming after a recent pullback in semiconductor stocks.

SK Hynix's marquee US debut set to test AI appetite of investors

Reuters
New York

SK Hynix's US-listed shares jumped 14% in their Nasdaq debut following its $26.5bn share sale, the latest indication that investor enthusiasm for chip stocks remains intact despite their recent pullback from a dizzying rally.

The US trading debut on Friday following a $26.5bn share sale will be a key test of investors' belief in the durability of the AI boom, coming after a recent pullback in semiconductor stocks.

Chip stocks have lost some momentum in recent weeks after a stellar run, partly due to investor concern about slower AI spending. SK Hynix shares have dropped a quarter from their record high hit two weeks ago. Even so, the company's stock is about 630% higher than a year ago.

The South Korean chipmaker is the latest to ride a frenzy of investor interest in firms perceived as reaping big gains from the AI revolution that has spawned hundreds of billions of dollars in capital spending.

"Global semiconductors is the most crowded trade in the world right now," said Thomas Hayes, chairman at Great Hill Capital in New York. "The bankers and the issuer, in this case SK Hynix, are meeting demand where it is. They're seeing excessive valuations, and they want to take advantage of it."

SK Hynix shares closed 0.3% lower at 2.18mn won in Seoul on Friday after it sold ADRs at $149 apiece, a 2.7% premium over its average share price in the last three trading days. Ten ADRs are equivalent to one common share.

"Demand for the US share sale has been stronger than some people might have expected. That implies the memory chip rally might have just taken a breath rather than peaked," said Dan Coatsworth, head of markets at AJ Bell.

The offering, the second-largest share sale in the US after SpaceX's record IPO last month, will bring in funds for SK Hynix to build new factories and give the chipmaker direct access to the world's largest pool of investors. The offering was more than seven times oversubscribed, a source told Reuters on Thursday.

"This is the purest large-cap way for US investors to own the AI-memory theme, and Hynix deliberately picked Nasdaq to tap that demand and the higher valuations US chip names command versus Seoul," said Giuseppe Sette, co-founder of investment analysis platform Reflexivity. "SK Hynix gets its deal done on the strength of the story, but companies coming after it may face a tougher, more selective market."

The Icheon, South Korea-based company is the world's biggest maker of high-bandwidth memory (HBM) chips, which are essential for the vast amounts of data processing in AI-focused graphics processing units (GPUs) produced by the likes of Nvidia and AMD.

A big-tech splurge on these advanced processors has turned HBM chips into a scarce commodity, driving up prices and turning manufacturers into some of Wall Street's hottest bets, as investors view the industry as the "picks and shovels" suppliers to the AI boom.

Micron, SK Hynix's US-based competitor, has also rocketed 711% over the past 12 months. Analysts say SK Hynix's US listing will help close a valuation disparity between the two companies by expanding its investor base and accessibility.

Despite its HBM dominance, SK Hynix trades at around 5.8 times forward earnings versus Micron at around 7 times, according to LSEG data. Tech giants competing for faster and smarter AI models are pouring hundreds of billions of dollars into the infrastructure powering the technology, raising equity and tapping debt markets to fund the costly expansion.

Analysts expect that spending will continue to grow in the near term. Global cloud and AI infrastructure capital expenditure is expected to approach $1.5tn by 2027, a 40% to 50% jump year-over-year, according to a BofA Securities note last week. However, questions are growing about the returns on these massive investments, sparking worries that hyperscalers could eventually be forced into a spending slowdown.

"Investors will weigh the strength of the past year's rally against this latest volatility… Oversupply fears are inherent to the industry," said Matt Kennedy, senior strategist at Renaissance Capital, a provider of IPO-focused research and ETFs.

Shein's secretive founder Sky Xu faces biggest public test with Hong Kong IPO

Reuters
Hong Kong/London

Shein's high-profile stock market listing may force its secretive founder and CEO, Sky Xu, to finally come out of the shadows.

