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Fed chief Warsh vows to 'do my job' if challenged by Trump

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JPMorgan posts record profit on gains from dealmaking, stock trading

Qatar's strongest showing in the index came in Market Perception, where it ranked second in the GCC, an outcome that StartupBlink linked to positively assessed conditions around governance, stability, mobility, and international accessibility

Qatar seen as regional base for tech, services and research firms

By Peter Alagos
Business Editor

Qatar has ranked fourth among Gulf Cooperation Council (GCC) member states in the StartupBlink Innovators Business Environment Index (IBEI) 2026, placing 59th out of 125 countries worldwide with a total score of 52.287 points.

Regionally, Qatar placed fifth in the Middle East and Africa category.

The index applies a consistent methodology based on more than 30 measurable parametres across 125 countries, scoring nations on a 0-100 scale to reflect the level of friction and institutional support for starting and operating a business, the report stated.

Qatar's strongest showing came in Market Perception, where it ranked second in the GCC, an outcome that StartupBlink linked to positively assessed conditions around governance, stability, mobility, and international accessibility.

The country also placed second in the bloc under the 'Ease of Operating a Business' pillar, as well as second in the 'Digital Infrastructure' category, which measures Internet speed and Internet freedom.

On taxation, Qatar ranked third both regionally and globally, with its 'Top Personal Income Tax Rate' and 'Corporate Tax Rate' parametres landing in the top 25% of the entire index.

"The Access to Capital & Financial Infrastructure Functional Category, which measures credit availability, banking connectivity, investment channels, and financial-tool accessibility, represents an area where Qatar has scope to further improve its performance within the Index," the report pointed out.

"Qatar's business environment benefits from long-term planning and a deliberate shift away from reliance on hydrocarbons. Qatar National Vision 2030 is the country's anchor strategy and positions Qatar as a regional base for companies working in technology, services and applied research," the report stated.

Qatar Development Bank (QDB) was cited as the "backbone of startup and small and medium-sized enterprise (SME) financing," offering capital, export tools, and incubation support through platforms such as the Qatar Business Incubation Centre (QBIC), while the Investment Promotion Agency Qatar (Invest Qatar) serves as the main entry point for investors.

The Qatar Free Zones Authority (QFZ), which oversees Ras Bufontas near Hamad International Airport and Umm Alhoul next to Hamad Port, offers corporate tax exemptions, customs benefits, and full foreign ownership for qualifying companies.

"The absence of personal income tax adds another incentive for founders and skilled professionals considering relocation," the report stated.

Qatar Science and Technology Park (QSTP), based within Education City, provides facilities for testing, licensing, and commercialisation, while the Qatar Financial Centre (QFC) offers a separate legal and regulatory system tailored to professional services, financial firms, and high-growth industries.

"Qatar's placement in the IBEI stands above its ranking in the Global Startup Ecosystem Index 2025, indicating stronger assessments of its underlying business-environment conditions compared to its startup ecosystem outcomes," the report added.

China's exports ride AI boom as domestic economy struggles

Reuters
Beijing

China's exports surged in June, buoyed by orders for chips to fuel the global AI boom and automobiles, deepening producers' reliance on overseas buyers as policymakers in the world's No 2 economy continue to grapple with how to boost demand at home.

The stronger-than-expected trade performance keeps China on track to post a surplus topping $1tn for a second straight year, with factories sustaining sales despite slowing growth in major economies and trade frictions with Washington.

Exports climbed 27% from a year earlier in US dollar value terms, customs data showed on Tuesday, their best performance in four months, outpacing the 19.4% gain in May and an 18.2% rise forecast by economists.

Imports jumped 36%, compared with a 27.4% gain the month before, a five-year high. Economists had forecast growth of 24% for June.

"Continued export strength, mostly driven by AI, points to a better second half, coupled with a more expansionary policy mix, accelerated fiscal spending and mild monetary easing, as well as a de-escalation of the situation in the Middle East, which will benefit China through lower oil prices," said Xu Tianchen, a senior economist at the Economist Intelligence Unit in Beijing.

The stronger than expected trade performance keeps China on track to post a surplus topping $1tn for a second straight year

"But domestic demand remains a drag. Retail sales remain pretty flat and fixed asset investment was negative last month."

China's monthly car exports topped 1mn for the first time in June, data showed, which risks heightening tensions with partners such as the European Union. Meanwhile, China sold to the world 32bn integrated circuits.

China's trade surplus came in at $125.6bn in June, up from $105.4bn the previous month. The year-to-date trade gap now stands at $575.98bn versus $585.96bn last June, despite imports having grown faster than exports for several consecutive months.

With policymakers still short of a fix for a protracted property crisis that has weighed on domestic demand for several years, Chinese manufacturers appear to have few good options beyond selling overseas.

The ratio of annual exports to total manufacturing sales hit 24% over the first four months of this year, according to a recent report by Gavekal Dragonomics, a consultancy, the highest level since China's accession to the World Trade Organization in 2001. In 2019, the ratio stood at 18.3%, rising to 22.3% last year.

"That would be considered high for a small export-focused country; for the world's second-largest economy, it is remarkable," the report said.

The surge in global AI investment is helping the world's top manufacturer offset the export hit many had expected from the Middle East turmoil.

