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Saudi-backed developer said to seek World Cup stadium investors

Friday, July 17, 2026
Safar 3, 1448 AH

GULF TIMES
BUSINESS

HORMUZ IMBROGLIO : Page 2

Most Gulf economies face downturns this year, but recovery seen swift in 2027

US imposes new 25% tariffs on Brazil, but expands exemptions list

Reuters
Washington

The US has announced 25% duties on many imports from Brazil, while unveiling a broader-than-expected list of exemptions, reviving a trade war that could embroil dozens of countries around the world as the Trump administration reworks its tariffs policy, one of its signature diplomatic tools.

A cargo ship heading to Nigeria is loaded with sugar at Brazil's main ocean port, Santos. The new tariffs, which are expected to take effect on July 22, could eventually ensnare countries from India and China to the EU, Japan and South Korea as President Donald Trump seeks a trade reset after the US Supreme Court struck down a previous round of global levies.

The late-night announcement by the office of the US Trade Representative made Brazil the first country targeted under the Trump administration's new tariff strategy, which relies on Section 301 of US trade law, a provision that authorizes investigations into alleged unfair trade practices, to impose new levies on dozens of countries.

The new tariffs, which are expected to take effect on July 22, could eventually ensnare countries from India and China to the EU, Japan and South Korea as President Donald Trump seeks a trade reset after the US Supreme Court struck down a previous round of global levies.

Wednesday's announcement by the USTR office follows months of fruitless negotiations and over 30 meetings between US and Brazilian officials after the Trump administration proposed new tariffs on many imports from Brazil in June, saying its practices were unfair on a range of issues from digital trade to illegal deforestation.

"Extensive negotiations with Brazil over the past year have not resolved these issues, but we remain open to continuing negotiations with Brazil to bring about long-needed changes to the problems identified in this investigation," US Trade Representative Jamieson Greer said in a statement.

Brazilian President Luiz Inacio Lula da Silva, who is expected to run for reelection in October, said the US decision was without any justification. Brazilian officials have long suggested, in private conversations, that the motives for the new tariffs were political rather than technical, making negotiations fruitless.

Brazil would immediately begin proceedings to invoke instruments provided for under the "Reciprocity Law" and revisit the matter within the framework of the WTO dispute settlement mechanism, he said in a statement.

India, one of the biggest trading partners of the US, has struggled to sign a trade deal with Washington at least partly because of the Section 301 investigations.

"The Brazil case…is a warning for India," said Ajay Srivastava, founder of the Global Trade Research Initiative think tank. "It shows that Washington can use trade action not only over tariffs and market access, but also against any policy it sees as unfair to US business."

Secretary of State Marco Rubio, who was accused by Lula of being anti-Latin America when the US tariffs were proposed in June, blamed the Brazilian president and said "Lula and his government have not negotiated with the US in good faith."

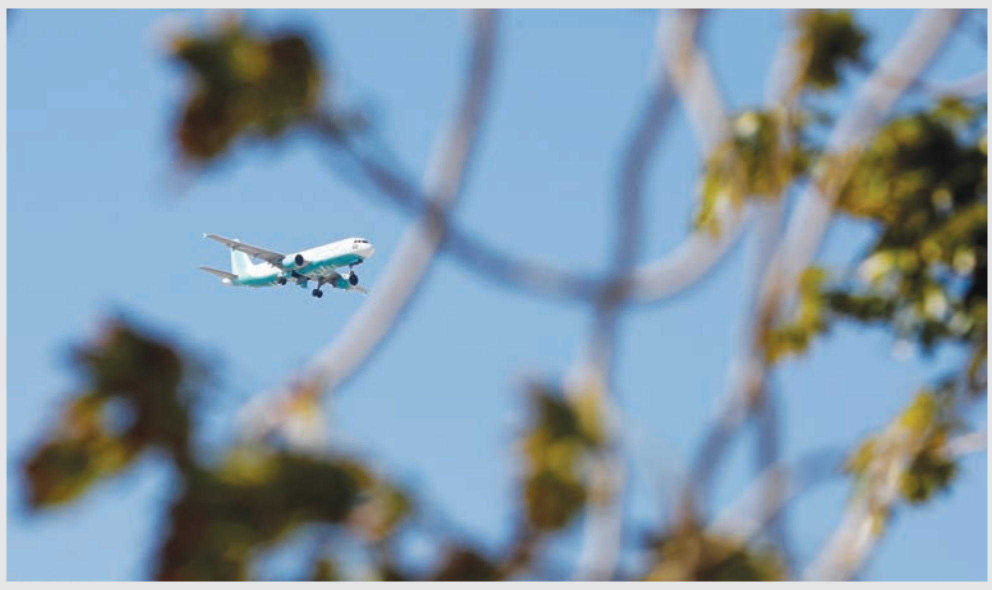
"For the past year, Lula has put his own ego ahead of making a deal for the welfare of the Brazilian people, and these tariffs are the price for that," Rubio said in a strongly worded post on X.

The Brazil tariffs would apply to thousands of imports, including sugar, agricultural machinery, apparel, electrical machinery, paper and steel. Still, the US said it would exempt all the products proposed for exemption in the June notice, except high-purity dissolving pulp and non-pharmaceutical applications of certain products, and include hundreds of others that were expected to face levies, such as pig iron and unflavored instant coffee.

The most impactful exemptions include beef, coffee, rare earths, energy products, aircraft, and aircraft parts. The American Chamber of Commerce for Brazil, a business group, reported the new tariff increased exemptions by 25%, covering some $11bn in annual trade, $2bn less than expected, though it places "Brazil among the countries facing the most restrictive conditions for access to the US market."

The investigation into Brazil, opened last July, cited several alleged unfair practices, including illegal deforestation and Brazil's instant payment system, Pix, which the US government argues disadvantages credit card companies.

Airbus seen in talks to sell jets to Flynas



Saudi budget airline Flynas Airbus A320-200 plane flies over the Red Sea resort of Sharm el-Sheikh, south of Cairo (file). Airbus is in talks to sell more of its A330neo widebody aircraft to the low-cost carrier Flynas, with an announcement possibly as early as next week's Farnborough Airshow, industry sources have said, reports Reuters. However, they played down a report that Germany's Condor Flugdienst was preparing to place an order for the same jet. Bloomberg News reported earlier that Flynas was looking to firm up options for eight A330s. The same report said Condor was in discussion for about half a dozen Airbus A330neos, citing people familiar with the matter. Airbus declined to comment.

