FISCAL SPENDING | Page 4

China's leaders pledge to support economy without big new stimulus plans

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TRADING GAINS : Page 2

Shell profit triples to $10.8bn in Q2 as Middle East war fuels oil prices

Positive first half earnings reported by several QSE-listed companies have boosted investor confidence. Stable interest rates also remain a supportive factor, enhancing the market's attractiveness, according to a financial analyst

QSE seen offering investors attractive entry opportunities

QNA
Doha

The Qatar Stock Exchange (QSE) index ended the week down 1.11%, shedding 111.79 points from last week's close to finish at 9,920 points.

The decline was driven by losses across five sectors, while the transportation and banking and financial services sectors posted gains.

Financial analyst Mubarak al-Tamimi told Qatar News Agency that the QSE general index has been trading sideways with a downward bias for several months. He noted that the market opened the week at 10,032 points and closed at 9,920 points, predicting it could decline to 9,727 points in the coming period. He added that this level represents an attractive buying opportunity for investors, offering the potential for stronger returns in the future.

QSE data for the week showed that the telecommunications sector recorded the steepest decline, falling 6.08%, followed by the industrial sector at 2.80%, insurance at 2.23%, real estate at 1.40%, and consumer goods and services at 0.36%.

Meanwhile, the transportation sector gained 0.43%, while the banking and financial services sector edged up 0.03%.

Al-Tamimi said investors continue to assess the geopolitical risks stemming from the five-month-long war in the region and its implications for local, regional, and global financial markets. At the same time, he noted that positive first-half earnings reported by several companies have strengthened investor confidence.

He added that stable interest rates also remain a supportive factor, enhancing the market's attractiveness.

During the week, a total of 654,832,195 shares were traded, with a value exceeding QR1.563bn through 126,679 transactions across all sectors.

Yesterday, the Qatar Central Bank kept its current deposit, lending, and repurchase rates unchanged following its assessment of the State of Qatar's monetary policy. In a statement, the QCB said the deposit rate (QCBDR) will remain at 3.85%, the lending rate (QCBLR) at 4.35%, and the repurchase rate (QCB Repo Rate) at 4.10%.

US economic growth slows in second quarter, missing expectations

AFP
Washington

The US saw slowing growth in the second quarter, the Commerce Department said Thursday, with fallout from President Donald Trump's Iran war weighing on the world's largest economy.

GDP grew at a sluggish annualised rate of 1.5% in the second quarter, the Bureau of Economic Analysis said, missing analyst expectations of around 2.0%.

It had grown by 2.1% in the previous quarter, BEA data showed.

"Compared to the first quarter, the deceleration in real GDP in the second quarter reflected a downturn in government spending and decelerations in investment and exports that were partly offset by an acceleration in consumer spending," the BEA said in a statement.

The bureau also cited an increase in imports — which are subtracted from GDP — as a factor in Thursday's data.

The US economy has displayed robust growth in recent quarters despite headwinds from a turbulent tariff policy and the Iran war, which has seen energy and fertilizer prices skyrocket.

Economic growth has been buoyed by investments in the AI boom, but consumption has been hit by years of high prices, compounded by the effects of the war.

The economic health of US households is a key issue in November midterm elections, which will see Democrats attempt to wrest control of Congress from Trump's Republicans.

The White House praised the latest GDP figures, with spokesman Kush Desai saying "the core drivers of economic growth continue to surge."

On Thursday, BEA data showed that Personal Consumption Expenditures (PCE) inflation had slowed to 3.7% in June, from 4.1% the month before.

GDP grew at a sluggish annualised rate of 1.5% in the second quarter, the Bureau of Economic Analysis said, missing analyst expectations of around 2.0%

The indicator is the US Federal Reserve's preferred gauge of inflation, as it takes into account a broader swath of spending than the Consumer Price Index (CPI) data.

The Fed has a long-term 2% target for PCE inflation, but prices have surged in recent months and have remained above target for more than five years, since the pandemic.

On Wednesday, the Fed chose to keep interest rates steady despite those push factors, although three policymakers dissented and called for an immediate rate hike.

Core PCE inflation, which strips out volatile food and energy prices, came in at 3.3%.

PCE inflation is expected to pick up again in July on the back of Trump renewing the military offensive on Iran, which has driven energy prices back up.

Democratic Senator Elizabeth Warren was scathing in her criticism of Trump over the persistently high prices, citing how inflation has increased since he took office.

"Trump promised to lower costs 'on day one' — instead, his failed economic agenda, from his chaotic tariffs to his illegal war in Iran, has fueled higher costs and eaten away at paychecks," she said.

Chris Zaccarelli of Northlight Asset Management said the lower inflation figure may give the Fed room to continue holding rates, but the GDP figures could be a warning that the economy "is slowing too quickly."

Michael Pearce, chief US economist at Oxford Economics, said the GDP figure was not entirely negative, as it showed non-AI investment had posted its biggest increase in three years. "We expect that recovery to broaden in the coming quarters, driven by tax cuts and lean inventories," he said.

"The subdued 1.5% annualised rise in GDP in Q2 underplays the economy's strength as it reflects a drag from rising imports and falling inventories that won't be sustained for long."

Saudi Q2 GDP falls as oil activity contracts; budget deficit shrinks by more than 70%

Reuters
Dubai

Saudi Arabia's real gross domestic product fell 4.8% in the second quarter compared to the same period a year earlier, preliminary government estimates showed on Thursday, as war in the Middle East impacts the world's top oil exporter and wider Gulf.

The contraction was largely the result of a 24.7% drop in oil activity, showed data from the General Authority for Statistics (GASTAT). Non-oil and government activity ticked up 0.9% and 0.6% respectively.

The US attacked Iran on Wednesday, intensifying a five-month-old war that has disrupted shipping and energy markets and affected countries in the region beyond the main fronts.

Most Gulf economies will contract more sharply this year than expected three months ago before rebounding in 2027, a Reuters poll found this month.

GASTAT said oil activity in the quarter contributed negatively to real GDP growth by 5.4 percentage points, while non-oil activity contributed positively by 0.4 percentage point.

Saudi Arabia's budget deficit in the second quarter of the year went down by more than 70% compared to the previous quarter to 34.3bn riyals ($9.14bn), as spending tightened and revenues rose.

Total government spending went down by 3.4% to 373bn riyals in the second quarter compared to the previous one, Finance Ministry data showed on Thursday.

Meanwhile, total revenues went up by more than 30% to 338.784bn riyals, propelled by a 28.5% increase in oil revenues to 185.1bn riyals. Non-oil revenues also increased by more than 30% to 153.7bn riyals.

