COST DISADVANTAGE | Page 4

Volkswagen CEO warns of 50,000 more job cuts in a fierce car market

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GULF TIMES BUSINESS

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An emboldened India holds out for better terms in US trade talks

India, Qatar to fast-track strategic trade, investment expansion, says minister

By Peter Alagos
Business Editor

India and Qatar have agreed to accelerate the development of a bilateral strategic partnership through new economic pathways in technology, food security, and high-tech manufacturing, according to External Affairs Minister Dr S Jaishankar.

Jaishankar recently concluded his visit to Doha after reviewing the full spectrum of bilateral relations with HE the Prime Minister and Foreign Minister Sheikh Mohammed bin Abdulrahman al-Thani, during which the two leaders focused on energy, trade, and investments, while identifying new mechanisms to boost economic integration between the two nations. Agriculture is also seen as one of the sectors for collaboration and joint investment.

Union Minister of State Dr Jitendra Singh earlier noted that artificial intelligence (AI) interventions could add approximately Rs70,000 crore (QR30.8bn) to India's agricultural economy.

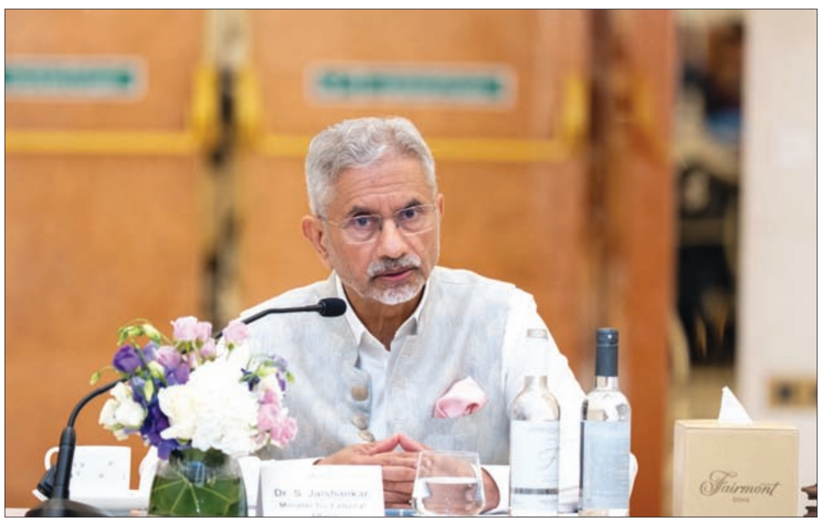
"AI is increasingly becoming an indispensable tool for predictive crop management, precision irrigation, weather-based advisories, and efficient utilisation of agricultural resources," stated Singh, who addressed the 17th Agriculture Leadership Conclave 2026, organised with the support of the Ministry of Food Processing Industries in New Delhi.

Singh noted that the next wave of the country's startup revolution must emerge from farms to make agriculture a major source of employment and wealth creation.

During the state visit of His Highness the Amir Sheikh Tamim bin Hamad al-Thani to India in February last year, Qatar expressed significant interest in investing in India's food security and agri-logistics sectors, viewing technology-led farming as a priority for bilateral cooperation, among other strategic sectors.

The Joint Working Group on Trade and Commerce has been elevated to a Ministerial-level Joint Commission to oversee the expanded strategic partnership during HH the Amir's state visit. This institutional mechanism will review the entire spectrum of economic relations and facilitate structured investment flows, India's Ministry of External Affairs stated.

The diplomatic momentum follows a commitment by the Qatar Investment Authority (QIA) to invest "$10bn" in India across infrastructure, advanced manufacturing, and the digital economy, data from the Ministry of External Affairs also showed.



India's External Affairs Minister Dr S Jaishankar during his visit to Doha recently.

During his first visit to Qatar in October 2025, Commerce and Industry Minister Piyush Goyal stated that India and Qatar are likely to finalise a free trade agreement (FTA) and a Bilateral Investment Treaty by the third quarter of 2026.

Goyal said he discussed the contours of the terms of reference of the FTA during a meeting with the Minister of Commerce and Industry HE Sheikh Faisal bin Thani bin Faisal al-Thani, including plans to fast-track it to double trade and business from "$14bn" to "$30bn" by 2030.

He also said investment targets for Qatari sovereign capital include banking, insurance, data centres, and AI ventures. According to Goyal, the QIA has already invested between "$4bn" and "$5bn" in Indian projects, with an additional "$1bn" to "$1.5bn" currently "in the pipeline at finalisation stages."

"They are looking at good promoters and good projects in India, and I am hopeful that our associations will certainly provide very good opportunities for investment in manufacturing and in services," Goyal stated.

Data from India's Ministry of Statistics and Planning Implementation showed that India's real GDP expanded 7.7% in FY2026, remaining the fastest-growing major G20 economy, which forms the core of the economic pitch to Qatari sovereign capital.

Digital connectivity has also advanced with the operationalisation of India's Unified Payments Interface (UPI) at QNB points of sale, the Ministry of External Affairs stated, adding that this fintech integration serves as a template for the internationalisation of India's digital public infrastructure across the Gulf region.

Goyal emphasised the transformative potential of UPI in strengthening bilateral trade and financial integration: "UPI is not just a technology solution, not just a digital payment solution, but has the potential to revolutionise trade between Qatar and India. It's the celebration of India's technology…a symbol of trust across borders."

In the manufacturing sector, Tata Electronics has emerged as a key partner for global electronics supply chains, overtaking Foxconn in iPhone export value during the current production-linked incentive period, reported the Business Standard, which also stated that Tata Electronics assembled $26.3bn worth of devices for export, compared to $25.6bn by Foxconn during the five years ending in 2026.

This manufacturing shift was also highlighted as a priority sector on the India-Qatar Joint Commission's growth list for future institutional investment during Goyal's high level visit to Doha last year.

