PROFIT EXPECTATIONS | Page 8

Alphabet, Intel results in focus on Wall Street as earnings season heats up

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BUSINESS

CRITICAL ISSUE: Page 2

Global energy security seen at risk if of Hormuz does not open in weeks

Qatar startup sector enters new phase of growth

By Peter Alagos
Business Editor

Qatar's startup sector has entered a new phase of growth, backed by substantial state investment and an expanding research base, according to the Qatar Startup Ecosystem Study.

Titled 'A Roadmap for Qatar's Ecosystem Acceleration', the study is a joint report by the International Finance Corporation (IFC) and the US-Qatar Business Council (USQBC) Doha.

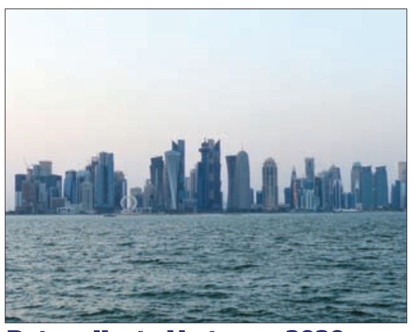
As Qatar positions itself to scale its startup ecosystem through targeted interventions aligned with the Qatar National Vision 2030, the publication outlines a strategic roadmap to increase the volume and quality of the national startup ecosystem. These interventions are expected to contribute to economic diversification and help the state achieve its long-term private sector growth objectives.

Data collected between 2020 and 2024 show the national ecosystem value grew to reach $702mn, indicating progress in value creation despite a modest scale of capital formation. Total early-stage funding stood at $61mn. Deal flow is heavily weighted toward early-stage validation, with seed activity making up 65% of total transactions. Financial technology and artificial intelligence (AI) remain the dominant verticals, absorbing more than 70% of total venture capital funding. Fintech captured $111mn, while AI and big data attracted $36mn, the study pointed out.

The study explained that the domestic market benefits from an educated workforce and a diverse demographic base, with expatriates comprising the vast majority of the local population, bringing international networks to the domestic business community.

The report shows the country maintains an adult literacy rate of 99.2%. This talent pipeline is reinforced by thousands of graduates emerging from local institutions and elite international branch campuses across Education City, including Carnegie Mellon University Qatar and Texas A&M Qatar, the study stated.

Securing employment within the public sector or large established corporations



Data collected between 2020 and 2024 show Qatar's national ecosystem value grew to reach $702mn, indicating progress in value creation despite a modest scale of capital formation

was traditionally the preferred path for citizens due to job stability and competitive benefits, stated the report. However, a significant mindset shift is taking place, it noted.

Data from the Global Entrepreneurship Monitor indicates that local entrepreneurial intentions rose from 47.4% to 60.8% over the recent period.

High-profile international events like Web Summit Qatar alongside business competitions like the National Entrepreneurship Competition (Al Fikra) are working to increase entrepreneurial ambition, the study also reported.

The state is deploying regulatory adjustments to accelerate venture formation, stated the report, citing the introduction of entrepreneur visas, innovation visas, and the Mustaqel visa programme to allow foreign technical professionals to establish residency in Doha.

Furthermore, early-stage ventures are backed by a network of 22 publicly supported incubators and accelerators. These operations span multiple institutions, including the Qatar Development Bank (QDB), the Qatar Science & Technology Park (QSTP), and the Qatar Research, Development and Innovation (QRDI) Council.

The report stated that because the domestic consumer base remains small, local operations act primarily as a validation environment. Homegrown companies are encouraged to expand regionally into larger neighbouring Gulf Cooperation Council (GCC) economies early in their development cycles.

Despite the early-stage nature of the market, exit activity is showing signs of acceleration, according to the study, citing three exits between 2020 and 2024, including Meddy, Hapondo, and Gulf Bridge International. Standout transactions outside the core timeframe, such as Snoonu's acquisition by Saudi-listed Jahez, provide local success stories that serve as reference models for next-generation founders, it also stated.

To sustain this growth trajectory, the study identified several regulatory areas requiring further private sector engagement. Key gaps remain in the development of a national employee stock ownership plan (ESOP) framework and the scaling of cross-sector regulatory sandboxes beyond the financial technology domain.

The report also recommends using public procurement mechanisms as a direct demand lever for early-stage ventures. Policy makers are addressing these issues through the implementation of the centralised Startup Qatar platform to streamline operational friction.

Saudi PIF seen set to win EU nod for Electronic Arts deal under subsidy rules

A group of investors including Saudi Arabia's Public Investment Fund is set to secure European Union approval for its $55bn acquisition of video game developer Electronic Arts under EU subsidy rules, people familiar with the matter said, reports Reuters.

Saudi Arabia's $1tn wealth fund, Jared Kushner's Affinity Partners and private equity firm Silver Lake announced the deal, the largest leveraged buyout in history, in September last year.

The deal represents a major push by PIF in its efforts to become a global hub for games and sports, betting on the enduring value of blockbuster game franchises as the industry recovers from a prolonged downturn.

It also underscores the kingdom's diversification from oil into infrastructure, tourism, sports and gaming and other sectors.

The European Commission, which acts as the EU competition enforcer, is set to clear the deal after the end of its preliminary review under its Foreign Subsidies Regulation (FSR) on July 30, the people said.

The Commission and Electronic Arts declined to comment. PIF did not respond to emailed requests for comment. The FSR is aimed at preventing unfair non-EU subsidies to companies looking to acquire rivals in the 27-country bloc. The deal is also expected to win unconditional EU clearance under merger rules when a preliminary review ends on July 22.

Oil sector in focus as Iraq, US sign 48 agreements during PM's visit

AFP
Baghdad/New York

Iraq signed 48 agreements and partnerships with American companies, many in the oil sector, during a visit to the US by Prime Minister Ali al-Zaidi, his office said Saturday.

Oil-rich Iraq has been trying to move past decades of war and unrest, but still suffers from poor infrastructure, failing public services, mismanagement and endemic corruption.

It is in urgent need of an economic boost, especially after losing revenue due to a halt in oil exports caused by the Middle East war.

"A total of 48 agreements, memoranda of understanding, cooperation agreements, and partnership declarations were signed between public and private sector entities in Iraq and the US," the Iraqi leader's media office said.

They include "cooperation and partnerships involving the ministries of oil and electricity… with ExxonMobil, KBR, GE Vernova, Shell, and Halliburton," as well as several deals related to the construction of a major crude oil pipeline between Iraq and Syria.

Iraq also signed a deal with Starlink, which dominates the global satellite communications sector, to introduce services to the country.

On Tuesday, US President Donald Trump praised al-Zaidi as a "champion" in a meeting at the White House.

Iraqi Prime Minister Ali al-Zaidi meets with US Secretary of Energy Christopher Wright in Washington, DC, on Friday.

Al-Zaidi, a businessman, came to power this year with US blessing after Trump vetoed another candidate.

He has vowed to boost Iraq's fragile economy and disarm pro-Iran armed groups in Iraq that have targeted US facilities.

Iraq has long walked a tightrope between the competing influences of allies the US and neighbouring Iran.

ConocoPhillips announced Friday that it had reached a deal with BP to join as minority partner in the British company's oil production venture in northern Iraq.

The US company will acquire a 42% interest in BP Energy Company of Kirkuk Limited, with the signing expected during Iraq Prime-Minister Ali al-Zaidi's visit to Washington.

BP ECKL holds a contract to develop the currently producing Baba and Avanah domes at Kirkuk and three adjacent fields, ConocoPhillips said in a statement.

ConocoPhillips did not disclose financial terms.

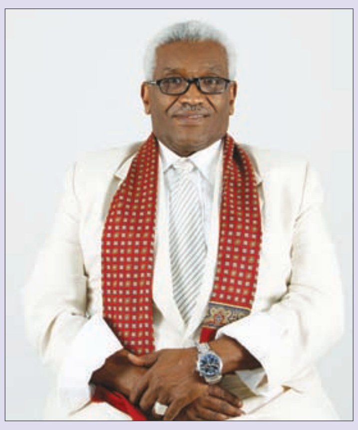
The company said it does not anticipate "significant" capital contributions, but remuneration will be "linked to a proportionate share of incremental production and costs."

"We see an opportunity to create value through a capital-efficient redevelopment program that leverages a large existing production base, while also offering meaningful exploration upside," said ConocoPhillips CEO Ryan Lance.

LEGAL PERSPECTIVE

Forfaiting is a lucrative option

By Dr AbdelGadir Warsama Ghalib



Forfaiting started in the middle of last century in Europe and it is taking shape all over the globe to promote trade finance and boost relationship between exporters and importers.

In this context, the ICC Rules for Forfaiting (URF 800), aimed to create a standard set of rules to be applied within the forfaiting market worldwide, with the United Nations Commission on International Trade Law (UNICITRAL) endorsed (URF 800).