Iraq seeks 750,000 bpd capacity on Kirkuk-Ceyhan oil pipeline: Turkiye

Reuters
Ankara

Turkish Energy Minister Alparslan Bayraktar said Iraq wants to send 750,000 barrels per day of oil through the Kirkuk-Ceyhan pipeline under an arrangement to keep it operating for another year, and that Turkiye has set aside sufficient capacity for it. The current pipeline agreement between Iraq and Turkiye expires this month. The two countries reached an understanding last week to keep it operating for another year and a deal is expected to be signed in the coming days.

The pipeline has regained importance following Iran's closure of the Strait of Hormuz and the resulting halt in Iraq's seaborne oil exports.

Turkiye informed Iraq last year that it did not want simply to renew the existing agreement and preferred to negotiate a more comprehensive arrangement.

Exports through the line were halted in 2023 after an international arbitration tribunal awarded damages against Turkiye. Oil flows resumed only around two and a half years later, toward the end of last year.

According to BOTAS data, the pipeline, which has a total capacity of 1.4mn bpd and transported roughly 480,000 bpd before the shutdown, has carried only about 190,000 bpd since restarting.

"They told us they would need 750,000 barrels of capacity. Although only 180,000-200,000 barrels are flowing today, we said that's fine — we can allocate 750,000 barrels to you," Bayraktar told reporters after a cabinet meeting on Monday.

Bayraktar said Turkiye wanted to sign a new, more comprehensive agreement within one year, reiterating Ankara's goal of extending the pipeline south from Kirkuk to the Basra Gulf region and increasing its capacity to 2.5mn bpd.

"If Kuwait wants to put its oil into this pipeline, let it do so. If others in the Gulf wish to use it, they could as well," he said.

He added that a natural gas pipeline could be built alongside an extended oil line and could transport gas from Qatar or other sources.

Bayraktar also said the $1.5bn arbitration award against Turkiye forms part of the negotiations over a new pipeline agreement.

In February 2023, an international arbitration tribunal ruled that Turkiye had violated the 1976 pipeline agreement by allowing oil exports from the semi-autonomous Kurdistan region between 2014 and 2018 without the approval of Iraq's central government, ordering Turkiye to pay net compensation of $1.5bn.

Spot Mideast crude prices strengthen after Iran attacks on UAE tankers

Reuters
Singapore/New Delhi

Prompt Middle East spot crude prices rebounded to higher levels compared with future months as escalating attacks between the US and Iran raised concerns about a disruption to oil exports and shipping through the Strait of Hormuz, industry sources said on Tuesday, prompting Asian buyers to seek alternative supplies.

The latest wave of attacks in the five-month-old war started with a US strike on Iran after a ship attack last week. In recent days, the US renewed strikes, while Tehran attacked Gulf nations and ships passing through the Strait of Hormuz near Oman.

Iran attacked two Emirati oil tankers, part of Abu Dhabi National Oil Co's (Adnoc's) fleet to shuttle crude out of the Gulf, for transhipments off the United Arab Emirates and Oman for supplies to customers.

The latest attack on the tankers is likely to deter shippers from entering the Gulf to load oil, with companies that have already chartered vessels closely monitoring the situation, trade and shipping sources said. It has raised concerns among refiners about whether their cargoes will be delivered in the coming weeks, they added.

Prompt monthly spreads for Middle East benchmark Dubai crude flipped into backwardation of nearly $1 a barrel on Tuesday, traders said, after staying in contango for three weeks. Prompt month prices are higher than those in future months in a backwardated market, indicating tight supplies, while contango is the opposite.

"There is a possibility that even the UAE will find it difficult to get crude out," said a shipping source in India. "The war premium will go up significantly high."

The sources cited in this article declined to be named publicly as they are not authorised to speak to media.

Global crude supplies had improved over the past three weeks after a flurry of tankers passed through the strait amid an interim peace deal between the US and Iran.

Ships sailing near the Strait of Hormuz off the eastern coast of the United Arab Emirates at Khor Fakkan on Monday. In recent days, the US renewed strikes, while Tehran attacked Gulf nations and ships passing through the Strait of Hormuz near Oman.

However, just five oil, chemicals and dry bulkers transited the strait on Monday, mostly using the Iranian route, ship-tracking data from Kpler showed. There were no oil and liquefied natural gas tankers entering the strait.

"The mini-glut of oil has now evaporated, with a fresh eye of a potential of disruptions from the Bab el-Mandeb Strait if Houthis are joining the attacks," said June Goh, a senior oil analyst at Sparta Commodities.

Yemen's Houthi movement fired missiles at Saudi Arabia on Monday, breaking a four-year truce in the conflict between the kingdom and the Iran-aligned group.

Adnoc, which has already committed to sales of more than 70mn barrels of crude between June and August, is expected to tap into its inventories from Fujairah to meet demand, although a slowdown of its shuttle service could mean delays for some cargoes, traders said.

The producer is expected to award a tender later this week which could see discounts for its cargoes narrowing and also more demand for cargoes loading in September and October given the latest development, an Indian refining source said.

"The situation is fluid (and) uncertain. We cannot plan properly," he added.

Asian refiners would have to tap arbitrage supplies from West Africa and Latin America to replace Middle Eastern crude, with Indian buyers set to increase their Russian oil purchases, trade sources said. An Indian refining source said refiners have sufficient inventories for now, but supply could tighten towards September if the disruption lasts 10 to 15 days.

