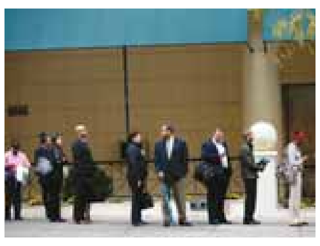

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US labour market stable; worker productivity grows in second quarter

Friday, August 7, 2026
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BUSINESS

AI BETS : Page 3
SoftBank books lower Q1 profit, gain on stake in chipmaker Intel

Ooredoo scales up AI compute ambitions with its $800mn investment in Zankore

QNA
Doha

As founding shareholder and lead investor with a 49% stake, Ooredoo Group will commit approximately $800mn to support Zankore's launch and initial development

Ooredoo Group on Thursday announced its expansion into AI compute through a strategic investment in Zankore, a first-of-its-kind, dedicated AI computing and neocloud platform with full-stack AI capabilities in Indonesia.

As founding shareholder and lead investor with a 49% stake, Ooredoo Group will commit approximately $800mn to support the platform's launch and initial development, Ooredoo said in a statement.

It added that the initial investment is expected to contribute approximately $600mn in cumulative EBITDA to Ooredoo Group over the first five years of the investment according to current estimates, increasing the share of earnings generated from digital infrastructure assets while expanding the group's exposure to resilient hard-currency infrastructure earnings. The platform also provides a foundation for future capacity expansion.

Group Chief Executive Officer of Ooredoo Group Aziz Aluthman Fakhroo said: "Over recent years, we have systematically built one of the MENA region's leading digital infrastructure portfolios. With Zankore, we are taking the next logical step by adding AI compute to that portfolio, extending our approach into the high-growth Southeast Asian market – one of today's most dynamic AI infrastructure opportunities.

We believe AI will define the next decade of value creation in emerging markets. Our role is to invest alongside the right partners, in scalable platforms that create long-term value for our shareholders while supporting the digital ambitions of the markets we serve."

Developed alongside Indosat Ooredoo Hutchison, Nokia and NVIDIA, the platform is targeting 1 GW of NVIDIA DSX AI Factory capacity, positioning Ooredoo as an early mover in Southeast Asia's rapidly expanding AI infrastructure market.

Regional de-escalation efforts seen to bolster QSE performance

QNA
Doha

The Qatar Stock Exchange (QSE) index closed the week up 1.93%, gaining 191.56 to settle at 10,112.25 points, supported by gains across six sectors, while the consumer goods and services sector posted losses.

Commenting on the market's performance, financial analyst Mohammed Salem al-Darwish told Qatar News Agency that geopolitical developments in the region had a direct impact on market performance over the past period, noting that de-escalation efforts contributed to supporting the stock market this week.

He said the index had crossed the 10,000-point level and is expected to maintain its gains above that threshold next week, supported by positive indicators pointing to easing regional tensions.

Al-Darwish also expected that signs of de-escalation and a potential agreement to reopen the Strait of Hormuz would provide further support for the market and help sustain the index's gains, citing the strength of the Qatari economy and the solid financial position of listed companies.

QSE data showed that the insurance sector recorded the strongest weekly performance, rising 3.52%, followed by telecommunications at 3.51%, transportation 3.48%, banking and financial services 2.57%, real estate 1.45%, and industry at 0.55%. The consumer goods and services sector, meanwhile, declined by 0.56%.

During the week, a total of 678,213,770 shares were traded, with a combined value exceeding QR1.69bn, across 124,383 transactions in all sectors.

The Qatar Stock Exchange index closed the week up 1.93%, gaining 191.56 to settle at 10,112.25 points, supported by gains across six sectors, while the consumer goods and services sector posted losses

Oil prices jump as Iran reviews bill to ban US, Israeli vessels from Strait of Hormuz

Oil prices rose by more than $3 a barrel on Thursday on news that an Iranian parliament committee is reviewing a bill that would ban US and Israeli vessels from the Strait of Hormuz and fine violators up to a fifth of the value of their cargo, reports Reuters.

Brent crude futures gained $3.09, or 3.89%, to $82.54 a barrel by 12.37pm EDT. US West Texas Intermediate futures rose $2.49, or 3.31%, to $77.71.

An Iranian lawmaker said a parliament committee is reviewing a preliminary bill to ban US, Israeli and other vessels deemed hostile from the Strait of Hormuz, and fine violators of the proposed restrictions up to 20% of cargo value, according to Fars news agency.

"Crude traders remain focused on the US/Iran agreements, and the longer the delays, the more prices will fade back to the upside," said Dennis Kissler, senior vice president of trading at BOK Financial. Before the Iran conflict began in late February, about one-fifth of global daily oil and liquefied natural gas supplies flowed through the Strait of Hormuz.

Meanwhile, Yemen's Houthis said they carried out missile and drone attacks on "Saudi deployments" in Marib and Hadramout in Yemen on Thursday, and that they killed or wounded hundreds of Saudi-aligned fighters, and destroyed military camps, weapons depots and vehicles.

"The market is going up and down as tensions rise and fall and of course these attacks are a significant development because it is more activity in the other theatre, away from the Gulf, and is a reminder that the Red Sea passageway could still be in jeopardy," said John Kilduff, partner at Again Capital.

Saudi Arabia sets September Arab Light price to Asia at six-year low

Reuters
London

Saudi Arabia has slightly lowered the official selling price for its flagship Arab Light crude oil to Asia in September, according to a pricing statement released on Thursday.