Needless to say, this is good work for ICC, as this rule and the other rules of UCP 600, URDG 758, etc., show clear commitment of the ICC to promote international trade.

Forfaiting is a method of trade finance that allows exporters to obtain cash by selling their medium and long-term foreign accounts receivable at a discount on "without recourse" basis. Forfaiting can be undertaken by banks or finance firms that perform non-recourse export financing through the purchase of trade receivables. "Without recourse" or "non-recourse" means accepting the risk of non-payment. Forfaiting eliminates risk of non-payment once the goods have been delivered to the foreign buyer, in accordance with the agreed sale terms.

Advantages of forfaiting include, inter alia, elimination of all risk to the exporter with full financing of contract value, while exporters can offer medium and long-term financing in markets where the credit risk would otherwise be high.

Forfaiting works with bills of exchange, promissory notes, or a letter of credit, as foreign buyers provide bank guarantee, letter of guarantee or LCs and financing can be arranged on a one-shot basis at fixed or floating interest rate.

Once forfaiter commits to the deal and sets the discount rate, the exporter can incorporate the discount into the selling price. The exporter then accepts a commitment issued by the forfaiter, signs the contract with the importer, and obtains, if required, a guarantee from the bank of the importer that provides the documents required to complete the forfaiting.

The exporter delivers the goods to the importer and delivers the documents to the forfaiter who verifies them and pays as agreed in the deal. Since this payment is without recourse, the exporter has no further interest in the financial aspects of the transaction and it is the forfaiter who must collect the future payments due from the importer.

The cost of forfaiting to the exporter is determined by the agreed rate of discount for the tenor of the receivables and a margin reflecting the risk being sold. In addition, there are certain costs that are borne by the importer that the exporter should also take into consideration.

The degree of risk varies based on the importing country, the length of the loan, the currency of the transaction, and the repayment structure. The higher the risk, the higher the margin and therefore the discount rate. However, forfaiting can be more cost-effective than traditional trade finance tools because of many attractive benefits it offers to the exporter. We believe, this is a beneficial advisable tool to interested parties to promote trade finance.

■ *Dr AbdelGadir Warsama Ghalib is a corporate legal counsel.*
Email: **awarsama@warsamalc.com**

China launches global AI model to enhance meteorological services

People visit the World Artificial Intelligence Conference (WAIC) in Shanghai on Saturday. The China Meteorological Administration (CMA) has launched an open-source large language model-based AI meteorological service system, making it available to developers and researchers to expand its use in weather applications and foster innovation in the field, reports QNA. The announcement was made at a meteorological sub-forum of the 2026 World Artificial Intelligence Conference and High-Level Meeting on Global AI Governance in east China's Shanghai. The CMA added that the model has been trained on 50mn tokens of meteorological service data and integrated with authoritative weather datasets to support weather forecasting, risk assessment and meteorological services. The model provides personalized weather information, service recommendations and risk alerts for users in China. Its international version has also been incorporated into the United Nations' Early Warnings for All initiative, offering weather consultation and risk analysis services in Chinese and English.

Global energy security at risk if Strait of Hormuz does not open in weeks, says IEA chief

- **Oil shipments need to flow in the next few weeks**
- **Factors that have moderated price rise 'can't last forever'**
- **IEA still has reserves it could tap**

Reuters
Washington

People queue up to buy kerosene for domestic use at a supply station in Colombo (file). If the US and Iran do not increase oil flowing through the Strait of Hormuz soon, the world should worry about energy security, International Energy Agency Executive Director Fatih Birol has said.

If the US and Iran do not increase oil flowing through the Strait of Hormuz soon, the world should worry about energy security, International Energy Agency Executive Director Fatih Birol has said.

"Oil security is still a critical issue," Birol told a Council on Foreign Relations event. "We should be worried, and I am worried, if the situation does not improve in the next few weeks."

The Strait of Hormuz, a narrow waterway between Iran and Oman that normally carries about one-fifth of the world's energy shipments, has been mostly blocked since the conflict began on February 28 with US and Israeli strikes on Iran.

Despite sharp energy price increases, Birol said several factors have moderated the rise. These include China's stockpile, which totaled more than 1bn barrels of oil before the war, its oil conservation through increased use of electric vehicles and public transport and an IEA-coordinated release of up to 400mn barrels of oil.

But those fixes "can't last forever," said Birol, who has said the Iran war is the worst energy disruption in history.

Birol said a boost in production by the US, the world's top oil and gas producer, has helped. "The US increase in production is very good... The US increased 1mn, 2mn but it cannot increase 10mn," barrels per day of crude oil output, he said.

The oil and gas supply crisis has hurt economies around the world, but in an asymmetric way, he said.

"It is mainly Asia, because Asia was getting 80% to 90% of this energy from the Strait of Hormuz," he said.

Japan and South Korea have suffered, but developing countries including Pakistan, Bangladesh and India have been hit hardest, he said.

Birol highlighted potential health risks for people in developing countries, especially women, who have turned to alternative cooking fuels including dung and wood with more hazardous emissions as petroleum products have become unaffordable.

Oil prices fell about $20 a barrel after the coordinated IEA release in March, and the action signaled to markets that the organization representing more than 30 countries could tap reserves again if things get worse.

Strait of Hormuz transits drop as US and Iran escalate attacks across Gulf

Reuters
New Delhi/Singapore

Just three commodity vessels crossed the Strait of Hormuz on Thursday, the fewest daily transits since May, shipping data showed, with most ships halting or making U-turns after recent Iranian attacks on vessels and the resumption of a US blockade on Iran-related shipping.

The re-escalation in fighting between the US and Iran has once again largely stopped traffic through Hormuz, the world's most important shipping route for oil and gas, driving up global energy prices.

Miraan, a sanctioned product tanker carrying fuel oil, and Norita, a small vessel carrying liquefied petroleum gas, exited the strait on Thursday via the Iranian route but stopped at the Gulf of Oman, where the US blockade is, Kpler data showed as of 0513 GMT on Friday. Arolia, a bunkering tanker laden with Iraqi fuel oil that is used to refuel vessels at sea, made a U-turn to head back into the Gulf hours after it exited earlier on Friday, LSEG data showed.

On Wednesday, 11 vessels crossed the strait, a fraction of the average of 125 vessels that transited the waterway daily before the war. There were no Very Large Crude Carrier or liquefied natural gas tankers passing through the strait for a second day on Thursday.

However, two VLCCs re-appeared on AIS tracking on Thursday outside the strait, carrying 2mn barrels of crude each.

The VLCC Colombia Prosperity, laden with crude, is heading to Okinawa in Japan, while the Costa Rica Prosperity, carrying Iraqi Basra Medium crude, is destined for Turkey, the data showed.

Kpler's database showed that the tankers crossed the strait on July 13, while S&P Global Energy assessed that they exited on July 14. Iraq briefly suspended oil loadings on Thursday after a drone hit an oil tanker at its Basra terminal, four Iraqi oil and security sources told Reuters, before later resuming them.

Iran's Revolutionary Guards said on Thursday no oil or gas would be exported through the Strait of Hormuz as long as US attacks continued, Iran's Tasnim news agency reported.

What is Burnham's policy approach for Britain to revive anaemic growth?

Reuters
London

Former Greater Manchester mayor Andy Burnham was one step away from becoming Britain's next prime minister on Friday after being appointed leader of the governing Labour Party.

Following are the policies he has spoken about since returning to parliament in June, which offer an insight into how he could govern Britain to try to overcome a cost-of-living crisis, revive anaemic economic growth and win back voters.

DECENTRALISATION OF POWER

Burnham has promised to "bring about the biggest rebalancing of power our country has seen".

His focus is on Whitehall, a part of London dotted with government departments where public officials help elected ministers devise and implement policy, which he said had become overly powerful to the detriment of Britain's regions.

"It is time for Whitehall to accept that growth cannot be ordered from the top down. Instead, it can only be nurtured from the bottom up," he said in a speech on June 29.

While focusing initially on England, where 85% of the United Kingdom's population live, he has said that regional devolution should also be extended in Scotland, Wales and Northern Ireland, nations where semi-autonomous assemblies already legislate on most domestic issues, but lack tax-raising and borrowing powers.

He has promised to hand more powers over economic development, housing, transport, education and skills to the regions and to set up a "Number 10 North" in Manchester in northwestern England — a mirror of Number 10 Downing Street in London, the home and office of Britain's prime ministers.

Number 10 North will drive a decentralisation of power and support the regions in reforming essential utilities, reindustrialisation and regeneration, he said, to oversee "good growth" in every postcode.

Burnham has also promised to hand the regions greater public control of essential services such as water, housing, energy and transport.