The latest round of tensions has also strengthened spot prices and refiners' margins for refined products in Asia. Diesel and jet fuel markets saw prompt monthly spreads and refining margins jump to near two-month highs on Tuesday, while refiner margins for 380-centistoke high-sulphur fuel oil edged higher to a four-week high, LSEG data showed.

Asian naphtha crack climbed to $184 per metric ton over Brent crude on Tuesday, the highest level since May 19.

Tankers carrying fuel oil last transited the strait in early July, with no more visible exits seen after the latest round of attacks, Kpler data showed.

Meanwhile, US President Donald Trump said on Monday that the US was reinstating a naval blockade on Iran and would be reimbursed for 20% of all cargo shipped through the Strait of Hormuz after Tehran claimed it had closed the vital waterway.

The United Nations' shipping agency said on Monday that it opposes fees on ships passing through maritime waterways, but would await more details.

AI uncertainty is on the rise; so is investor conviction

By Jamie McGeever
Orlando, Florida

There's a paradox developing on Wall Street: The fog of uncertainty surrounding artificial intelligence's ability to deliver sky-high profits is thickening, yet AI bulls and bears alike seem to be doubling down on their convictions. The bigger the numbers involved - whether for spending, profits or returns - the more entrenched advocates on both sides of the argument become.

And many of these AI numbers are astronomical. Wall Street research highlights this growing entrenchment, and the latest Bank of America fund manager survey speaks to it. A record 82% of respondents think the AI trade is the most crowded, but roughly half still say we're not in a bubble.

This curious conundrum could set the stage for a more volatile second half of the year and a particularly bumpy few weeks as the second-quarter US earnings season kicks off, with investors on both sides looking for evidence that they are correct.

The bulls' case is relatively straightforward. Trillions of dollars of AI-related capex in the coming years will fuel growth, profit and productivity on a scale that justifies the stunning surge in stock prices and signals that this rally has legs. Until now, earnings for AI beneficiaries have exceeded all expectations, so the bar for even higher profits is being raised. And rightly so. The counterargument is that the cost of the AI buildout has grown so high that companies simply can't generate the lofty returns investors expect.

Hyperscalers have burned through their cash piles and are now relying on external debt and equity financing to fund this mountainous spending.

Meanwhile, it's becoming clear, bears argue, that the cost of compute is too high. Demand for the latest, most expensive AI models will fall or be diverted toward cheaper, open-source alternatives, most likely from China. Either way, the return on this unprecedented investment is likely to disappoint. Bank of America strategists neatly captured the increasing polarisation between the AI camps in a chart last week that showed a "generational transfer" of cash flows from hyperscalers to chip companies. The vast sums hyperscalers are spending on AI infrastructure and capex are essentially flowing to semiconductor companies, which will enjoy an increasing share of future AI profits.

They note that the "Magnificent Seven" hyperscalers have spent \$234bn in capex this year but their stocks have barely risen, as investors anticipate that these firms' free cash flow will turn negative for the first time in at least two decades.

Bears will point to those figures, while bulls may highlight the semiconductor side of the equation and argue that the transformational nature of AI will justify this short-term "wealth transfer." Both sides make compelling arguments based on the available information, so how can either camp increasingly be sure it is right?

One word: uncertainty. Although parallels can be drawn between AI and other transformative inventions like railroads, computers and the internet, investors have no real AI playbook.

Nobody knows how it will ultimately impact businesses, the workplace, jobs and the economy. So even though there is less "evidence" to support either viewpoint, there is also less to refute either one, making it easier for everyone to convince themselves that they are right.

But with deeper entrenchment comes greater risk.

The US stock market is increasingly dependent on the bullish AI narrative, and so is the wider US economy.

Compute capex in the first half of the year accounted for a larger share of GDP than at any point in history, and overall tech-related investment was up 30% from a year ago, according to analysts at Carlyle. At the same time, all other capex fell, resulting in a record divergence. AI now accounts for almost all US net investment.

Ultimately, investors will have to come to terms with the fact that the AI buildout might be a zero-sum game, meaning something has to give. Either hyperscalers' free cash flow suddenly bounces back or chipmakers' growth slows sharply.

There's certainly more room for chip stocks to extend last month's retracement, with the "SOX" semiconductor index still up 75% so far this year. Zoom in, and there is already a lot of skittishness in the market. Volatility in the stocks of some major US tech companies central to the AI story, like Intel, Qualcomm , and Oracle, has exploded to historic levels recently.

Noah Weisberger, head of equities at BCA Research, says clients are increasingly concerned with single-stock volatility, adding that last month's AI wobble suggested investors had gotten "a little over their skis." If investors in US tech want an idea of how volatile AI-related stocks can get, they should look at South Korea's KOSPI, an index even more concentrated in AI names than the S&P 500.

The KOSPI's three biggest drops since the Lehman Brothers bankruptcy in September 2008 have all come this year: A 12% slump in March, a 10% slide in June and a 9% tumble on Monday driven by a steep fall in semiconductor darling SK Hynix. Whether you view that as a buying opportunity or a sign of bigger declines ahead largely depends on which side of the AI divide you are on.