State oil company Saudi Aramco set the OSP for Arab Light to Asia at $2 a barrel below the Oman/Dubai average for September, the document showed. That marks the lowest level since June 2020 and compares with minus $1.50 a barrel in the previous month, when the kingdom cut the price by the biggest amount in more than two decades.

The small cut for September OSPs followed a decline in the spot benchmark price last month as spot Dubai cash premiums and Oman both averaged lower. Oil market participants are also watching Iran-Oman talks this week for signs of progress towards a peace deal that could lead to the reopening of the Strait of Hormuz, through which about 20% of global oil and liquefied natural gas supplies flow.

Benchmark Brent crude futures have returned to levels last seen when the US and Iran reached an interim peace agreement on June 17. September OSPs Arab Medium and Arab Heavy were each raised by $1.25 a barrel. Aramco also cut OSPs for Europe, US and the Mediterranean.

Alongside the OSP release, Aramco asked Asian customers to submit crude nominations by August 7 for loading at Ras Tanura, its main export terminal inside the Strait of Hormuz, as well as alternative nominations from Yanbu or Sidi Kerir in case the strait remains closed, sources said.

Aramco said volumes available from the two alternative ports were limited and only Arab Light crude would be available.

In a further escalation of the Iran war, the Iran-aligned Houthis in Yemen attacked Saudi ships and oil facilities in the Red Sea, reducing visible crude loadings from Yanbu. Since then, Saudi Aramco has offered additional crude cargoes for loading from Egypt's Mediterranean port of Sidi Kerir, a rerouting that lengthens voyages to Asian refiners and raises freight costs.

Escalating tensions tilt Mena sovereign outlook to negative: Moody's

By Peter Alagos
Business Editor

Credit fundamentals across Middle East and North Africa (MENA) sovereigns have shifted to negative from stable as open military conflict and maritime trade disruptions weaken regional economic conditions, according to Moody's Ratings.

The rating agency noted that the escalation of long-standing geopolitical friction into direct military conflict since late February has hit key economic sectors, with shipping restrictions through the Strait of Hormuz acting as the chief pressure point for Gulf hydrocarbon exporters.

While initial projections at the start of the year pointed to accelerating expansion across the region, revised forecasts show real GDP is set to contract in 2026, it stated.

"Nearly all hydrocarbon exporters in the Gulf have been forced to cut production because of disruption to shipping through the Strait, and Qatar's (Aa2 stable) liquefied natural gas (LNG) facilities have been directly damaged by Iranian strikes," Moody's stated, adding that trade flows are expected to remain impaired through autumn before normalising in early 2027.

Sovereigns with alternative export options, such as Saudi Arabia and Abu Dhabi, bypass the heaviest impacts, according to Moody's, noting that both countries rely on pipelines to cushion export volumes, while higher crude prices help offset output drops.

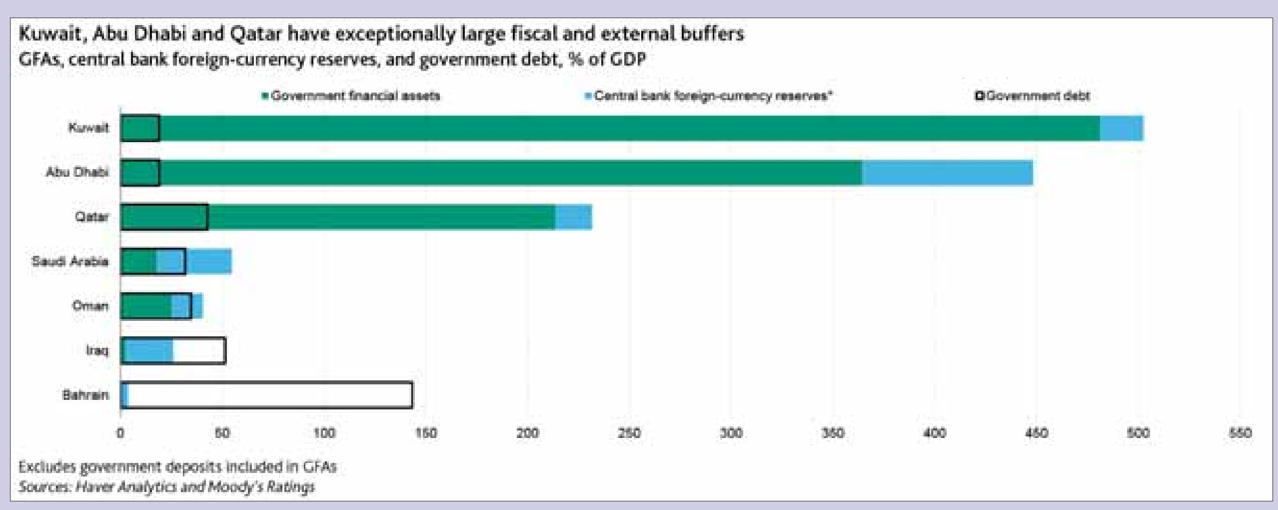
Oman, with infrastructure sited east of the Strait, remains unconstrained.

The non-oil economy across the Gulf faces broad-based pressure. Sectors tied to economic diversification, including aviation, hospitality, logistics, retail, and real estate, are absorbing lower visitor numbers and delayed capital commitments.