REINDUSTRIALISATION

Burnham has said he wants Britain to rebuild its industry, promising to support domestic manufacturing and production capability in critical sectors such as steel, defence, energy, food and farming.

Defence is a particular target.

He has promised to strengthen the armed forces, saying he wanted investment into defence to help reindustrialise struggling parts of Britain, and that the government should reduce its reliance on foreign suppliers.

EDUCATION AND APPRENTICESHIPS

Burnham has said he wants to see less of a focus on university education and a greater emphasis on technical and vocational qualifications, promising to build a system "based on parity between academic and technical".

He has also urged businesses to offer more apprenticeships for younger people.

Andy Burnham reacts before being confirmed as the Labour Party's new leader and the country's next Prime Minister, during 'Labour's Special Conference' in London on Friday.

HOUSING

Burnham has pledged his government will oversee "the biggest council house (social housing) building programme since the post-war period" after 1945. He has pledged to use vacant public land to reduce costs.

He described it as adopting "a national Housing First philosophy, as has been pioneered so successfully in Finland".

The Nordic country offers homeless people a home rather than temporary or transitional accommodation. It sees a stable home as a secure environment from which to tackle other issues.

TAX

Burnham has promised to stick to the Labour government's self-imposed fiscal rules, which require it to match day-to-day spending to revenue, and to the party's manifesto commitment not to increase taxes on working people.

He has suggested some potential tax reforms, such as overhauling business rates to support pubs and high street businesses, and has expressed support for a land-value tax — an annual tax on the market rental value of land rather than on the buildings sitting on it. Such a tax could prompt the abolition of stamp duty, a tax on home sales, and possibly replace council tax, a tax paid by households for local services.

SOCIAL CARE

Burnham has said social care needs a major overhaul.

FOREIGN POLICY

Burnham has said less on foreign policy, but earned approval from some on the left of the Labour Party when he said the government should do more to put pressure on Israel.

He has said he will maintain Britain's support for Ukraine to defend itself against Russia's war and has pledged to build closer ties with other European countries, especially on defence and security.

Reliance profit beats estimate on resilient oil business

AFP
Mumbai

Indian conglomerate Reliance Industries reported better-than-expected quarterly profit on Friday, helped by a steady performance across its core oil-to-chemicals arm and consumer-facing divisions.

The retail-to-refining giant led by billionaire tycoon Mukesh Ambani is India's most valuable company by market capitalisation.

It said net profit attributable to owners of the company came in at 209.46bn rupees ($2.17bn) for the April-June quarter, down more than 22% from the same period last year.

This beat the average analyst estimate of 198.23bn rupees.

The drop in profit was expected as the bottomline in the same quarter last year was drastically boosted by a one-off gain from the sale of a key investment.

Revenue from operations meanwhile rose over 25% year-on-year to hit 3.11tn rupees.

However, that was accompanied by a nearly 31% jump in the "cost of materials consumed".

Despite having aggressively expanded into telecoms and green energy over the last decade, Reliance still depends on its traditional oil business for profits.

The conglomerate owns and operates the world's largest refinery complex in the Indian state of Gujarat.

This business has faced multiple headwinds from the Mideast conflict, but a Reliance statement said it was able to weather the storm through "crude basket diversification, efficient product placement in deficit markets and favourable ethane cracking economics".

Chairman Ambani added that the oil-to-chemicals unit delivered a "strong performance", helped by "all-time high" refining margins.

"This was achieved despite a challenging global energy market backdrop with disrupted supply chains," he said in a statement.

Reliance's consumer-facing businesses also helped prop up its overall June quarter performance.

The company's telecoms arm, which is set for its own IPO later this year, saw its average revenue per user rise 3.3% year-on-year.

A guard walks past the Reliance Industries logo near the entrance to Dhirubhai Ambani Knowledge City in Navi Mumbai, India. The retail-to-refining giant led by billionaire tycoon Mukesh Ambani is India's most valuable company by market capitalisation.

Chinese airlines order 95 Airbus jets for $17.8bn with 'price concessions'

AFP
Beijing

Chinese airlines have ordered 95Airbus jets in deals totalling more than $17bn, according to company announcements on Friday.

China is a key export market for European aircraft, machinery and cars.

Flag carrier Air China agreed to buy 55 Airbus planes for itself and a subsidiary in a $12.44bn deal, it said in a filing to the Shanghai Stock Exchange.

The Beijing-based operator will take 15 Airbus A350-900 jets and its subsidiary Shenzhen Airlines will get 40 aircraft in the A320neo family, according to its filing.

The planes will be delivered in batches between 2029 and 2032, Air China said. It added that Airbus had made "significant price concessions" for both airline purchases.

Hainan Airlines, which has one of China's largest fleets, said it had agreed to buy 40 Airbus A320neo aircraft for no more than $5.36 bn in a separate filing to the Shanghai Stock Exchange.

The aircraft are scheduled for delivery between 2028 and 2032, it said.

In April, China Southern Airlines said it ordered 137 single-aisle Airbus A320neo planes for a catalogue value of $21.4bn.

In March, China Eastern Airlines said it signed a $15.8bn deal to buy 101 Airbus A320neo planes.

The European aviation giant aims to deliver 870 commercial aircraft in 2026, which would surpass its record of 863 in 2019.

The European aviation giant aims to deliver 870 commercial aircraft in 2026, which would surpass its record of 863 in 2019

India eyes $44bn space economy with first private orbital rocket launch

- **Vikram-1 lifts off from Sriharikota carrying customer payloads**
- **Rocket is designed to carry payloads of up to 350 kg into low-Earth orbit**
- **India targets a $44bn space economy by 2033**

Reuters
Bengaluru

Indian space startup Skyroot Aerospace on Saturday launched the country's first privately developed orbital rocket, a key test of national efforts to compete for a bigger share of the global commercial launch market.

The Vikram-1 rocket lifted off from the Satish Dhawan Space Centre in Sriharikota at 0635 GMT, leaving behind a plume of fire and smoke, carrying several customer payloads and in-orbit experiments on its maiden orbital mission, dubbed "Mission Aagaman".

It successfully injected its payload into a 450km orbit about 15 minutes later, making India the third country to achieve orbital launch capability through private enterprise.

The launch, which was initially planned to take off at 0600 am GMT, was put on hold temporarily, before it was rescheduled.

The mission is intended to validate the rocket's propulsion, avionics, telemetry, guidance, navigation and control systems in flight while collecting data for future commercial launches, Skyroot said.

"Mission Aagaman is a grand success," the company said in a statement. "This is a test flight. We will be doing a few of these before we move into routine commercial flights," it added.

India opened its space sector to private investment in 2020, allowing startups to build rockets, satellites and launch services, activities that were for decades provided by the government's Indian Space Research Organisation.

The government aims to increase India's share of the global space economy to $44bn by 2033 from about $8bn currently, betting that private companies can help it compete in a market dominated by players in the US, Europe and China.

Founded in 2018, Skyroot is among a new generation of Indian space startups that have attracted backing from global investors following the sector's liberalisation.

It became the first space-sector company in the country to hit a $1bn valuation earlier in the year.

The Indian mission comes amid intensifying competition in the global small satellite launch market, where startups are seeking to challenge incumbents led by Elon Musk's SpaceX.

Governments across Europe and Asia have also stepped up support for domestic launch companies to secure independent access to space as commercial and defence demand accelerates.

Standing about 22metres (72 feet) tall, Vikram-1 is designed to carry payloads of up to 350kg into low-Earth orbit. The launch vehicle uses three solid-fuel stages and a liquid-fuel orbital adjustment module powered by a 3D-printed engine, technologies the company says are being flown for the first time in India.

The rocket is carrying several experimental and customer payloads from Indian and overseas organisations, including technology demonstration satellites and in-orbit experiments.

The launch follows the Hyderabad-based company's Vikram-S mission in 2022, which became the first privately developed rocket to reach space from Indian soil on a suborbital flight

India's Skyroot Aerospace orbital rocket Vikram-1 blasts off from the Satish Dhawan Space Centre in Andhra Pradesh's Sriharikota on Saturday. Founded in 2018, Skyroot is among a new generation of Indian space startups that have attracted backing from global investors following the sector's liberalisation.

Overseas investors return to Japanese bonds after minister's pension fund signal

Reuters
Tokyo

Foreign investors purchased Japanese government bonds for the first time in six weeks in the week ended July 11 after Finance Minister Satsuki Katayama signalled that state pension funds could shift allocations toward domestic assets.

Overseas investors bought a net ¥499.8bn ($3.08bn) of Japanese long-term bonds, their first weekly net purchase since May 30. Short-term bills, however, saw net foreign outflows of ¥589.7bn, data from Japan's Ministry of Finance showed.

