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Fed expected to hold rates steady in 2nd meeting under Warsh as inflation swirls

Tuesday, July 28, 2026
Safar 14, 1448 AH

GULF TIMES
BUSINESS

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Brookfield raises $2bn for Middle East fund from Saudi PIF, other investors

Regulatory push boosts homegrown fintech startups in Qatar

By Peter Alagos
Business Editor

Regulatory frameworks introduced by the Qatar Central Bank (QCB) are driving structural shifts in the country's financial technology ecosystem, paving the way for stronger collaboration between traditional financial institutions and homegrown fintech ventures.

Mohamed al-Delaimi, managing partner of SkipCash, told *Gulf Times* that the central bank's active policy push has broadened the scope for domestic digital financial services.

"From a regulatory perspective, we see that the central bank is pushing several frameworks to enable specific fintech activities to operate in Qatar," al-Delaimi pointed out.

He lauded the QCB for establishing dedicated regulatory structures covering payment infrastructure, wealth management platforms, crowdfunding initiatives, real estate tokenisation, artificial intelligence (AI) applications, and digital banking services. These legislative moves have encouraged more founders to launch ventures in the local market, he emphasised.

"The difference that we are seeing right now is the reaction that's happening from the startup ecosystem," said al-Delaimi, adding that "we believe more founders and more entrepreneurs are entering this field."

He explained that the sector's evolution in Qatar has allowed pioneer firms to support emerging players entering the market. Based on its experience navigating compliance and payment integration, SkipCash has assisted peer ventures in securing operational approvals.

"We took the opportunity to develop technologies related to payment solutions. And because of these developments and experience that we gained, we were also able to assist other partners like PayLater, which is offering Buy Now, Pay Later solutions in the local market,

Mohamed al-Delaimi, managing partner of SkipCash. **PICTURE:** Shaji Kayamkulam

to develop and get their compliance and licensing to operate in the market," al-Delaimi pointed out.

The alignment between state regulators and local tech companies has picked up speed over the past three years, he said, further explaining that this ongoing cooperation is building trust across the wider banking industry, leading to increased institutional backing for domestic startups.

"This is where we see harmony between the regulator and Qatar entrepreneurial ecosystem, working closely together to bring new technologies into the market," al-Delaimi stressed.

Oil prices fall to one-week low after US pauses attacks on Iran

Reuters
New York

Oil prices hit a one-week low on Monday after the US abruptly suspended a campaign of air strikes against Iran over the weekend, raising hopes of a diplomatic solution that would de-escalate the conflict and allow shipping to resume in the Strait of Hormuz.

Brent crude futures were down $7.78, or 8%, at $89 a barrel by 1.40pm EDT (1740 GMT). They fell as much as 9.5% earlier in the session to $87.55 a barrel, the lowest since July 20.

US West Texas Intermediate crude futures fell to $82.89 a barrel, down $6.42, or 7.2%. They dropped as much as 8% earlier in the day, also hitting a one-week low.

Brent futures last week crossed $100 as the conflict, which has reduced oil shipments via the Strait of Hormuz, spilled over to the Red Sea, hindering exports from the world's top exporter, Saudi Arabia, via the Bab el-Mandeb strait to Asia.

The US ambassador to the UN, Mike Waltz, told "Fox News Sunday" and other US media that President Donald Trump had decided to pause US attacks to allow more time for diplomacy. Trump on Monday said the US is holding "good talks" with Iran, and that "there's a good chance that something could happen" in regard to a potential deal. However, he also threatened "strong military action" if diplomacy fails.

Oil prices fell throughout Monday's session even as Saudi Arabia's air defences intercepted and destroyed drones launched from Iraq and Yemen's Houthis claimed they had targeted sensitive crude oil supply and transport sites linking eastern Saudi Arabia to the critical Red Sea oil export hub of Yanbu.

"The market seems to be forever seeking good news from an arena that really is not providing any," said PVM analyst John Evans.

"A stay of military strikes might seem an improvement, but it does not come with any guarantees that oil will soon flow from the area," he said, adding that the market will only continue lower if high prices once again dent demand, not due to "questionable mini-ceasefires".