Real estate trading tops QR805mn in two weeks

QNA
Doha

The volume of real estate trading in sales contracts at the Department of Real Estate Registration at the Ministry of Justice during the period from July 12 to 23, 2026, reached QR748,483,214.

Meanwhile, the total sales contracts for residential units in the Real Estate Bulletin for the same period reached QR56,955,573.

The weekly bulletin issued by the Department shows that the list of real estate properties traded for sale included vacant land, residences, a commercial administrative building, residential buildings, commercial shops, and residential units.

Sales were concentrated in the municipalities of Doha, Al Rayyan, Al Daayen, Al Wakrah, Umm Salal, Al Khor and Al Thakhira, and Al Shamal, in addition to areas of Lusail 69, The Pearl, Leqtaifiya, Al Kharaej, Ghar Thuaib, and Al Wukair.

The volume of real estate transactions in sales contracts registered with the Real Estate Registration Department between June 28—July 2 exceeded QR565mn.

High logistics costs, regional tensions to pressure Gulf corporate earnings: S&P

By Peter Alagos
Business Editor

High logistics costs and lingering geopolitical tension threaten to squeeze corporate earnings across the Gulf region through the end of 2026, according to a new report by S&P Global Ratings.

"For most GCC corporates, we expect profitability will decline by end-2026 due to higher logistics costs, and we anticipate weaker discretionary capital expenditure and lower capital market debt issuance volumes," the report stated.

The credit rating agency noted that businesses face unequal exposure to current regional risks. The nature of these challenges is moving away from immediate operational shocks toward prolonged uncertainty, noted the report.

"Corporate sectors in Gulf Cooperation Council (GCC) countries are unevenly exposed to Middle East war risks that are shifting from immediate operational disruption to prolonged uncertainty that could weaken confidence, delay investment, and slow the recovery to pre-war economic levels," it pointed out.

The energy sector faces persistent operational pressure. Trapped crude and shut-ins have reduced oil supply by roughly 1.3bn barrels, though producers in Saudi Arabia and the UAE maintain some volume buffers through alternative routing options, stated the report, citing S&P Global Commodity Insights (SPGE).

Chemical exporters also face severe disruptions, with plant closures and force majeure declarations impacting Qatar and Kuwait. Furthermore, metals production lost 3mn metric tonnes of aluminium capacity after regional strikes damaged two smelters.

Maritime trade has slowed sharply as ship traffic through the Strait of Hormuz dropped from a pre-war average of 120-140 vessels daily to fewer than 40, stated the report. War risk insurance premiums spiked from 0.25% to between 3% and 4% of vessel value, forcing exporters toward regional road transport.

Sectors tied to foreign investment are positioned as the most vulnerable, the report stated. Real estate developers in markets with high expatriate populations face specific headwinds because expatriates make up 80% to 90% of their resident bases.

In a broader downside case, falling consumer confidence could trigger expatriate departures and push down property prices across both markets. Residential rentals in Dubai have already fallen 5% to 15%, while Qatar faces pre-existing oversupply, the report said.

Vessels in the Strait of Hormuz, as seen from Musandam, Oman, on Wednesday. Maritime trade has slowed sharply as ship traffic through the strait dropped from a pre-war average of 120-140 vessels daily to fewer than 40, according to S&P.

CORPORATE RESULTS

Shell profit jumps as Mideast war fuels oil prices

British energy giant Shell said on Thursday that its net profit tripled to $10.8bn in the second quarter as the Middle East war sent oil prices soaring.
Profit after tax for the April-June period compared with $3.6bn in the second quarter of 2025, Shell said in an earnings statement.
Energy majors are profiting also from their trades as oil and gas futures swing between big gains and losses on the war's latest headlines.
By Thursday, crude futures remained far above pre-war levels.
"Shell's operational performance enabled very strong results during another quarter of severe disruption in global energy markets," said chief executive Wael Sawan.
Oil prices traded far higher in the second quarter of 2026 compared with the equivalent period one year earlier as the US-Iran war disrupted global supplies.
Shell's revenue jumped 45% to $96.4bn in the second quarter year-on-year.
It noted, however, that "higher realised prices" were "partly offset by lower volumes, mainly due to the impact of the Middle East conflict".
Shell said that its gas production had slumped in the April-June period to 631,000 barrels of oil equivalent daily from 909,000 barrels per day in the first quarter.
Shell added on Thursday that its latest share buyback would return $3bn to shareholders.
Following the company update, Shell's share price rose 1.6% in early trading on London's top-tier FTSE 100 index, which was up 0.6 % overall.
"Records for both upstream production in Brazil and refinery utilisation have helped counter hindered Middle East output," noted Keith Bowman, equity analyst at Interactive Investor.
The huge earnings and returns to shareholders have once again prompted strong reaction from NGOs, as they link fossil fuel companies to severe climate events.
French oil and gas giant TotalEnergies last week reported that its net profit doubled in the second quarter to $5.4bn.

Deutsche Bahn

State-owned German railway operator Deutsche Bahn (DB) announced on Thursday its first profitable half-year since 2019, and said it expected to remain in the black for the full year.
The company made €900mn ($1.03bn) more than last year thanks to savings including redundancies, resulting in a net profit of €147mn for the first six months of 2026, it said in a statement.
Rising passenger numbers also boosted revenue by almost 2% to €13.6bn, helped by the war in the Middle East prompting people to give up "their cars for trains due to rising fuel prices", DB spokesperson Achim Stauss said.
As a result, DB "also expects to be in the black for the full 2026 financial year" despite risks related to its cargo division, whose result is largely dependent on the wider economy.
Excluding its logistics arm Schenker, which the group sold in 2025 to shore up its finances, crisis-hit DB had not seen a profitable half-year period since 2019.
Despite the positive financial news, DB continues to struggle to improve its dismal punctuality, a cause of frequent customer complaints.
Chancellor Friedrich Merz fired his transport minister Patrick Schnieder on Wednesday after concluding he could not turn the situation around.
In the first half of the year, DB's gross investments rose by 18% year-on-year to €8.7bn.