Oil jumps over 5% as Trump says US reinstating Iran naval blockade

Reuters
Houston

Oil prices jumped more than 5% on Monday after US President Donald Trump said the US was reinstating a naval blockade on Iran, reigniting concerns over energy shipments through the Strait of Hormuz.

Brent crude futures were up $4.06, or 5.34%, to $80.07 at 12.44pm EDT (1644 GMT), while US West Texas Intermediate crude was up $3.74, or 5.24%, to $75.15 a barrel. Oil gained after Trump said the US was reinstating the blockade and that the US would be reimbursed 20% on all cargo shipped through the Strait of Hormuz, following renewed military exchanges with Iran.

"President Trump's reinstatement of restrictions on Iranian maritime traffic, alongside retaliatory attacks and sharply reduced vessel flows through the strait has intensified concerns over near-term supply availability," said Gelber & Associates analysts in a note.

Iran's top joint military command had earlier said it would not allow Washington to intervene in the management of the strait and any attempt by the US to transit without its authorization would be confronted.

The UN's shipping agency pushed back against Trump's proposal, saying it opposes any fees for straits used in international navigation and stressing that there is no legal basis for introducing mandatory tolls on strait transits.

Before the conflict began in late February, the Strait of Hormuz handled about one-fifth of global daily oil and liquefied natural gas supplies. Traffic had begun to increase during a fragile ceasefire agreed in June, but had slowed as tensions rose.

"The focus will remain on the number of inbound tankers as a lower number could impact production, so currently we see a risk premium and a disruption risk supporting prices," said UBS analyst Giovanni Staunovo.

As the prospect of long-term disruption looms, analysts expect countries to work on ways to permanently bypass the Strait of Hormuz.

Goldman Sachs estimated that expanding pipeline capacity in the Middle East could shield more than 60% of pre-war Gulf oil exports from any future Hormuz disruptions by end-2028.

The bank's base-case forecast assumes pipeline capacity bypassing Hormuz will rise by 3.8mn bpd by end-2027 and 7.3mn bpd cumulatively by end-2028, taking total effective bypass capacity to more than 14mn bpd by end-2028. During the interim peace deal, Tehran increased exports, which has led to an increase in Iranian oil supplies held at sea.

Sales have been slow, however, as China's independent refiners have turned to cheaper crude from Iraq and the UAE. The Abu Dhabi National Oil Company set the August official selling price of its benchmark Murban crude at $80.01 a barrel, it said on Monday, down from $101.48 a barrel the month before.

Russian energy supplies have also been disrupted as Ukraine seeks to cut off funding for Moscow's war effort. Ukraine's Security Service said it struck an oil depot in Russia's Stavropol region overnight, as well as three storage tanks at an oil-loading site in the port of Kavkaz in the southern Russian region of Krasnodar.

Meanwhile, the Caspian Pipeline Consortium, which accounts for 80% of Kazakhstan's oil exports, cut supplies by 7% last month from May as a result of maintenance at the country's largest oilfield, Tengiz, as well as lower Russian flows, two industry sources said on Monday.

Opec further lowers 2026 global oil demand growth forecast

Reuters
London

Opec on Monday lowered its forecast for world oil demand growth in 2026 to 780,000 barrels per day, a copy of its monthly report showed, marking the third straight downward revision. The producer group continues to see a smaller impact on consumption since the Iran war started than other forecasters such as the International Energy Agency.

Opec said the world economy may do better in the rest of the year and raised its oil demand growth forecast for 2027. The war effectively closed the Strait of Hormuz, one of the world's most important oil routes, for months, curbing millions of barrels of Middle East output.

Output is starting to recover following the interim peace agreement between Iran and the US, although renewed military strikes are reigniting concerns over shipments.

"The global economic growth dynamic in the first half of 2026 has remained broadly resilient," Opec said in the report on its website. "Potential moderations in geopolitical tensions may provide some upside for global growth in the second half of 2026 if energy markets and trade flows stabilize further."

The current forecast reduced the expected oil demand growth this year from 970,000 bpd previously. For 2027, Opec expects oil demand to rise by 1.94mn bpd, up 210,000 bpd from the previous forecast.

Opec+, which groups the Organization of the Petroleum Exporting Countries and allies such as Russia, had agreed to resume output increases from April, but the closure of Hormuz made it impossible to lift production to agreed quota levels.

Iraq's prime minister seeks big energy investments on US trip

Reuters
Baghdad

Iraq's new Prime Minister Ali al-Zaidi aims to secure major US investment in his country's oil, gas, and power sectors during a visit to the White House this week after the Iran war hammered crude output and state finances.

Iraq's government is increasingly focused on diversifying international partnerships to better cope with regional instability, analysts say, an agenda expected to take centre stage during the July 13-18 visit.

The push represents one of the most explicit attempts in years to bring major US investment into a sector long dominated by Chinese, Russian, and European firms, though Iraqi officials reject suggestions Baghdad is distancing itself from close ally Tehran in favour of deeper ties with Washington.

"The Iran war was a turning point," said Baghdad-based political analyst Ahmed Younis. "It highlighted the risks of overreliance on any single regional partner."

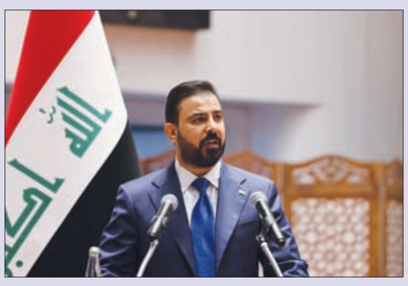
"Zaidi views energy as the fastest route to deeper cooperation with Washington," he said.

The effort includes negotiations with Chevron over major upstream projects, support for US-backed power and liquefied natural gas ventures, security guarantees for American operators in Iraq's semi-autonomous Kurdistan region, and revived plans for strategic export pipelines linking Iraq to Mediterranean markets, according to Iraqi and US officials.

Among recent initiatives approved by al-Zaidi's cabinet is an agreement with US-based HKN Energy to develop the Himreen oilfield in northern Iraq. The government has also authorized the Electricity Ministry to finalize a comprehensive cooperation agreement with General Electric aimed at expanding Iraq's electricity generation and transmission infrastructure.