UAE's e& said to scale back global strategy as new chief refocuses on core telecoms

Reuters
Dubai

UAE telecoms and investment group e& is unwinding much of its expansion strategy of recent years, deepening a retreat from non-core businesses that accelerated with the near $6bn sale of its Vodafone stake this month, two people familiar with the matter said.

The company's agreement to sell its entire 16.2% stake in Vodafone to an investment vehicle owned by France's Niel family followed the partial sale of its stake in the super app managed by ride-hailing platform Careem to Uber in May.

The two transactions mark a shift in strategy under new group CEO Masood M Sharif Mahmood, who took the helm in April after his predecessor's six-year tenure, the people said, speaking on condition of anonymity because the plans are private. Under the new direction, e& — rebranded from Etisalat in 2022 — is reviewing its portfolio, including its venture capital vehicle e& capital and peer-to-peer lending platform Beehive, the people said.

The group intends to retain controlling stakes in European operator e& PPF Telecom Group and telecom operators it owns in emerging markets, one of them added. The sources cautioned that plans were still being discussed and no definitive decision had been taken.

e& and its majority shareholder the Emirates Investment Authority (EIA) did not reply to requests for comment.

Under previous CEO Hatem Dowidar, e& had pursued a strategy of using surplus cash from a dominant position in the domestic telecoms market to fund expansion into technology, venture investing and international assets, aiming to reposition the group as a global technology company, the people said.

That strategy has not paid off as shareholders had hoped, one of the people said, and the group ultimately concluded that its core telecoms business, where returns are steadier and easier to manage, should be the priority going forward. e& is 60% owned by the EIA, the UAE's federal sovereign wealth fund, with the remaining 40% traded on the Abu Dhabi Securities Exchange.

The group's Abu Dhabi-listed shares have lost 8.6% in the last three years, giving the company a market capitalization of around 176.9bn dirhams ($48.2bn), LSEG data shows. They have however gained 4.3% in the last five days.

e& capital had total deployed and committed investments of around $194mn across 20 portfolio companies by the end of last year, e& said, adding Beehive had lent around $350mn to small and medium enterprises in 2025, up 40% from a year earlier.

Analysts at HSBC and Citi both flagged the Vodafone and Careem sales as signs of a broader pivot toward core operations and balance-sheet discipline, even as they said the company had yet to spell out a formal strategic review.

Both said the Vodafone deal would sharply reduce e&'s leverage by the end of 2026, which may allow the company to pay higher dividends. HSBC sees net debt to earnings before interest, tax, depreciation and amortization falling to around 0.5 times from 1.1 times.

TSMC to invest another $100bn in Arizona fabs; US spending to total $265bn

AFP
Taipei

Taiwanese chipmaker TSMC will invest an additional $100bn in the US state of Arizona, the company said Thursday, as it reported a record quarterly net profit on the back of massive demand for AI hardware.

The firm is the biggest contract maker of microchips used in everything from Apple phones to Nvidia processors and has been a major beneficiary of the global AI race.

Governments and tech giants are pouring huge sums into building data centres that can train and run AI tools such as chatbots, image generators and agents that can execute tasks.

This has turbocharged business for chipmakers such as TSMC, creating shortages and sending prices soaring.

"The AI megatrend continues to drive the need for more and more computation," chairman CC Wei told an earnings call.

"We now expect our full-year 2026 revenue growth to be slightly above 40 % year-over-year in US dollar terms."

TSMC's net profit for April to June surged 77.4% year-on-year to NT$706.6bn ($22 bn), smashing analyst estimates of NT$624.4bn.

Wei said TSMC was moving "as fast as possible" to increase its chipmaking capacity in Taiwan, Japan and the US to try to catch up to customer demand.

"The demand and the supply, the gap is so big, so we are working very hard to narrow the gap," Wei said.

TSMC will spend an additional $100bn building fabs in Arizona, which would take the company's total investment plans in the US to $265bn.

"This is to build several or more semiconductor logic wafer fabs for 2-nanometer and below technologies as well as advanced packaging fabs," Wei said.

Chief financial officer Wendell Huang said TSMC will increase its 2026 capital expenditure budget to between $60bn and $64bn "as we continue to invest heavily to support our customers' growth".

"At TSMC, a higher level of capital expenditures is always correlated to higher growth opportunities in the following years," Huang said, adding the company did not expect "any bottlenecks to our capacity expansion plan".

Ahead of the results, Counterpoint Research senior analyst William Li said TSMC's surge in revenue showed "AI infrastructure investment remains exceptionally strong despite macro uncertainty."

"Demand for AI GPUs, AI ASICs and advanced packaging continues to exceed expectations," Li told AFP.

Li said: "EUV (extreme ultra-violet lithography tools) supply constraints and overseas fab investments may limit capacity expansion and weigh on margins in the near term."

Concerns about overstretched valuations in the tech sector have fuelled fears of a market bubble, along with questions over when the eye-watering sums being spent on AI will reap returns.

But Omdia principal analyst Simon Chen said those fears were "overstated".

"The demand we see is structural, backed by massive, tangible capital expenditures from hyperscalers," Chen said. Page 3

TSMC Chairman and CEO CC Wei speaks during the company's second-quarter earnings conference in Taipei, Taiwan on Thursday. TSMC will spend an additional $100bn building fabs in Arizona, which would take the company's total investment plans in the US to $265bn.

'Iraqi crude loadings more than double in first half of July'

Reuters
London/Basra

Iraqi crude loadings more than doubled to average roughly 1.2mn barrels per day in the first half of July, according to Kpler data and a source with direct knowledge of the flows, as exports accelerated following months of restricted shipments.

Crude exports averaged roughly 500,000 bpd in June, Kpler data showed.

Despite the monthly increase, Iraqi crude exports from the southern port of Basra were still down sharply from levels before the Iran war, when they were above 3.2mn bpd before March, according to Kpler.