"The UAE (Aa2 stable), including the constituent emirates of Abu Dhabi, Sharjah (Ba1 stable) and Dubai, as well as Qatar have already seen a sharp fall in tourism arrivals, and the conflict has set in motion a long-anticipated correction in the UAE's real estate market after a five-year boom," Moody's noted.

Fiscal exposure varies significantly across the region, noted Moody's, citing Bahrain, Qatar, Kuwait, and Iraq facing the highest direct fiscal strain due to a heavy reliance on hydrocarbon revenues and a lack of alternative maritime routes.

However, sovereign wealth reserves provide substantial stability for key Gulf balance sheets: "Very large sovereign buffers mean the impact of expected fiscal deterioration on credit metrics will be transitory for Qatar and Kuwait, and we retain a stable outlook for both."



"Very large sovereign buffers mean the impact of expected fiscal deterioration on credit metrics will be transitory for Qatar and Kuwait and we retain a stable outlook for both," the report said, while highlighting that Bahrain and Iraq possess narrower cushions.

Regional financial support continues to bolster vulnerable balance sheets, exemplified by the $5.4bn currency swap agreement provided to Bahrain by the UAE in April.

Outside the Gulf, Moody's stated that net hydrocarbon importers face indirect headwinds from higher energy import costs, currency fluctuations, and elevated foreign capital volatility, particularly across Egypt, Jordan, Morocco, Tunisia, and Turkiye.

Moody's stated that a durable de-escalation and sustained reopening of shipping lanes could return the regional outlook to stable, whereas prolonged operational disruptions or structural hits to non-oil expansion would heighten credit risks.

Wall Street's performance isn't so 'exceptional'

By Jamie McGeever
Orlando, Florida

As the S&P 500 and Dow roar to new highs, with the Nasdaq not far behind, attention is understandably centered on the resilience of corporate America and its extraordinary earnings power. But from a global perspective, the performance of Wall Street — and the US — is far from exceptional.

So far this year, the S&P 500 and Dow are up 12%, and the Nasdaq is up 14%. That's not too shabby, especially after last year's bumper gains. Moreover, sky-high earnings growth is no longer isolated to the US tech sector, with consumer discretionary companies and materials also posting eye-watering numbers.

Yet the big US indices are barely outperforming many of their developed market peers, and, in certain instances, they are lagging. Benchmark equity indices in the UK, Europe, and Canada have all recently hit fresh peaks, clocking year-to-date gains of 10%, 12% and 12%, respectively.

Asian markets have been highly volatile, recording sharp drops in July, but Japanese equities continue to outperform Wall Street, with the Nikkei up 28% since January 1. And that's despite the country's recent currency and bond market ructions. Perhaps the "American exceptionalism" mindset is just hard to shake, but when looking at economic growth and earnings — two of the most important foundations for a robust stock market — the US simply isn't outgunning its rivals to the extent that narrative might suggest.

US earnings growth forecasts for the second quarter and calendar year 2026 are impressive. Year-on-year aggregate S&P 500 earnings growth forecasts for calendar year 2026 are running at a punchy 30%, before slowing to a still respectable 15% next year, according to LSEG's Tajinder Dhillon.

But other regions are also enjoying earnings booms — and not just AI-frenzied emerging markets like South Korea and Taiwan. In Europe, UBS equity strategists predict 25% earnings growth this year and next, driven by a cyclical recovery and large-scale structural investment in areas such as AI, electrification, and defense.

The gap between the US and European economies also isn't as wide as many would guess. While the US looks quite healthy — perhaps too healthy — on a nominal basis, headwinds are gathering force, namely high real yields, sticky inflation, and policy credibility issues. Real GDP growth over the last few years has been on a clear downward path, to a 1.5% annualized pace in the second quarter of this year from almost 3% in 2023.

Meanwhile, the eurozone — often knocked as less dynamic than the all-powerful American juggernaut — grew 1.6% in the second quarter, slightly outpacing the US

Citi's economic surprise indexes measure actual data prints relative to consensus forecasts, and the euro zone's is currently the highest in 3-1/2 years, while the US' is the lowest in three months. In developed Asia, the relative attractiveness versus Wall Street looks a little less clear-cut.

Japan's robust equity performance this year comes with caveats, not least that the Nikkei slumped 8% last month. Japan has plenty of headwinds too, including a weak currency and policy credibility issues on both the fiscal and monetary fronts. Yet Citi's Japan economic surprise index this week soared to its highest level in five years, although a stronger yen and elevated bond yields might soon cap that.

Finally, there's the issue of relative rates. Equity investors like low real interest rates, and they're getting that in the US, where the Federal Reserve's inflation-adjusted policy rate is around zero. But real rates in the euro zone and Japan are even lower, both around minus 0.7%.

To be fair, US multinationals aren't getting the boost from a weaker dollar that they got last year. But neither are they suffering from a strong dollar — the greenback is flat against a basket of major G10 currencies so far this year, despite all the noise around its recent 40-year high against the Japanese yen. Exchange rates don't appear to be an issue for corporate earnings in 2026.

None of this is to say Wall Street won't continue to break new highs for the rest of this year and beyond. Nor is anyone suggesting investors are about to withdraw from US markets, home to the world's most productive and profitable companies. Indeed, foreign demand for US equities has never been higher, suggesting "FOMO" — the fear of missing out — is alive and well.