The 10-year JGB yield has slipped about 20.5 bps from a nearly 30-year high of 2.9% last week, after Katayama said the government aims to steer the country's vast state pension funds toward "substantially" increasing investments in domestic assets.

Japan's $1.8tn Government Pension Investment Fund currently maintains roughly equal allocations to domestic equities, foreign equities, domestic bonds and foreign bonds.

Japanese stocks, meanwhile, recorded ¥745.6bn in foreign inflows during the week, as overseas investors snapped a two-week selling streak.

Elsewhere, Japanese investors pumped a net ¥745.7bn into foreign short-term debt securities and ¥1.09tn into long-term bonds, marking their largest weekly net purchase since May 9.

They also invested a net ¥196.2bn in foreign stocks, extending their buying trend into a fourth successive week.

China drugmakers struggle to recruit staff for global expansion

Reuters
Shanghai/London

Leading Chinese drugmakers with global ambitions such as Jiangsu Hengrui Pharmaceuticals and CanSino Biologics are struggling to recruit internationally experienced staff needed to develop and commercialise promising medicines overseas, industry executives say.

The shortage reflects how China's rapid rise as a hub for testing experimental, next-generation medicines is outpacing the industry's ability to build the workforce needed to take those products global.

China-headquartered clinical trial sponsors conducted 88% of their trials exclusively in China in 2025, according to data from IQVIA, a health sector research firm. By contrast, in the US they ran just 5% of all trials in 2025, underscoring the scale of the challenge ahead, particularly after the US declined to approve some China-tested drugs and called for multi-regional trials that might better reflect US patients and clinical practice.

Sun Piaoyang, chairman of oncology and metabolic disease specialist Hengrui, said his company's global multi-center clinical trial, overseas registration and commercialisation efforts require more highly qualified professionals, yet the industry faces a shortage of people with global development, international regulatory and cross-cultural management expertise. "The challenges that we are currently facing are also the common challenges facing China's biopharmaceutical industry," he told Reuters.

Yu Xuefeng, CEO of vaccine maker CanSino, said qualified specialists remained scarce in areas such as conducting overseas clinical trials, preparing regulatory submissions for multiple jurisdictions and international marketing.

In the past, not much has been done in China to go global, especially for innovative products, including multi-centre global trials, Yu told Reuters.

While senior drug-development talent is in demand globally, industry experts say the challenge is particularly acute in China. A recent survey from research organisation ICON found Asia-Pacific biotech professionals were nearly three times more likely than global peers to report talent shortages affecting operations.

India has benefited from its outsourcing industry and Japan from a more mature pharmaceutical sector, but China's rapid expansion has made its recruitment pressure more acute, Zhong Yao, the general manager of ICON's China business, said. Drug development sponsors has grown significantly over the past two decades, with them running 32% of all global clinical trials in 2025,up from just 2% in 2009, according to IQVIA data. As patents expire on overseas drugmakers' blockbuster medicines, demand for new products has fuelled a boom in licensing deals with partners in the greater China region, which rose to about $138bn in 2025 from just $318mn in 2016, according to data provider Pharmcube.

China "faces bottlenecks in global commercialization without access to more internationally trained senior talent", said Catherine Gregor, the chief clinical trial officer at US software firm Florence Healthcare.

Hengrui's Sun said his company would step up efforts to strengthen internal training and recruit global talent. But he added that professionals with international perspectives and hands-on experience have become highly sought-after globally, driving up recruitment costs.

CanSino's Yu said his firm's core regulatory affairs and clinical team have learned from international advisers.

Oncology and autoimmune disease specialist Shanghai Henlius Biotech said in its latest annual report that it has established in-house clinical and regulatory affairs teams in the US, Europe, Japan and Australia to independently operate clinical trials.

Chinese drugmakers are expanding overseas as regulators seek clinical data from more diverse patient populations.

Former US FDA drug evaluation chief Richard Pazdur said multi-regional trials allow regulators to compare results across countries, helping determine whether differences in efficacy or safety reflect data quality, ethnic differences in patients or variations in medical practice. "I think if, when there are studies exclusively done in China, then some people may wonder about how applicable those results are," he told Reuters.

Japan's Pharmaceuticals and Medical Devices Agency told Reuters that most new drugs approved in Japan require clinical data from Japanese patients rather than relying solely on studies conducted in Chinese populations.

A recruiter said the talent shortage can force Chinese drugmakers to rely on overseas partners when conducting international clinical trials, though it was more likely to slow execution than derail expansion plans altogether. "Talent gaps at big China-headquartered pharma are showing up more as friction — slower or more partner-dependent execution — than clearly documented failures of overseas clinical trials so far," said Nihar Parikh, a pharma executive recruiter at US-based Smith Hanley Associates.

A general view of China's vaccine specialist CanSino Biologics in Tianjin, China. Yu Xuefeng, CEO of CanSino, said qualified specialists remained scarce in areas such as conducting overseas clinical trials, preparing regulatory submissions for multiple jurisdictions and international marketing.

BUSINESS

LME demanded lead stocks and triggered a record influx

By Andy Home
London

There really is a lot of lead around. London Metal Exchange (LME) stocks of the battery metal jumped by 58% in the space of two days earlier this week, thanks to the warranting of 171,175 metric tons at warehouses in Singapore.

The exchange should be pleased. It reduced listing fees for smaller lead producers between April 2024 and December 2025 to "enhance liquidity" on its lead contract.

It's evidently worked. LME lead stocks have grown to almost 500,000 tonnes in recent months, including large tonnages sitting in off-warrant storage.

The unloved metal has become the metallic financing tool of choice, with inventory, just about all of it, located in Singapore, rotating between warehouses in search of better rental deals.

This week's burst of warranting activity is just the latest, albeit largest, such rotation.

But where has all this metal come from? And how much more is there to come?

LME lead stocks have featured large, concentrated bursts of warranting action for many months. The underlying trade is more about warehousing arbitrage than lead market fundamentals.

A trader, in this case reportedly Trafigura, places a large amount of metal onto LME warrant, agreeing with the warehouse operator to split future rental fees paid by the new owner.

The new owner will likely waste little time cancelling the warrants to escape the rental deal and moving the metal to another warehousing company.

The resulting stock churn was once a defining feature of the LME aluminium market, but inventory of the light metal has dwindled to under 400,000 tonnes, including off-warrant stocks.

The game has shifted to lead.

Some of what "arrived" this week was simply transferred from off-warrant stocks. Those in Singapore fell by 34,256 tonnes on Monday, when the first 83,225-tonne tranche of metal was put on warrant.

That still left 142,598 tonnes of potentially warrantable metal ahead of Tuesday's second round of deliveries.

Indian brands of lead accounted for 76% of total on-warrant LME inventory at the end of June. As recently as January 2023 there was zero Indian metal in the system.

Indian exports have in the intervening years increased from 151,000 tonnes in 2022 to 482,000 tonnes last year, according to the World Bureau of Metal Statistics (WBMS), which collects trade data from official customs figures.

Singapore has been a prominent destination, even though the country is hardly a hub for manufacturing lead-acid batteries, the metal's primary application.

Shipments to Singapore have exceeded 400,000 tons since the start of 2023. They peaked at 31,000 tonnes in November 2025, when they accounted for almost half of all India's refined lead exports.

Until last year, there were only three brands of lead registered with the LME, two produced by Hindustan Zinc, a massive mine-to-refinery primary producer, and one by secondary producer Jain Resource Recycling.

Another five brands representing a combined annual production capacity of 195,000 tonnes were added last year as part of the LME's drive to entice smaller secondary lead producers to list.

Gravita India, with annual production capacity of 48,000 tonnes, has just become the ninth Indian lead brand to qualify for LME good-delivery status.

The growing number of Indian producers registered with the exchange raises the prospect of yet more lead flowing to LME warehouses in Singapore.

But India's trade patterns have changed tack this year. Exports to Singapore were just 1,555 tonnes in April, the lowest monthly tally in a year, according to the WBMS.

China was the primary destination that month, with shipments of 8,685 tonnes accounting for 34% of total April exports.

This is very much a new market for Indian metal. China didn't import much refined lead at all last year and took only 500 tons from India.

But imports from India mushroomed to 57,000 tonnes in the first five months of this year, lifting total inflows to 132,000 tonnes, already the highest annual count since 2009, according to WBMS data.

Quite why China suddenly needs so much lead is not clear but while it does, it means less Indian metal is heading to LME warehouses in Singapore.

That, of course, still leaves a lot of metal churning through warehouse deals in Singapore.

The sudden appearance of so much lead has sent LME three-month metal tumbling to a 15-month low of $1,840 per tonne this week.

Chances of a sustained recovery depend on how long China continues to divert Indian metal flows away from LME warehouses in Singapore.