Adidas

German sportswear maker Adidas missed profit expectations on Thursday after it reported results weighed by the costs of World Cup marketing, putting its shares on track for their largest ever one-day decline.
Core profit came in at €574mn ($657mn) for the three months to the end of June, Adidas said, higher than last year but about 8% below expectations when compared to a poll of analysts by financial platform FactSet.
Adidas spent over €200mn more on marketing than this time last year as it developed a World Cup campaign that brought in football-ing stars like Lionel Messi, Lamine Yamal and Jude Bellingham — bringing total marketing outlays to almost €1bn for the quarter.
Speaking on an earnings call, Adidas' outgoing finance boss Harm Ohlmeyer said the money spent would pay off in the long-run.
The company wanted not just "to win the World Cup commercially, but we also want to invest in that platform, to pay for (the) future, not just for the North American, but for the Latin American market, for the brand," he said.
Higher transport costs and US tariffs also weighed on the result, the maker of Gazelle and Samba trainers said.
Adidas also took in about €1.5bn of World Cup-linked sales since the end of 2025, it said, selling four times as many football jerseys and twice as many balls as during the last event.
Mexico shirts sold best, Adidas said, followed by those of Germany.
Overall sales in the second quarter rose 13% to €6.74bn.
Adidas slightly raised its guidance for the year, saying it sees sales growth of between nine and 10%, up from a previous forecast of high single-digit growth on last year's sales of €24.8bn.
It kept its core profit target of €2.3bn

Rolls-Royce

Rolls-Royce raised its full-year outlook far beyond market expectations on Thursday following a 46% jump in first-half operating profit, sending its shares more than 5% higher. Rolls, whose Trent XWB-97 engines powered the ultra-long-range Airbus A350 that flew this week from Australia to France, improved the profitability of all of its divisions: civil aerospace, defence and power systems.
Its CEO Tufan Erginbilgic said his transformation of the British engineering company continued to deliver, with significant operational and strategic progress in the period.
"In Civil Aerospace, where we continued to improve our aftermarket profitability, we have also effectively eliminated aircraft on ground, providing a significant operational benefit to our customers," he said in a statement.
Rolls said it now expected to make £4.7bn to £4.9bn in underlying operating profit. It had previously forecast £4.0bn to £4.2bn and analysts were expecting £4.2bn before Thursday's update.
In civil aerospace, Rolls increased its margin to 25.3%, from 24.9%, driven by operational improvements in its business maintaining and servicing its engines and more profitable contracts with its airline customers.
In its power systems business, Rolls said it was seeing increased demand led by data centres, both for back-up and as the main power source. Erginbilgic said the latter offered greater opportunities for aftermarket revenue. The outlook in defence was also bright, underpinned by Britain's 10-year investment plan, Rolls said.
Rolls reported £2.5bn ($3.34bn) in underlying operating profit for the first half, a rise of 46%, while free cash flow increased to £2.0bn.

BMW

Net profit at premium carmaker BMW fell over a third in the second quarter, the firm said Thursday as it prepares to cut almost 10 % of its German workforce.
Net income in the three months to the end of June came in at €1.2bn ($1.4bn), BMW said, a fall of almost 35% on this time last year.
That was BMW's lowest quarterly profit since late 2024 when faulty brakes fitted to vehicles ended up costing the carmaker hundreds of millions of euros.
Challenging conditions in China — where a sluggish economy and cutthroat competition have hit automakers — drove the result, BMW said.
Even as vehicle deliveries rose in Europe and the US, they plunged 30.2% in China over the quarter.
"Competition in the global automotive market has sharpened noticeably," BMW finance boss Walter Mertl said, adding that the company would let an unspecified number of people go to bring costs down.
"We are intensifying and accelerating our efficiency measures," he said. "Our goal is to reduce complexity and establish a sustainably lower cost base."
A BMW source told AFP on Wednesday that it would offer severance to almost half its German employees with a view to cutting about 8,000 jobs by the end of 2027.
BMW has roughly 85,000 permanent employees in its home country.
Speaking on a press call, BMW CEO Milan Nedeljkovic said the company was preparing for Chinese competitors to arrive in Europe even if the impact on BMW's continental sales had been limited so far.
"We are of course seeing rising sales from Chinese competitors in Europe," he said.
"We need to see how the market develops in future and are preparing ourselves."
Other German carmakers have also looked to cut overheads as collapsing sales in China have started to look less like a blip and more like a new normal at the same time as Chinese car exports rise.
BMW confirmed its adjusted guidance for the year, saying it expects profit to fall over 10% in 2026.

BAE Systems

BAE Systems raised its 2026 outlook on Thursday, continuing to benefit from strong demand as its biggest customer, the US, ramps up munitions output and Britain pushes ahead with submarine and fighter jet programmes.
"In this heightened threat environment, our products and services remain in high demand," said BAE CEO Charles Woodburn.
BAE, which provides the US with combat vehicles, electronic warfare systems and space capabilities, has seen its order book almost double since Russia invaded Ukraine in 2022.
Many western countries have pledged to lift their military budgets, while the Iran war means US and Middle East customers are also looking at new orders.
BAE's shares, which have rocketed 260% over the last five years and 18% in the year to date, were up 1% in early deals after it said it expected underlying operating profit to rise by 10% to 12% this year, up from its previous 9% to 11% forecast.
"BAE Systems has once again demonstrated why it remains one of the standout names in the European defence sector," said Quilter Cheviot analyst Matt Dorset.
"The upgraded guidance reflects both the strength of execution and the structural tailwinds supporting the sector."
For the first six months of the year, BAE posted operating profit of £1.70bn, beating an analyst consensus of £1.66bn and up 11% on the year earlier.

Stellantis

Fiat and Jeep maker Stellantis said on Thursday it had returned to profit in first quarter of 2026 after a dramatic loss in the same period last year.
The US-French-Italian giant said in a statement it had posted a net profit of €293mn ($335mn) from March to June, compared with a loss of €1.9bn a year earlier.
However, traders appeared unimpressed and shares in the group fell almost 6% in early dealing on the Paris exchange.
"The second quarter was marked by continued progress, led by North America and supported by important contributions from all other regions," said CEO Antonio Filosa.
"We improved performance across our key financial metrics," he said, singling out gains in net revenue and operating income among others.
The group — which comprises 14 brands including Fiat, Opel, Citroen, Peugeot and Jeep — reported sales of €43.5bn for March to June, up 13% year-on-year.
And it estimated the net impact of tariffs would come in between €1bn and €1.2bn this year.
Filosa, brought in last year to put the world's fourth largest automaker on stronger financial ground, unveiled a strategic plan in May aimed at a turnaround following huge losses in the 2025 financial year.
The five-year plan, primarily focused on North America, will see €60bn of investment combined with capacity cuts in Europe.

Air France-KLM

Air France-KLM said on Thursday its net profit had plunged by 71% in the second quarter due to high fuel costs triggered by the war in the Middle East.
The Franco-Dutch carrier said its net profit stood at €190mn ($217mn). The group's three airlines, Air France and Dutch carriers KLM and Transavia, saw their fuel bill rising by more than €800mn in the quarter compared with the same period in 2025.
"As expected, the sharp increase in fuel prices significantly impacted our results during the second quarter. Thanks to agile pricing and cost discipline, we were largely able to mitigate this strong headwind," group CEO Benjamin Smith said.