The fast-fashion giant secured approval for its initial public offering in Hong Kong on Friday, its third bid at going public after attempts to list in New York and London floundered.

Xu, who founded the e-commerce company in China in 2012 as Sheinside, remains extremely private and hard to access even as his firm nears a listing that could value it at up to $50bn. It could look to launch its IPO as early as September.

Xu has avoided interviews and public events and has no visible online presence.

The founder has delegated the public aspects of leadership to others: when Shein was vying for a New York IPO, he hired former banker and media executive Donald Tang as senior advisor and then executive chairman to manage relationships with politicians and investors.

But Xu's aloofness has not always been welcomed by Western partners. The lack of public information about Shein's leadership contributed to concerns around its IPO from politicians and campaigners in the US and in Britain.

Shein has declined Reuters' repeated requests for an interview with Xu and did not respond to questions about the CEO and founder.

Xu did emerge from obscurity for one event in February this year, making a speech to policymakers at the Guangdong High-Quality Development Conference about Shein's investments into its supply chain, which is concentrated in thousands of garment factories in the southern Chinese city of Guangzhou.

Shein has said it aims to increase transparency, but Xu does not feature on its corporate website, where a "governance" section contains no information about who owns or leads the company.

Xu founded the company in Nanjing, China with Maggie Gu, Molly Miao, and Tony Ren — now general manager, chief marketing officer and chief supply chain officer, respectively.

Xu was born in 1984 in Zibo, a city in China's eastern Shandong province. Little else is known about his early years or education, but according to several Chinese media reports Xu's mother was a garment factory worker, perhaps providing him with an early insight into the industry he would later come to shape.

For his English name, he initially chose Chris — as per Shein's first sustainability report, published in 2022 — but later decided that was not distinguishable enough and changed it to Sky, which derives from one of the characters in his Chinese name, Xu Yangtian.

An industry source who has known him for years described him as patient, modest and pragmatic. One of China's most prolific collectors of antique coins, Xu is detail-oriented, remaining deeply involved in Shein's day-to-day operations despite its huge scale, the source said.

Xu has also made strategic calls that would benefit the firm despite short-term disruption, the source said, pointing to his 2015 decision to rebrand the company to the snappier Shein, despite its already significant user base and online traffic.

Despite Shein's growing global recognition, Xu had hesitated for years about going public, the source said, believing it should not rely on outside financing to compete against rivals, especially Pinduoduo's discount e-commerce platform Temu.

Meanwhile, the company took steps to distance itself from China.

In 2022, Shein moved its headquarters from China to Singapore, though its suppliers and warehouses largely remain in China.

Staying under the radar may be strategic, a second source close to Xu said, if he wants to minimise the risk of a Chinese government crackdown similar to the one that engulfed Alibaba e-commerce tycoon Jack Ma in November 2020, when regulators derailed the $37bn Ant Group IPO.

The fast fashion giant secured approval for its initial public offering in Hong Kong on Friday, its third bid at going public after attempts to list in New York and London floundered

Crude shrug, electric shock and Kospi volatility: Financial week in 5 themes

Currency dealers monitor exchange rates as an electronic screen shows South Korea's benchmark stock index (Kospi) in a foreign exchange dealing room in Seoul (file). The Kospi is still up more than 70% on the year, and Samsung - one of the index's main constituents - reported an eye-popping 19-fold jump in second-quarter profit last Tuesday.

By Anna Szymanski

Every Friday, Reuters Open Interest (ROI) distills the financial week into five key themes, spotlighting the major trends, surprises and overlooked moves that defined the past five days.

CRUDE SHRUG

Oil prices jumped this week after the latest, and most serious, flare-up in the Middle East after Iranian forces hit tankers crossing the Strait of Hormuz, prompting tit-for-tat exchanges with the US. However, crude prices remain well below $80 a barrel, indicating that traders don't think the interim peace deal between the US and Iran is truly "over." But even if this latest rise in Middle East tensions soon dies down, the stop-start flow of tankers through the Strait of Hormuz remains a nightmare scenario for Gulf nations desperate to return to normal after a bruising multi-month conflict.