But in investing, it's all about relative value. And other markets around the world seem just as attractive right now, maybe even more so.

That's partly a matter of price. On a forward 12-month price/earnings basis, the US is still significantly more expensive than Europe and the UK, although more comparable to Japan. Up until now, Wall Street's multiples have been justified by earnings. But for how much longer?

Much depends on what happens with AI. Wall Street's rally over the past year has been largely driven by AI investment, which will total almost $600bn in the US alone this year, according to Goldman Sachs estimates. But it's fair to assume that these expectations are already "in the price" of US stocks, so the question is whether these gargantuan outlays can continue.

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

Currency dealers watch monitors as an electronic screen shows Republic of Korea's benchmark stock index (KOSPI) in a foreign exchange dealing room at the Hana Bank headquarters in Seoul (file). The benchmark shed more than 4%, led by a 10% plunge in SK Hynix and Samsung's loss of more than 6% on Thursday.

Asian markets mixed with tech firms back under pressure

AFP
Hong Kong

Most Asian markets were mixed on Thursday with tech firms back under pressure after a four-day rebound amid lingering AI worries, while oil rose even as Iran said it was finalising a deal with Oman over the Strait of Hormuz.

Investors have enjoyed a much-needed rally since Friday, following a month-long tech rout that slashed billions of dollars off valuations owing to concerns about the vast sums companies had pumped into artificial intelligence.

The recovery started with Seoul — the poster child of the sell-off since June — soaring almost 18% at the end of last week and recently battered chipmakers SK Hynix and Samsung powering more than 25% higher.

That has fuelled speculation that the AI play was back as traders return to pick up bargain stocks.

However, the rally appeared to peter out on Thursday following a tech retreat on Wall Street and disappointing earnings from US giants SanDisk and Western Digital that revived concerns over the profitability of the AI investments. Seoul's Kospi shed more than 4%, led by a 10% plunge in SK Hynix and Samsung's loss of more than 6%.

Tokyo's Nikkei — another tech-heavy index — lost nearly 1%, with chipmaker Kioxia down more than 10% and Tokyo Electron 5.5% off.

There was also selling in Hong Kong, Wellington, Manila and Taipei, though Shanghai, Sydney and Singapore rose with Mumbai and Bangkok.

While Wall Street was broadly negative, the Dow still mustered a gain to push it to a third straight record close.

Easing tensions in the Middle East and comments from Washington about a US-Iran deal to reopen the Strait of Hormuz have also helped equities this week by pushing oil prices down and tempering inflation and rate hike concerns.

However, both main contracts edged up Thursday even after Iran said it had agreed a route with Oman for ships transiting the waterway and were adding the final touches to arrangements for jointly managing it.

Samsung and SK Hynix said to test Chinese chip tools as hedge against US export controls

Reuters
Washington/Seoul

Samsung Electronics and SK Hynix are evaluating chipmaking equipment from China's Advanced Micro-Fabrication Equipment (AMEC) for possible use at their Chinese factories, three people familiar with the matter said, as Republic of Korean firms hedge against the risk of tighter US export controls.

The memory chipmakers began testing AMEC etching equipment about two years ago, when uncertainty was mounting over whether Washington would continue allowing them to import US chipmaking tools into China, two of the sources said.

While the evaluations have yet to result in decisions on wider deployment, they offer the Shanghai-based company a rare chance to secure validation from some of the world's leading chipmakers.

More broadly, the trials underscore a paradox at the heart of US technology controls: measures designed to constrain Beijing's semiconductor ambitions are creating opportunities for Chinese rivals to gain a foothold in foreign-owned fabs operating in China.

All sources declined to be identified due to the sensitivity of the matter.

Samsung said in a statement to Reuters that it has not tested AMEC equipment for use at its China factory and had not considered doing so.

SK Hynix declined to comment. AMEC and the Bureau of Industry and Security (BIS), which enforces the US government's export controls, did not immediately respond to requests for comment.

The US Commerce Department designated Samsung and SK Hynix's Chinese factories as "validated end users" (VEU) in 2023, allowing imports of certain controlled US equipment without obtaining individual licences.

Washington revoked the VEU authorization in 2025 and later granted an annual license to the chipmakers to bring in chip manufacturing equipment to their facilities in China for 2026.

Even so, both companies remain wary that future restrictions could extend beyond new equipment to the servicing, repair or replacement of Western tools already installed at their Chinese plants, the sources said.

As a result, the chipmakers are keeping Chinese suppliers in reserve as a potential way to maintain and upgrade existing production lines, rather than expand manufacturing capacity in China, the sources added.

Samsung operates its NAND flash memory chip plant in Xian, and SK Hynix has NAND facilities in Dalian and a DRAM memory chip plant in Wuxi. Their China factories rely heavily on etching tools supplied by US firms including Applied Materials and Lam Research.

For AMEC and China's emerging crop of semiconductor-equipment makers, winning approval from Samsung or SK Hynix would amount to a powerful commercial endorsement.

While Chinese equipment makers continue to trail overseas rivals in advanced lithography and some inspection systems, they have narrowed the gap in areas such as etching, deposition, cleaning and planarisation, often at significantly lower cost.

Chinese tools can cost 20% to 30% less than comparable equipment from established foreign suppliers, according to Dan Hutcheson, vice chair of research firm TechInsights.