Meta

Facebook-parent Meta reported profits on Wednesday that fell short of Wall Street expectations, as the cost of staying in the race to deploy artificial intelligence — along with hefty legal and severance charges — hurt its bottom line.
The social media giant said net income dropped 14% from a year earlier to $15.8bn.
Revenue, however, climbed 28% to $60.8bn, beating estimates and underscoring the continued strength of its advertising business.
The results contrasted with those of Microsoft, another tech giant that has faced investor doubts but beat analyst expectations on Wednesday, driven by its cloud and artificial intelligence businesses.
At Meta, the profit decline was driven largely by one-time items, including $2.4bn in charges tied to legal proceedings and $1.2bn in severance from a round of layoffs in May.
Meta has been fighting court and regulatory battles around the world, including one in which a California jury in March ordered Meta and Google to pay $6mn to a 20-year-old woman who said the platforms had addicted her as a child.
The decision was a first-of-its-kind verdict that could be echoed in thousands of similar cases against Meta still pending.
Meta reaffirmed that it would keep spending heavily on the data centers and chips underpinning its AI effort, telling investors it now expects capital expenditures of $130bn to $145bn this year — nearly double what it spent in 2025 and slightly higher than its last forecast.
"AI is accelerating our core business today, powering our next generation of products, and opening the door to entirely new enterprise opportunities," chief executive Mark Zuckerberg said in a statement.
The new opportunities referred to Meta's plan to launch a cloud computing business that would rent out its vast computing power to outside customers.
"We have quite a number of offers at a meaningful premium over what we paid for the (computing power)," Zuckerberg said on a call to analysts after the earnings report.
This would offer a new revenue stream, echoing a strategy Elon Musk's SpaceX has used to help finance its own AI infrastructure.
Meta's virtual reality division, Reality Labs, remained deep in the red, posting an operating loss of $4.6bn in the quarter.
The unit has bled tens of billions of dollars, and Meta has increasingly shifted its hardware focus toward AI-powered smart glasses, a promising consumer release outside social media.
Unusually for a big tech company, Meta's AI spending spree has seen its cash pile wind down, with free cash flow falling to $784mn from $8.5bn a year earlier.
A similar AI-related cash burn spooked Wall Street last week when Google reported its latest earnings.

Microsoft

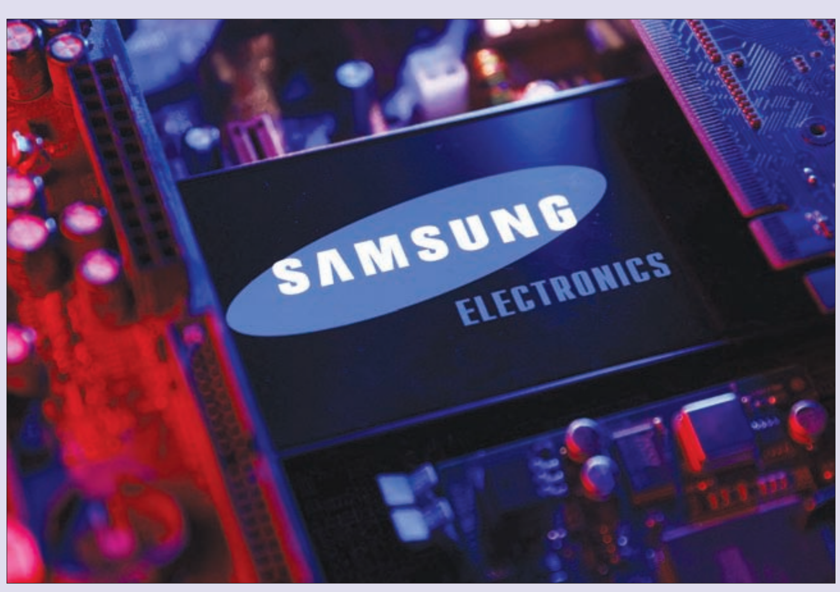
Microsoft beat analysts' expectations in its latest quarterly report, saying on Wednesday that the results were partly driven by its cloud and artificial intelligence divisions.
The tech giant reported $90bn in revenue and $35.8bn in net income in the last quarter of its fiscal year which ended in June, potentially allaying concerns from investors and analysts about whether its investments in AI are paying off.
Its AI-powered business productivity tool, called Copilot, also has over 30mn paid users which shows "confidence" from customers as they use Microsoft to "power their AI transformation," CEO Satya Nadella said in a statement.
Microsoft also saw a $3.2bn gain from its investment in Anthropic, the company said.
Its investments in OpenAI boosted Microsoft's net profit by $480mn in its fourth quarter and $4.9bn for its full fiscal year, the company added.
Major tech companies in the US have been spending billions to build out AI infrastructure and develop increasingly more advanced AI models.
Amazon, Microsoft, Alphabet and Meta are collectively on track to pour roughly $700bn into AI data centers, chips and computing infrastructure this year alone.
In June, Google parent company Alphabet announced it would raise up to $80bn in stock to fund its AI efforts, with Warren Buffett's Berkshire Hathaway committing $10bn.
Investors and analysts will be looking for clues about Microsoft's ongoing plans to pour cash into AI projects during a call with analysts later on Wednesday.

Airbus

Airbus has said its net profit soared 47% in the first half of the year thanks to increased delivery of aircraft as well as higher sales by its defence unit.
Net profit came in at €2.2bn ($2.5bn), while revenues rose 12% year-on-year to €33.2bn.
"Our good first-half results mainly reflect the higher level of commercial aircraft deliveries and strong performance in Defence and Space, against the backdrop of a complex and fast-changing environment," Airbus chief executive Guillaume Faury said in a statement.
The company delivered 351 commercial aircraft in the first half of the year, up from 306 in the first six months of 2025.
Airbus receives the bulk of payments for an aircraft when it delivers them to clients, making it a critical indicator of overall performance.
The company has been struggling to pick up the pace of production after scaling it back during the Covid pandemic, primarily due to problems with suppliers.
Meanwhile the company said revenues at Airbus Defence and Space increased 17% year-on-year to €5.8bn, with higher volumes across all its business lines.