KOSPI VOLATILITY

South Korea's benchmark stock index - one of the star performers of 2026 - has been particularly volatile last week, sliding more than 5% on Wednesday and briefly entering technical bear-market territory after a roughly 20% fall from a June 22 record close, before rising on Thursday and Friday. Does this mean investors are anxious about the AI trade or the Korean companies at the heart of it? Not necessarily. The Kospi is still up more than 70% on the year, and Samsung - one of the index's main constituents - reported an eye-popping 19-fold jump in second-quarter profit last Tuesday. Sure, some investors may be getting skittish about the durability of the current AI chip boom, but we may also simply be seeing profit-taking and rotation. In a world of rapidly changing technology, geopolitical ructions, and widespread momentum trading, market-watchers may just need to get used to seeing massive short-term moves - and not seek to overinterpret them.

RUSSIA FUEL CRISIS

Russia remains one of the world's largest energy producers despite stiff Western sanctions following the country's full-scale invasion of Ukraine in 2022. It was therefore surprising to hear that Russians are now running short of fuel. Ukrainian drone attacks on Russia's energy infrastructure have led to rationing, rising costs and growing public discontent, with the country now having to import fuel from India and Kazakhstan. Importantly, this led Moscow to announce on Wednesday that it was banning exports of diesel as part of its efforts to support the domestic fuel market. Russia remains a large player in diesel, so this decision could have wide-ranging implications for energy markets.

PARTING COMPANY

Short-dated US bond yields remained elevated in recent months even as oil prices fell. This may indicate that markets believe inflation in the US could remain sticky, even if energy prices sustainably return to levels seen before the US-Iran war broke out. Core PCE, which excludes food and energy, rose 3.4% year-on-year in May, well above the Fed's 2% target. Moreover, the minutes from the Federal Reserve's June meeting, released on Wednesday, indicate that inflation fears extend beyond fuel prices to other areas, including the impact of booming AI investment on the US economy.

ELECTRIC SHOCK

Legislation signed by US President Trump, which went into effect on July 4, accelerates the phase-out of federal tax credits for wind and solar projects, marking a sharp reversal from the incentives created under the Inflation Reduction Act. This is likely to result in a drop in new energy production and a further rise in average electricity prices. Residential electricity prices, which are the highest among all major US consumer groups, have already climbed by close to 40% since 2020, while prices for commercial and industrial users have also gained more than a third over that period.

■ *The opinions expressed here are those of the author. They do not reflect the views of Reuters News, which, under the Trust Principles, is committed to integrity, independence, and freedom from bias.*