Oil markets are likely to be highly volatile in response to updates around the unofficial ceasefire between the US and Iran, with industry analysts warning that the physical flow of oil remains constrained despite the truce.

"Shipping volumes remain heavily depressed after a brief mid-June ceasefire, limiting Middle East exports and forcing longer, costlier reroutes via Suez for Saudi Red Sea cargoes," said Alex Hodes, director of energy market strategy at brokerage StoneX.

Financial discipline seen key to scaling commercial AgTech in desert climates

By Peter Alagos
Business Editor

Applying strict financial analysis and risk management to agricultural technology is essential for building economically viable farming systems in arid regions, a local founder has said.

Jeacim Francis Adaya, chief executive of Hydrovest Technology, noted that commercial agriculture in the Gulf must move beyond basic production metrics and focus on long-term cost structures. The shift requires treating technology choices as capital investments that directly impact operating margins, he said.

"Agriculture today is no longer just about planting crops. It involves technology, resource management, innovation, and sustainability. Financial discipline helped me understand how to build solutions that are both environmentally sustainable and economically viable," he explained to *Gulf Times* in an exclusive interview.

Operating within climates such as that of Qatar's involves high resource inputs. Extreme summer temperatures, substantial cooling energy requirements, and limited freshwater supplies generate significant overheads for indoor and controlled-environment farms. Early operational trials often expose vulnerabilities in commercial models.

"People often think finance and agriculture are completely different fields, but I see many similarities," Adaya stated, adding that his background in finance taught him how to analyse data, manage risks, create sustainable business models, and make informed long-term decisions".

Jeacim Francis Adaya, chief executive of Hydrovest Technology.

Adaya pointed out that technical setbacks encountered during initial trials were treated as data points to refine operational models. Analysing expenditure patterns alongside crop yield metrics enabled the venture to isolate specific financial burdens associated with desert farming.

Standard international agricultural solutions frequently fail to deliver expected returns when imported directly into extreme climates without modification. Tailoring systems specifically for regional environmental conditions helps lower energy consumption and reduce capital depreciation over time, he said.

"Those experiences convinced me that Qatar doesn't need to copy farming methods from other countries. We need technologies specifically designed for desert environments. That belief continues to drive our research and development today," he said.

Establishing viable unit economics remains the primary hurdle for tech-driven farming enterprises, Adaya pointed out, noting that financial frameworks must balance upfront technology costs against long-term operational savings to attract institutional investors and private sector capital.

He said, "Financial discipline helped me understand how to build solutions that are both environmentally sustainable and economically viable. Most importantly, finance taught me to look beyond short-term results and focus on creating lasting value."

Adaya further explained, "Agriculture today is no longer just about planting crops...it involves technology, resource management, innovation, and sustainability."

The company continues its research and development operations at the Qatar Science and Technology Park. The objective is to refine specialised hydroponic models into scalable, commercially viable products suitable for local and regional deployment, Adaya said.

"That belief continues to drive our research and development today... being part of the Qatar Science and Technology Park today is a proud milestone because it allows us to transform that original vision into technologies that can contribute to Qatar's future," he added.

Commuters drive down a main street in Riyadh. The Brookfield Middle East Partners (BMEP) fund aims to allocate 50% of its investments in Saudi Arabia, the Canadian firm said in a statement.

Brookfield raises $2bn for Mideast fund from Saudi PIF and other investors

Reuters
Dubai

Brookfield has raised around $2bn from strategic anchor investors, including Saudi Arabia's sovereign wealth fund, for a private equity fund that will invest in companies in the kingdom and wider Middle East, the global investment firm said on Monday.

The Brookfield Middle East Partners (BMEP) fund aims to allocate 50% of its investments in Saudi Arabia, the Canadian firm said in a statement, adding that the entity will pursue deal across sectors including financial, industrials and technology. Brookfield, which has more than $1tn in assets under management, is committing $500mn to the fund.