Samsung Electronics

South Korean technology giant Samsung Electronics posted on Thursday a massive 19-fold jump in second-quarter operating profit from last year, buoyed by frenzied demand for memory chips used in AI data centres.
Samsung and other leading memory chipmakers have seen profits skyrocket in 2026, but their share prices have proven volatile as investors question whether the artificial intelligence boom is over-hyped.
April-June operating profit came to 89.5tn won ($62bn) — up more than 1,800% on-year, Samsung said.
The company posted revenue of 171.5tn won, up 130% from a year earlier. Net profit soared nearly 1,300% on-year to 71.6tn won.
The bumper figures met market expectations, South Korea's Yonhap news agency said, citing its own financial data firm.
On Wednesday South Korean stocks suffered a sharp sell-off as traders unwound AI-driven bets, fretting whether lofty profit expectations are realistic.
Samsung fell more than 12%, while its main domestic rival SK Hynix tumbled nearly 20% after 14% losses the day before — halving its value from record highs last month.
SK Hynix's second-quarter operating profit and revenue posted on Wednesday came in below expectations, despite being massively higher than a year ago.
Samsung Electronics, SK Hynix and US firm Micron are the world's biggest manufacturers of advanced high-bandwidth memory (HBM) chips, used in AI processors to generate chatbot responses and realistic images.
Samsung said in a statement that its memory business "achieved another record-breaking quarter" with a primary focus on server products.
The company said it expects robust server demand in 2026's second half, driven by infrastructure spending and the wider adoption of agentic AI — which autonomously performs real-life tasks for users.
Chief financial officer Park Soon-cheol told an earnings call the company expects a global memory chip shortage to deepen in 2027 and remain tight through 2028.
Samsung said its first chip plant in Taylor, Texas, remains on track to begin operations this year.
Construction of a second facility is slated for later in 2026, with mass production targeted for 2030.
AI expansion has also pushed up prices and shipments of conventional NAND and DRAM memory chips to Samsung's advantage, analysts say.
"Samsung is leveraging its strong position in memory to aggressively capture share across most of its business units," MS Hwang, an analyst at market research firm Counterpoint, told AFP.
Over the weekend, Samsung announced it would pursue a "strategic collaboration" for the "supply of industry-leading memory solutions, including HBM" — supporting US chipmaker Broadcom's next-generation AI accelerators.



An investor looks at a stock trading platform in Seoul. Republic of Korea's efforts to rein in the leveraged products wreaking havoc in its financial markets may not go far enough to quell skyrocketing volatility, analysts say, as pain and public anger mount over a $2tn-and-counting stocks wipeout.

Korea's curbs may not save investors hit by $2tn-and-counting rout

Reuters
Seoul

Republic of Korea's efforts to rein in the leveraged products wreaking havoc in its financial markets may not go far enough to quell skyrocketing volatility, analysts say, as pain and public anger mount over a $2tn-and-counting stocks wipeout.

As the hottest trade in the world has hit reverse, with the country's stock market down about 40% in a month, it is local investors — young people, pensioners and mums and dads — who borrowed money and piled in late who are hurting most of all.

That has turned up the heat on a government that cheered on the rising market and has been under pressure as it has fallen, with some investors placing condolence flowers outside the country's parliament building in protest.

Amid diving markets on Wednesday, the Bank of Korea governor and the heads of financial regulators met in the evening to discuss ways to stem the pain.

After the meeting, regulators said they would put caps on individual investment into single-stock leveraged funds and raise the trading costs for those ETFs, which have had an outsized role in the rally and the reckoning, turning the market's biggest stocks into rollercoaster rides.

But market participants say the rules do not target the scale of the ETFs' leverage, as regulators in Hong Kong have this month, and that it will be tricky to dampen their influence so long as there are buyers who want to get rich quick.

"The measures will help ease volatility in the Korean stock market, but introducing a liquidity put, such as a market stabilisation fund, would have a greater effect," said Kim Jin-wook, an economist at Citi Korea.

Another analyst, the head of research at a brokerage in Seoul, speaking anonymously due to the sensitivity around the topic in Korea, said the latest regulatory measures were unlikely to work as the cap was hastily announced without putting proper thought into it.

The analyst said Hong Kong's rules reduced forced selling during market stress, helping to lower volatility.

However, the ETF investment cap in Korea will not help existing investors who will not be required to sell holdings, and price swings are likely to stay as the Korean rules will not affect similar leveraged products listed in New York and Hong Kong, he said.

As markets cratered this week, the sidewalk outside the National Assembly building in Seoul was covered with about 40 wreaths of condolence flowers laid in protest against the government's handling of the single-stock leveraged funds. One ribbon on a white wreath read "Slaughtering retail investors". "Wait 'til pay back time, I will repay next time I vote," read another.

Inside the Assembly, on Wednesday, Korea's Finance Minister Koo Yun-cheol came under pressure from opposition lawmakers and said he was sorry for introducing the leveraged products without careful consideration.

The backlash has spread to online communities generally sympathetic to President Lee Jae Myung's administration and calls for tighter regulation have also emerged within the ruling Democratic Party.

Democratic Party leadership candidate Jung Chung-rae suggested on Wednesday a temporary suspension of trading in single-stock leveraged ETFs, saying extraordinary measures were needed after sharp market swings pushed the KOSPI below 6,000.

The benchmark on Thursday seemed to stabilise after two straight sessions of heavy losses, though it still fell 1% and is far from arresting a downtrend that has erased $2tn in value from the KOSPI since June's record high.

The market is headed for its largest ever monthly fall — and that is despite enormous earnings at top chipmakers Samsung Electronics and SK Hynix, which between them this week reported 150tn won ($100bn) in quarterly profit.

Volume has been notably light suggesting plenty of investors are hanging on in hope of rebound, though data shows foreigners sold a net 18.5tn won ($13bn) worth of stock in July.

Fed 'hawkish hold' muddies path for stocks and bonds, risks volatility

Reuters
New York

Investors are now combing through economic data for any signal of the Fed's next move, a dynamic that many say could trigger sharper bouts of volatility

Investors searching for clarity from a newly led US Federal Reserve were disappointed on Wednesday, warning that the central bank's mixed messages on the outlook for interest rates could unsettle stocks and bonds and increase the risk of market volatility.

The Fed kept interest rates unchanged in a target range of 3.50% to 3.75%. The vote drew three dissents from the 12-member panel, leading analysts to characterize the decision as a "hawkish hold" that leaves the door open to future rate hikes.

With President Donald Trump's new Fed chair, Kevin Warsh, abandoning the practice of holding investors' hands through forward guidance, markets have entered a new paradigm.

Investors are now combing through economic data for any signal of the Fed's next move, a dynamic that many say could trigger sharper bouts of volatility.

Markets headed into the meeting pricing in a roughly 36% chance of a rate hike, making it the most uncertain Fed decision since December 2018, according to Deutsche Bank.

"Each meeting we're now building more uncertainty around it than the last," said JP Powers, chief investment officer at RWA Wealth Partners. "It looks like September now — maybe we're building to that crescendo — but we'll have to see how the data shakes out now over the interim."

US consumer inflation slowed to 3.5% in June but remains well above the Fed's 2% target. At the same time, renewed US-Iran tensions, which escalated again this month, threaten another oil-driven rebound in price pressures.