AMEC equipment is already used by leading Chinese chipmakers, including NAND producer Yangtze Memory Technologies Co (YMTC), giving Samsung and SK Hynix greater confidence that some systems are mature enough for testing, the sources said.

The rise of Chinese suppliers could pose a longer-term challenge to dominant equipment makers including Applied Materials, Lam Research and KLA, as well as Japanese and European rivals that have long controlled key segments of the wafer-fabrication market.

Samsung Electronics and SK Hynix began testing AMEC etching equipment about two years ago, when uncertainty was mounting over whether Washington would continue allowing them to import US chipmaking tools into China, according to sources.

DeepSeek invests $20.8mn in Unitree IPO

Chinese artificial intelligence startup DeepSeek has invested 140.8mn yuan ($20.8mn) in robot maker Unitree and agreed to jointly develop AI models for humanoid machines, according to a stock-exchange filing, reports Reuters.

DeepSeek received 933,399 Unitree shares, representing 2.31% of the shares allocated through the Shanghai initial public offering's strategic placement.

The companies, both based in China's eastern tech hub of Hangzhou, said they would combine DeepSeek's expertise in AI models with Unitree's work in mechanical engineering, motion control and embodied intelligence.

Unitree, also known as Yushu Technology, would give preference to DeepSeek when procuring model-training services and technical solutions. DeepSeek would similarly favour Unitree when purchasing robots or exploring embodied-AI applications, the filing said.

The partnership targets a key bottleneck for humanoid developers: building a robot "brain" capable of understanding unfamiliar surroundings and reliably turning instructions into physical actions.

Oil traders double down on Iran deal bets as odds worsen

By Ron Bousso
London

Global crude prices have fallen back towards $80 a barrel on expectations that a US-Iran dealwill reopen the Strait of Hormuz, echoing the market response before the largely failed mid-June ceasefire.

But the global energy market is now far more precarious, making traders' optimism even less justified. Brent crude oil has tumbled from its recent high of roughly $100 a barrel on July 23 to around $80 after US, Iranian and Gulf officials indicated they were closing in on a new arrangement that could restore at least partial transit through Hormuz.

The critical waterway carried around a fifth of the world's oil and liquefied natural gas before the war. The emerging deal is likely to centre on an agreement between Iran and Oman to establish designated safe shipping lanes through the strait, which separates the two countries.

The optimism surrounding the June 17 deal proved largely unfounded after renewed fighting. The market's hope today is arguably even more questionable. In the past two months, Iran's hand has strengthened, global refining capacity has shrunk, inventories have been depleted and the number of potentially vulnerable chokepoints has risen.

The US and Iran might agree to a deal, but for markets, it's a much more dangerous bet.

Control of Hormuz has become the central issue in the conflict that started on February 28 — and Tehran appears to have gained ground over the past two months.

While the June 17 ceasefire left the future status of the strait deliberately vague, the new arrangement is likely to grant Tehran at least some influence over shipping. The US and its regional allies have long rejected any form of Iranian control.

But after more than five months of severe disruption to energy exports — crude oil exports via Hormuz in July were around a fifth of their pre-war level — some Gulf producers may be willing to tolerate a compromise that restores at least part of their lost oil and gas revenue.

They are likely already putting pressure on US President Donald Trump, who faces serious criticism at home over his handling of the conflict, only a few months before key midterm elections.

In short, in June, traders could reasonably assume the ceasefire would eventually lead to a full reopening of the strait. But this time, unfettered transit appears far from guaranteed.

The supply backdrop has also changed dramatically.

As the June 17 ceasefire approached, oil traders expected a flood of crude to exit the Gulf, as nearly 150mn barrels of oil had accumulated on hundreds of tankers trapped behind the strait.

That surge materialised, with around 70mn barrels of crude and refined products leaving the Gulf in the month following the June agreement, according to Kpler data. This deluge helped ease fears of shortages, providing relief to consumers, particularly in Asia, the region hardest hit by the energy squeeze.

Today, the picture is different.

Only around 80mn barrels of oil remain stored inside the Gulf, meaning any "flood" following a reopening will be considerably smaller.

The global energy market is now far more precarious, making traders' optimism even less justified. Brent crude oil has tumbled from its recent high of roughly $100 a barrel on July 23 to around $80 after US, Iranian and Gulf officials indicated they were closing in on a new arrangement that could restore at least partial transit through Hormuz

The difference is visible in the structure of the Brent futures curve.

Within days of the June agreement, the prompt contract slipped into a small discount to the next month, a structure known as contango that reflects expectations of near-term oversupply.

Today, the market is signalling the opposite. Prompt Brent contracts for October delivery are trading at a hefty premium of $1.50 a barrel to the November contract. This indicates that immediate supply tightness is expected rather than a short-term glut.

Oil trading has increasingly focused on prompt contracts in recent months as traders struggle to gauge the conflict's evolution.

Any expectation of rapid rebalancing today appears as lofty as it was in June. "The risk premium unwinding over the last few days still continues to show physical tightness in the Brent structure," said Keshav Lohiya, CEO and founder of HiLo Analytics.

Inventories are also in a more vulnerable position today. The prolonged disruption at Hormuz has forced consumers to draw on fuel stockpiles during the peak summer demand season in the Northern Hemisphere. As a result, market buffers — which were already slim in June — have shrunk further.

This is particularly true for diesel. One of the most significant developments in the last two months has been the sharp deterioration in global diesel balances. Middle East disruptions have continued to curtail exports, while Russia, one of the world's largest diesel suppliers, shocked markets in July by banning exports after months of Ukrainian drone attacks severely damaged its refining facilities.