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

JPMorgan reports record profit on big gains from deal-making

Markets revenue surges 35% in the second quarter; investment banking fees climb 30% over the prior year; profit hits record \$21.2bn; stock rises 3% taking market cap over \$920bn

Reuters
New York

A person walks by the JPMorgan Chase & Co's New York headquarters. JPMorgan reported a record second-quarter profit yesterday, as a wave of big-ticket IPOs and deal-making helped drive investment banking fees to their highest levels since 2021.

JPMorgan Chase reported a record second-quarter profit on Tuesday, as a wave of big-ticket IPOs and dealmaking helped drive investment banking fees to their highest levels since 2021, while its trading desk capitalized on volatile markets.

Revenue rose across all business units at the bank. Investment banking rode a sharp rebound in the US IPO market, led by Elon Musk's SpaceX, which roared into the market with the largest listing in history. JPMorgan was among the lead underwriters on the deal.

"This strength is being supported by several tailwinds, including AI-driven capital investment, fiscal stimulus and the benefits of more efficient regulation," JPMorgan CEO Jamie Dimon said in a statement.

Shares of JPMorgan were up nearly 3% in early hours of trade after falling in pre-market trading as the bank raised its forecast for 2026 expenses to \$107.5bn from \$105bn. With its market value now at more than \$920bn, the lender is edging closer to joining Wall Street's elite trillion-dollar club.

"We view the quarter as generally positive ... though investors may balance these benefits against the higher expense outlook and uptick in deposits cost," Jefferies analyst David Chiaverini said.

The largest US lender posted a profit of \$21.2bn, or \$7.70 per share, in the three months ended June 30, compared with \$14.99bn, or \$5.24 per share, a year earlier.

Profit was boosted by a \$4.6bn gain tied to its stake in Visa. Markets revenue, which houses trading operations, surged 35% over the prior year. On an adjusted basis, its profit of \$6.14 per share beat expectations of \$5.85, according to estimates compiled by LSEG.

"The report is fine ... It's landing on a day when the tape is pretty sloppy," said Art Hogan, chief market strategist at B Riley Wealth.

Net interest income, excluding markets, rose 4% from a year earlier to \$23.7bn in the quarter, while average loans climbed 10%. It raised its 2026 forecast for interest income to \$96.5bn, excluding markets, from \$95bn.

Interest income, including markets, is expected to rise to \$105.5bn this year, compared with \$103bn earlier.

Although banks have continued to describe consumers as resilient, the health of lower-income borrowers remains a key focus as higher interest rates and still-elevated living costs pressure household finances.

Dimon said several risks are in focus, including geopolitical tensions and wars, sticky inflation, large global fiscal deficits and elevated asset prices. The results of large lenders such as JPMorgan Chase and Bank of America are seen as a barometer of the US economy, as they offer insight into consumer spending, borrowing and business activity.

Investors are also closely watching succession planning at JPMorgan. Dimon plans to remain CEO for at least three more years, Reuters reported last month, citing a source.

The bank's leadership reshuffle in June elevated Doug Petno and Troy Rohrbaugh to co-presidents and marked the retirement of Marianne Lake, long viewed by Wall Street as a leading contender to succeed Dimon. Revenue at the consumer and community banking business - now under the stewardship of Rohrbaugh - climbed 8% in the second quarter.

Dimon said on Tuesday that the timetable for his departure as CEO of the largest US bank remains unchanged. "The timing is essentially the same, obviously completely up to the board," he told analysts on a post-earnings conference call.

JPMorgan's investment banking fees jumped 30% in the second quarter from a year earlier, higher than the bank's earlier estimate.

The bank was part of several landmark transactions during the quarter, including as co-adviser on NextEra Energy's \$67bn merger with Dominion Energy and lead active book-runner on Alphabet's \$85bn equity offering.

It also retained the top spot in global investment banking league tables, generating the highest investment banking revenue in the industry, according to Dealogic data.

The value of global mergers and acquisitions announced so far this year has surpassed \$3tn, according to Dealogic data, adding momentum to one of banks' biggest fee-generating businesses: advising on deals.

JPMorgan's equity trading revenue surged 86%, while fixed-income trading revenue increased 6%.

Rival Goldman Sachs and Bank of America also posted higher profits on Tuesday, thanks to strength in trading and dealmaking. Wells Fargo's profit was boosted by higher interest income.

The bank has already built 1,000 use AI use cases across risk functions, marketing, hedging, note taking, idea generation, note taking among others.

Dimon said that there are areas where the bank has reduced job by 30% to 40% due to AI, however, most employees were able to find jobs within the company.

Fairfax, Emirates revised bids revive IDBI Bank sale

Reuters
New Delhi

India has received revised bids from Canada's Fairfax Financial and Dubai's Emirates NBD for the sale of its majority stake in IDBI Bank, two sources said, reviving a transaction stalled earlier this year over valuation expectations.

India's federal government and state-run Life Insurance Corp of India are selling a combined 60.7% stake in IDBI Bank, with the transaction expected to be completed in a month, one of the sources said on Tuesday.

The sale process was stalled earlier this year after bids submitted in March by Fairfax and Emirates fell short of the government's expectations.

IDBI Bank said in a statement to exchanges on Tuesday that it cannot confirm or deny reports about Fairfax Financial's offer and has received no government communication on the ongoing disinvestment process. Emirates NBD declined to comment.