In a press briefing after the meeting, Warsh said Fed officials were not committing to any immediate action, but stressed that policymakers "will not hesitate to act" at upcoming meetings if price pressures fail to ease.

Yet as Warsh fielded reporters' questions, concerns about policy uncertainty were compounded by a more fundamental issue: whether the Fed chair has a clear and coherent roadmap for returning inflation to the 2% goal that he said remains the hard target.

Calvin Tse, head of US strategy and economics at BNP Paribas, said a jump in long-term Treasury yields on the news was a clear message from the market to Warsh that he should act.

"If he is tough on inflation as he says, why has he not already acted? That seems to be the question," he said.

Following the meeting, futures markets briefly priced in a 77% chance of a September rate increase before pulling back to about 57% by late Wednesday, according to the CME's FedWatch tool, with about 35 basis points of hikes expected by the end of 2026.

The Fed decision weighed on US stocks, while shorter-dated Treasury yields fell as investors unwound earlier bets on a July rate increase that had been assigned an unusually high probability before the policy meeting.

A "hawkish hold" is typically a headwind for stocks because it signals borrowing costs could remain elevated longer than investors had anticipated, analysts said. Some investors also worry that delaying action now could ultimately force the Fed into more aggressive tightening later.

Trump has repeatedly called for the Fed to lower rates but praised Warsh on Wednesday despite his decision to hold. Warsh, for his part, has said monetary policy should be independent.

Any relief for stocks from the Fed not hiking "tends to be very short-lived, and tends to be offset by the realization that…there's going to be more inflation," said Ed Al-Hussainy, portfolio manager, fixed income and macro, at Columbia Threadneedle Investments. "That's corrosive for returns, especially when you're starting at valuations that are not cheap."

The prospect of additional rate hikes can also curb risk-taking and make safer assets such as money market funds and shorter-dated Treasuries such as bills more attractive relative to equities.

For bond markets, a pause coupled with the possibility of future hikes keeps upward pressure on yields, particularly on policy-sensitive maturities such as two-year Treasuries. A hike lifts expectations for borrowing costs, increasing the compensation investors demand to hold fixed-income securities.

Zachary Griffiths, head of macro and investment grade strategy at CreditSights, said Treasury yields have repriced higher over the past two months without any action from the Fed, effectively tightening financial conditions on the central bank's behalf.

For the month of July, the 10-year yield has risen by nearly 27 basis points, the largest monthly increase since March.

The rate move underscores how investors themselves are increasingly shaping financial conditions, a development consistent with Warsh's view that markets rather than Fed officials should play a larger role in setting expectations for rates and inflation.

India gold tariff hike boosts grey market: WGC

A customer holds a gold chain at a jewellery store in Mumbai. India has seen a rise in unofficial gold inflows since the government raised import tariffs on the precious metal earlier this year, widening margins for grey market operators and hurting organised players, the World Gold Council said on Thursday. India, the world's biggest gold consumer after China, more than doubled import tariffs to 15% on May 13 to curb demand, cut the trade deficit and ease pressure on the rupee. "The arbitrage is so huge. I mean, with the 15% duty and 3% GST, there's an 18% difference, and that almost spurs an entire industry," Sachin Jain, chief executive of the WGC's Indian operations, told Reuters. Grey market inflows and the disruption they cause are hurting organised players, he said. Indian enforcement agencies seized nearly twice as much gold between May 13 and June 30 as they did between April 1 and May 12, with seizures rising to 160.91 kg from 86.16 kg, the government told parliament earlier this month.

Seoul extends losses as most Asian markets drop

AFP
Hong Kong

South Korean stocks extended their painful retreat on Thursday as a promising start gave way to more blood-letting in the tech field, while the rest of Asia also struggled and oil rose further on fresh Middle East worries. Seoul's Kospi rallied as much as 5% in the morning session, having been hammered in the previous two sessions by a plunge in heavyweight chipmakers SK hynix and Samsung Electronics amid questions over the AI boom.

But the recovery soon petered out as traders continued to cut their losses, just a month after celebrating record highs for the South Korean market and the two tech giants. They had been buoyed by Samsung posting a 1,813 % jump in second-quarter operating profit, which was fuelled by sustained AI-driven demand for memory chips.

It also said revenue surged 130% and net profit 1,300%. The results met expectations, South Korea's Yonhap news agency said, citing its own financial data firm.

Concerns over the vast sums pumped into the artificial intelligence sector over the past two years, and when or if investors would see a return, have dogged markets for much of the past year but have peaked in recent weeks.

By the end of Thursday's trade, the Kospi was down more than 1%, having lost around 15% over the previous two days. SK Hynix shed more than 5%, leaving it around 25% down since Monday's close. Samsung was also slightly lower.

The selling came despite South Korea's government pledging to introduce measures to curb retail traders' access to leveraged exchange-traded funds, including limits on individuals' investment in them.

"Participants agreed that concentrated trading in single-stock leveraged products has contributed to heightened market volatility and pledged to respond swiftly and decisively," the finance ministry said in a statement.

There were also losses in Shanghai, Sydney, Singapore, Taipei, Wellington, Bangkok and Manila.

However, Tokyo, Hong Kong, Mumbai and Jakarta edged up.

Eurozone economy grows despite Middle East war shock

AFP
Brussels

The eurozone economy grew more than expected in the second quarter of 2026, data published Thursday showed, proving its resilience despite the energy shock from the Middle East war.
The EU's statistics agency said the 21-country eurozone grew by 0.4% in the second quarter.
The figure is higher than the 0.2% predicted by economists for Bloomberg, and 0.1% by analysts for financial platform FactSet.
Eurostat said the single currency area recorded zero growth in the first three months of the year, a welcome second revision from the 0.2% contraction according to revised data published in June.
That figure raised the spectre of a technical recession — when there are two consecutive quarters of economic contraction.
Thursday's data demonstrated the European economy was weathering the impact of the US-Iran war that began earlier this year better than feared.
"The continued steady growth of the eurozone economy... shows that households and businesses have not pared back their spending much due to the Iran war," Andrew Kenningham, chief Europe economist for Capital Economics, said.
"We think the economy will continue growing steadily in the second half of the year," he said in a note, adding: "All told, the data published today suggest that the economy is weathering the Iran war quite well."
The eurozone economy was buoyed by Ireland, which recorded growth of 3.9 % in the second quarter of the year, a significant increase from the 7.0 % contraction registered in the first three months of the year.
The large swings are not tied to underlying economic activity but are purely the result of accounting operations by multinationals — including major pharmaceutical companies and tech giants — that have chosen the country as their European base to benefit from its low corporate tax rates.
Capital Economics said that it estimated the eurozone economy recorded growth of 0.25% if Ireland was excluded.
The consultancy did point to GDP growth in the largest European economies — Germany, France and Italy.