Such deals are expected to be a focus of a meeting between al-Zaidi, a multimillionaire who took office in May, and US President Donald Trump, who has given the new Iraqi prime minister strong backing.

"We have directed the Ministries of Oil, Electricity and Communications to give priority to reputable American companies working in energy, telecommunications, technology, and development," al-Zaidi said in a statement ahead of the trip.



Iraq's new Prime Minister Ali al-Zaidi.

However, attracting enough investment to develop oilfields and fix infrastructure bottlenecks that have prevented sustained gains in output will not be easy, analysts say.

An official document seen by Reuters indicated that in early June the Iraqi cabinet instructed the state-run Basra Oil Company to exempt US energy companies currently in discussions for energy projects from certain regulatory requirements related to preliminary agreements.

"The recent decisions regarding Chevron, US operators in the Kurdistan region, and other US energy projects reflect a deliberate policy shift," said Mohammed Abbas, a former manager at the state-run Basra Oil Company who now works as an energy consultant. "Zaidi is using Iraq's energy sector to strengthen ties with Washington and to reverse a perception among some US energy majors that Iraq is a challenging environment for large-scale investment."

Four Iraqi oil officials familiar with the talks with US energy companies — including Chevron, ExxonMobil, HKN, and others — said the push underscored Baghdad's broader effort to deepen economic cooperation with the US.

That outreach comes as Iraq grapples with the challenge faced by many oil-producing nations: attracting investment and expanding production while remaining constrained by the Opec+ producers' group output limits.

Though Iraq holds some of the world's largest crude oil reserves, longstanding production restraints have complicated ambitions to raise revenues to support a rapidly growing population.

Negotiations with Chevron have emerged as one of the most significant elements of Iraq's strategy. Earlier this year, Chevron entered exclusive discussions with Iraq over the giant West Qurna-2 oilfield, after Baghdad moved to replace Russia's Lukoil as operator — potentially giving the US company control of one of Iraq's most productive assets.

Several Iraqi lawmakers and analysts indicated that the government's energy initiatives aim to signal to Washington that Iraq is becoming a more attractive destination for large-scale international investment after years of security concerns, bureaucratic hurdles, and legal disputes.

Security has improved markedly since the defeat of Islamic State about a decade ago, though periodic drone attacks and regional tensions continue to pose risks to energy infrastructure.

BUSINESS

When sales are good; when sales are bad: Owner's self-sabotage

By Mohammed Shabeeb

Peter Lynch, the legendary fund manager, said it best. "Losers take the credit in the good times and then blame the market in the bad times. Winners take responsibility regardless of the outcome."

He was talking about investors. He might as well have been talking about business owners.

Ask ten owners how the year is going. The answers fall into a pattern. When sales are up, they explain it as strategy. Their positioning is working. Their vision is being validated. When sales are down, the story changes. The market is soft. Clients are cautious. A competitor is disrupting the space.

Two completely different frameworks depending on whether the number is going up or down. Both cannot be true. Usually, neither is.

Most owners have no idea what is actually driving their revenue, so they credit themselves when it goes up and blame the market when it goes down. It feels honest. It is not. It is the reason most businesses never break through.

Marketing is a system, not a mood.

The confusion starts with a definition problem. Most owners think marketing is advertising. It is not. Advertising is one tactic inside marketing. Marketing is the entire system that brings a stranger to your door and turns them into a paying customer, repeatedly, predictably, at a profit.

If you cannot describe your marketing as a system, you do not have marketing. You have hope. Hope explains why your results are unpredictable. It is not the market that is inconsistent. It is your inputs.

The five levers that actually move the number.

Brad Sugars, the founder of ActionCOACH, built an entire coaching methodology around a simple observation. Every business, without exception, has exactly five levers that produce its revenue and profit. Leads. Conversion rate. Number of transactions per customer. Average sale value. Margin.

He calls it the 5 Ways. Multiply them in sequence and you get your profit. Change any one by 10% and profit moves. Change all five by 10% and the compounding is remarkable. Your revenue does not go up by 10%. It goes up by roughly 46%. And your profit does not follow revenue. It rises by around 61%, because the margin lever compounds on top of the volume gains.

The 10% movement on each lever; 46% more revenue; and 61% more profit: That is not opinion. That is arithmetic.

Take the responsibility. Take the control.

Lynch's line lands hard because it exposes something uncomfortable. If you take credit when things are good, you have to take responsibility when things are bad. The moment you accept full responsibility for your marketing outcomes, everything becomes possible. If you caused the drop, you can cause the recovery.

The owner who cannot tell you which of the five numbers moved is guessing. And the owner who is guessing will always blame the market, because that is the only explanation left when you do not know what your own numbers are doing.

Start this week. Pick one of the five levers. Just one. Measure it honestly. Move it deliberately. Then pick the next one. The market did not decide your revenue this quarter. You did. The sooner you accept that, the sooner you can do something about it.

Look at your last three months of revenue. Can you tell me exactly which of the five numbers drove the result? If not, you are not running a marketing system. You are running an excuse.

■ *Mohammed Shabeeb is the National Director of BNI Qatar and Director–GCC for ActionCOACH Business Coaching. He can be reached on* **shabeeb@bni.qa**

An emboldened India holds out for better terms in US trade talks

Reuters
New Delhi/Washington

India and the US did not reach a consensus on a trade agreement in recent talks, with New Delhi holding out for a better deal as Prime Minister Narendra Modi draws confidence from new trading partners, eased economic risks and political gains at home, officials and analysts said.

India's Trade Minister, Piyush Goyal, said on Monday both countries remain "fully engaged" in their commitment to an agreement which is balanced and beneficial to both economies.

After months of talks, the two nations failed to finalise an interim trade agreement during US Trade Representative Jamieson Greer's visit to New Delhi last month, despite expectations from both sides that a limited deal was within reach.