The revised bids are being evaluated, and a top panel of bureaucrats met on Monday to discuss the stake sale, a third source said. The Indian government owns 45.48% of IDBI Bank, while LIC holds 49.24%.

Fairfax is the frontrunner to acquire the bank and is in conversation with the government while Emirates is not actively pursuing the deal after having acquired another Indian lender last year, one of the two sources and another source said.

Details of the revised bids and valuation of the bank could not be immediately ascertained. Shares of IDBI Bank closed 2.87% higher at Rs86.54, giving the lender a market capitalisation of Rs930.5bn

The finance ministry, LIC and Fairfax did not immediately respond to requests for comment. The sources spoke on condition of anonymity to discuss sensitive matters.

The revised bids come amid growing foreign investor interest in India's financial sector.

Last year, Emirates NBD acquired a stake in private lender RBL Bank for \$3bn, while Japan's MUFG bought a 20% stake in non-bank lender Shriram Finance for \$4.4bn, marking some of the largest foreign investments in India's banking industry.

To draw similar interest in state-run banks, India also plans to raise the foreign direct investment limit in them to 49% from 20% presently.

IDBI Bank's stake sale process was initiated in 2022 and has since dragged on due to regulatory and procedural approvals.

AI squeezes software budgets: IBM

Reuters
New York

IBM said it had "faltered" in keeping pace with a shift in corporate spending towards data-centre infrastructure from software and forecast second-quarter revenue below estimates, the clearest sign yet of AI's growing toll on the sector

IBM said it had "faltered" in keeping pace with a shift in corporate spending toward data-centre infrastructure from software and forecast second-quarter revenue below estimates, the clearest sign yet of AI's growing toll on the sector. The warning triggered a 22% slump in IBM's shares and a selloff in the broader software sector. It also dragged Dow futures lower, while the iShares Expanded Tech-Software Sector ETF fell more than 4%.

Software investors have long been on edge over fears that AI tools capable of automating routine work could pose an existential threat to the industry. Tuesday's announcement showed that even the boom in spending on servers, chips and networking gear for AI was eating into software budgets.

"In the last few weeks of June, we saw clients shift their quarterly capex spend toward servers, storage, and memory purchases to secure supply-constrained infrastructure ahead of expected price increases," IBM CEO Arvind Krishna said in a letter to investors.

"While we anticipated some supply-chain related impact in our expectations, we did not anticipate the magnitude of the capex reprioritisation," Krishna said, adding that the company had "faltered" in adapting quickly enough and that "numerous large deals" had failed to close as expected.

According to the preliminary results, the company expects revenue of \$17.2bn during the quarter, compared with analysts' estimate of \$17.86bn, according to data compiled by LSEG.

Adjusted earnings per share is expected to be \$2.93, compared with the estimate of \$3.02.

"This is an ugly moment for IBM and software stocks... the big question will be how long the shift to infrastructure and cybersecurity lasts," said Chris Beauchamp, chief market analyst at IG Group.

"A few more months might be bearable, but more than that and serious questions will be asked all over again about software stocks."

Microsoft, ServiceNow, Salesforce and Intuit fell between 3% and 5%.

Dollar faces critical test for more gains

Reuters
New York

The dollar has rallied for most of this year, but recent price action has been choppy, and technical analysis indicates that the US currency now faces a critical test if it is to launch a new phase of gains.

To gauge the overall strength of the greenback, traders often look to the dollar index, which measures it against a basket of six major currencies.

Recent dollar price action has been choppy due to a technical hurdle standing in its way - the monthly Ichimoku cloud. Ichimoku analysis is a technical charting system that uses several lines similar to moving averages and a shaded area, known as the cloud, to show trend direction, momentum, and key support or resistance levels at once. The base of the monthly cloud has capped dollar gains - first in May 2025 and again in June this year, when the index turned lower after nearing it.

This particular cloud is unusually thick, spanning from 102.00 to 105.57, according to data supplied by LSEG, making the base a formidable barrier to clear. The base of a cloud acts like a ceiling and the thicker the actual cloud is, the more buying pressure is typically needed to break through the base convincingly.

The dollar has rallied for most of this year, but recent price action has been choppy, and technical analysis indicates that the US currency now faces a critical test if it is to launch a new phase of gains.

The dollar's medium-term trend remains positive, but 102.00 - the cloud base - is the line it must surpass on a sustainable basis to build confidence among traders that another leg higher is possible. Until then, choppy price action within its 12-month range of 95.56 to 101.80 should be expected.

However, the longer the index fails to surpass the cloud base, the greater the risk of a larger pullback and a drop under the 100-month moving average, currently at 99.29.

This scenario could negate the positive bias for the dollar.

Korea hikes 2026 growth outlook to 3% on AI chip boom

AFP
Seoul

Republic of Korea raised its 2026 growth forecast by one percentage point to 3% on Tuesday, buoyed by strong performances from memory chipmakers as artificial intelligence demand soars.

Record profits from semiconductor giants Samsung Electronics and SK Hynix — whose advanced memory chips are essential for the fast-evolving AI sector — have fuelled optimism over the country's economic outlook.

The government has unveiled an ambitious economic agenda and has said it plans to invest an expected windfall from tech giants' taxes into public projects.