German economy grows slightly

German economic growth slowed in the second quarter but less than expected given the impact of the Middle East war, according to provisional figures released on Thursday, reports AFP.
Output in the EU's top economy rose 0.2% compared with the first three months of the year, statistics office Destatis said, 0.1 percentage point higher than predicted by analysts polled by financial platform FactSet.
Destatis also revised first-quarter growth upward to 0.4%.
Growth was driven by higher exports, Destatis said, while consumption and investment were subdued.
"It's almost too good to be true: the German economy defied the fallout from the war in the Middle East," ING bank analyst Carsten Brzeski said. "Still we must put this into perspective," Brzeski added, noting that growth had been poor for years. "The size of the German economy is still smaller than in late 2022."
Struggling with weak demand and high costs at home as well as US tariffs and increasingly competitive Chinese exports abroad, Germany was already in the doldrums even before the US-Israeli war against Iran hit business sentiment and sent energy prices surging.
The economy has barely grown since a burst of pent-up pandemic demand at the end of 2022.
"Slight growth is an important signal but no sign of a real shift," Dominic Deller, CFO of valve-maker Samson told AFP. "Industry is still feeling the impact of costs pressure, bureaucracy and geopolitical uncertainty."

"Inflation has fallen faster than we'd expected, but the conflict in the Middle East continues to mean high and volatile energy prices," the central bank's governor Andrew Bailey said following Thursday's rate decision. "That will cause inflation to rise again later this year."

Bank of England warns on inflation after freezing rate

AFP
London

The Bank of England on Thursday warned that UK inflation was set to rise again as the US-Iran war keeps energy prices elevated.
Despite the inflation outlook, the BoE opted against raising its benchmark rate at a regular policy meeting, leaving borrowing costs at 3.75% for a fifth time in a row.
"Inflation has fallen faster than we'd expected, but the conflict in the Middle East continues to mean high and volatile energy prices," the central bank's governor Andrew Bailey said following Thursday's rate decision. "That will cause inflation to rise again later this year."
The widely expected decision came after the Federal Reserve held US interest rates steady Wednesday, though some policymakers called for a hike to combat surging American inflation.
Three members of the BoE's monetary policy committee voted to increase the UK rate by 0.25 percentage points to 4%.
Bailey joined the five remaining members in calling for no change, minutes of the meeting showed.
The committee said it stood "ready to act" to ensure inflation meets the central bank's 2% target.
"We are once again in a period of higher interest rates, relative to recent history, for a longer period of time than expected," financial analyst at Quilter Cheviot, Richard Carter, said Thursday.
Britain's annual inflation rate dropped to 2.6% in June as fuel prices eased in the wake of a short-lived ceasefire between the US and Iran.

Despite the inflation outlook, the BoE opted against raising its benchmark rate at a regular policy meeting, leaving borrowing costs at 3.75% for a fifth time in a row

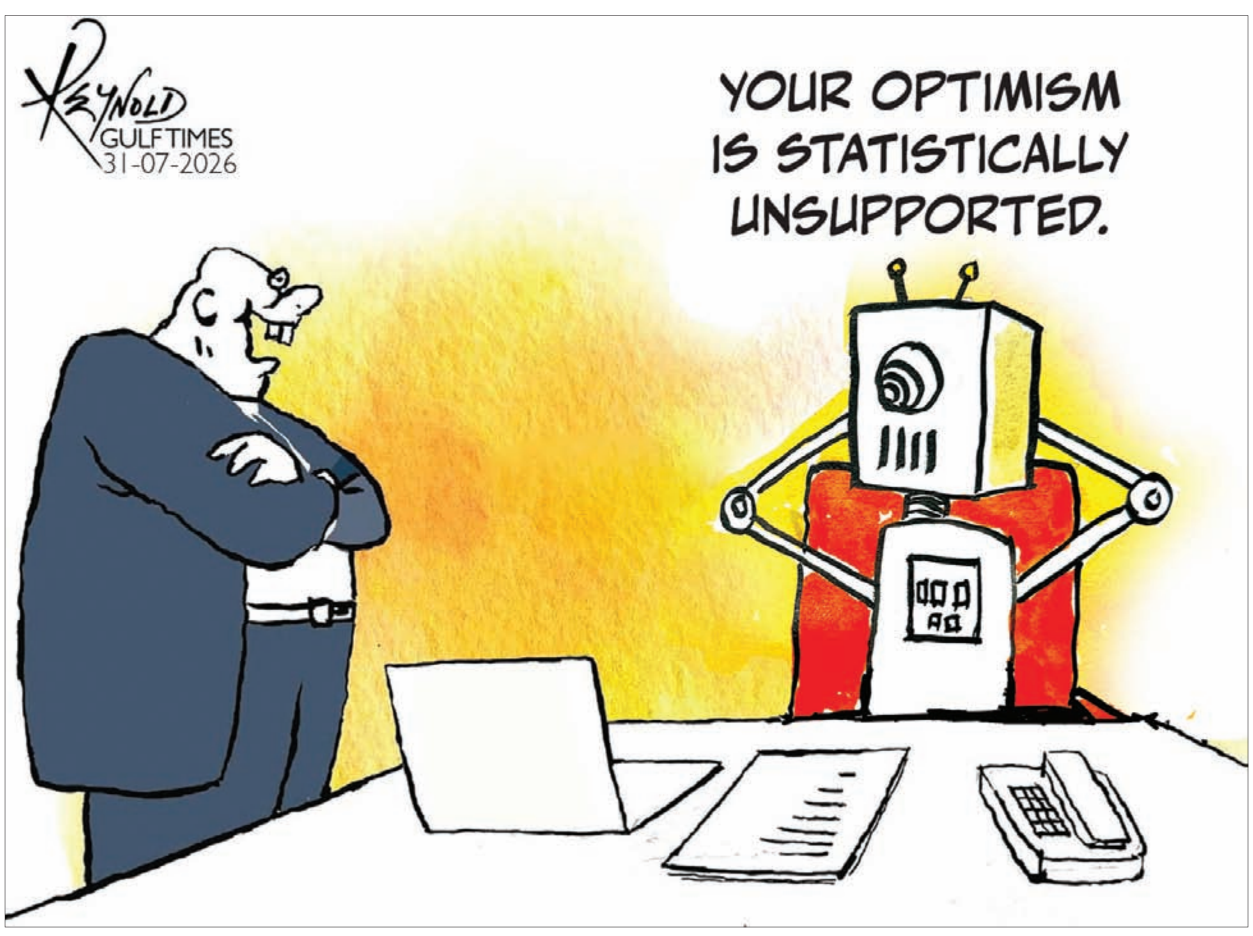
However, the dip is expected to be temporary as fresh fighting in the Middle East this month sent oil prices surging.
New UK Prime Minister Andy Burnham has vowed to ease cost-of-living pressure, unveiling measures including a tax cut on domestic electricity bills.
Alongside its rate decision, the BoE set out three scenarios for the British economy, depending on how the Mideast conflict evolves.
Its central forecast projected inflation to peak at 3.2% toward the end of the year, before easing slightly.
"There remains scope for the outlook to change materially as events in the Middle East unfold," the bank said in its monetary policy summary.
It added that it expects economic growth to remain "subdued" this year and in early 2027.
The central bank meanwhile forecast UK economic output to grow 1.1% in 2026 and 2027 — an improvement on its April estimates.
In its most pessimistic scenario, where tensions in the Middle East escalate, the BoE forecast that UK inflation could jump as high as 4.5% in 2027.
"With one crisis seemingly giving way to the next, forecasting the path of interest rates remains a hazardous exercise," said Isaac Stell, investment manager at Wealth Club.