In recent years, global private equity funds have boosted their presence and invested in the Gulf region, attracted by proximity to some of the world's largest sovereign wealth funds and a growing pipeline of regional deals in areas such as infrastructure.

"We see a compelling opportunity to partner with businesses across the region and position them for long-term growth," said Brookfield's CEO Bruce Flatt, mentioning "global confidence and strong demand for private equity opportunities in Saudi Arabia and the region".

Brookfield is part of a consortium of global investors that on Saturday announced a $16bn deal with Kuwait Petroleum Corp (KPC) for a lease and leaseback of the energy company's crude oil pipeline network, defying concerns around the impact of the Iran war.

"Our partnership with Brookfield is designed to help anchor international private equity into Saudi Arabia and the region. It will also accelerate deal flow while continuing to bring world-class expertise to the local capital market ecosystem," said Yazeed A al-Humied, PIF's deputy governor and head of MENA Investments.

ARI joins Gulf Capital Market Association

Al Rayan Investment (ARI), Qatar's leading investment and advisory firm, has joined the Gulf Capital Market Association (GCMA). ARI is the first Qatari investment firm to be accepted by the region's premier investment industry association.

The GCMA serves as the leading voice of the Gulf's growing capital markets, bringing together leading stakeholders and market infrastructure partners across the region. ARI's membership reflects the firm's commitment to contributing to the development of robust, transparent and competitive financial markets across the Gulf.

Akber Khan, acting chief executive officer of ARI, commented, "We are proud to have become a GCMA member. This reflects ARI's long-standing focus on working with our partners to further develop GCC capital markets. As the region experiences unprecedented economic transformation, efficient and well-governed capital markets play a vital role in mobilising investment and facilitating sustainable growth."

Red Sea shipping slows after Houthi attacks on Saudi oil installations

Reuters
Singapore

Ship traffic through Bab el-Mandeb fell on Sunday after Yemeni Houthis attacked Saudi oil installations along the Red Sea coast, while transit through the Strait of Hormuz stayed low over the weekend, shipping data from Kpler showed on Monday.

Eleven commodity vessels passed through the Bab el-Mandeb strait on Sunday, the lowest level in months, the data showed.

Red Sea traffic has been disrupted off the coast of Yemen since last week by the Tehran-aligned Houthis, who want to blockade Saudi exports, expanding the US-Iran conflict that has already choked oil supply through the Strait of Hormuz.

The shipping disruption caused prices of physical crude cargoes in the Middle East, Europe and Africa to jump to two-month highs last week.

Seven of the vessels that passed through Bab el-Mandeb were oil tankers with three of them entering the Red Sea. Two of them are very large crude carriers (VLCCs) heading to the port of Yanbu to load Saudi crude while the third is a Russian-linked ship, the data showed.

The four vessels that exited the Red Sea on Sunday included the Hong Kong-flagged VLCC New Explorer carrying 2mn barrels of Saudi and Emirati crude for eastern China's Ningbo port, a tanker carrying 1mn barrels of Russian crude for China and a tanker with about 750,000 barrels of Saudi crude onboard for Pakistan, the data showed. Another Hong Kong-flagged VLCC New Pearl carrying 2mn barrels of Saudi crude is exiting the Red Sea via Bab el-Mandeb strait for eastern China's Zhoushan port, the fourth Chinese supertanker to leave since the Houthis declared a naval blockade.

Associated Maritime Hong Kong, the manager for New Explorer and New Pearl, did not immediately respond to a request for comment outside office hours.

Houthi military spokesperson Yahya Saree said the group struck sites belonging to Saudi state oil company Aramco in the cities of Jizan and Yanbu on Saturday.

Fewer than 10 commodity vessels passed through the Strait of Hormuz daily over the weekend even though the US and Iran have paused strikes in the Middle East, shipping data from Kpler showed.

Vessels transit the Bab el-Mandeb Strait off the coast of southern Yemen on Saturday. The shipping disruption caused prices of physical crude cargoes in the Middle East, Europe and Africa to jump to two-month highs last week.