"We had initially projected this year's real economic growth rate at 2%, but we have now revised our forecast upward to 3%," Finance Minister Koo Yun-cheol told a cabinet meeting Tuesday. "Although exchange rate fluctuations could affect the outcome, per capita income is projected to remain around the $40,000 mark," Koo added.

In a presentation slide shown during the meeting, the finance ministry called the strong semiconductor market a "boon for the economic indicators".

However, an agile policy response is needed to address "changed economic situations including widening wealth polarisation", the slide said.

SK hynix and Samsung are involved in a public-private investment of 800tn won ($540bn) to build a chip hub in southwest South Korea — part of broader efforts to address regional inequality.

Tuesday's cabinet meeting also flagged high exchange rates, interest rates and consumer prices as risks amid the continuing Middle East conflict. President Lee Jae Myung had said on Monday that higher tax revenues thanks to AI-driven profits were a "golden window" of opportunity to invest strategically.

The windfall will be used to establish a "future response fund" to concentrate investment in "future industries, youth, regional development, and education", Lee said, without giving further details.

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.

Three companies dominate the market for producing advanced memory chips: US giant Micron, and South Korea's Samsung Electronics and SK Hynix.

These chips, called high-bandwidth memory (HBM), are used in AI processors alongside powerful silicon known as GPUs to generate chatbot responses or realistic images.

Record profits from semiconductor giants Samsung Electronics and SK Hynix — whose advanced memory chips are essential for the fast-evolving AI sector — have fuelled optimism over the country's economic outlook

US consumer inflation moderates; upside risks remain

Reuters
Washington

US consumer inflation slowed more than expected in June as energy prices retreated, but the moderation was insufficient to convince financial markets to take an interest rate increase from the Federal Reserve this year off the table against the backdrop of renewed conflict in the Middle East.

The report from the Labor Department on Tuesday, which also showed underlying inflation subsiding last month, gave officials at the US central bank some breathing room when they meet later this month, economists said.

They, however, cautioned that June's Consumer Price Index data had been overtaken by the recent escalation in hostilities between the US and Iran.

Fed Chair Kevin Warsh told lawmakers on Tuesday the central bank had "no tolerance for persistently elevated inflation," and he did not think that everything was swell after the CPI report.

"Energy prices plunged on the Iran ceasefire and memorandum of understanding," said Scott Anderson, chief US economist at BMO Capital Markets.

The CPI increased by a still-high 3.5% in the 12 months through June after surging 4.2% in May, which was the largest year-on-year rise since April 2023, data from the Labor Department's Bureau of Labor Statistics showed.

The CPI fell 0.4% over the month, the first decline since April 2020, after advancing 0.5% in May. Economists polled by Reuters had forecast the CPI rising 3.8% year-on-year and dipping 0.1% on a monthly basis.

The pullback in the CPI mostly reflected a 5.7% drop in energy prices, the largest monthly decline since April 2020, after rising 3.9% in May as the truce took hold. Gasoline prices tumbled 9.7%, but advanced 26.7% year-on-year in June.

The ceasefire collapsed last week after commercial tankers came under fire in the Strait of Hormuz, triggering military strikes between the United States and Iran. Gasoline prices have been climbing, with the national average rising to $3.86 a gallon on Tuesday from $3.79 a week ago, data from motorist advocacy group AAA showed.

Further increases are likely as oil prices rose to a four-week high on Tuesday after Washington reimposed a naval blockade of Iran.

"The outlook for inflation in July is less promising," said Bill Adams, chief U.S. economist at Fifth Third Commercial Bank.

Food prices rose 0.2%, matching May's gain. They advanced 3.0% year-on-year in June. Grocery prices climbed 0.2%, lifted by a 4.3% jump in the cost of eggs and a 1.2% increase in dairy products. But prices for nonalcoholic beverages fell 1.5%, with coffee declining 2.0%.

Fruits and vegetables were 0.2% cheaper. They, however, increased 5.3% year-on-year.

Excluding the volatile food and energy components, the CPI increased 2.6% year-on-year after rising 2.9% in May. The so-called core CPI inflation was unchanged over the month, after gaining 0.2% in May.

The Fed tracks the Personal Consumption Expenditures Price Indexes for its 2% inflation target. Financial markets expected the Fed to keep its benchmark overnight interest rate unchanged in the 3.50%-3.75% range this month.

Traders, however, saw a roughly 60% chance of a rate hike in September. Inflation was last below 2% in early 2021. Minutes of the Fed's June 16-17 meeting published last week showed policymakers' concerns about inflation mounted last month.

Stocks on Wall Street were trading higher. The dollar eased against a basket of currencies. US Treasury yields fell.

Core inflation was restrained by a 2.0% drop in motor vehicle insurance, which followed a 1.7% decline in May.

Communication prices decreased 1.5% over the month, while the cost of shelter rose 0.1%, the smallest monthly gain since January 2021.

Owner's equivalent rent increased 0.2%, and prices for hotel and motel rooms dropped 2.3%, likely as the boost from the FIFA World Cup faded. The cost of healthcare eased 0.1%, with health insurance declining 0.5%.

But the cost of recreation increased 0.5%, and airline fares rose 0.2%. The overall cost of services was unchanged in June. Core goods prices dipped 0.1% for a second straight month, amid a 0.6% decline in the cost of apparel, which suggested the pass-through from tariffs could be over.