People gather outside Beijing Railway Station on Thursday. Data earlier this month showed second-quarter economic growth at its slowest in more than three years at 4.3%, missing the lower end of a full-year target of 4.5% to 5.0%. Still, thanks to a stronger-than-expected start to the year, Beijing can afford not to press hard on the accelerator, analysts say.

China's leaders pledge to support economy without big stimulus plans

Reuters
Singapore/Beijing

China's leaders pledged at a meeting on Thursday to support the slowing economy by accelerating fiscal spending on already-budgeted infrastructure projects in the remainder of the year, rather than by planning major new stimulus measures.
Data earlier this month showed second-quarter economic growth at its slowest in more than three years at 4.3%, missing the lower end of a full-year target of 4.5% to 5.0%. Still, thanks to a stronger-than-expected start to the year, Beijing can afford not to press hard on the accelerator, analysts say.
"There was no major policy bazooka, broadly in line with our expectation that policy support would remain focused on putting a floor under growth rather than delivering large-scale stimulus," said Tommy Xie, head of Asia macro research at OCBC Bank. "The policy toolkit still retains flexibility, but the focus in the third quarter will likely be on accelerating the deployment of existing policy resources."
The Politburo, a top decision-making body of the ruling Communist Party, acknowledged "difficulties and challenges facing the economy" at its meeting, the official Xinhua news agency said.
China must "accelerate the pace of fiscal expenditure," a summary of the discussion showed.
Beijing's appetite for stimulus to spur the economy remains limited as it tries to curb industrial overcapacity, while also pressuring indebted local governments to keep spending within their means.
The Politburo signalled it would "continue to comprehensively rectify 'involution' competition," using a term for price wars among manufacturers fighting for market share at the expense of profits. Beijing rejects the notion of industrial overcapacity, which many economists say is the cause of these price wars.
Most analysts agree that accelerating already-budgeted national infrastructure projects can stabilise growth in coming months without widening the fiscal deficit.
"China still has ample fiscal room," said Xu Tianchen, senior economist at the Economist Intelligence Unit.
Jianguang Shen, chief economist at JD.com, says bond issuance and spending have been slower than planned in the first half of the year, leaving room for authorities to accelerate spending in the second half.
Shen expects the spending to focus on the "six networks" initiative, which the Politburo pledged to "steadily advance," and which refers to projects spanning water networks, logistics, underground pipelines, power grids, telecommunications and computing power centres.
State media has said Beijing plans to spend roughly $1tn this year on these projects.
The softer-than-expected expansion in the second quarter came as weak household consumption overshadowed strong manufacturing and exports, intensifying concerns over the long-term sustainability of the country's unbalanced growth model.
As Beijing directs capital into advanced manufacturing and technological research, a feeble job market, sluggish incomes and the prolonged property downturn are weighing on consumers. The result is that China increasingly relies on external markets to absorb its products, fuelling concerns among its trading partners, who see risks for their own industry and labour markets.
The boost from exports and China's advances in AI and other technologies have yet to translate into domestic strength. Tens of millions of people have fallen out of formal employment into the gig economy, a crucial employment buffer as the property crisis wipes out construction jobs, manufacturers lay off workers amid overcapacity and price wars, and faster AI adoption slows white-collar job creation.
Many such workers end up putting in long shifts for low pay and inadequate social security coverage — a precarious state that encourages them to save instead of spend, compounding the problem.
The Politburo promised efforts to boost domestic demand, "increase employment support for key groups, and ensure the rights and interests of flexible workers and new employment forms," Xinhua said, without specifying the steps.



Chinese automakers could enter US market in next decade, Ford CEO tells employees

Reuters
Detroit

Ford CEO Jim Farley told employees in a town hall on Thursday that the company is preparing for the possibility that Chinese automakers could enter the American market in the next five to 10 years, even though the country has erected numerous trade barriers to cars from China, according to three people who viewed the meeting.
Farley has been among the most vocal about how competitive Chinese auto giants like BYD are in the industry. Ford is preparing to roll out a family of affordable electric vehicles that it engineered from the ground up to match the cost and efficiency of the Chinese companies.
The Ford chief, along with other senior leaders, said in a question-and-answer portion of the town hall that it is more likely Chinese companies would enter the market at the latter end of that range. The comments come as the US Senate is pushing to expand a ban on Chinese car sales in the world's second-largest and most lucrative auto market.
A Ford spokesperson declined to comment on discussions that took place during a private meeting with employees.
Leaders at the Dearborn, Michigan, automaker have previously warned that China was on America's doorstep, but have not been as specific with the time frame as executives were in the Thursday meeting.
Ford Executive Chair Bill Ford spoke on the topic earlier this month.
"We have to go toe-to-toe with China," Ford said at an Axios event. "We can't expect to keep them out forever, and we have to be able to beat them at their own game."
Chinese automakers have gained significant market share in neighboring Mexico, and under a trade deal with Canada are allowed to sell a limited number of EVs there. Auto industry experts see Canada, which is very similar to its US neighbor, as a test market for Chinese automakers that are eager to sell to American consumers.
American consumers have signaled increasing interest in these models, surveys show, especially as affordable electric options are scant.
The US currently blocks Chinese electric vehicles through tariffs of about 100%, in addition to US Commerce Department rules banning Chinese software by model year 2027 and hardware by model year 2030.
The connected-vehicle rules were adopted in January 2025 under US President Joe Biden, based on national security concerns around data privacy, and have been kept in place under the Trump administration.
Automakers, including Ford, have worked to obtain authorizations under the rule to continue selling some China-produced vehicles in the United States.