These dynamics sent diesel refining margins soaring to an all-time high of $75 a barrel on July 31. Although they have since retreated to around $63, they remain more than 50% above mid-June levels. This growing stress in the diesel market underscores a broader challenge for oil traders. Even if crude exports from the Gulf partially recover, refining systems remain under acute strain.

A reopening of Hormuz may improve crude availability, but it will not quickly resolve shortages of fuels that power much of the world's freight, manufacturing and agriculture.

Compounding these concerns is the emergence of another major energy chokepoint.

In June, the market could focus entirely on Hormuz, but now the conflict has expanded to the Red Sea, where Yemen's Iran-backed Houthis last month declared a blockade on Saudi exports.

The Red Sea emerged as a critical alternative export route after the outbreak of the war, particularly for Saudi Arabia. It was able to continue exporting more than 4mn barrels per day, around 60% of its pre-war flows, even as Hormuz was almost entirely shuttered.

The Houthi blockade, coupled with recent attacks on Saudi infrastructure, has significantly disrupted those exports. Whether the Houthis agree to lift their blockade as part of a broader agreement with Iran remains unclear. Even if they do, the risk that they could reinstate it will hang over the region, constraining US negotiators and complicating the outlook for Middle East producers.

Gulf countries — and much of the rest of the world — are understandably desperate for a lasting settlement in the Middle East. Most will welcome any deal that reduces the immediate risks facing energy markets.

But any interim agreement will leave the issues that sparked the war unresolved — while also leaving Tehran — an unpredictable, aggressive actor — even more emboldened. Perhaps "this time is different," but not necessarily in the way traders would like.

■ *The opinions expressed here are those of Ron Bousso, a columnist for Reuters.*

CORPORATE RESULTS

SoftBank books lower Q1 profit, gain on Intel stake

SoftBank Group posted a smaller-than-expected 18% drop in first-quarter profit on Thursday, buoyed by a gain on its stake in chipmaker Intel, even as it recorded no valuation gain from its holdings in ChatGPT developer OpenAI.

The investment and technology conglomerate booked record net income of more than ¥5tn yen ($31.70bn) last year, boosted by the rising value of its ChatGPT holdings.

With corporate exposure to the AI boom in focus among the world, investors are focusing their attention on the finances of Masayoshi Son's SoftBank as he bets big on AI.

"There's clear demand and an overwhelming shortage of supply", chief financial officer Yoshimitsu Goto said at a press conference in Tokyo when asked about fears of a bubble in the buildout of AI data centres.

"I think we're in a very healthy state", he added.

Net income in the April to June period was ¥347.3bn. SoftBank booked an investment gain of ¥1.86tn in the quarter, with the biggest contributor its shareholding in Intel, whose shares have rallied. Intel is run by Son ally Lip-Bu Tan and SoftBank made an investment in the chipmaker last year as it underwent restructuring. SoftBank also booked a gain on its stake in TikTok parent, ByteDance.

SoftBank's fortunes have become closely tied to OpenAI, which is preparing for an initial public offering that may be held off until next year.

SoftBank's cumulative investment in OpenAI is set to reach $64.6bn by October for a stake of around 13%. The total investment gain stands at $45bn.

CFO Goto declined to comment on OpenAI's IPO plans at a press briefing in Tokyo on Thursday.

SoftBank said it agreed a $10bn loan in August with financial institutions using its OpenAI stake as collateral. Talks for a loan had earlier stalled over difficulty in valuing OpenAI, as it is a private company, Reuters reported last month.

SoftBank has already arranged margin loans on its holdings in Arm and SoftBank Corp worth $20bn and $7.4bn, respectively.

Son has sold off assets, including holdings in Nvidia and T-Mobile, as he bets on AI-related companies.

While SoftBank secured a $40bn bridging loan to cover its investment commitments in 2026, the facility will expire in March 2027, at which point SoftBank will have to pay it back or refinance.

In SoftBank's net asset value hit a record high in June but had fallen back to 58.3tn yen as of August 5.

Commerzbank

Germany's Commerzbank said on Thursday that its net profit nearly doubled in the second quarter, as its Italian rival UniCredit nears the possible completion of its hostile takeover.

Net profit came in at €898mn ($1.03bn) in the three months through the end of June, up from €462mn a year earlier.

For the first half of the year, profit reached a record €1.8bn.

Commission income — fees from providing services like accounts or brokerage — rose, Commerzbank said, while income from interest was stable.

The results come as the battle for control of the Frankfurt-based Commerzbank heats up. UniCredit has pursued Commerzbank for the past two years, causing alarm in Germany where the bank is dear to many thanks to its reputation for financing small and midsize industrial companies.

Commerzbank has cut thousands of jobs in a bid to boost its profit and hence share price, making any potential takeover more expensive.

UniCredit has nevertheless continued to build up its stake and now holds almost 48% of Germany's second-largest lender.

Commerzbank CEO Bettina Orlopp told reporters that the two companies were in close communication but that minority shareholders also had to be listened to.

"We've got a situation where UniCredit has a little under 50 % and hence de facto control, we have to address that," Orlopp said during a conference call.

"Still, there's other shareholders with over 50% who also want to see their interests recognised," she said.