There was no consensus because Washington did not offer assurances on New Delhi's key demands: a tariff advantage over competitors such as China and no new US levies after the deal, said an Indian government official aware of the talks.

"Our position is clear — we don't intend to rush into a deal that is not on favourable terms or compromise on red lines like ceding ground on agriculture," the official said.

Washington had hoped for quick trade concessions from a strategic partner as President Donald Trump prepares new tariffs likely to come into effect later this month, officials and analysts said, while India's holdout risks higher levies on its exports and prolonged uncertainty for businesses.

Goyal had been upbeat about a consensus but a day after the talks with Greer, he said the US deal would not be implemented unless an advantage is ensured, indicating New Delhi's hardened position and lack of urgency despite the risk of higher tariffs.

Like most countries, the bulk of goods from India currently face a 10% US tariff. But the Trump administration is expected to introduce steeper tariffs later this month through probes into excess industrial capacity. India has denied US charges of surplus capacity.

Washington has already proposed new tariffs of up to 12.5% on dozens of nations, including India, over allegations they failed to curb trade in goods made with forced labour.

The US view has been that India needs to earn the preferential treatment on trade provisions it has sought by making its own concessions, a US source aware of the talks said.

The Indian official and the US source did not wish to be named as negotiations are confidential.

The Indian trade ministry and the Office of the US Trade Representative did not respond to emailed requests for comment ahead of the story's publication.

"I had fantastic meetings with USTR Jamieson Greer when he visited Delhi in June," Goyal said on Monday. "Both sides reaffirmed their commitment to an agreement that is balanced, commercially meaningful, and delivers tangible benefits for businesses, farmers, workers, and consumers in both countries."

Indian Trade Secretary Rajesh Agrawal, the top official in the ministry, said: "The framework deal is ready, whenever it is the right time, it will be signed".

A US official, speaking on condition of anonymity, said Washington remained engaged with India and still expected an agreement, but did not offer a timeline.

The official however added India had at times been slow, bureaucratic and difficult in the negotiations, signalling that no quick deal was likely.

Asked about the impasse, White House spokesman Kush Desai said: "The Trump administration continues to productively engage with Indian officials to finalise a historic trade deal that puts Americans and America First."

Rising exports, new trade deals with other countries and blocs and eased economic risks have strengthened India's hand, trade analysts said.

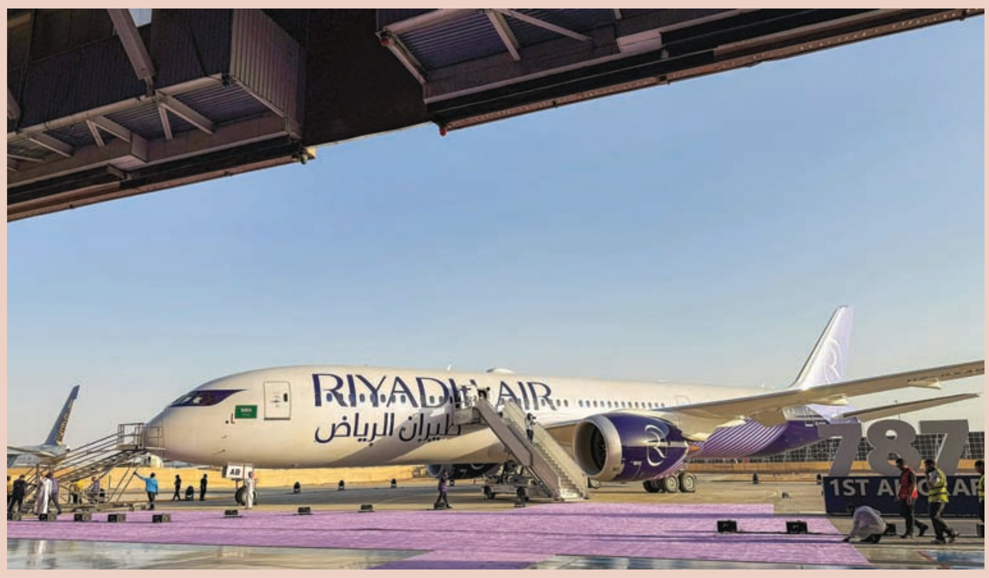
In April-June, India's overall goods exports rose about 15% from a year earlier despite disruptions from the war on Iran, buoyed by pricier petroleum shipments, officials said.

Exports to Gulf countries have recovered to pre-war levels, rising to \$5.3bn in May from \$2.62bn in March as traders shifted to alternative shipping routes, while exports to the US edged up to \$17.29bn during April and May.

India is also broadening access to other developed markets, with a UK free trade pact set to take effect this month, and an EU agreement expected by early next year.

An employee checks machine embroideries at a garment factory in Tiruppur, in India's southern state of Tamil Nadu (file). Like most countries, the bulk of goods from India currently face a 10% US tariff. But the Trump administration is expected to introduce steeper tariffs later this month through probes into excess industrial capacity. India has denied US charges of surplus capacity.

'Riyadh Air studies order for 25-30 more Boeing 787s'



A Boeing 787-9 Dreamliner aircraft of Saudi airline Riyadh Air is pictured on the tarmac at King Khalid International Airport in Riyadh. Saudi startup Riyadh Air is studying the purchase of between 25 and 30 more Boeing 787 Dreamliners by exercising most of its contractual options with the US planemaker, industry sources said, reports Reuters. The carrier, which last month staged its first commercial revenue flight, ordered up to 72 Boeing Dreamliners in 2023, including 39 definitive orders and options for a further 33. An announcement that Riyadh Air is converting the bulk of those options into outright purchases could come as early as next week's Farnborough Airshow, the sources said, though they cautioned that details were still being discussed.
Riyadh Air and Boeing both declined to comment.

Shein executive chairman is said to step down as IPO nears completion

Reuters
London/Hong Kong

Shein Executive Chairman Donald Tang will step down as his mission of taking the company public nears completion, three sources with direct knowledge of the matter said on Monday, retreating to an advisory role after three years as the public face of the global fast-fashion retailer.