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

AirBaltic aircraft Airbus A220-300 and Air Horizont aircraft Boeing 737-4Q8 at Riga International Airport. Latvian government is negotiating with a strategic investor for struggling state-controlled airBaltic, prime minister Andris Kulbergs told Reuters, as the carrier seeks to shore up its finances and avert the risk of a default.

Latvia in talks with strategic investor for ailing airBaltic

Maintaining airBaltic's Riga airport hub is a key condition, PM says; AirBaltic management to present new business plan next week; AirBaltic will seek short-term funding from bondholders on August 3

Reuters
Riga

The Latvian government is negotiating with a strategic investor for struggling state-controlled airBaltic, Prime Minister Andris Kulbergs told Reuters, as the carrier seeks to shore up its finances and avert the risk of a default.

The comments come ahead of an August 3 meeting at which airBaltic, in which Germany's Lufthansa has a minority stake, will seek short-term financing from bondholders.

"We are talking with a serious partner, yes, I can disclose that," Kulbergs told Reuters in a wide-ranging interview on Thursday, declining to name the company. "It is a matter of this summer to execute… We have to go through necessary steps in order to make the company ready for a strategic investor… If that happens, then airBaltic will fly," he said.

Latvia's main condition from any investor would be maintaining airBaltic's hub at Riga airport, where it is the largest airline, said Kulbergs.

"I think it's a very good proposal (for the investor)," he added, dismissing questions about what stake a potential investor could take in the carrier.

AirBaltic did not specify in its notice about the August 3 meeting how much funding it needs to raise.

Fitch Ratings said in a note last week that it has yet to repay a €30mn ($34mn) short-term loan from the Latvian government due in August and failed in June to replenish a reserve account required under its 2029 senior secured notes.

AirBaltic's financial strains highlight how rising costs since the start of the US-Israeli war with Iran have exposed structural issues at some airlines, fuelling investor concerns about their ability to meet debt obligations.

The carrier, which operates a fleet of 55 Airbus A220-300 aircraft and aims to almost double that number by 2030, has repeatedly postponed plans for a stock market listing because of engine delivery delays that have grounded many of its planes.

Management would present a new business plan next week outlining restructuring measures needed to put the airline on a sustainable footing, Kulbergs said.

"The (business) plan requires a lot of components to happen. One of them is cash, the other is the strategic investor."

He added that airBaltic's growth targets had become unrealistic after losing access to the Russian and Ukrainian markets following Moscow's war in Ukraine. The Covid-19 pandemic and the Middle East crisis had also weighed on its operations, he said.

Dollar holds steady on safe-haven demand

Reuters
New York

The dollar was flat on Friday, but ended the week lower as tame US inflation data led traders to cut bets on imminent rate hikes from the Federal Reserve. Iran and the United States exchanged intensifying fire in a week-long escalation that has largely unravelled last month's truce, spurring safe-haven bids for the dollar and pushing oil prices to near one-month highs.

"The tech-led global equity market plunge and ongoing disruption to Strait of Hormuz traffic have triggered a flight to safety," said Elias Haddad, global head of markets strategy at Brown Brothers Harriman. "USD recovered some of this week's losses, and global bond yields edged a bit lower."

The dollar index, which measures the US currency against six other units, was at 100.76, set for a weekly drop of 0.2%.

The index hit a one-month low earlier this week on easing chances of a near-term rate hike but safe-haven flows have helped support the greenback.

The euro remained flat at $1.1436, putting it at a 0.2% rise in the week. Sterling fell 0.2% to $1.3455, but posted its third straight week of gains following UK economic growth figures and expectations for greater political certainty with incoming Prime Minister Andy Burnham reportedly set to pick a centrist finance minister.

The Australian dollar ended with a third week of gains, although it was 0.23% softer on the day at $0.6980 as risk-off sentiment prevailed, with global stocks falling on Friday. US consumer sentiment climbed to a five-month high in July, although traders said the respite may prove temporary with renewed conflict in the Middle East driving up gasoline prices.

The Japanese yen was flat, fetching 162.44 per US dollar, remaining rooted near the 40-year low of 162.84 it touched at the start of the month. Traders remained wary of official intervention from Tokyo after Japanese Finance Minister Satsuki Katayama reiterated the government's readiness to take decisive action. "It would appear from the threat of decisive action that intervention is once again very close," said Shaun Osborne, chief FX strategist at Scotiabank in Toronto. "I don't know that that's going to have any more of an impact on the yen than it's had previously."

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

The economy's resilience was underscored by other data also showing labor market stability.

Economists believe the Federal Reserve will keep interest rates unchanged later this month after data showed consumer price inflation had cooled in June. Yet policymakers are wary of banking too heavily on one month of improvement after months when inflation moved in the wrong direction. Chances for a Fed hike in July stood at 14%, versus a 25% implied probability last week, according to the CME FedWatch tool.

Traders are pricing in 30 basis points of hikes by December. "That looks still very rich to me," said Osborne. "We've probably seen, at least for now, the peak in the dollar a couple of weeks ago or so."

US consumer sentiment rises in July

AFP
Washington

US consumer sentiment this month jumped to its highest since February on a temporary drop in oil prices, University of Michigan data showed on Friday -- but renewed hostilities in the Middle East could reverse this progress.

Preliminary data showed the university's consumer sentiment index came in at 54.4 points in July, up nearly 10% from June's reading.

The bullish outlook came after energy prices fell in June on hopes of a longer term ceasefire between the United States and Iran, after both sides struck an initial deal.

But fighting has since resumed, with US President Donald Trump declaring the ceasefire over and oil prices rising again. "Upward momentum may prove difficult to sustain if recent declines in gas prices continue to reverse course," said Joanne Hsu, director of the University of Michigan survey.

She noted that interviews for the July release were conducted between June 23 and July 13, with over 70% completed before the United States resumed strikes against Iran on July 7.

"With prices remaining frustratingly high, consumers are hardly ebullient about the economy," Hsu added. Sentiment is down 12% from a year ago, she said.

US-Israel strikes targeting Iran since late February have plunged the Middle East into war.

This has sent global energy prices rocketing as Tehran retaliated by virtually closing off the Strait of Hormuz, a key waterway for energy transit.

Higher costs have been flowing through the world's biggest economy, as gasoline prices rose in turn.

While the current average price of regular gasoline is $3.98 per gallon, it remains notably higher than the $3.16 per gallon average seen a year ago.

Year-ahead inflation expectations edged down to 4.2% in July from 4.6% in June, but this is still elevated as well, Hsu said.

Boeing sees 'new generation' planes dominating in 2045

AFP
New York

Boeing projected a global commercial fleet of 50,000 planes in 2045, more than 90% of which will be more fuel-efficient "new-generation" aircraft. That compares with today's global fleet of 28,000 airplanes, reflecting higher long-term demand due to economic growth and additional travel routes.

Plane manufacturers must build nearly 44,000 new planes over the next two decades to meet new growth and replace older planes, according to Boeing's new annual forecast.

The figures, released ahead of next week's Farnborough Air Show in Britain, are similar to those in Boeing's 2025 outlook, which also highlighted favorable travel demand dynamics in light of rising GDP.

In 2045, an estimated 92% of the fleet will have the environmental benefits of the newer fleet, estimated to use about 20% less fuel. About 32% of today's fleet is composed of new-generation aircraft. This year "isn't going commercially from an industry airline perspective like I think a lot of us expected coming into 2026," Boeing Vice President of Commercial Marketing Darren Hulst said at a briefing.

"However … the fundamentals for air travel and demand for air travel are completely intact," he added. Hulst now expects 2026 travel demand to be "about half or even a little bit less" than what was expected heading into the year.

A Boeing 777X airliner undergoes fatigue testing, a step in the certification of the new aircraft, at the Boeing Everett Factory in Washington. Boeing projected a global commercial fleet of 50,000 planes in 2045, more than 90% of which will be more fuel-efficient "new-generation" aircraft.

Boeing was surprised at how quickly airlines rerouted traffic from the Middle East to other markets due to the conflict, Hulst said.

"We saw, for example, passengers using hubs in Europe or Asia, or in some cases even North America, to transit their long-haul travel patterns," said Hulst. Between 2026 and 2045, Boeing's forecast projects four percent annual passenger traffic growth and 2.5% global economic growth.

As with last year, Boeing's outlook highlights the gap between new plane production and demand in light of supply chain difficulties since the Covid-19 pandemic.

Netflix tumbles as slowing growth and less viewership data spook investors

Reuters
New York

Netflix shares sank more than 10% on Friday after the company forecast another quarter of slower revenue gains and scaled back viewership data, fueling fears that its industry-beating growth may have peaked.

The stock was close to a two-year low, with the decline set to wipe out $35bn from Netflix's market value of about $313bn, if losses hold.