It was not clear if Iraqi exports can sustain these levels, as a drone strike on a tanker at Basra on Thursday resulted in suspension of all crude oil loadings.

Iraqi Kirkuk crude loadings via Turkey's Ceyhan port have also slowed since the war, averaging 65,000 bpd in July so far, down from nearly 200,000 bpd in February, according to Kpler. Meanwhile, Iraq briefly suspended oil loadings on Thursday before resuming them after a drone hit an oil tanker at its Basra terminal, four Iraqi oil and security sources told Reuters.

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The incident was not a direct attack on the terminals or vessels there, the head of Iraq's state oil marketer SOMO told Reuters.

"It is not targeting Basra Oil Terminal. Its target is another place. Loading is at normal rates depending on the vessels' availability," Ali Nazar said.

An oil ministry spokesperson said loadings were ongoing at Iraq's southern ports and that the ministry is investigating the matter.

The oil tanker was towed outside the port along with another tanker that was anchored as a precautionary measure, the four sources said.

On Wednesday, a drone came down in Iraq's Faw port without causing any damage, the state news agency reported, without giving further detail. Operations at the port were not affected.

The Iran war has disrupted oil exports from Iraq's southern terminals due to the effective closure of the Strait of Hormuz.

Iraq, Opec's second-largest producer, exported 10mn barrels of oil via the Strait of Hormuz in April, down from about 93mn per month before the war, according to Oil Minister Basim Mohammed.

Total June exports stood at around 24.5mn barrels, two oil officials told Reuters on July 5.

Iraq has also been exporting via Turkey using the northern Kirkuk-Ceyhan pipeline and has sought to export oil through Syria.

Most Gulf economies facing downturns this year, but recovery seen swift in 2027

Reuters
Bengaluru

A vessel in the Strait of Hormuz, as seen from Musandam,Oman, on Thursday. For Gulf Cooperation Council producers, the shock is less about the price of oil than the ability to sell and ship it.

Most Gulf economies will contract more sharply this year than expected three months ago before rebounding in 2027, a Reuters poll found, as crumbling hopes of a quick US-Iran de-escalation keep the Strait of Hormuz — the region's oil and gas export lifeline -largely closed.

The July 7-16 survey of economists was taken as many abandoned assumptions Gulf shipping and energy exports would quickly normalise. Trump's latest blockade of Iranian shipping and repeated disruptions around Hormuz have lifted oil prices nearly 20% this month to about $85 a barrel.

For Gulf Cooperation Council producers, the shock is less about the price of oil than the ability to sell and ship it. Higher crude prices support revenues, but they are not fully offsetting lost export volumes, costlier freight and weaker investor confidence.

Kuwait and Qatar economies are now expected to slump 8.1% this year, median forecasts showed, compared with contractions of 4.4% and 6.0% in a poll taken in April.

Bahrain's economy will shrink 5.1%, sharper than the 2.9% predicted three months ago, while that of the United Arab Emirates (UAE) is forecast to contract 0.5% after economists had previously predicted stagnation.

Saudi Arabia and Oman are the only GCC economies still expected to expand this year, as Saudi can move oil via its East-West pipeline to the Red Sea while Oman's export terminals sit outside the Hormuz Strait, limiting their exposure to the shipping disruption.

The Kingdom's economic growth estimate was cut to 1.4% from 2.6%, below the IMF's latest projection of 1.7%, while Oman's was raised to 3.1% from 2.2%.

Estimates varied widely, from a 4.3% contraction to 4.1% growth for Saudi Arabia and from a 2.1% decline to 4.1% expansion for Oman.

"I would be quite cautious about taking Gulf GDP forecasts at face value right now," said Marwan Barakat, group chief economist and head of research at Bank Audi. "The issue is not only the level of oil prices or interest rates, it is the physical ability to move hydrocarbons, goods and people through one of the world's most important chokepoints."

"If the disruption remains short-lived then we are likely to see a sharp near-term hit... followed by a rebound," Barakat said. "But if the disruption becomes prolonged the damage becomes more persistent."

The recovery will be swift next year, according to the latest forecasts. Kuwait topped the 2027 list, expected to grow 10.1%, followed by Qatar at 7.8%, Saudi Arabia with 6.0%, the UAE at 5.8%, Bahrain with 4.5% and Oman at 2.8%.

"Growth forecasts look strong because they assume tensions with Iran ease and shipping through the Strait of Hormuz gradually returns to normal over the next six to 12 months," said Abdalla Saleh, a senior analyst at Fitch Solutions. "If that happens we would expect a significant rebound in both oil and non-oil parts of GCC economies."

Efforts by governments to diversify their economies have been complicated by the crisis.

Governments from Riyadh to Abu Dhabi have spent years pitching investors a post-oil future built on tourism, logistics, finance, technology and real estate. Those sectors provide a buffer against crude-price swings but are exposed to the same conflict-related disruption of airspace, weaker travel, delayed shipments and a higher regional risk premium.

"The biggest risk isn't necessarily another major military escalation," said Akanksha Samdani, lead economist at Oxford Economics. "It's the possibility that businesses permanently price in a higher geopolitical risk premium."

Inflation forecasts stayed relatively tame. Median expectations put Saudi inflation at 2.1% this year, the UAE's at 2.9%, Kuwait's at 2.7%, Qatar's at 3.2%, Oman's at 2.5% and Bahrain at 1.9%.

Dollar pegs, subsidies, price controls and large fiscal buffers have contained the pass-through from elevated freight and insurance charges, while some companies have absorbed elevated costs rather than passing them fully to consumers.

Korea central bank hikes rates amid chip boom

AFP
Seoul

Republic of Korea's central bank hiked interest rates on Thursday for the first time in more than three years and indicated more to come amid robust economic growth fuelled by the AI chip boom, persistent inflation and risks to financial stability.

The Bank of Korea has increasingly leaned toward tighter monetary policy owing to stubbornly high inflation, a weaker won and an economy buoyed by strong semiconductor exports.

The combination of robust growth, rising home prices, and elevated household debt has strengthened the case.