The German government holds a 12% stake in Commerzbank and has fiercely opposed any takeover. Unions have also come out against the move, fearing it will mean job cuts.

Merck KGaA

Germany's Merck KGaA raised its 2026 core profit guidance and beat quarterly expectations on Thursday, helped by continued strong demand for semiconductor materials and drug production supplies.

The diversified family-controlled group said it expects adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA) of between €5.9bn and €6.3bn ($6.8bn -$7.3bn) in 2026, up from previous guidance of between €5.7bn and €6.1bn.

Quarterly adjusted EBITDA rose 9.4% to €1.60bn, above analysts' average estimate of €1.53bn, according to a company-provided poll.

CEO Kai Beckmann told reporters that growing AI-related spending is a driver of the company's semiconductor business.

As a supplier to the semiconductor industry, Merck manufactures specialty materials and chemical solutions used to produce advanced microchips that underpin AI applications and data centres.

Beckmann said demand remained strong, with customers continuing to report capacity bottlenecks for AI-related technologies.

He added that Merck raised its 2026 guidance based on robust operating performance and easing foreign exchange headwinds.

Analysts at Jefferies said Merck delivered a strong quarterly report and added that they expect investors to welcome the guidance hike.

"Given the strong set of results and FY guidance upgrade, we expect the shares to outperform by a couple of percentage points," analysts at JP Morgan said.

In June, Merck boosted its Life Science unit, which makes drug research and manufacturing tools, by striking an $11.3bn deal to buy Bio-Techne, its biggest transaction in more than a decade.

"The proposed acquisition of Bio-Techne would add additional differentiated capabilities across research, bioprocessing and advanced therapeutics," Merck said on Thursday.

Nintendo

Nintendo said on Thursday net profit jumped more than 50% year-on-year in the first quarter, helped by increased video game sales and a windfall connected to US tariff refunds.

The success of "The Super Mario Galaxy Movie" was also a bright point for the Japanese gaming giant, although unit sales for its current console, the Switch 2, are slowing.

Nintendo highlighted the strong performance of two new games for the Switch 2, a gadget that became the world's fastest-selling games console on its 2025 release.

Both titles, "Tomodachi Life: Living the Dream" — which sold nearly 8mn copies — and "Pokemon Pokopia", are life-simulation titles whose cosy gameplay has been described as a balm to the stressful modern world.

In April-June, net profit came to ¥147.4bn ($930mn) in April-June, up 53.5% from the same period a year earlier, Nintendo said — far surpassing estimates of ¥77.8bn in a Bloomberg survey of analysts.

The company maintained its annual profit forecast of ¥310bn.

"Despite an increase in software unit sales and the depreciation of the yen, overall sales for our dedicated video game platform business declined by 13.1%," mainly due to falling Switch 2 sales, Nintendo said.

The company expects to sell 16.5mn Switch 2 units in the 2026-27 financial year, down around 17 % from 2025-26. It said in May it would hike the price of the console, as the artificial intelligence boom causes memory chip prices to soar.

Swiss Re

The reinsurance giant Swiss Re said on Thursday that its profits jumped in the first half of the year, beating expectations, while adding that it would "remain vigilant" as hurricane season nears its peak.

The Swiss group, which provides insurance to insurance firms, registered $2.8bn in net profit in the January-June period, it said in a statement. The figure was a 9% jump on the same period last year.

"Strong earnings delivery in the first half of the year puts us well on track towards our 2026 financial targets, while we remain vigilant as we approach the peak of the hurricane season," said Chief Executive Officer Andreas Berger.

MercadoLibre

MercadoLibre has reported a third consecutive quarterly decline in profit, as heavier spending on free shipping and credit-card expansion weighed on margins, overshadowing record revenue and sending its shares lower in after-hours trading. Shares of the Uruguay-based e-commerce and fintech company fell about 4.5% to roughly $1,835, after initially dropping as much as 9%.

MercadoLibre, which runs Latin America's largest online marketplace and the Mercado Pago payments platform, posted net income of $466mn for the April-to-June quarter.

That was down about 11% from a year earlier, but still ahead of the $433mn analysts had expected, according to an LSEG poll. "Similar to last quarter, the market is focusing on the year-over-year decrease in net income," Morningstar analyst Michael Miller said in a report.

Revenue jumped 50% to a record $10.2bn, its fastest growth rate in four years and well above analysts' estimate of $9.7bn. Gross merchandise volume, a key measure of e-commerce sales, rose 36% on a foreign-exchange-neutral basis.

Operating income, or EBIT, fell about 17% to $683mn, though it still topped analysts' average forecast of $658mn. EBIT margin narrowed to 6.7%, from 12.2% a year earlier and 6.9% in the first quarter.

Banco BPM

Italian bank Banco BPM on Wednesday reported a net second-quarter profit of €581mn ($670mn), down 17.5% year-on-year but above forecasts, which had predicted €533mn.

At the same time the bank revised its overall net profit forecast for 2026 upwards. It now estimated that it would exceed a previously anticipated €1.95bn thanks to "higher revenues, improved operational efficiency and a lower risk cost".

Its performance would see higher returns for shareholders with a dividend forecast for 2026 expected to exceed one euro per share, the bank added.

"The new forecasts for 2026 net profit put the group ahead of schedule on its path towards the 2027 target of €2.15bn," the bank stated.

Last Friday, the group said its board had decided to end discussions a merger with Banca Monte dei Paschi (MPS), Italy's third-largest bank after having opened talks two months earlier.