In its latest disclosure pullback, the streaming giant cut the frequency of its viewing-hours report to once a year from twice starting 2027, following last year's scrapping of subscriber counts, leaving investors in the dark as the business faces greater competition from traditional media as well as YouTube. "Whenever you take away a data point from investors when results aren't as good as they have been you will get punished by the market," said Ben Barringer, head of technology research at Quilter Cheviot.

Netflix's failed pursuit of Warner Bros earlier this year has also raised doubts about its next phase of growth amid slow adoption of an ad-supported streaming tier that the company has long touted as a big growth driver.

The stock has lost 44% since hitting an all-time high in June 2025, including an over 20% fall just this year. After a strong content slate in 2025 that included the final season of its hit sci-fi series "Stranger Things" and South Korean drama "Squid Games", analysts said the company also has a weaker content line-up this year that could weigh on growth. "Pulling back engagement reporting at the exact moment engagement is in the spotlight gives off a strong 'nothing to see here' vibe," said Forrester research director Mike Proulx. Keeping subscribers hooked is crucial for Netflix as it has long traded at a premium to other media companies that command a smaller streaming subscriber base and are grappling with the ongoing declines in cable TV.

The Netflix logo is pictured at the company's Hollywood studio offices at Sunset Bronson Studios in Los Angeles. Netflix shares sank more than 10% on Friday after the company forecast another quarter of slower revenue gains and scaled back viewership data, fueling fears that its industry-beating growth may have peaked.

Weekly Market Report

The Qatar Stock Exchange (QSE) moved up by 12.65 points or 0.1% to 10,103.22 (during the one-day trading week) vs the previous week. Market capitalisation declined by 0.1% to QR608.8bn from QR609.3bn at the end of the previous trading week. Of the 54 companies traded, 19 ended higher, eight were unchanged, while 26 ended lower. Zad Holding (ZHCD) was the best performing stock for the week, rising 3.8%. Meanwhile, Estithmar Holding (IGRD) was the worst performing stock for the week, decreasing 1.6%.

Traded value during the week dropped 69.6% to QR465.2mn vs QR1,531.7mn in the prior trading week. Beema (BEMA) was the top value stock traded during the week with total traded value of QR237.6mn.

Traded volume declined 76.8% to 146.4mn shares compared with 632.1mn shares in the prior trading week. The number of transactions dropped by 87.5% to 12,170 vs. 97,037 in the prior week. BEMA was the top volume stock traded during the week with total traded volume of 55.0mn shares.

Foreign institutions remained bearish, ending the week with net buying of QR11.3mn vs net selling of QR60.4mn in the prior week. Qatari institutions remained bullish with net buying of QR6.0mn vs net buying of QR63.5mn in the week before. Foreign retail investors ended the week with net selling of QR2.3mn vs net selling of QR9.1mn in the prior week. Qatari retail investors turned bearish with net selling of QR14.9mn vs net buying of QR5.9mn. Global foreign institutions remained net sellers of Qatari equities by $58.0mn YTD, while GCC institutions remained net sellers by $24.3mn.

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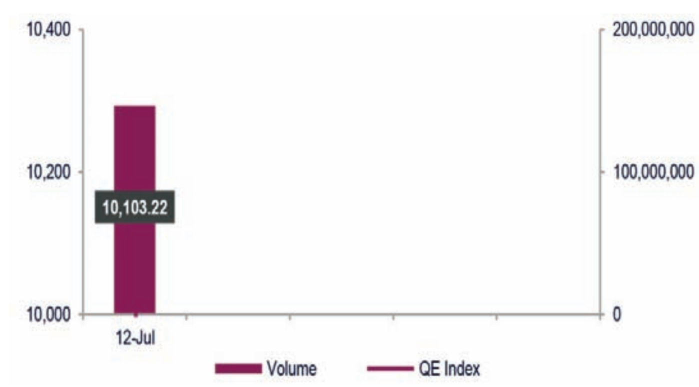
Market Indicators	Week ended. July 12, 2026	Week ended. July 9, 2026	Chg. %
Value Traded (QR mn)	465.8	1,531.7	(69.6)
Exch. Market Cap. (QR mn)	608,820.6	609,317.4	(0.1)
Volume (mn)	146.4	632.1	(76.8)
Number of Transactions	12,170	97,037	(87.5)
Companies Traded	53	54	(1.9)
Market Breadth	19:26	7:44	–

Source: Qatar Stock Exchange (QSE)

Market Indices	Close	WTD%	MTD%	YTD%
Total Return	24,966.35	0.1	(1.4)	(3.0)
ALL Share Index	3,964.79	0.0	(1.2)	(2.3)
Banks and Financial Services	5,038.51	(0.1)	(1.2)	(3.9)
Industrials	4,061.14	0.4	(1.6)	(1.9)
Transportation	5,283.25	(0.1)	(1.2)	(3.4)
Real Estate	1,452.75	(0.3)	(0.6)	(5.0)
Insurance	2,687.95	(0.0)	(0.8)	7.5
Telecoms	2,398.01	0.1	(1.3)	7.6
Consumer Goods & Services	8,147.56	0.8	(0.4)	(2.2)
Al Rayan Islamic Index	5,083.62	0.3	(1.5)	(0.6)

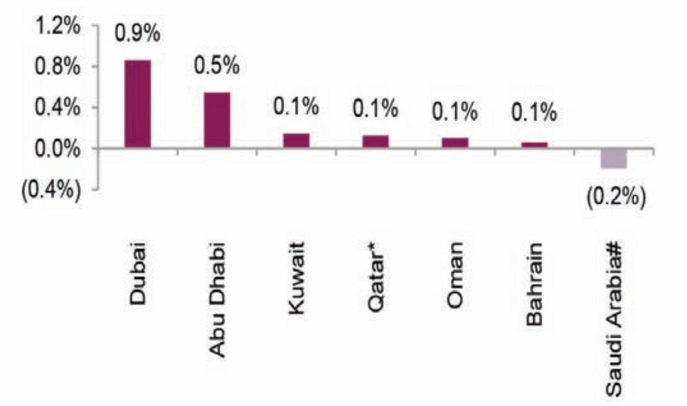
Source: Qatar Stock Exchange (QSE)

QSE Index and Volume



Source: Qatar Stock Exchange (QSE)

Weekly Index Performance



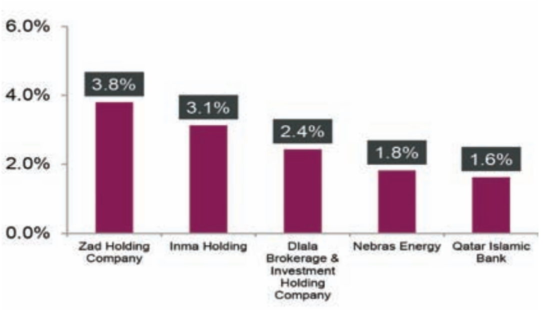
Source: Bloomberg

Regional Indices	Close	WTD%	MTD%	YTD%	Weekly Exchange Traded Value ($ mn)	Exchange Mkt. Cap. ($ mn)	TTM P/E**	P/B**	Dividend Yield
Qatar*	10,103.22	0.1	(1.4)	(6.1)	127.64	166,999.5	11.5	1.3	5.0
Dubai	6,042.55	0.9	1.5	(0.1)	155.2	271,807.3	9.6	1.7	5.3
Abu Dhabi	9,936.08	0.5	1.3	(0.6)	413.6	762,209.9	19.6	2.3	2.5
Saudi Arabia#	10,808.43	(0.2)	0.1	3.0	1,679.23	2,583,761.3	16.9	2.1	3.5
Kuwait	8,676.04	0.1	(0.3)	(2.6)	196.51	167,525.7	17.7	1.8	3.8
Oman	7,652.14	0.1	1.9	30.4	65.83	56,808.1	14.7	1.7	4.0
Bahrain	2,010.90	0.1	(1.6)	(2.7)	1.83	20,641.5	16.6	1.4	4.4

Source: Bloomberg

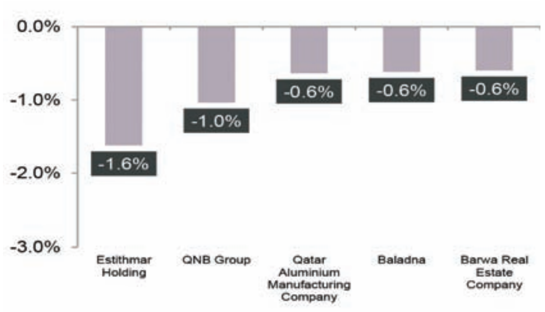
Qatar Stock Exchange

Top Five Gainers



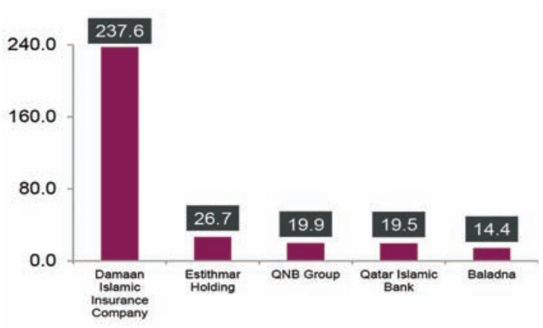
Source: Qatar Stock Exchange (QSE)