Pakistan central bank holds key policy rate at 11.5% amid inflation concerns

State Bank of Pakistan Governor Jameel Ahmad speaks at the Reuters NEXT Asia summit in Singapore (file). He said there would likely be some reduction in inflation in July, adding that he hoped inflation will continue falling in the next two months if the Mideast conflict does not escalate.

- **SBP leaves rates unchanged after raising by 100bp in April**
- **Bank expects FY27 real GDP growth of between 3.5% and 4.5%**
- **Monetary policy committee urges fiscal reforms**

Reuters
Karachi

Pakistan's central bank held its key policy rate at 11.50% on Monday, the bank's governor told reporters, as US-Iran hostilities threaten to push up energy costs and inflation in the import-dependent country.

The central bank decision comes weeks after the collapse of a ceasefire agreement between Washington and Tehran, with the two sides exchanging fire over control of the Strait of Hormuz, a critical corridor for global oil shipments.

State Bank of Pakistan (SBP) Governor Jameel Ahmad said there would likely be some reduction in inflation in July, adding that he hoped inflation will continue falling in the next two months if the conflict does not escalate.

The governor said a revised estimate for GDP growth in the fiscal year through June 2026 was likely to improve further, while the central bank expects growth in the following year within a range of 3.5% to 4.5%, in line with earlier estimates.

The SBP's Monetary Policy Committee (MPC) cautioned in a statement that volatile commodity prices and potential impacts from the El Nino weather phenomenon could still influence outcomes.

The current-account deficit was expected to be "reasonable" because of growing remittances from Pakistanis working abroad, with a target of 0% to 1% of GDP, it said.

Ahmad said Islamabad owes $21.5bn in debt repayments due in fiscal year 2027, most of which will be met through rollovers and refinancing.

Debt servicing costs will be lower this year because interest payments have gone down, Ahmad said, adding that a change in debt sources had improved the country's debt profile.

He said foreign exchange reserves reached around $17.3bn by mid-July and will reach their earlier stated target of more than $20bn by the year end.

Adnan Sheikh, vice president of research at the Pakistan Kuwait Investment Company, said: "The statement is modestly dovish but not enough to signal imminent rate cuts ... It continues to prioritize price stability."

The MPC statement said it "re-emphasized the need of fiscal reforms, particularly tax base-broadening efforts and curtailing PSE (public sector enterprise) losses, to support high and sustainable economic growth".

The SBP has raised the policy rate once this year, by 100 basis points to 11.5% in April — its first increase in nearly three years — after holding rates steady since October 2025.

That move followed a cumulative 1,150 basis-point reduction from a record high of 22% in June 2024, as the bank eased aggressively once inflation came under control.

Monday's decision to hold the rate follows a similar decision to keep it at 11.5% at the June meeting as well.

India's engineering exports rise 21% in June as China shipments jump 74%

India's engineering goods exports rose 21% year-on-year in June to $11.48bn, led by demand from China, the US, Germany and Oman, engineering exporters' body EEPC India said on Monday, amid concerns over Red Sea and Strait of Hormuz shipping disruptions, reports Reuters.

Shipments to China climbed 74% from a year earlier to $361.47mn. India's overall exports to China rose nearly 37% in the fiscal year ended March to about $20bn.

The growth in engineering exports provides a buffer for India's broader merchandise trade, which faces mounting pressure from higher freight, insurance and transit costs after disruptions in the Red Sea and Strait of Hormuz affected shipping routes, exporters said. For April-June, the first quarter of fiscal 2026/27, engineering exports, which account for more than a quarter of India's total merchandise exports, increased 18.09% to $34.14bn from $28.91bn a year earlier.

The US remained the largest market for Indian engineering goods, with exports worth $1.95bn during the month, while exports to Oman more than quadrupled to nearly $259mn. Engineering products accounted for 28.4% of India's total merchandise exports in June, according to government quick estimates cited by EEPC India.

The sector has remained resilient despite disruptions to trade flows arising from the crisis in West Asia and the Middle East, EEPC India Chairman Pankaj Chadha said.

"Engineering exports in the last three months of the current fiscal have stayed above $10bn," Chadha said, adding that continued government support would be needed to maintain growth amid emerging risks.