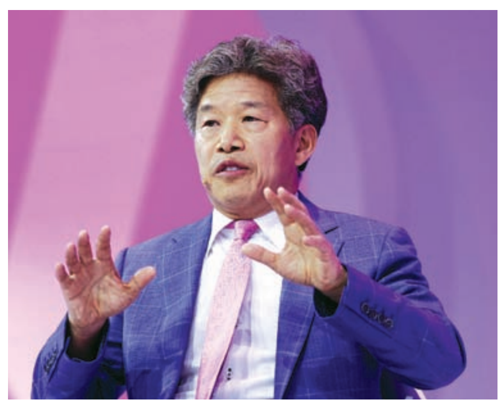
A Chinese-American billionaire who began his career in banking, Tang has acted as the Western proxy of secretive Shein founder Sky Xu, liaising with politicians and regulators around the world while also representing the e-commerce group at conferences and other public events.

His planned departure raises the question of whether Xu will now step into the spotlight, assign one of his co-founders to that role or bring in another external leader.

Tang, 63, will move to a role as senior adviser and continue to work closely with the management team for the foreseeable future, said a source with knowledge of the company's thinking, adding that there is no fixed timetable for the transition.

Shein declined to comment on questions over who will assume Tang's duties. According to one of the sources, Xu rather than Tang will lead the investor roadshow ahead of the listing.

Tang, who is based in Los Angeles, was introduced to Xu by Neil Shen, founding and managing partner of HSG, formerly Sequoia Capital China, and chosen for the role because of his experience managing businesses between China and the US as well as his connections in finance and politics, one of the sources said.



Shein Executive Chairman Donald Tang.

Shen did not immediately respond to a request for comment.

Tang's initial mission was a New York IPO, with a move to Washington, DC, to lobby politicians there. As criticism of Shein's use of the "de minimis" customs duty waiver increased, he sought to get ahead of the issue in July 2023 by coming out in support of removing the waiver.

He also sought to defend Shein's reputation when lawmakers alleged its supply chain in China had links to forced labour, a highly contentious issue for Beijing, which denies any abuses.

After the attempt at a New York listing failed and Shein pivoted to London.

But the London attempt also failed as the China Securities Regulatory Commission withheld its approval even after the IPO was given the green light by Britain's Financial Conduct Authority, forcing the company to shift to a Hong Kong listing.

Korea flags record 2027 budget of over \$530bn as AI chip boom lifts revenues

Reuters, AFP
Seoul

Republic of Korea said on Monday it would draw up record budget spending of more than 800tn won (\$530.97bn) for fiscal 2027, supported by stronger tax revenues from the booming AI chip industry.

Budget Minister Park Hong-keun, speaking at a national fiscal strategy meeting, said the spending plan would be financed through higher tax revenues and expenditure cuts. The proposed budget compares with this year's 727.9tn won spending plan, excluding supplementary budgets.

The government said three "mega-projects" — investments in chips, AI data centres and physical AI — would receive top fiscal priority, adding that it would secure funding capacity through a major restructuring of existing spending programmes, rather than relying solely on increased tax revenue.

President Lee Jae Myung said the government would use all available means to ensure that corporate investments proceed on schedule.

Seoul plans to launch a Future Response Fund as a strategic investment platform, setting aside tax revenue that exceeds long-term trends and investing it in four areas: youth, growth engines, regions and talent, the government said.

President Lee said Korea will use a tax revenue windfall from AI chipmakers as a strategic source of investment, describing a "golden window" of opportunity.

Global demand for advanced memory chips used in AI data centres has helped South Korea's semiconductor giants post record profits this year, boosting economic growth. The boom has also strengthened workers' demands for higher pay, with Samsung Electronics avoiding a major strike in May after reaching an agreement on bonuses.

"Driven by an unprecedented semiconductor boom fuelled by the AI revolution, we expect to see additional tax revenues on a scale never experienced before," Lee said at a policy meeting with cabinet members.

His comments reflect plans previously outlined by his office to use the excess tax revenues, from chipmakers Samsung Electronics and SK hynix in particular, to fund public infrastructure projects.

"These revenues are a valuable national resource that should be invested during the golden window when the global race for AI leadership is being decided," Lee said.

Europe's digital euro: What it is and how it would work

Reuters
Milan

Talks between the European Parliament, European governments and the European Commission on rules for a digital euro begin on Monday, three years after the legislation was first proposed.

The negotiations aim to produce a final law by the end of the year, paving the way for the European Central Bank (ECB) to formally approve a digital euro on January 1, 2027 - 25 years after euro notes and coins entered circulation. The digital currency would then likely be launched in 2029, following a pilot phase due to start next year involving around 40 banks and payment companies.

WHAT IS THE DIGITAL EURO?

The digital euro would be an electronic version of cash issued by the ECB, making it the only form of central bank money directly available to the public in digital form.

The ECB has pledged to keep cash in circulation indefinitely, but the use of physical money is steadily declining. At the same time, cryptocurrencies - including stablecoins pegged to traditional currencies, mostly the US dollar - have grown in popularity.

The ECB argues that central bank money acts as an anchor of trust for the financial system. A digital euro would be a direct claim on the ECB, whereas digital money currently held by consumers is ultimately a claim on a commercial bank.

Supporters also argue that a digital euro would reduce the euro zone's dependence on US payment firms such as Visa, Mastercard and PayPal, helping protect the bloc's monetary sovereignty in an increasingly digital economy. The ECB has also warned that stablecoins could pose risks to financial stability and monetary policy because they may draw deposits away from banks and do not always maintain a stable value.

A sculpture of euro symbol is pictured in front of the European Parliament in Brussels.

WHO WILL BEAR THE COSTS?

Consumers would be able to use the digital euro free of charge, either through a dedicated app or via mobile banking apps.

People unable to use smartphones would have the option of a payment card. Retailers would generally be required to accept digital euro payments because of its legal tender status.

The fees banks and payment providers can charge merchants would be capped by law.