Prices for used cars and trucks dropped 0.2%, while prescription medication fell 0.1%. Tobacco and smoking product prices slipped 0.7%, the biggest drop since July 2014.

But prices for household furnishings and operations rose 0.2%. Some economists viewed the decreases in motor vehicle insurance, tobacco products and healthcare as a fluke.

"There are a number of one-offs, but also several intriguingly soft readings that could signal meaningful cooling," said Stephen Stanley, chief U.S. economist at Santander US Capital Markets. "I am highly skeptical that inflation has just rolled over."

Based on the CPI data, economists estimated that core PCE inflation increased 3.3% year-on-year in June after advancing 3.4% in May. It was forecast rising 0.2% over the month after climbing 0.3% in May.

Fed chief vows to 'do my job' if challenged by Trump

Reuters
Washington

US Federal Reserve Chairman Kevin Warsh on Tuesday vowed to "do my job" if challenged by President Donald Trump, his most direct comment so far about how he would handle the sort of pressure his predecessor felt through much of his tenure.

Asked about how he will react if Trump continues targeting the US central bank through efforts that included the attempted firing of Fed Governor Lisa Cook, Warsh told the House of Representatives Financial Services Committee that the US Supreme Court had recently reaffirmed the Fed's independence in setting monetary policy. If targeted personally, "I would continue to do my job," Warsh told lawmakers, echoing comments former Fed Chair Jerome Powell made at various points when asked what he would do if Trump tried to fire him.

"Outside the four walls of the Federal Reserve there's no doubt a lot of politics.

My goal inside the central bank is for there to be no politics. To the extent there's politics there, we're going to get rid of it." "The independence of the Fed is sacrosanct," Warsh said in response to one of several questions about his willingness to set policy based on data even if the president was pushing for lower borrowing costs. "Credibility is bolstered if we are and are perceived to be independent. … That is the way we can best do our job."

Warsh's relationship with Trump, who was effusive about his pick to lead the Fed at a swearing-in ceremony in late May, formed the backdrop of the first of Warsh's two days of testimony in Congress this week, with Democrats warning him not to rely solely on the recent Supreme Court ruling to defend the central bank's independence.

The new Fed chief, who took over from Powell, will be managing both the economy and Trump during a difficult-to-read moment. Inflation is currently running above the Fed's 2% target, and there is uncertainty around whether renewed conflict in the Middle East could reverse recent progress.


Federal Reserve chairman Kevin Warsh.

Data released earlier on Tuesday showed that US consumer inflation slowed more than expected to 3.5% on a year-over-year basis in June on lower energy prices. Warsh said he would not "cherry-pick" the moment as a sign of progress. "There might be some that look at this morning's data and say, 'Oh, mission accomplished, everything is swell.' That is not my view," Warsh told lawmakers.

Traders see only about a 12% chance of a quarter-percentage-point rate increase at the Fed's July 28-29 meeting, versus about 42% on Monday, according to CME Group's FedWatch tool. They give a hike at the September 15-16 meeting about a 53% likelihood, down from about 75% on the prior day.

In his testimony, Warsh reiterated that his main thrust right now is to bring inflation back to that target, a goal welcome among those he called his "superb colleagues" at the central bank but that may require him to disappoint Trump's repeated hope for lower interest rates.

"If we get policy right - and we will - the inflation surge of the last five years will be a thing of the past," Warsh said. Warsh will appear before the Senate Banking Committee on Wednesday, a panel that in late April recommended his confirmation as Fed chief on a party-line vote, with Democrats expressing particular concerns about his relationship with Trump and whether he would be truly independent after a selection process in which the president said he would only nominate someone he was certain would cut rates.

Warsh's initial steps are seen as showing more distance from Trump than not, with his appointments to a set of task forces last week noted for the level of expertise and the absence of the sort of ideological or partisan figures brought in at other agencies. "If people were concerned he would be a 'sock puppet,' those fears should have been gone after the first press conference" following the Fed's decision to hold rates steady, when Warsh's comments were seen, if anything, as tilted toward keeping them that way, Jon Faust, a former top adviser to Powell and now an economics professor at Johns Hopkins University, said prior to Warsh's appearance on Tuesday. The task force appointments "really cement that view," tapping a group of well-known economists, corporate executives and central bankers likely to operate largely as Warsh says he intends - as neutral arbiters of key debates, some new and some ongoing, Faust said.

Warsh has shown no signs that a rate cut will happen soon, a policy stance no different from the one that earned Powell steady criticism from Trump and, near the end of his tenure, a since-abandoned criminal investigation. Powell remains a Fed governor.

"I agree that he got the president's support by giving him dovish signals," said Samuel Tombs, chief US economist at Pantheon Macroeconomics. "The counterpoint is that now that Warsh is in position, he has the luxury of taking a long, impartial view … Powell successfully showed how independent a Fed chair can be, how political interference can only get so far. I'm sure Warsh has one eye on who Trump's successor might be," with his legacy and possible reappointment both at stake.

If anything, Warsh has begun talking in more conditional terms about some of the things, like artificial intelligence, that before his nomination he said could lower inflation and lead to lower rates.