Aluminium supply shock revives long-idled Western smelters

By Andy Home
London

The supply shock caused by the Iran war is sparking old Western aluminium smelters back into life.
In the US, Magnitude 7 Metals is reactivating the New Madrid smelter in Missouri.
Across the Atlantic, Norwegian producer Hydro has announced the partial restart of the Slovalco joint venture smelter in Slovakia.
Both plants have been fully idled for several years, victims of low aluminium prices and the energy price spike that followed Russia's invasion of Ukraine in 2022.
The restarts are laden with political significance for Washington and Brussels, both equally desperate to reduce import dependency on a metal that is ubiquitous across a diverse range of industrial sectors.
Neither will move the global dial much, but the return of these zombie smelters shows how much has changed in the aluminium market since Middle East hostilities broke out in February.
New Madrid, with annual production capacity of 263,000 metric tons, began operations in 1971, originally under the ownership of Canada's Noranda.
Idled in 2016, it was reactivated by privately owned Magnitude 7 Metals in 2018 and closed again with little warning in early 2024. The smelter had the dubious distinction of being the worst-polluting plant in the country in 2019.
The plan is to restart one 75,000-ton-per-year(tpy) potline by the end of the year, with the possibility of operations ramping up further in 2027.
The resuscitation of New Madrid has undoubtedly been helped by US President Donald Trump's doubling of import tariffs to 50% last year.
The resulting premium for US delivery has ballooned to $2,375 per ton over the London Metal Exchange (LME) basis price .
But equally significant to New Madrid's revival is the rise in the LME basis price from $2,200 per ton at the start of 2024 to $3,165 today, even after the recent and possibly premature unwind of the war premium.
The Slovalco plant, owned 55.3% by Hydro and 44.7% by Central Europe-focused Penta Investments Group, is also planning to restart 75,000 tons of capacity.
The decision is predicated on a new power supply deal with state-owned hydropower utility Vodohospodarska Vystavba and a compensation scheme for indirect carbon costs under the EU Emissions Trading System (ETS).
The latter is still subject to approval by the European Commission.
Europe has lost around half of its primary aluminium smelting capacity since 2022, which makes the restart a significant win for both Slovakia and Europe.
However, high power costs, now combined with the European Union's emissions regulations, still make for a highly challenging operating environment for power-hungry aluminium smelters.
Hydro noted that a restart of the remaining 100,000 tons of capacity at Slovalco "will depend on (ETS) framework conditions beyond 2030 combined with additional power contracts."
The war in Iran has caused Gulf aluminium production to slump by an annualised 2mn tonnes, reflecting both direct missile hits on two plants and logistics constraints on others.
With Chinese production running up against the government's 45mn-tpy capacity cap, a market characterised by years of oversupply has swung alarmingly fast into deficit.
LME stocks have been tapped to fill the resulting supply-chain gaps, with total inventory, including off-warrant metal, now below 400,000 tonnes.
The war has accentuated existing import dependencies in both the US and Europe, opening a window of opportunity for idled capacity to fire back up.
How long this window stays open is a moot point. Other parts of the global supply chain are also reacting.
China has been lifting exports of semi-manufactured products such as bar, rods and foil to capitalise on the West's shortage of metal. Product exports fell by 9.4% last year relative to 2024 but grew by 10% in the first five months of this year. May's tally of 595,000 tons was the highest monthly count since November 2024.
Chinese players are also pouring money into constructing new smelting capacity in Indonesia.
One new project, Juwan with a capacity of 270,000 tpy, reached full capacity in January, according to Macquarie Bank.
Another, the 500,000-tpy Adaro joint venture, made its first export shipments last month, according to Export Genius, a trade data platform.
Adaro aims to grow capacity to 1.5mn tpy, part of a broader national production surge that could see over 10mn tonnes of new annual capacity ramp up over the coming years.
This puts the 150,000-tpy combined restarts at New Madrid and Slovakia in context, whatever their political significance.
Much now depends on what happens next in the Middle East.
The LME aluminium price has sold off aggressively on signs of de-escalation and hopes of normalisation at the affected Gulf smelters.
That's starting to look optimistic given the renewed US bombing campaign and Iranian retaliation.
The window of opportunity for more restarts remains open for now.

■ *Andy Home is a columnist for Reuters. The opinions expressed here are those of the author.*

Warsh task force aces start, faces tough buy-in hurdle

Reuters
Washington

At a moment of political polarisation and a White House distancing itself from "globalisation," Federal Reserve Chairman Kevin Warsh's choice of foreign central bankers and Obama-era appointees on his Fed reform task forces has gotten strong early reviews for relying heavily on expertise even as other independent US agencies are being stripped of it.

The Fed in recent US Supreme Court rulings was exempted from otherwise blanket authority granted to President Donald Trump to fire members of independent agencies that for nearly a century had been insulated from removal because of policy or other disagreements, freeing Warsh from the day-to-day pressure of threatened firing he might otherwise be under for angering Trump or his base.

Over a week where Trump fired members of the independent Election Assistance Commission and held combative talks with other members of the North Atlantic Treaty Organisation, Warsh announced he had tapped 15 Fed outsiders, five of them foreign-born, including the former heads of the central banks of Brazil, England and India, and two of them former appointees to high-level jobs by President Barack Obama, to lead his centerpiece reform effort.