Banks, however, argue they should be compensated for the cost of upgrading their systems to handle digital euro payments.

The ECB is working with payment specialists to build the infrastructure and payment standards behind the project and, unlike Visa or Mastercard, plans to provide both free of charge to banks.

COULD I HOLD ALL MY SAVINGS AS DIGITAL EUROS?

The legislation will set a limit on how many digital euros individuals can hold, a safeguard designed to prevent large-scale withdrawals from bank accounts.

A ceiling of €3,000 per person has been discussed. Users would be able to replenish their holdings after spending some of that amount, however, raising concerns among banks about a gradual shift of deposits away from the traditional banking system.

To address those genuine concerns, digital euro holdings will not earn interest.

HOW ABOUT PRIVACY?

The ECB says it will not be able to see details of users' payments.

For payments made through banking apps, commercial banks would be able to view transaction data in much the same way they do today for other digital payments.

The digital euro would also have an offline mode, allowing payments without an Internet connection. In those cases, transaction details would not be recorded, with only the resulting changes in account balances visible.

Wall Street banks ramp up AI agents to boost productivity

Morgan Stanley will test client-facing digital assistants with human oversight; a KPMG survey found 51% of banks were piloting AI agents; BNY gives digital employees login IDs, nicknames and human managers

Reuters
New York

Major banks are ramping up how they incorporate digital assistants in their daily operations, determining how such agents interact with human colleagues and clients as they race to get ahead.

Banks are competing in the adoption of agentic AI - artificial intelligence that can accomplish tasks with minimal human supervision - in functions from wealth to client vetting, trading and treasury, in an effort to increase productivity.

They are now increasingly pushing to incorporate agents that can autonomously take actions on behalf of users into their operations and have them work alongside humans. "We are working with banks in particular on agents and human employees ... to help the banks look at all the roles end to end, and then determine which ones are hybrid roles, which ones are agentic employees, which ones are only human employees," said Peter Torrente, US sector leader for banking at KPMG. A June KPMG survey showed that 51% of banks were piloting AI agents.

Large banks are embedding or planning the use of agentic AI on daily work in a multitude of functions.

Koren Maranca, head of Artificial Intelligence for Wealth Management at Morgan Stanley, said the bank will start testing digital assistants later this summer that will interact with clients at any time of the day. The bank already uses agents to help financial advisors do all kinds of tasks.

"We are now preparing these agents to start pushing reminders or recommendations to the financial advisors regarding their clients," said Maranca.

Such assistants can analyze investments, suggest strategies and assist in building portfolios.

At BNY, digital employees are treated as teammates which are assigned for specific tasks, and can talk to each other. They have been given login IDs and nicknames to join the team and work alongside colleagues, CEO Robin Vince said on a Wall Street Journal podcast earlier this year.

"The digital employee has a login, it can actually operate in the systems, and it actually has a ... human manager that's responsible for training it, making sure that it actually is doing all the right things, like a performance review, if you will, quality control, and it has tasks every day," said Vince on the podcast, explaining the role of its digital assistant named Payment Pete.

BNY did not respond to requests for comment. At UBS, financial advisors have agents which send thousands of alerts daily about the need for action, for example if a client has an annuity maturing and needs to reinvest.

"They gather all internal information from meetings, accounts and e-mail communications," said Richard James, head of AI product at UBS. Once a financial advisor makes a decision about a transaction with the client, AI agents can trade and complete money transfers, according to James.

The bank says AI is allowing advisors to use 70% of their time talking to clients instead of doing routine tasks.

Goldman Sachs teamed up earlier this year with Anthropic to develop agents that will do tasks such as trading and transaction accounting, client vetting and onboarding while JPMorgan sees areas such as corporate treasury as ripe to be transformed by agentic AI.

Meanwhile, Citi is preparing to roll out an AI-enabled virtual wealth management "team member".

"Banks are increasingly using agentic AI and figuring out more ways to use it because it has a lot of potential," said Bhavi Mehta, global lead for advanced analytics in financial services at Bain & Company.

Bank investors have been asking about the return on investment on technology spends as AI investments continue to scale up.

"Investors are asking, where should we be looking for Return on Investment (RoI) on these tech spends and that's why banks are likely to focus on certain areas of AI spends where the returns are much more evident and can be scaled up," said Torrente.

The growing use of agentic AI is, however, prompting regulators and bank executives to focus on the risks that come with broader adoption of the technology. When organisations employ these digital agents, they are giving them access to internal systems but with guardrails.

Morgan Stanley's Maranca said that there will always be human oversight and the agents will not have autonomy to make decisions on portfolios. "They are still primarily using it for internal purposes and are being extremely cautious when it touches the customer and are making sure that there is a human involved for any critical functions," said Mehta.

Bank of Canada set to hold rates

All 36 economists in a Reuters survey expect the bank to leave rates at 2.25%; money markets price a 91% chance of a hold and 9% odds of a quarter-point cut; BoC will release updated growth and inflation forecasts with its quarterly report

Reuters
Ottawa

The Bank of Canada (BoC) is expected to keep its key policy rate unchanged at 2.25% on Wednesday, as signs of an easing underlying price pressures give policymakers little reason to raise borrowing costs while a rebound in economic growth after a technical recession reduces the need for any stimulus.

All 36 economists surveyed by Reuters expect the central bank to hold rates, with a majority forecasting no change until at least July next year.

The decision will be accompanied by the BoC's quarterly Monetary Policy Report, updating forecasts for growth and inflation following an oil-price shock and continued United States trade uncertainty.

"It is really just about inflation that the bank focuses on, and if inflation pressures are still high, I don't know that the bank would necessarily move," said Pedro Antunes, chief economist at Signal49 Research. While the economy remains weak, he said, it is not weak enough to require additional BoC stimulus.

The economy contracted in the final quarter of last year and again in the first three months of 2026, but rebounded more strongly than expected in April. The unemployment rate edged down to 6.5% in June, data showed last week.