Exports rose across all regions in June, although shipments to the United Arab Emirates and Saudi Arabia declined. A sharp increase in exports to Oman helped keep engineering exports to the West Asia and North Africa region in positive territory, EEPC India said.

India also recorded export growth to Turkey, reversing a significant decline last year.

Shein will struggle to justify up to $50bn valuation

Reuters
Singapore/Hong Kong

Investors are expected to scrutinise whether Shein can justify the $40bn to $50bn valuation it is seeking in a Hong Kong initial public offering after a prospectus filed on Sunday showed slowing growth and a sharp decline in profitability.

Revenue rose 8% to $41.8bn in 2025, but net income fell 39% to $2.06bn. In the first quarter of this year, the fast fashion retailer swung to a $99mn loss, the filing showed.

While the quarterly loss partly reflected a $328mn fair-value charge on convertible redeemable preferred shares following an accounting change, slowing revenue growth and weaker core earnings underscore the company's mounting challenges.

"Institutional investors on the HKEX (Hong Kong Stock Exchange) will... zero in on the 2.9% operating margin," said Winston Ma, executive director of the Global Public Investment Funds Forum and a former managing director at the China Investment Corp. "Investors will re-price Shein away from a pure hyper-growth tech platform toward a physical retail and logistics player navigating high-friction global trade."

Investors are expected to scrutinise whether Shein can justify the $40bn to $50bn valuation it is seeking in a Hong Kong initial public offering after a prospectus filed on Sunday showed slowing growth and a sharp decline in profitability

The narrowing margin adds to concerns that Shein's rapid rise is encountering headwinds from higher trade costs, increased regulatory scrutiny and intensifying competition in global e-commerce. The company said that the removal of the US de minimis exemption had hurt sales growth, increased expenses, and it was "pursuing a wide range of options including increasing prices in the US" to offset a portion of the increased costs.

Europe's new fee on low-value imports poses another challenge — Shein said it was possible that trends in the EU could be "generally in line with or exceed the impact observed" in the US. Shein's challenges in Europe could lead to a lower level of competitive intensity at the value end of the market, which could be positive for fashion retailers Primark and H&M, Citi said in a note.

The prospectus showed Shein's valuation fell from $98.2bn following a fundraising round in 2022 to $64bn after another funding round in 2024.

"I argue that Shein will unlikely achieve a substantial uplift in valuation either at its Hong Kong IPO or in the secondary market compared to its last private fundraising round," said Shen Meng, director at Beijing-based boutique investment bank Chanson & Co.

The price you charge is what you believe you are worth

By Mohammed Shabeeb

Most businesses underprice their work. Then they wonder why the business is exhausting them.
Ask a business why their prices are where they are.
The answers are almost always defensive. The market will not bear more. My competitors charge less. I do not want to lose the client.
Notice what is missing from every answer.
The value being delivered. Pricing is treated as a reaction to what others are doing, not a decision about what your work is actually worth.
This is where the trouble starts. Pricing is not a financial calculation. It is a statement of self-belief. When you set a price too low, you are not just leaving money on the table. You are telling the market, and yourself, that you do not fully believe in what you deliver. Clients pick this up immediately. It shapes how they treat you, how they negotiate with you, and how much they come to expect from you at that price.

The underpricing loop

Businesses that underprice do not just earn less. They attract the wrong customers. Low prices bring in clients who shop on price, treat your time cheaply, and disappear the moment someone quotes lower. You end up working harder for people who value you less. The margin you needed to invest in the business is gone. The business stalls, and the market gets blamed. The market did not underprice you. You did.

Discounting is the same disease

The moment a client pushes back, most businesses drop the price. It feels like flexibility. It is not. It is capitulation, and it does more damage than the lost margin. Every discount teaches your client three things. That your original price was inflated. That negotiation gets rewarded. That your work is worth whatever pressure they choose to apply. Once you discount, the discounted price becomes the new expectation. You cannot go back.
Businesses think they are winning the deal. They are losing the relationship. The client who beat you down this quarter will beat you down next quarter, and the one after. If you must discount, get something back. A longer commitment. A larger volume. A referral. Never surrender margin for nothing.