The monetary policy report submitted to Congress last week ahead of his testimony noted that AI investment is pushing up some prices, and other Fed policymakers have noted how it may be feeding a jump in software costs that is adding inflationary pressure from a new direction. Warsh has also acknowledged that the timing of supply-side and productivity gains from AI is uncertain, while the impact on demand for capital, skilled construction labor, and infrastructure is occurring now.

While Warsh, unlike his colleagues, did not submit an interest rate projection at the Fed's June 16-17 meeting and does not plan to do so, since he opposes that sort of "forward guidance," he said at his press conference that there was only a single policy proposal on the table at his first meeting as Fed chief - with no discussion of a rate cut.

Goldman Sachs profit tops estimates in Q2

Reuters
New York

Goldman Sachs exceeded second-quarter profit expectations as dealmaking picked up and market volatility amid the US-Iran war boosted equities revenue to a record, sending shares to an all-time peak.

Inflation risks and uncertainty over interest rates kept investors on edge, resulting in aggressive portfolio reassessment and stronger revenue from equities trading desks.

Some analysts said SpaceX's initial public offering may have provided an additional lift to volumes. Goldman was one of the lead underwriters.

The equities business fetched revenue of $7.42bn, surging 72% from a year ago. Revenue from the fixed income, currency and commodities business jumped 32% to $4.59bn. "Momentum has accelerated throughout our businesses," CEO David Solomon said in a statement.

"The buildout of AI infrastructure remains in its early stages, and we believe this multi-year investment cycle will continue to drive elevated levels of strategic activity, financing and capital formation across markets," he added on a call with analysts.

Goldman shares jumped 8.3% to a record high. The stock was the biggest gainer on the blue-chip Dow.

Total profit was $6.63bn, or $20.98 per share, for the three months ended June 30. That compares with $3.72bn, or $10.91 per share, a year earlier. Analysts were expecting earnings per share of $14.48, according to data compiled by LSEG.

"While we had partly anticipated the strong gearing of Goldman to the current market environment, these results have significantly exceeded expectations," JP Morgan analysts led by Kian Abouhossein wrote in a note. Goldman shares have outperformed the benchmark S&P 500 index this year, stirring some concerns about how much further the stock can run.

A surge in $10bn-plus "mega-deals" drove global M&A volumes to record levels in the first half of 2026, according to LSEG data, helping investment banks such as Goldman that earn fees from advising on such transactions.

Goldman's investment banking fees rose 55% to $3.4bn in the quarter, helped by higher stock and debt sales, as well as a pickup in advisory revenue.

Corporate dealmaking remained resilient despite the conflict in the Middle East, driven in part by companies' efforts to expand and strengthen their AI businesses.

Volumes could end the year near 2021 highs, Goldman has said. Goldman advised on $1.2tn of announced mergers and acquisitions in the first half of 2026, marking a record pace for any investment bank and about $425bn ahead of its closest rival, Chief Financial Officer Denis Coleman said.

Investors will parse Wall Street results for signals on where the economy is headed, and to gauge the outlook for bank stocks, which Bank of America analysts said had been an "island of stability" even as fears of AI disruption rocked the financial industry. Goldman's peers JPMorgan Chase and Bank of America also reported higher quarterly profits.

Goldman's asset and wealth management revenue rose 20% to $4.60bn, continuing its strong run. The bank has pushed for a stronger footing in the business to build a steadier earnings base and reduce its dependence on the trading and investment banking arms, which are more volatile.

"We see a lot of opportunity to grow asset and wealth management. We feel good about the acquisitions that have allowed us to accelerate growth and we continue to look into things that will allow us to do that," Solomon said. Goldman's private credit fund, part of the asset and wealth management division, has bucked the weakness in the industry.

Private credit players have come under pressure from shareholders looking to redeem their shares, on concerns that AI could disrupt the business models of software companies held in their portfolios.

Development banks' climate funding hits record $162.5bn

Reuters
London

Multilateral development banks committed a record $162.5bn in climate financing last year, a report by the EU's lending arm showed on Monday, but targets for poorer nations could be at risk after the World Bank's decision last month to abandon key goals.

Annual figures on the combined amount of climate financing provided by 10 of the world's biggest development banks showed they supplied a record $162.5bn in 2025, almost $103bn of which went to developing economies. The European Investment Bank, which published the report, said it indicated MDBs were "on track" to meet climate finance targets announced at the COP29 UN climate change summit in Baku in 2024.

At that meeting, the lenders committed to providing at least $120bn in annual climate finance to low- and middle-income countries by 2030, alongside $50bn a year for high-income economies.

"These results show that multilateral development banks are delivering at scale and accelerating support where it is most needed," EIB Vice-President Ambroise Fayolle said. Observers, however, have questioned whether those key targets might be at risk following last month's decision by the World Bank to abandon its goal to devote 45% of its annual financing to projects related to climate change.

The bank, which had been under pressure from the Trump administration to scrap the climate lending target adopted during Joe Biden's presidency in 2023, said its shift was to focus on lending outcomes rather than input goals.

Monday's report showed the World Bank's importance to the 2030 target. It provided almost half of the $102.6bn of climate funding that went to developing countries last year and has done so for the last five years. The World Bank did not immediately comment on Monday's report but the EIB's Fayolle backed the targets.

"I will not comment on a specific institution, but what I can say is when I look at the figures I am very optimistic about reaching the 2030 target," he told Reuters, adding that last year's 21% jump in funding to poorer countries had been "really impressive".