On Thursday an official at the bank told AFP the Monetary Policy Board had "raised the benchmark rate from 2.5% to 2.75%".

The increase was the first since January 2023, when it lifted the policy rate 25 basis points to 3.5% during its post-pandemic policy normalisation cycle.

The bank deemed it was "appropriate" to raise the rate "as economic growth has been strengthening", and "inflation is expected to remain above the target level for a considerable period", the bank said in a statement.

It added that "risks to financial stability continue to persist".

Korea's economy expanded at its fastest pace for nearly six years in the first quarter as exports surged on the back of demand for chips that power artificial intelligence.

The government this week raised its 2026 growth forecast by one percentage point to three % owing to the strong performance of 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.

Consumer prices climbed 3.2% in June from a year earlier, partly because of higher energy costs and supply chain disruptions linked to the Iran war.

The BoK reiterated Thursday that it "remains necessary to closely monitor high exchange rate volatility, the upward trend in housing prices in the Seoul metropolitan area, and the accelerating growth of household debt".

"Accordingly, the Board considers it necessary to maintain its policy of raising interest rates," it added.

"The timing and pace of any further rate increases will be determined after assessing inflationary pressures... and financial stability conditions."

Dave Chia, an economist at Moody's Analytics, said the increase marked "the start of a tightening cycle rather than a one-off adjustment".

"Oil is putting the most pressure on prices. The Middle East conflict has kept crude costly for an economy almost wholly reliant on imported energy," he said in a note sent to AFP.

"Underlying pressure is therefore stronger than the headline. A weak won amplifies the pressure through import prices."

Irish airline Aer Lingus plans 500 job cuts as fuel prices soar on Iran war

Irish airline Aer Lingus could cut up to 500 jobs as part of a reorganisation, it said, citing high costs and a challenging economic environment as the sector grapples with surging oil prices due mainly to the US-Iran war, reports Reuters.

The airline, which has already cut senior management roles by a quarter, plans to reduce wider employee costs by about the same level while making network changes to remove lower margin flying, it said in a statement on Thursday.

That would lower overall flying by 6%, including some long-haul and short-haul routes, it said, adding that it was also focused on reducing supplier costs.

The measures come after its parent company, London-listed IAG, issued a profit warning in May, cautioning that high jet fuel costs and supply disruptions due to the war would weigh more heavily on earnings than previously expected.

Global 'FOMO' keeps fueling Wall Street's AI exceptionalism

By Jamie McGeever
Orlando, Florida

Foreign private sector investors' net purchases of US stocks in May totalled $120.8bn, up from $85.6bn the month before, according to the latest TIC report. That was the second-highest inflow on record after November 2024

Doubts around Wall Street's AI-fueled boom may be swirling, but foreign investors' insatiable appetite for US stocks suggests there's life in the "US exceptionalism" narrative yet.

Official US Treasury International Capital (TIC) figures — the gold standard for measuring US securities flows — this week showed historic demand for US equities in May from the foreign private sector.

Foreign private sector investors' net purchases of US stocks in May totaled $120.8bn, up from $85.6bn the month before, according to the latest TIC report. That was the second-highest inflow on record after November 2024.

"It's still really, really hard to see evidence that the rest of the world is shunning US assets," said Kit Juckes, head of FX strategy at Societe Generale in London.

To be sure, a heavy rotation within the US tech and AI universe is underway. Investors are punishing the hyperscalers that are spending vast sums on AI infrastructure and capex, while rewarding the semiconductor companies receiving much of that flow.

The S&P 500 software and services index is down 17% year to date, while the Philadelphia Semiconductor Index is up a whopping 75%.

Zoom out though, and it's a familiar picture: global investors' appetite for US equities, especially tech, remains undiminished. May was a strong month for Wall Street, with the S&P 500 up 5% and the S&P 500 tech sector rising an impressive 16%, so perhaps solid participation from abroad isn't all that surprising. But the strength of that buying is, especially when compared with the foreign selling in other countries at the vanguard of the global AI revolution, notably South Korea and Taiwan.

Non-residents are dumping these countries' stocks while continuing to pour huge amounts into the US Investors' "fear of missing out," or FOMO, appears to be alive and well, as far as US equities are concerned.

Comparing the TIC data with foreign flows for South Korea and Taiwan — two other AI heavyweights — is revealing.

Of course, like-for-like comparisons between countries are difficult because of methodology, collection and calculation differences. But one can get a good sense of foreign demand for emerging market assets using the Institute of International Finance's (IIF) best-in-class emerging market portfolio flows data.

IIF figures show non-resident investors pulled $27.9bn out of South Korean stocks in May. That net outflow increased in June to $30.5bn, the biggest outflow in more than 25 years.

Meanwhile, non-residents pulled a net $18.3bn out of Taiwanese stocks in June, the second-biggest monthly outflow on record. The largest was a $28.7bn outflow in March.

So far this year, foreigners' net sales of South Korean stocks have reached nearly $100bn, while non-residents have sold a net $20bn of Taiwanese stocks, IIF figures show.

South Korean and Taiwanese equity indices are seen as barometers for market sentiment on the global AI story because they are heavily concentrated in tech and a handful of megacap companies, namely SK Hynix, Samsung and TSMC.

Both markets have soared this year, but have also recorded massive selloffs, with realized volatility reaching historic levels. Does that mean investors are growing skittish about the AI story itself? Perhaps, but this volatility may, in part, reflect the growing presence of highly leveraged domestic retail investors in these markets.

Regardless, such ructions are unlikely to help attract foreign capital back in, unless we see a significant, sustainable correction.

That suggests investors wanting to get in on the AI frenzy may still flock to Wall Street.

There is one significant caveat to all this. The TIC data has a heavy lag, and the US tech sector — including both hyperscalers and chip companies — did experience some tremors in June, so we will still need to wait and see if that affected foreign demand.

For now, however, the latest data shows two things: the world still doesn't want to miss out on the AI rally; and Wall Street, not Asian markets, is the more attractive and stable destination for global investors.

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

CORPORATE RESULTS

Taiwan chipmaker TSMC reports record quarterly profit

Taiwanese chipmaker TSMC reported a record net profit for the second quarter on Thursday, fuelled by massive demand for artificial intelligence hardware.