Price is a signal, not just a number

Here is what most businesses miss entirely. Your price is one of the loudest pieces of marketing you have. Before a client experiences your work, they read your price and form an assumption about quality. Charge too little, and they assume the work is inferior. Charge with confidence, and they assume it is serious. I have seen businesses double their fees and win more clients, not fewer. Not because the market suddenly valued them more. Because the price itself changed the signal. The buyers who could not take them seriously at the lower number could not ignore them at the higher one.
Price is positioning. Underprice, and you position yourself out of the market you actually want.

Charge with conviction

The most useful pricing exercise is also the hardest. Say your price out loud, slowly, without apology. If you cannot say it without flinching, the number is not the problem.
Your belief in it is. Fix the belief first. Then raise the price. Almost everything else in the business gets easier when you do.
Look at your current pricing. Is it set by what your work is worth, or by what you are afraid to ask for? Those answers should be the same. If not, that is the work.

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US core capital goods orders rise in June

Reuters
Washington

New orders for key US-manufactured capital goods increased strongly in June while shipments surged by the most in 4-1/2 years as businesses ramped up spending on artificial intelligence, suggesting the economy maintained a fairly strong pace of growth in the second quarter.

The report from the Commerce Department on Monday also showed upward revisions to the data for May. The AI build-out is helping to limit the drag on the economy from the five-month war in the Middle East and the Trump administration's lingering tariffs on imports, propping up manufacturing.

The broad increase in the so-called core capital goods orders and shipments last month was powered by robust demand for computers and electronic products as well as electrical equipment, appliances and components.

"Equity markets are still wrestling with the valuations of many of these tech companies, but one thing is certain, and that is the capex expenditures of corporate America are keeping the economy afloat despite caution in other sectors engendered by the Middle East war uncertainty and higher energy prices," said Christopher Rupkey, chief economist at FWDBONDS.

Non-defense capital goods orders excluding aircraft, a closely watched proxy for business spending, rose 0.9% last month after an upwardly revised 1.9% increase in May, the Commerce Department's Census Bureau said. Economists polled by Reuters had forecast core capital goods orders would advance 0.8% after a previously reported 1.4% jump in May.

Core capital goods orders rose 9.3% year-on-year in June.

Orders for computers and electronic products soared 3.1% after rebounding by 1.2% in May. Electrical equipment, appliances and components orders rose 0.9% after climbing 0.2% in May.

Orders for primary metals advanced 1.1%, but bookings for fabricated metal products fell 0.5%. Machinery orders dipped 0.1%.

Shipments of core capital goods, which go into the calculation of the business spending on equipment component in the gross domestic product report, surged 1.9% last month after gaining 0.2% in May.

The largest advance in shipments since December 2021 was led by computers and electronic products, and machinery. There were solid increases in the shipments of electrical equipment, appliances and components as well as primary metals.

Non-defence capital goods orders increased 1.2% and shipments of these goods rose 1.5%. Stocks on Wall Street were trading higher as a pause in hostilities between the US and Iran pushed down oil prices. The dollar was steady against a basket of currencies. US Treasury yields were mostly lower.

The government is scheduled to publish its advance estimate of second-quarter GDP growth on Thursday. A Reuters survey of economists estimated the economy grew at a 2.1% annualised rate last quarter, which would match the first quarter's pace and fit in with the Federal Reserve's narrative of resilience.

The US central bank is expected to leave its benchmark overnight interest rate in the 3.50%-3.75% range on Wednesday, though a few economists believed an increase in borrowing costs could not be ruled out.

Other economists argued the AI-driven strength in equipment spending was a double-edged sword for the Fed. "On one side, strong capex supports economic activity and productivity," said Priscilla Thiagamoorthy, a senior economist at BMO Capital Markets. "On the other, Fed officials have recently noted that the ongoing boom in AI-related investment may sustain inflationary pressures."

Economists expected another quarter of double-digit growth in business spending on equipment.