The bank's last move was a reduction in October, which brought the policy rate to the bottom of its estimated neutral range of 2.25% to 3.25%. A hold on Wednesday would mark six straight meetings with rates unchanged.

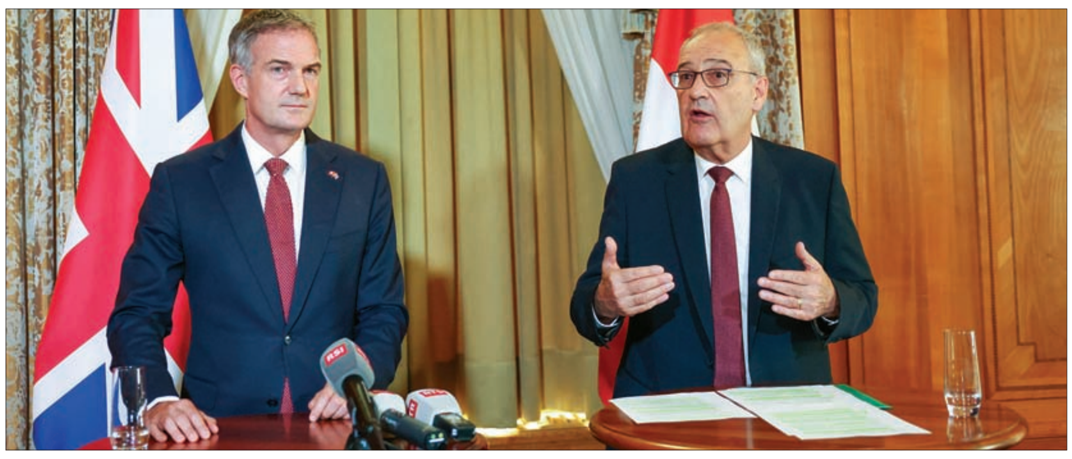
Inflation remains the main constraint on any easing. Annual inflation rose to 3.2% in May, breaching the central bank's 1%-3% control range for the first time since December 2023, after higher energy prices pushed up household costs.

But measures of core inflation have remained close to 2% and gasoline costs have come down since the start of the US-Iran war. BoC officials have said there has so far been limited evidence that the energy shock is spreading broadly through consumer prices.

"The spike in oil prices has yet to show significant signs of turning into a broader longer-lasting inflation shock," said Nathan Janzen and Claire Fan, economists with RBC, in a note.

Governor Tiff Macklem said after the June decision that the Bank would look through the war-related near-term increase in inflation but would act if higher energy prices produced persistent, generalised price pressures. He also said significant new US trade restrictions could require further rate cuts.

April's Monetary Policy Report projected 1.2% growth and 2.3% inflation this year. Wednesday's update is expected to revise both.



Britain's Business and Trade Secretary Peter Kyle and Swiss President and Head of the Federal Department of Economic Affairs, Education and Research Guy Parmelin attend a ceremony marking a trade deal in Bern, yesterday.

Britain, Switzerland look to boost services with new trade deal

Britain hails 'most significant' deal for services; professionals to benefit from visa-free travel for 90 days; changes on mobile roaming and e-gates to make travel easier; deal locks in IP protections for pharma

Reuters
Berlin/London

Britain and Switzerland agreed a trade deal on Monday that they said would boost their services industries and let workers in finance and other sectors travel visa-free in each other's territories for up to 90 days a year.

Britain said the deal could boost exports by £5.2bn ($7bn) a year with its enhancements on services and digital trade.

"This is the most significant services trade deal the UK has ever negotiated," British Trade Secretary Peter Kyle said. "It will bring huge benefits to British business and consumers."

Total bilateral trade would increase by around 7.9bn Swiss francs ($9.76bn) per year in the long run, equivalent to a 25% uplift, the British embassy in Switzerland said. The deal built on the previous Free Trade Agreement between the two countries which was carried over when Britain left the European Union and already covered most trade in goods.

As well as reciprocal 90-day visa-free travel for services professionals each year, the deal also allows UK businesses to transfer staff to offices in Switzerland for up to five years without needing to pass Swiss economic tests.

Under the agreement, both sides aim to scrap mobile roaming fees and, in a separate arrangement, UK nationals will soon be able to use e-gates when entering Switzerland.

Britain has sealed post-Brexit free trade agreements with India, Gulf countries and South Korea since the start of last year. It has also claimed some successes in talks on trade with the United States and the European Union.

Switzerland has been pushing hard to expand its base of free-trade agreements since the shock of suffering the highest US tariffs in Europe last year when US President Donald Trump set a 39% import duty on Swiss products.

Earlier this month, Switzerland and the other members of the European Free Trade Association announced they had concluded negotiations with Vietnam on a free trade agreement.

Swiss President Guy Parmelin, who is also Switzerland's economy minister, said at an event with Kyle in Bern that in a world of "growing protectionism and tariffs coming from all sides" the accord benefited both countries, securing reliable conditions for businesses to operate in. "And having predictability, ultimately, is essential," he told reporters. "Without legal certainty, investments slow down."

Asked about disagreements reported by Politico over intellectual property in the pharmaceutical industry during talks, Parmelin said the deal safeguarded the high levels of protection already applied by both countries.

This includes 10 years of regulatory protection for products intended for human use, he noted.

The Association of the British Pharmaceutical Industry (ABPI) welcomed the commitment to a "strong and proportionate IP regime", adding that "this message of stability helpfully underpins our efforts to drive more investment in both countries."

Once legal formalities have been finalised, the aim is to have the agreement signed by the end of 2026, Switzerland said.

Eurozone bond yields climb

Reuters
London

Eurozone bond yields rose as oil prices climbed and global inflation worries grew after US and Iranian forces exchanged heavy missile and drone attacks and Tehran said it had again closed the Strait of Hormuz. The attacks cast further doubt on the future of an interim US-Iranian agreement signed last month that aimed to reopen the strait and end the war in the Middle East after a further 60 days of negotiations. Germany's 10-year bond yield, the benchmark for the eurozone, was last up 2.4 basis points to 3.0585%. It rose around 10 basis points in the course of last week, its biggest weekly rise since early June, after the renewed US-Iran tensions heightened uncertainty about prospects for peace in the region and the outlook for inflation and interest rates.