TSMC, the biggest contract maker of microchips used in everything from Apple phones to Nvidia processors, has been a major beneficiary of the global AI race.

Governments and tech giants are pouring huge sums into building data centres that can train and run AI tools such as chatbots, image generators and agents that can execute tasks.

This has turbocharged business for chipmakers such as TSMC, creating shortages and sending prices soaring.

"The AI megatrend continues to drive the need for more and more computation," chairman CC Wei told an earnings call.

TSMC's net profit for April to June surged 77.4% year-on-year to NT$706.6bn ($22bn), smashing analyst estimates of NT$624.4bn.

The result also beat its previous quarterly record of NT$572.48bn in the first three months of 2026.

Quarterly revenue rose 36% to NT$1.3tn.

Ahead of the results, Counterpoint Research senior analyst William Li said TSMC's surge in revenue showed "AI infrastructure investment remains exceptionally strong despite macro uncertainty."

"Demand for AI GPUs, AI ASICs and advanced packaging continues to exceed expectations," Li told AFP.

Li said "EUV (extreme ultra-violet lithography tools) supply constraints and overseas fab investments may limit capacity expansion and weigh on margins in the near term."

Concerns about overstretched valuations in the tech sector have fuelled fears of a market bubble, along with questions over when the eye-watering sums being spent on AI will reap returns.

But Omdia principal analyst Simon Chen said those fears were "overstated".

"The demand we see is structural, backed by massive, tangible capital expenditures from hyperscalers," Chen said.

UnitedHealth

UnitedHealth Group on Thursday delivered the quarterly financial report investors have been looking for, beating Wall Street's second-quarter profit expectations and raising its 2026 forecast as it improved its medical cost management.

Shares in the company rose nearly 8% in morning trading after the company reported improvements in its health insurance and Optum health services units, reflecting progress in a year-long turnaround effort.

Chief Financial Officer Wayne DeVeydt citedcontributions from cost controls in the Medicare health insurance business as well as higher government reimbursement in Medicaid plans for low-income Americans.

"These results are not a reflection of a trend bending or coming under control, but rather our efforts to start pushing down what is already an elevated number," said DeVeydt.

UnitedHealth CEO Stephen Hemsley, tasked to steer the company back to earnings growth, has refocused the organization and refreshed half of its top leadership, exited some health insurance products, and committed $1.5bn to invest in artificial intelligence.

Investors had dumped shares of the healthcare company in April of 2025 after it missed financial estimates and withdrew its financial outlook.

UnitedHealth now expects 2026 adjusted profit per share of $19.50 to $20.00 compared with its original forecast of at least $17.75. Analysts expect a profit of $18.47 per share for 2026, according to data compiled by LSEG.

On an adjusted basis, UnitedHealth earned $6.38 per share in the second quarter, compared with an average analyst estimate of $4.90.

JP Morgan analyst Lisa Gill said the forecast update cleared the high bar set by investors, who had been looking for a "path" to $20.00.

UnitedHealth's results lifted shares of other insurers, which were dragged down in Wednesday's selloff after Elevance's annual profit hike failed to impress investors. Shares of Humana and CVS Health also gained.

"Things certainly appear to have stabilized after the crack they had last year and now appear to be improving nicely," said Greg Halter, Director of Research at Carnegie Investment Counsel. The investment advisory firms owns 104,832 UnitedHealth shares according to its latest regulatory filing.

UnitedHealth reported a second-quarter medical cost ratio — the percentage of premiums spent on medical care — of 86.70%, better than analysts' average estimate of 88.47% and the year earlier's 89.4%.

The company said its insurance plan design changes and new pricing on products led to an improvement in the medical cost ratio.

UnitedHealth operates insurer UnitedHealthcare, health services unit Optum and a pharmacy benefit manager, Optum Rx.

The health insurance unit, UnitedHealthcare, reported second-quarter revenue of $86bn, compared with $86.1bn in the same quarter last year, while overall revenue rose to $112bn from $111.6bn. That beat analyst expectations of about $111bn, according to LSEG.

Higher costs for insurance, however, drove a membership decline, particularly for people purchasing plans through the Obamacare marketplace, where extra pandemic-era government subsidies expired, said DeVeydt.

Recovering growth margins in the company's commercial business, which includes Obamacare plans, will take longer than originally anticipated, said UnitedHealthcare CEO Tim Noel.

Second-quarter operating income for Optum jumped 29% from a year earlier to $4bn, driven by improved operations at its technology segment and better access to care in its clinical unit.

In the previous quarter, Optum's earnings had dragged as its operating income fell 15% year-over-year to $3.3bn.

The AI tools the company has introduced this year have reduced the administrative burden and increased the amount of time Optum Health clinicians can spend treating patients, DeVeydt said.

ABB

Swiss engineering group ABB said on Thursday it has agreed to buy UK rival Rotork in a deal worth $5.5bn in a move to bolster its automation division.

Zurich-based ABB also announced a strong rise in second-quarter earnings on the back of "record-high orders" for all of its products.

In the period from April to June, ABB booked a 7% rise in net profit to $1.2bn, a 14% increase in sales to $9.5bn and a 30% jump in orders to $12 bn.

The group said it had agreed to pay 503 pence per share in cash for Bath-based Rotork, one of the world's biggest manufacturers of safety devices that open and close valves in pipelines.

Under the terms of the offer — representing a total cash deal of around $5.5bn — Rotork shareholders will also be entitled to receive an interim dividend for the period to June 30, 2026 of up to three pence per Rotork share.

Rotork is expected to add three % to ABB's revenues, the Swiss giant said.

The transaction is expected to close in the first half of 2027 and is subject to a shareholder vote and customary regulatory approvals. ABB is one of Europe's largest industrial engineering and technology groups, employing more than 100,000 people.

United Airlines

United Airlines reported a dip in profits on Wednesday, reflecting the hit from higher fuel prices due to the US-Iran war.

While the airline pointed to resilient travel demand, the growth in operating expenses outpaced the increase in revenues.

Profits in the second quarter were $805mn, down 17.3%. Revenues jumped 16% to $17.7bn.