While the group also included top Trump fundraiser and tech investor Marc Andreessen, it was considered overall an A-list and independent group, likely reflecting Warsh's own inclinations, and importantly more evolutionary than revolutionary - a contrast to Warsh's promises of "regime change" before he took over.

"We're talking about serious, respected people that will likely buoy the chair's credibility with his own colleagues," said Neil Dutta, head of economics at Renaissance Macro Research, even if some seem "ideologically predisposed" to Warsh's skepticism about issues like a large Fed balance sheet or forward guidance about interest rates.

Not all are so aligned - former Fed Governor Jeremy Stein, a 2012 Obama appointee named to the balance sheet task force, has argued large Fed holdings can improve financial stability - and some of the panels are less focused on policy debates and more on open-ended topics like how to improve the data the Fed relies on in setting monetary policy.

Warsh sees the potential to do better with new technologies, a position that would find little disagreement in the Fed, with issues like how to pay for and corroborate new data initiatives more of an issue than whether there are good ideas to pursue.


Federal Reserve chairman Kevin Warsh.

Members of the task forces contacted by Reuters said it was too early to comment about how they will proceed. The Fed announcement did not include details about the process.

Previous major shifts in Fed strategy have been overseen by internal committees, such as changes to communications policies and the introduction of formal inflation targeting in 2012. In 2019 and 2020, a broader review of the Fed's policy framework included extensive public hearings around the country to collect views about the economy, plus commissioned academic work presented at a conference in Chicago. A 2025 review relied heavily on internal research and outside academic analysis, including by former Fed Chair Ben Bernanke.

The Warsh review seems to be another variation. Much as Warsh was tasked by the Bank of England in 2013 to review its communications and public disclosure policies, and Bernanke a decade later to consult on BoE forecasting, the review has turned outside the institution in a process the Fed said "will operate independently, with a mandate to follow the evidence."

Unclear still is how the Fed's seven governors and 12 Reserve Bank presidents will participate in a process targeted for conclusion by year end. There are already strong opinions among policymakers about issues like how much the Fed could shrink its balance sheet, or how far it could retreat in communicating information without either leaving markets unsettled or damaging its own legitimacy - a sensitive issue for unelected officials whose rate decisions directly affect households' economic fortunes.

Suggested changes in communications practices just last year, for example, foundered in an internal stalemate.

Krishna Guha, a former New York Fed staffer and now vice chair at Evercore ISI, called the task force appointees "a serious and broadly balanced group that will be taken seriously by the market, Fed staff, and members of the FOMC."

"We view this as a good first step on institutional and policy reform and a win for Chair Warsh," Guha said, while noting Warsh's colleagues will have a say in any consequential reform, typically only possible at the Fed with near unanimous consent.

"Even with an impressive group running the independent task forces, the current FOMC, which includes figures with deep expertise on areas such as the balance sheet and policy communication, will not simply roll over and adopt whatever the outside experts propose," he wrote following the task force announcement.

Car crisis takes toll on Germany's engineers

AFP
Frankfurt

Despite a year of searching, previous stints at big automotive suppliers and sending out about 50 applications, German software engineer Max Peil is still looking for a job.

Trained in computer vision, a critical part of autonomous and intelligent driving systems, Peil could once have expected to sail into a role at one of Germany's industrial giants.

But years of stagnant growth in Europe's biggest economy and increasingly fierce Chinese competition are now taking their toll on young engineers like Peil.

"Usually you just get rejected straight up," the 30-year-old told AFP in the western city of Frankfurt. "I've had one interview. It was the same with my friends, one has sent over 60 applications."

Known the world over for cutting-edge technology and innovative design, Germany's car industry, powered by exports, has so far managed to avoid the drastic decline seen in countries like Britain, France and Italy.

But Chinese carmakers like BYD and Xpeng have eaten into German carmakers' sales in the world's largest auto market, leading to painful adjustments at home.