Worries about the macro backdrop had previously been easing on hopes for a resolution of the conflict and energy costs easing.

On Monday, Brent crude futures rose 3.3% to $78.52 per barrel. That put prices above pre-war levels, but far below April's highs.

The German 2-year bond yield, which is widely regarded as more sensitive to interest rate expectations, was up 4.3 bps to 2.6921%.

Last week, it notched its largest weekly rise since early June after climbing by 11 bps. Money markets were last pricing in around 37 basis points of tightening from the European Central Bank by the end of the year, implying one more quarter-point interest rate hike and a close to 50% chance of a second. That was slightly higher than Friday's probability. Expectations for further tightening have also been supported by recent comments from ECB officials who have suggested that inflation pressures remain even as energy prices have eased, Mark Haefele, chief investment officer at UBS Global Wealth Management, said in a note. "But despite the latest hawkish commentary from the ECB, we expect only one further rate increase rather than a sustained hiking cycle," he added. Haefele said inflation data was moving in the right direction, with energy prices - an important source of inflation risk - still below recent peaks. He said gross domestic product growth still faced headwinds, which he indicated was also likely to constrain the extent of rate hikes. While higher interest rates typically tame rising inflation, they can also weigh on economic growth. Apart from developments in the Middle East, "various impulses in the coming days should keep markets on their toes, suggesting more volatility," said Rainer Guntermann, rates strategist at Commerzbank.

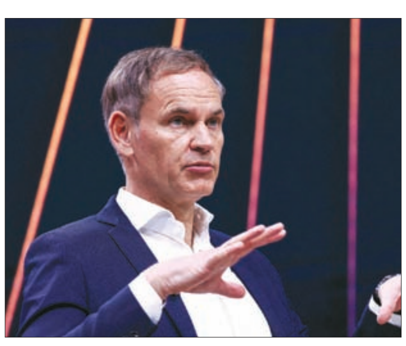
VW CEO warns of 50,000 more job cuts

Memo confirms reports up to 100,000 job cuts being considered; CEO says company has 20% cost disadvantage vs rivals; labour representatives have rejected restructuring plan -sources

Reuters
Berlin

Volkswagen may need to cut about 50,000 extra jobs to boost keep up with rivals in an increasingly fierce car market, its CEO told staff in an internal memo, effectively confirming for the first time that the automaker is looking to reduce up to 100,000 positions. CEO Oliver Blume is battling to streamline Europe's biggest carmaker, whose profits have slumped as it faces billions of euros in tariff costs, stiff competition in China and pressure on its German manufacturing network to become more efficient.

After already agreeing 50,000 job cuts across the group, including its Porsche and Audi subsidiaries, the company must work on reducing costs further, having calculated a cost disadvantage versus comparable companies of 20%, Blume said in the memo seen by Reuters. This means a "theoretical deduction" of another 50,000 jobs worldwide, the memo said. "We are currently assessing across all brands, companies and regions how many adjustments are actually necessary and feasible," Blume said in the document.



Oliver Blume, CEO of Volkswagen.

The company had previously declined to comment on reports it was considering up to 100,000 job losses.

The memo follows angry calls from workers for management to explain its restructuring plans, which Blume presented to the company's supervisory board on Thursday. Sources familiar with the matter said labour representatives on the committee blocked the proposals, which were said to include job cuts and the possible closure of four factories.

"As of today, we still cannot confirm competitive use cases for the plants of Emden, Hanover, Zwickau and Neckarsulm in the 2030s," Blume said in the memo. He said he preferred "intelligent solutions" over closures, having previously pointed to the defence industry or the production of Chinese Volkswagen models in Europe as options for underutilised factories.

Volkswagen made no mention of job cuts or plant closures in its statement following Thursday's talks with key stakeholders.

Instead, the company announced plans to further reduce its production capacity and gradually halve its sprawling line-up of models - measures that analysts said fell short of solving Volkswagen's current woes.

"Of course, it's understandable that not everything has been planned out down to the last detail yet, and that certain issues still need to be further discussed and evaluated," Blume said in his message to workers.

Metals and mining shares in US may be perking up

Reuters
New York

Shares of US metals and mining companies have been on a volatile ride this year, including a nearly 25% fall for the sector in recent weeks, but technical analysis indicates that things could be looking up.

The sector, measured by the State Street SPDR S&P Metals & Mining ETF, has been in a long-term uptrend that shifted into high gear in 2025. Over the past year it has been pulled between opposing forces - tariffs, the AI-driven buildout, bets on a commodities supercycle, and worries that the war in Iran could hurt global growth and stoke inflation.

The ETF tumbled to its 2025 low of 99.95 on Wednesday, according to data supplied by LSEG, but then began rebounding. The 99.95 low marked what chartists call structural support - a price floor where buyers have repeatedly overwhelmed sellers - and the bounce suggests that support held firm.

Adding to the bullish case, the Relative Strength Index, or RSI, turned higher from oversold territory just as the rebound got underway. RSI is a widely used gauge of market momentum.

When RSI turns higher from low, oversold levels, chart watchers often see it as an early clue that sellers are losing steam and buyers are stepping back in. The recent low in the ETF also sits at the bottom of a price channel that appears to be forming a bull flag, a pattern in which a market pauses within an uptrend before resuming its climb.

The top of the flag is marked by a trendline connecting January's high of 134.46 to June's peak of 132.87, so a breakout remains distant. Still, the rebound highlights a staircase of Fibonacci retracement levels and other resistance spots at 107.71, the 109.50-110 area, 112.51 and 116.40. Fibonacci retracement levels are points where markets often return after a big move.

A sustained break below structural support near the 99.95 low and the channel's floor, near 99.40, would undercut this bullish case and raise the risk of further declines.