United has eliminated lower-profit flights in response to the surge in jet fuel costs. The carrier said in April it planned broad-based fare hikes of 15% to 20%.

"United is built to thrive in every environment, and when oil prices spiked in March, we quickly and decisively acted to adjust our schedules, while simultaneously doubling down on our customer investments," said CEO Scott Kirby.

Based on current oil prices, United expects nearly $6bn in added fuel expenses in 2026 compared with its expectations at the start of the year.

In the second quarter, United recovered about 50% of jet fuel costs. It expects that share to rise to 80%-90% in the third quarter and 100% in the fourth quarter.

Johnson & Johnson

Johnson & Johnson has said that its medical device unit underperformed in the second quarter, even as strong sales of Tremfya for autoimmune conditions and cancer treatment Darzalex helped it beat Wall Street estimates.

US demand for its Impella heart pumps, acquired through its $16.6bn 2022 buyout of Abiomed, dropped in the second quarter by 2% after having grown 14% during the first quarter, it said.

CFO Joseph Wolk said in an interview that Abiomed revenue took a hit following the release of a UK study that raised questions about the use of Impella pumps during certain high-risk coronary procedures.

Wolk said J&J expects the franchise to return to growth, aided by additional data expected in the first half of next year that could further demonstrate the usefulness of the pumps.

"When you have 28 platforms that generate at least $1bn in revenue on an annual basis, we're not dependent on one asset," Wolk said.

Shares of the company closed 2.7% lower at $247.02 on Wednesday.

Still, the company said it is not seeing evidence of a slowdown of procedures using its medical devices after Hospital operator HCA Healthcare warned on Tuesday of weaker surgical volumes and more patients dropping out of Affordable Care Act plans. That pushed shares down in J&J and other medtech companies such as Stryker and Intuitive Surgical.

"Procedure volumes continue to be stable," J&J Executive Vice President Tim Schmid said in a conference call with investors. "We have not observed any meaningful impact on procedure volumes across our portfolio related to the ACA."

Sales at J&J's medtech unit came in at $8.93bn, below analysts' average estimate of $8.97bn, according to data compiled by LSEG.

"Overall medtech procedures were solid as shown by strength in ortho, vision and stability in surgery," Evercore ISI analyst Vijay Kumar said.

Kumar said the results could help ease concerns around broad demand for medical devices.

J&J's second-quarter sales grew nearly 7% to $25.31bn, above analysts' average estimate of about $25.05bn.

The pharmaceutical unit helped boost total sales. It generated $16.38bn in quarterly sales, ahead of analysts' estimate of $16.1bn.

Adjusted earnings per share stood at $2.90, topping an expectation of $2.85.

The company now expects annual sales of about $101.1bn at the midpoint, compared with $100.8bn previously. It also raised its adjusted earnings per share forecast to $11.68 at the midpoint, from $11.55 per share previously.

BASF

German chemical giant BASF raised its earnings forecast for the year after hiking prices for some products following the outbreak of the Iran war, but warned of heightened uncertainty.

BASF now expects EBITDA before special items, a key measure of profitability, to come in between €6.9bn and €7.7bn ($7.9bn to $8.8bn) in 2026.

The group, one of the world's biggest chemical companies and a key supplier to industries ranging from agriculture to automotive, had previously predicted a range of €6.2bn to €7.0bn euros.

BASF's earnings have been boosted after it hiked prices for some goods in March by up to 30 % in response to the turmoil unleashed by the US-Israeli war against Iran.

But the firm also warned that the outlook for chemical markets in the second half of 2026 "remains highly uncertain".

"It depends to a considerable degree on the outcome of the negotiations between the US and Iran, particularly with regard to the access to and use of the Strait of Hormuz for the transport of energy and petrochemical feedstocks from the Middle East," it said in a statement.

A "prolonged closure" would weigh on the global economy, but a "rapid agreement" would provide a boost, it said.

In the second quarter, the group's net profit came in at €4.1bn, beating forecasts of around €2.4bn.

The figure was boosted by a one-off gain from finalising the sale of its coatings division to US investment firm Carlye.

Sales in the April-June period jumped 16% to €17.2bn, lifted by higher prices and higher volumes.

Facing fierce competition, particularly from China, and weak demand in Europe, the group has been undergoing a major restructuring.

Thousands of jobs are being cut in its historic German headquarters in Ludwigshafen, while earlier this year it opened a major chemical complex in China to serve booming Asian markets.

UK economy rebounds as nation awaits new PM

A customer uses a ten pound note to pay for goods at a market in east London (file). Britain's economy rebounded slightly in May with growth of 0.1% thanks to expansion in the services sector, official data showed Thursday as Britain awaits a new prime minister, reports AFP. Gross domestic product (GDP) had contracted by 0.1% in April as the US-Iran war pushed up inflation after oil prices soared. "The growth in May was because of a rise of 0.3% (output) in services," the Office for National Statistics said in a statement. The data comes as Andy Burnham prepares to take over as prime minister on Monday. Keir Starmer resigned as PM and Labour party leader last month, bowing to months of internal pressure to step down after a series of scandals, missteps over the economy and policy U-turns. The latest data "is not a bad welcome gift for incoming PM Andy Burnham", noted Paul Dales, chief UK economist at Capital Economics research group. He added that even if output proves to be flat in June, the economy would have expanded by 0.4% overall in the second quarter. "This suggests that the economy has been more resilient to the rise in energy prices" than expected, Dales said.

Lower gasoline prices restrain US retail sales in June; underlying momentum remains

Reuters
Washington

US retail sales rose slightly in June as lower gasoline prices weighed on receipts at service stations, but motor vehicle purchases accelerated and online spending surged, prompting economists to upgrade their second-quarter growth estimates.

The economy's resilience was underscored by other data on Thursday showing labor market stability, with first-time applications for unemployment benefits dropping to a two-month low last week. The reports did not change views on near-term monetary policy. Economists believed the Federal Reserve would keep interest rates unchanged later this month.

They raised their gross domestic product growth estimates for the April-June quarter by at least two-tenths of a percentage point to as high as a 2.4% annualized rate. The economy grew at a 2.1% pace in the first quarter.