"Ten years ago we made about six million vehicles a year and we've now stabilised at about four, 4.2mn," transport economist Thomas Puls of the IW economic institute in Cologne told AFP.

"That's good compared to other European countries, but we now need to accept that the golden age is not coming back."

In a sign of the times, workers on Thursday protested at Volkswagen sites across the country over reports that Germany's biggest carmaker is mulling up to 100,000 job cuts.

Total employment in the German automotive sector fell eight percent in the five years to 2025, according to Federal Employment Agency (FEA) data, even as it grew a little over 1% overall.

German industry as a whole is struggling against what some have dubbed the "China Shock 2.0" as the country's firms shift away from low-value production and into making more high-tech goods, often at lower prices.

This is pushing German companies out of once reliable export markets.

Total German exports were last year 1.56tn euros ($1.78tn), down almost two percent from a 2022 peak, according to data from statistics office Destatis.

Exports to China meanwhile plunged almost a quarter to 81.3bn euros over the same period.

For Peil, who last year completed a traineeship at tyre-maker and industrial supplier Continental before it spun off its automotive business, the crisis meant it was clear he would not be taken on.

"Even when I started you could see, and you'd always read about it in the news, that this or that part of the business was being restructured," he said.

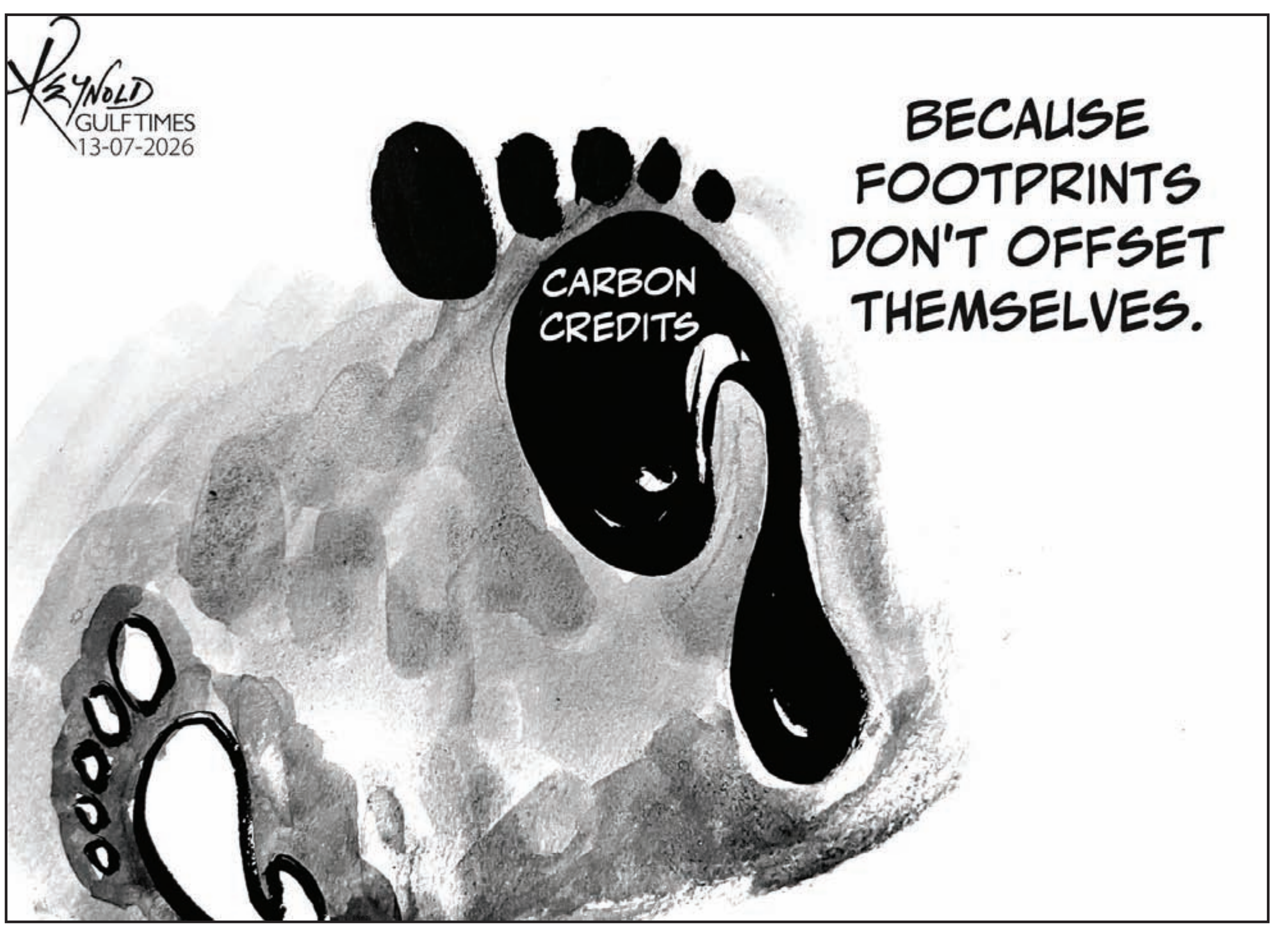
"And when you see experienced colleagues going, then you know it's unlikely you'll be hired for the role." Anja Robert, who for 20 years has led the careers service at one of Germany's leading engineering schools, told AFP that even some of the best students now had to search a while.