Top Five Decliners



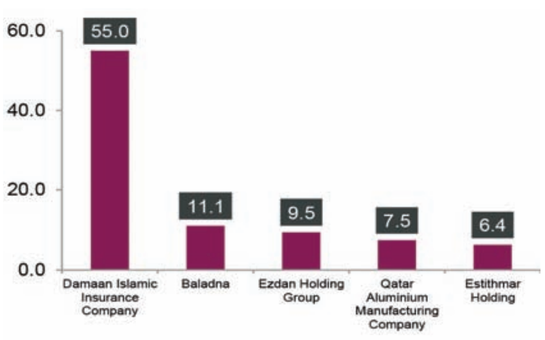
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Value (QR Million)



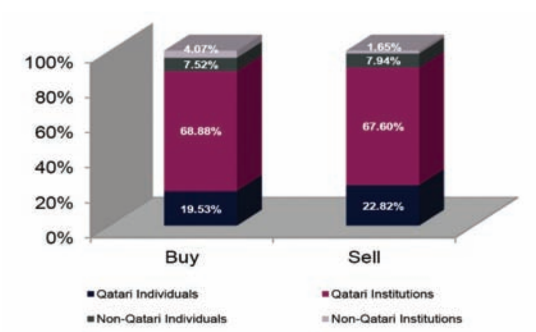
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Volume (Million)



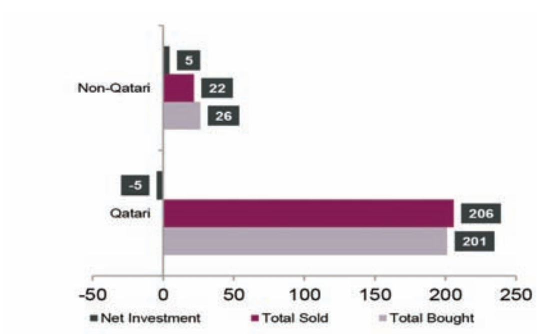
Source: Qatar Stock Exchange (QSE)

Investor Trading Percentage to Total Value Traded



Source: Qatar Stock Exchange (QSE)

Net Traded Value by Nationality (QR Million)



Source: Qatar Stock Exchange (QSE)

Technical analysis of the QSE index

Source: Bloomberg

The Index closed the truncated week with gains of 0.13% for this week and printed 10,103.22 last. We have not changed our outlook on the market; we remain optimistic and we reiterate our previously reported view that clearing the 11,000 level means chances for the continuation of the longer-term uptrend are more likely to shape. We target the 11,300 level is next expected resistance. Our support level remains at the 10,000 points.

Definitions of key terms used in technical analysis

RSI (Relative Strength Index) indicator – RSI is a momentum oscillator that measures the speed and change of price movements. The RSI oscillates between 0 to 100. The index is deemed to be overbought once the RSI approaches the 70 level, indicating that a correction is likely. On the other hand, if the RSI approaches 30, it is an indication that the index may be getting oversold and therefore likely to bounce back.

MACD (Moving Average Convergence Divergence) indicator – The indicator consists of the MACD line and a signal line. The divergence or the convergence of the MACD line with the signal line indicates the strength in the momentum during the uptrend or downtrend, as the case may be. When the MACD crosses the signal line from below and trades above it, it gives a positive indication. The reverse is the situation for a bearish trend.

Candlestick chart – A candlestick chart is a price chart that displays the high, low, open, and close for a security. The 'body' of the chart is portion between the open and close price, while the high and low intraday movements form the 'shadow'. The candlestick may represent any time frame. We use a one-day candlestick chart (every candlestick represents one trading day) in our analysis.

WEEKLY ENERGY MARKET REVIEW

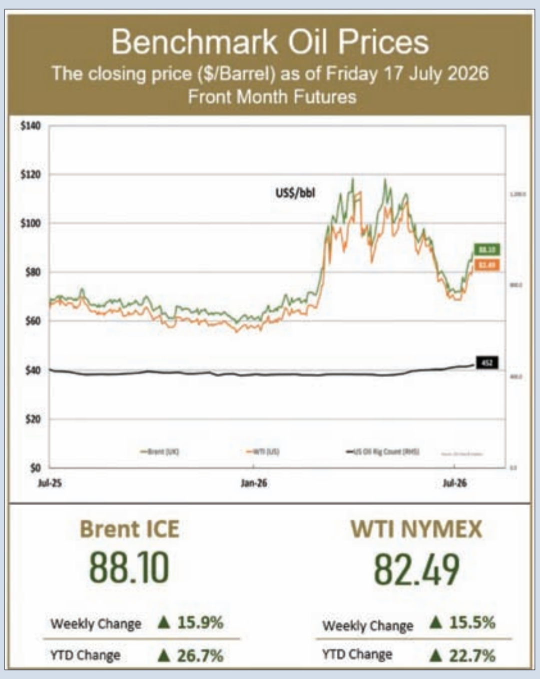
Oil rises on renewed US-Iran hostilities, threat of Red Sea closure

www.abhafoundation.org

Oil

Oil prices surged more than 4% on Friday, reaching their highest levels in over a month as escalating hostilities between the US and Iran heightened fears of disruptions to global energy supplies. Brent crude settled at $88.10 a barrel and US West Texas Intermediate closed at $82.49, with both benchmarks posting weekly gains of around 16%.
The conflict intensified as the US struck infrastructure in Iran while Tehran launched attacks on US facilities across the region and targeted energy infrastructure in Kuwait. Concerns also grew over shipping after oil flows through the Strait of Hormuz declined sharply and Iran threatened to expand disruptions to the Red Sea. Saudi Arabia has diverted most of its crude exports to the Red Sea port of Yanbu to bypass the Strait of Hormuz, increasing volumes since the conflict began.

LPG gas and oil tanker ships anchored in the ocean. Oil prices surged more than 4% on Friday, reaching their highest levels in over a month as escalating hostilities between the US and Iran heightened fears of disruptions to global energy supplies. *Picture supplied by the Abdullah bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.*



Gas

Asian spot LNG prices climbed for a fourth consecutive week to their highest level in nearly four months as escalating US-Iran hostilities renewed concerns over supply disruptions through the Strait of Hormuz. The benchmark price for September delivery to northeast Asia rose to $20.10 per million British thermal units.
The prolonged disruption has delayed expectations for the resumption of LNG flows through the Strait of Hormuz until October or November, while forecasts for global LNG market growth have been reversed. Strong summer cooling demand and reduced hydropower output continue to support prices across Asia. European gas prices also strengthened as slower LNG imports raised concerns over replenishing storage ahead of winter.
Although storage levels edged higher, lower import volumes and weaker injection rates continued to fuel uncertainty over Europe's gas supply.

■ *This article was supplied by the Abdullah bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development.*

Alphabet and Intel results in focus for Wall Street trade

Alphabet spending plans in focus in Wednesday results; Intel, Texas Instruments to report, with semis trade in spotlight; Tesla, American Express, RTX among other reports due

Reuters
New York

US corporate earnings season heats up in the coming week, with Alphabet and Intel set to offer updates that could sway the market-leading AI trade and investors eager to see if companies can meet high profit expectations to help the US stock market weather uncertainty over the Iran war.

The S&P 500 was lower for the week as of Thursday but was not far from record highs, after a rally that has taken the benchmark index up 10% in 2026.

Increasing expectations for profit strength this year have provided bedrock support for investors' enthusiasm for stocks.

Now they are counting on the just-underway second-quarter earnings season to show the corporate profit engine still humming along, with S&P 500 earnings projected up a whopping 25.7% in the period, according to LSEG IBES data.

"Headlines continue to raise anxiety and leave investors scratching their heads wondering why the market continues to reach new heights," said Michael Arone, chief investment strategist at State Street Investment Management. "And the reason it does is because the fundamentals have been resilient, and the earnings continue to be outstanding."

A US flag hangs on the front of the New York Stock Exchange. US corporate earnings season heats up in the coming week, with Alphabet and Intel set to offer updates that could sway the market-leading AI trade and investors eager to see if companies can meet high profit expectations to help the US stock market weather uncertainty over the Iran war.