"Despite challenges, consumers are still spending and the labor market shows no signs of cracking," said Ellen Zentner, chief economic strategist at Morgan Stanley Wealth Management. "This type of data won't move the Fed's needle either way, but it underscores the ongoing resilience of the U.S. economy."

Retail sales rose 0.2% last month, the smallest gain in five months, after an upwardly revised 1.0% jump in May, the Commerce Department's Census Bureau said. The increase in retail sales, which are mostly goods and are not adjusted for inflation, was in line with economists' expectations and followed a previously reported 0.9% advance in May.

Sales rose 6.7% year-on-year in June, despite household budgets being strained by higher prices from import tariffs and more recently the Middle East conflict.

Spending continues to be driven by higher-income households, which have seen their wealth boosted by a stock market rally. Generous tax refunds this year have provided a cushion and consumers have been tapping into savings and seeking bargains. A "slow hire, slow fire" labor market is also generating a steady pace of wage growth, which is helping to sustain spending.

Initial claims for state unemployment benefits dropped 8,000 to a seasonally adjusted 208,000 for the week ended July 11, the lowest level since May, the Labor Department reported in a separate report on Thursday. Economists had forecast 217,000 claims for the latest week.

"While hiring has weakened from a strong start to 2026, the labor market remains stable," said Kurt Rankin, a senior economist at PNC Financial. "Businesses themselves continue to enjoy solid consumer demand, requiring that they at least maintain existing staffing to meet demand."

Receipts at service stations dropped 5.3% last month after increasing 2.6% in May, the retail sales report showed. Average gasoline prices fell to $4.18 a gallon in June from $4.61 in May, data from the U.S. Energy Information Administration showed.

The economy's resilience was underscored by data on Thursday showing labor market stability, with first-time applications for unemployment benefits dropping to a two-month low last week

The modest relief at the pump, which reflected a retreat in oil prices as a shaky ceasefire between the United States and Iran took hold, freed money for spending elsewhere. But the truce collapsed last week and the renewed hostilities in the Middle East have sent oil and gasoline prices rising again.

Receipts at auto dealerships increased 1.9%. Sales at nonstore retailers surged 1.9%, boosted by Amazon's four-day Prime Day event towards the end of the month. Other retailers also offered competing promotions. Economists, however, noted that the Prime Day promotion was a month earlier than usual, which they argued could have thrown off the model used by the government to strip seasonal fluctuations from the data.

Fed official supports higher rates to curb inflation

A key US central bank official said on Thursday that she backs higher interest rates to curb inflation, in a signal that she could push back on a decision to keep rates unchanged this month, reports AFP.

"I currently believe modestly higher interest rates would better balance the outlook and risks" for the Federal Reserve, said Dallas Fed President Lorie Logan in Houston. The Fed's rate-setting committee is next set to gather on July 28-29, and Logan is one of its 12 voting members.

She noted that inflation has been above the Fed's 2% target for more than five years, straining the budgets of households and businesses.

Even as the consumer price index cooled from 4.2% in May to 3.5% in June, Logan stressed that "one month of relief is not enough."

"It is time to finish the job of restoring price stability," she added. "In monetary policy as in hockey, you have to skate where the puck is going."

The Fed has a dual mandate of price stability and maximum employment, and tends to keep rates higher to tackle inflation while cutting them to boost the jobs market.

For now, Logan said, "inflation has been too high, for too long, and does not appear to be on track all the way to our 2% target."

While there are risks that inflation could rise further, the labor market appears solid, giving the Fed room to act.

US inflation has surged on the back of higher oil prices this year, after US-Israel strikes targeting Iran sparked Tehran's retaliation in blocking almost all access to the Strait of Hormuz.

Saudi-backed developer said to seek investors for stadium

Reuters
Dubai

Saudi Arabia's ROSHN Group is seeking investors for its Aramco Stadium, a 2034 FIFA World Cup venue, three sources told Reuters, as the state-backed developer looks to free up capital to deliver projects for the kingdom's economic transformation strategy.

As the Saudi government works to plug a widening budget deficit, public entities are increasingly tapping outside capital to help fund the logistics, tourism and sports projects meant to cut the economy's reliance on oil and gas revenue.

ROSHN, which is owned by $1.2tn sovereign wealth fund PIF, has hired JPMorgan to run the equity fundraising process, said two of the sources, who asked not to be named because the matter is not public.

The third source said PIF and ROSHN have been testing private investor appetite for the stadium.

Aramco and JPMorgan declined to comment, while ROSHN and PIF did not reply to requests for comment.

The Aramco Stadium is set to be completed by the end of this year and host its first game in January.

Saudi Aramco, the state oil giant, operates the stadium under a 25-year concession, with ROSHN as owner and developer of the project.

The transaction being pursued by ROSHN is expected to follow a lease and leaseback structure, the sources said.

Construction work continues at Aramco Stadium, one of the main stadiums set to host the 2027 AFC Asian Cup, in Khobar. Saudi Arabia's ROSHN Group is seeking investors for its Aramco Stadium, a 2034 FIFA World Cup venue, three sources told Reuters, as the state-backed developer looks to free up capital to deliver projects for the kingdom's economic transformation strategy.

Similar infrastructure fundraising deals used by Aramco for its oil and gas pipeline assets have attracted investors including EIG Global Energy Partners and Global Infrastructure Partners, part of BlackRock.

Under the model, ROSHN would establish a vehicle to control the leasehold that it would co-own with the investors, who would provide funds up front.

The transaction would inject fresh funding from investors into the project, while freeing up capital for ROSHN to deploy its funds elsewhere. The investors, in turn, would receive a long-term income stream in the form of a share of the lease payments from Aramco.

Under the Vision 2030 economic overhaul plan, PIF has invested heavily in sports, including in Formula E, boxing, tennis, e-sports as well as soccer.

The 2034 World Cup is a marquee event for the kingdom and a top priority for its economic transformation plan.