"The robustness is not limited to the AI capex boom but also reflects a rebound in firms' spending on vehicles," said Bernard Yaros, lead US economist at Oxford Economics.

Orders for durable goods, items ranging from toasters to aircraft that are meant to last three years or more, rebounded 0.3% last month after dropping 4.0% in May.

Fed expected to hold rates steady as inflation swirls

AFP
Washington


The US Federal Reserve building in Washington, DC. The Fed is set to hold its second meeting under new chairman Kevin Warsh, with markets expecting policymakers to keep interest rates steady amid inflation concerns that could be exacerbated by US President Donald Trump's renewed war on Iran.

The US Federal Reserve is set to hold its second meeting under new chairman Kevin Warsh starting on Tuesday, with markets expecting policymakers to keep interest rates steady amid inflation concerns that could be exacerbated by US President Donald Trump's renewed war on Iran.

Warsh was chosen to lead the US central bank by Trump, who has made his demand for lower interest rates clear as he has exerted unprecedented pressure on the independent monetary policy making body.

After two days of closed-door sessions, the Fed's open market committee (FOMC) will announce its decision on Wednesday, followed by a press conference by Warsh.

Most investors expect the Fed to hold rates steady at 3.50-3.75% for the fifth straight meeting, according to CME's FedWatch monitoring tool.

US consumer inflation eased to 3.5% year-on-year last month, but remains far higher than the Fed's long-term two-percent target, which it has not achieved for more than five years.

Since last week, a ramping up of hostilities has seen intense US strikes and Tehran's retaliatory action targeting Washington's allies across the region, while Yemen's Houthi rebels have threatened to blockade the Red Sea oil trading route.

The fighting has sent energy prices soaring once more, with the benchmark oil futures contract breaching $100 per barrel for the first time since late May, when energy prices were on their way down.

At the Fed, policymakers have been losing patience with persistent inflation, indicating that a rate hike may be near.

The Fed "has to be ready to tighten monetary policy to prevent a repeat of the 2021-to-2022 inflation episode," Fed Governor Chris Waller said last week.

"Sternly staring at inflation until it melts before our withering gaze is not an option."

Since taking office, Warsh has vowed to reduce or eliminate the amount of forward guidance the Fed provides on its decision-making process, a move that has received mixed reactions.

The new chairman has said that providing forward guidance locks policymakers into positions that they may need to change. Some analysts, however, argue that opacity in decision-making creates more uncertainty for markets.

In public statements since taking control of the Fed, Warsh has said he has a "resolute commitment" to delivering price stability, but has not offered details on how and when he thinks it would be appropriate to act.

The Fed has a dual mandate to keep inflation to its long-term target while also delivering maximum employment.

Its main tool to achieve this is the economy's key interest rate -- raising rates tends to curtail economic activity and high prices, while lowering them encourages hiring and investment but can also stoke inflation.

The US labour market has largely stabilised, with steady unemployment despite zigzagging job growth, leaving policymakers mostly focused on inflation.

"'Resolute commitment' is, in my opinion, insufficient to tighten monetary policy and curb any inflationary pressures," said Gregory Daco, chief economist at EY-Parthenon.

With Warsh largely remaining silent, several other policymakers have been vocal about their concern over high prices and the potential need for action in the near-term. "When you create a vacuum, it's oftentimes the case that the vacuum gets filled," said Daco.

With headline inflation dipping in June, ahead of further rises expected ahead, analysts say they do not expect a rate hike at this meeting -- but that the decision will likely see some dissenting voices.

"We may have a new chairman, but the old guard is now worried about where the economy has moved since the beginning of the year," Diane Swonk, chief economist at KPMG, told AFP.

Inflation has been under pressure not just from rising fuel prices due to the war, but also due to heightened demand from the AI boom and the continued effect of Trump's tariffs rippling through the economy. "The hawkish core of the Fed has not only hardened but it's broadened," said Swonk, who expects two rate hikes later this year.

Nvidia in talks with OpenAI to guarantee $250bn financing for data centre project

Reuters
New York

Nvidia and ChatGPT logos are seen in an illustration. Nvidia is in talks to provide roughly $250bn in financing guarantees for OpenAI as part of a massive data centre project.