Alphabet's quarterly report on Wednesday will command Wall Street's attention. The Google parent, the third-largest US company by market value at $4.3tn, can jostle indexes as one of the heavyweight "Magnificent Seven" stocks that have driven US equities higher for much of the bull run that has lasted nearly four years.

The company is also an AI "hyperscaler," spending billions of dollars to build out data centers and AI infrastructure. Such AI capital spending has been at the heart of this year's market rally, driving huge gains for semiconductors and other companies benefiting from the massive outlays.

If Alphabet announces "any type of pullbacks with respect to the spending that they're forecasting around AI, you could see ripple effects across the entire AI ecosystem," said Kevin Mahn, president and chief investment officer at Hennion & Walsh Asset Management.

Results from semiconductor firms Intel and Texas Instruments take on particular significance due to the stunning rally this year in chip stocks. Although the trade faltered in recent weeks, the Philadelphia SE Semiconductor index remains up about 68% in 2026; Intel shares have soared over 160%, while Texas Instruments has gained 68%.

Tepid market reactions to strong reports this period from foreign companies Samsung Electronics and Taiwan Semiconductor indicate the high expectations for the semiconductor industry.

Chip stocks have seen huge swings as investors questioned whether the high-flying trade has run too far. The sector's massive collective weighting in indexes means chip shares can influence the market's direction. Leveraged products tied to the semiconductor space are also "amplifying on both the upside and the downside," said State Street's Arone.

Elon Musk's Tesla, another Magnificent Seven company, is also set to post results in the coming week. Other high-profile results include American Express, Philip Morris International and defense contractor RTX, with more than 80 S&P 500 companies expected to report.

Major US banks kicked off the reporting season this week, posting earnings boosted by fees for advising on mergers and acquisitions and surging trading revenue.

Wall Street was still bracing for developments in the Middle East to cause day-to-day market swings, following a recent escalation of the nearly five-month-old US-Israeli war with Iran. Many investors expect the war to be relatively short-lived, but are wary that renewed tensions could boost energy prices up to levels they reached following the start of the war, inflaming inflation fears.

That's especially an issue ahead of the Federal Reserve's meeting at the end of July. Pricing in fed funds futures indicate expectations the US central bank will raise interest rates in the coming months to bring down inflation that is above the Fed's 2% annual target.

Cooler-than-expected data this week on US consumer and producer prices calmed some fears the Fed could raise rates at this month's meeting.

"The macro data has painted a picture of a steady economy with some improvement in inflationary pressure," said Eric Kuby, chief investment officer at North Star Investment Management.

EU wants bigger banks to catch up with rivals in US

AFP
Brussels

The European Union must have bigger banks if the 27-nation bloc wants to catch up with rivals in the United States, Brussels said on Friday. The EU published a report looking at the banking sector as part of its efforts to boost the European economy by unlocking more money for different industries.

Brussels said it wanted to ease rules for the European banking sector including lower capital requirements.

In the aftermath of the financial crisis of 2007-2008, a top international banking supervisory authority -- known as the Basel Committee -- set new global standards to ensure banking system stability.

But European banks have long criticised the EU's overzealous application of the rules, which they say put them at a disadvantage compared to foreign banks since they had the rules on top of national regulations.

The banks argued this hindered their ability to finance the European economy.

US regulators also proposed loosening some capital rules earlier this year.

A senior European official said the EU did not want to weaken the rules, but wanted to apply them "in a way that optimises the benefits for the EU economy". "European banks need the opportunity to scale up in their domestic market like the US have," the official said.

NGO Finance Watch said the EU had the "right diagnosis, wrong remedy".

"Cutting capital requirements would give banks one-time room on their balance sheets. But this does not mean more productive investment in the economy, it means undermining banks' lending capacity in the future," Julia Symon of Finance Watch said in a statement.

EU financial services commissioner Maria Luis Albuquerque told journalists the European banking sector was "still too fragmented across national lines", which "prevents banks from reaching the scale needed to compete globally".

The report appeared to criticise German objections this year to Italian lender UniCredit's hostile takeover of Commerzbank.

"Unjustified interventions at the national level too often hinder the ability of EU banks to consolidate," the EU said without naming any country. "As a result, those banks are prevented from scaling up at the EU level."

How firms hit their numbers by any means necessary

By Marty Fridson
New York

As the latest earnings season kicks off, here's your regular reminder that tricky number-counting is all too common in the corporate world and can have dramatic consequences even when everything is perfectly legal.

Some examples of twisted tabulations have been around for decades.

When Jack Welch ran General Electric from 1981 to 2001, he was intent on reporting an earnings per share (EPS) increase in each successive quarter. Business does not really work that way, of course, as fluctuations in economic activity and competitive conditions inevitably inject some volatility into profits.

Nevertheless, GE's divisional managers felt intense pressure to do their part in maintaining the illusion of a straight, upward-sloping EPS line. Accordingly, if their earnings looked certain to fall short as a quarter-end approached, they would sometimes solve the problem by hurriedly making an acquisition.

Under accounting rules, the division could add the acquired company's earnings for the whole three-month period to its current earnings, enabling it to meet its Welch-imposed quota. Suffice it to say, this was not a recipe for long-term financial health. GE saw its market cap shrink by roughly 74% in the 20 years after Welch stepped down.

More recently, concerns arose about accounting practices potentially propping up earnings at IT services provider Kyndryl Holdings when the Securities and Exchange Commission made a document request this past February. This came 10 months after Gotham City Research published a report noting that the company's auditor had cited a material reporting weakness related to revenue recognition. Gotham also pointed to metrics such as Days Sales Outstanding and capitalised costs, which were way out of line with peer companies.

The company's stock plunged 55% the day the SEC request was announced.

Channel-stuffing is another way of making the numbers say what management wants. In 2001, pharmaceuticals producer Bristol-Myers Squibb gave its wholesalers discounts as incentives to purchase its drugs at a faster rate than necessary to fill prescriptions at pharmacies.

That action did not increase sales, which would have been a financially rational motive for offering a discount. It merely shifted sales from a future period to the present to inflate current earnings. BMY's actions caught up with it in 2002, when management announced that its first-quarter EPS would be about 20% below analysts' consensus forecast. On that day, the stock slumped by as much as 14% in after-hours trading.

Semiconductor manufacturer M/A-COM Technology Solutions Holdings found itself in a similar situation roughly a decade later. In 2015, it met analysts' revenue expectations for its first quarter, but it did so with the aid of an accounting change. MTSI switched from recognising revenue when its distributors made final sales to end users to recognising it upon sale to distributors, which accounted for about a quarter of its total sales.

Suspicions of channel-stuffing arose, and the numerical contortions eventually caught up with the company. MTSI reported misses on revenue, gross margin, and adjusted EPS for its third quarter in 2015, in addition to issuing fourth-quarter guidance one-third below the low end of analysts' estimates. Its stock plummeted 20% at the next day's opening.

In none of these cases were the companies charged with doing anything illegal, but the consequences were significant nonetheless.

Moving to this past June, there was a novel example of a company making progress toward a stated numerical target with a questionable tactic. The story begins with the July 2024 merger agreement of Paramount Global and Skydance Media.

Many Hollywood screenwriters voiced concern about this entertainment industry consolidation, arguing that it threatened to reduce the amount of work available to them. Against this backdrop, Paramount declared that it would step up its releases from eight in 2025 to 15 in 2026. Fast forward to last month. Paramount released "Jackass: Best and Last," the finale in a film franchise in which a troupe of performers engage in stunts. Much of the movie consists of reused footage from previous "Jackass" movies, supplemented by a limited number of new scenes.

Paramount produced this flick at an estimated cost of just $10mn. To put that number in perspective, among all planned or completed 2026 releases by the "Big Five" movie studios - Columbia (Sony), Paramount, Universal , Warner Bros, and Walt Disney Studios - with production budget estimates on IMDb, the median was $80mn, with two films tying for the top spot at $250mn.

Only four of the 19 films included in this sample had estimated costs below $30mn, with the lowest, other than "Jackass: Best and Last," being $18mn. Based on these estimates, Paramount was able to check one box on its slate of 15 promised releases by spending roughly half as much as it did on its least costly recent film, while providing little new work for creatives in the process. To be clear, nothing about this violated any law, and it was not related to any earnings target. It's also impossible to know whether the justification for this particular film was related to the quota - or whether the on-the-cheap production was simply part of a broader strategy.

But regardless of the motive, the company was able to show progress toward the letter of a stated objective, while leaving the spirit on the cutting room floor. All of these examples are reminders that we should scrupulously examine the facts every time a company claims to have achieved a milestone.

College track and field recruiters would not hand out a scholarship to a high school sprinter who set a state record by moving the finish line closer to the starting line. Investors should be every bit as careful when they are doing out money.

■ *The views expressed here are those of Marty Fridson, the publisher of Income Securities Investor.*