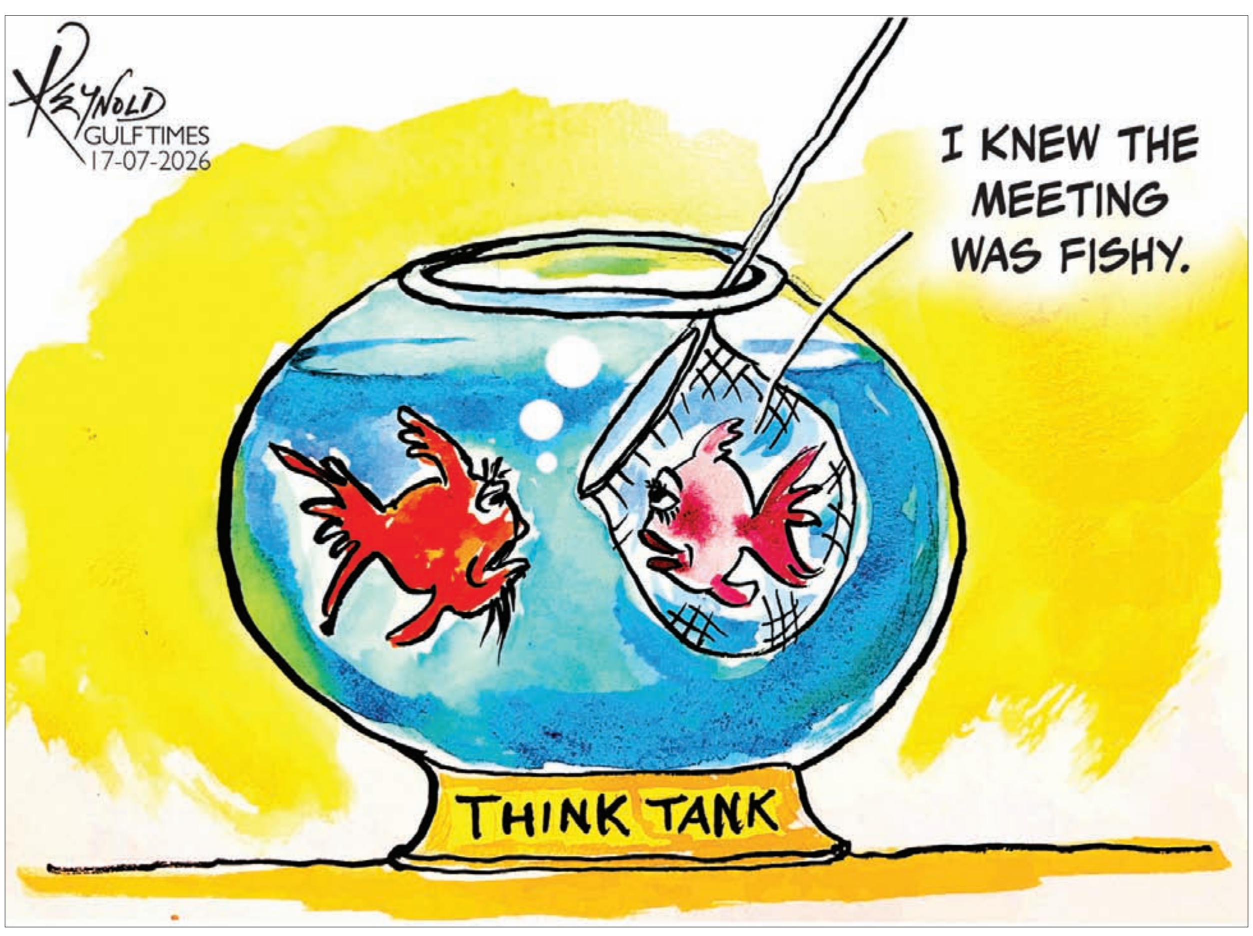
Riyadh is working to build or renovate 15 stadiums across five cities for the tournament, including the 47,000-seat Aramco Stadium in the eastern city of Al Khobar, as well as 132 training venues.

The 2034 competition will mark the first time a single nation hosts the expanded 48-team format, which Saudi Arabia's Sports Minister Prince Abdulaziz bin Turki al-Faisal said this week presented unique challenges.

But overspending and lower-than-anticipated global oil prices that have throttled state revenues have left Saudi Arabia struggling to deliver some of its flagship projects.

Trojena, for example, a showpiece mountain resort part of the NEOM desert mega city, was originally set to host the 2029 Asian Winter Games but has faced delays.

Riyadh is now hoping private investors can step in and help take up some of the shortfall, and a deal for the Aramco Stadium would not be the first transaction involving Saudi-owned sports assets.



Google is required to open up to AI, search engine rivals under EU-mandated changes

Reuters
Brussels

Alphabet's Google will have to help OpenAI and other AI rivals as well as online search engine competitors access its services to comply with EU rules curbing the power of Big Tech, EU regulators said as they set out the details of the requirements.

The move by the European Commission, which acts as the EU competition enforcer, came six months after the regulator opened so-called specification proceedings to assist the world's most popular internet search engine to comply with the Digital Markets Act.

Google reiterated its criticism of the EU-mandated changes.

"Today's decisions risk undermining vital privacy and security guardrails for millions of Europeans," Google's lawyer Kent Walker said in an email.

"We have repeatedly offered solutions to safeguard users while satisfying the DMA's goals, but these rulings discount extensive evidence of user harm," he said.

The Commission said Google will open up 11 features on its Android operating system to AI rivals to access key functionalities and better compete with Google's Gemini AI service.

This would mean that users can activate a rival AI assistant via voice commands, similar to the 'hey Google' command, to book a taxi or search for information on places. Users will benefit from the changes from July 2027 in the next iteration of Android.

The Commission said the measures contain robust safeguards to protect users' privacy and device security, and that Google will only offer the 11 features to rivals who fulfil security and privacy criteria.

The EU decision also requires Google to share the data that it collects to optimise its own search services with OpenAI and other AI chatbots with search functionalities, subject to anonymisation.

Google can first assess whether rivals pose cybersecurity and data protection risks before it opens up to them. The EU measure, which will be implemented from January next year, includes a formula to calculate the price of the shared data.

"Thanks to these measures we hope to see emerging alternatives to Google Search and Google's AI services, such as Gemini, and that users in the EU can enjoy greater choice of services," EU tech chief Henna Virkkunen said in a statement.