Nvidia is in talks to provide roughly $250bn in financing guarantees for OpenAI as part of a massive data centre project, the *Wall Street Journal* reported on Sunday. The backstop from Nvidia would help the ChatGPT maker lease a 10-gigawatt project that SoftBank's subsidiary SB Energy is developing in southern Ohio, the newspaper said, citing people familiar with the matter.
For OpenAI, a deal would be the first step toward controlling its own infrastructure instead of renting it from Microsoft, Amazon and Oracle, while for Nvidia, it would guarantee demand for its chips for years to come.
The project is expected to cost more than $500bn in total, including the chips inside the data centre, according to the *WSJ*.
The facility, among the largest of its kind, is expected to be built on federal and private land in southern Ohio, The Information reported last month.
The $250bn guarantee covers the data center lease and debt financing, but would not cover the Nvidia chips inside the center, the *WSJ* said, adding that the chipmaker was also discussing financing OpenAI's chip purchases worth up to $350bn.
Nvidia's backing would support financing vehicles aimed at reassuring lenders about the project's funding, the report added. While OpenAI is valued at $852bn, making it one of the most valuable private companies, the startup still remains unprofitable, raising questions about its ability to fund the multi-billion-dollar commitments it has signed for AI infrastructure.
The first phase of the project is expected to be finished in 2028, with around 800 megawatts of power, the *Journal* said.
The power supply for the project is controlled by the US government and funded separately by Japan under a recent trade deal, tied to Tokyo's pledge to invest $33bn in a natural gas plant. US Commerce Secretary Howard Lutnick is involved in deciding who gets access, according to the report.
Reuters could not immediately verify the report. Nvidia, OpenAI and the US Commerce Department did not respond to requests for comment.

Paramount Skydance agrees to delay its merger with Warner Bros Discovery

AFP
San Francisco

A Paramount + logo seen in San Diego, California. Paramount Skydance agreed to delay its $110bn merger with Warner Bros Discovery while a US lawsuit seeking to block the deal moves forward.

Paramount Skydance agreed to delay its $110bn merger with Warner Bros Discovery while a US lawsuit seeking to block the deal moves forward.

If the merger eventually closes, the new combined company would reshape the entertainment and media industry, in addition to delivering a major win to its owners, the Ellison family, who are close allies of US President Donald Trump.

Paramount agreed to delay the deal through June 2027, the company said in a court filing. Rob Bonta, attorney general of California, which is leading a coalition of 12 states which last week sued to block the deal, welcomed the agreement.

"We are eager to continue to make our case in court and celebrate another tremendous win in our effort to ensure this unlawful merger never sees the light of day," Bonta said in a statement.

The other 11 states joining the suit, all Democratic-led, are Arizona, Colorado, Connecticut, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, Oregon and Washington.

"Halting this merger while our case proceeds is a critical victory in our efforts to uphold the law and protect the film and television industries," New York Attorney General Leticia James said in a statement.

The Trump administration approved the blockbuster deal on June 12 without demanding a single change, clearing the way for one of the largest media mergers in years.

A federal judge in California ordered the companies to temporarily pause the deal in a ruling on Monday, just two days before the European Union gave the merger a conditional green light.

The US states raised "serious questions" about the deal's potential to be anti-competitive, the judge said in her ruling, adding that "the balance of equities and public interest tip sharply in favor of the Plaintiff States."

In their complaint, the 12 states claim the combined company would control roughly 27% of wide-release theatrical film distribution and a similar percentage of basic cable channel licensing.

California's attorney general said last week that the combination of two of Hollywood's five major film distributors would lead to "higher prices, lower quality, and less content" for audiences.

The saga has become politically charged, with President Donald Trump publicly saying he would weigh in on the deal as the fate of CNN -- a news network that is a frequent target of the president's ire -- hangs in the balance.

The merger would put a sprawling roster of assets under the control of a single company.

Those media assets include CNN, Warner Bros. Pictures and the HBO Max streaming service.