"There's people who come to us and say, 'Wow, I've written 30 applications and heard hardly anything back: What's wrong?'," said Robert, head of careers at RWTH Aachen University.

"It's not the case anymore that you just get your application in with BMW and you get a job."

Qualified engineers last year had an unemployment rate of 3.8 percent, according to the FEA data, an increase of almost 50 percent compared to 2022.

Electrical engineer Luca Linhsen is one of the luckier ones -- she took up a job as a software consultant in Hamburg this month. But she still had to endure a "frustrating" months-long job hunt. "As engineers we were led to understand when beginning our studies that you've practically got a job even before finishing the degree," she told AFP.



Music industry debuts AI track labels

AFP
New York

Several major music industry organisations on Friday unveiled a labeling system for content created with generative artificial intelligence that they would like to see widely adopted.
The International Federation of the Phonographic Industry (IFPI) and the Recording Industry Association of America (RIAA) announced the voluntary labels alongside six other groups including the Grammys.
"Fans want to know whether and how generative AI has been used," the chief executives of IFPI and RIAA said in a prepared statement.
"These labels will provide an immediately understandable and easily scalable approach to transparency."
They unveiled two labels. The first would indicate music that is primarily "AI-generated" -- cases where artificial intelligence "was used to generate the entirety or the primary portion of the creative elements of the recording."
This includes tracks generated "entirely" from AI prompts, as well as lead vocals and "key" instrumental tracks that are AI-generated, according to the statement.
The second label applies to "AI-assisted" music recording which are still "created substantially by humans and expresses human creativity" but contain "some expressive elements" that were generated with AI.
However, humans must perform the lead vocals and primary instrumental tracks.
This voluntary labeling system is designed for "broad, global adoption," including on streaming services.
Music streaming site Deezer systematically flags tracks generated with AI, which the company recently said appear in close to half of new uploads. In June, it launched an "AI music detector" which it said is 99.8% accurate. Earlier this year, an Apple Music executive told Billboard that more than one third of new uploads were entirely created with AI.
The Digital Media Association, a trade group representing streaming companies including Apple Music, Amazon and Spotify, said it was following the labeling announcement closely and looks forward to receiving more detailed and accurate AI metadata as a way to "strengthen our ability to give fans the transparency they deserve." "DIMA has long advocated for the creators, owners, and distributors of music to provide accurate and timely metadata on all music released and distributed to streaming services," the association's CEO Graham Davies said.