Eli Lilly

Sales of Eli Lilly's Zepbound and Mounjaro injectable weight-loss and diabetes drugs soared during the second quarter, easily beating Wall Street estimates and widening the gap with Danish rival Novo Nordisk.

The trillion-dollar company also posted better-than-expected quarterly results and raised its full-year revenue forecast, and its shares jumped over 5% in early trading.

The strong results are likely to reassure investors that demand for Lilly's GLP-1 treatments remains resilient despite pricing pressure and intensifying competition from Novo, which launched an oral version of its Wegovy weight-loss drug in the US earlier this year.

Sales of diabetes drug Mounjaro rose 91% to $9.94bn, beating analysts' estimates, while obesity drug Zepbound brought in $4.93bn, compared with expectations of $4.73bn.

The two drugs accounted for 64.7% of Lilly's revenue in the latest reported quarter.

Strong demand lifted sales volumes across global markets, with Mounjaro driving growth outside the US and both Mounjaro and Zepbound boosting US sales, although lower realized prices partly offset those gains, Lilly said. Mounjaro is the brand name used for both weight loss and diabetes outside the US

By comparison, Novo's diabetes and obesity portfolio generated nearly 59.3bn Danish crowns ($9.16bn) in quarterly sales, led by Ozempic and Wegovy injections. The US government last month launched a pilot program allowing Americans to access obesity medicines through the Medicare program for people aged 65 and older or with disabilities that will offer the medications for a monthly co-pay of $50.

Lilly and Novo dominate the lucrative obesity market. Lilly surpassed a $1tn valuation last year, while Novo's newly launched Wegovy pill is quickly gaining traction in its US rollout.

Lilly now expects revenue of $85bn to $87bn, up from its previous forecast of $82bn to $85bn.

It now expects 2026 adjusted earnings of $35.50 to $36.50, from its prior view of $35.50 to $37. Analysts are estimating a profit of $34.20 per share.

Adjusted earnings came in at $8.38 per share for the second quarter, sailing past analysts' average estimate of $6.01, according to data compiled by LSEG.

Siemens

German industrial giant Siemens on Thursday raised its profit outlook for the second time this year after a quarter boosted by AI spending, but its shares plunged after the forecast fell short of investors' hopes.

Along with other industrial firms such as France's Schneider Electric and Switzerland's ABB, Siemens has benefitted from demand for data centres that provide the computing power for AI.

The provider of electrical equipment now expects earnings per share, a measure of underlying profitability, of €11.20 to €11.50 for the year ($12.93 to $13.28), up from a range of €10.70 to €11.10 given in February.

"The data centre business is especially dynamic," chief executive Roland Busch told reporters on a call. "The rapid build-out of cloud and AI infrastructure is continuing to drive demand high."

But Siemens shares dropped 6% in early Frankfurt trading, with analysts pointing to expectations of higher full-year profits, as well as fears that new AI tools will disrupt Siemens's own software business.

The earnings "uplift appears less pronounced than peers", RBC bank analysts wrote in a note.

"Uncertainty around factors such as the macro demand backdrop and AI software risks may still limit investor enthusiasm," they added.

Net profit for the three months to end-June rose 15% to €2.6bn, Siemens said, while sales rose 8% to €20.8bn.

'Egypt inflation likely rose to 15.6% in July'

Reuters
Cairo

Egypt's annual headline inflation rate is expected to have accelerated in July to 15.6% from 14.3% in June, driven by an unfavourable base effect and stronger food and non-food price pressures, a Reuters poll found.

The median forecast of 13 analysts polled by Reuters between July 29 and August 6 was for annual urban consumer inflation to climb to 15.6% in July. Forecasts ranged from a low of 14.6% to a high of 16.3%.

"Stronger food inflation and an uptick in non-food inflation too, will have driven the headline rate higher in July to 16.1% year-on-year," said James Swanston at Barclays.

The government statistics agency CAPMAS is due to release the July data on August 10.

Mohamed Abu Basha at EFG Holding said he expects a muted month-on-month reading of 0.5%, but an unfavourable base will lift the annual headline figure, adding that this is likely to continue in August before the base normalises and inflation starts a downward trend in the fourth quarter of 2026.

Egypt raised electricity prices for most consumption brackets by an average of 12% earlier this month, which is expected to feed into the August print, Daniel Richards of Emirates NBD said.

Egypt has been gradually removing fuel and electricity subsidies as part of commitments under its $8bn support package with the International Monetary Fund, a process that has repeatedly fed through into consumer prices even as headline inflation has cooled.

Annual inflation had plunged from a record high of 38% in September 2023, helped by the IMF-backed reform programme agreed in March 2024, before renewed pressure from base effects and administered price hikes pushed the rate higher again in recent months.

Core inflation was forecast at a median of 14.9%, according to a smaller sample of three analysts, with forecasts ranging from 14.4% to 15.1%.

An Egyptian man is holding bread in the vegetables market in Cairo. Egypt's annual headline inflation rate is expected to have accelerated in July to 15.6% from 14.3% in June, driven by an unfavourable base effect and stronger food and non-food price pressures, a Reuters poll has found.

EasyJet agrees $7.7bn Apollo deal

An EasyJet Airbus A320 aircraft lands at Orly airport. Apollo Global has agreed to buy European budget airline easyJet in a deal that values the carrier at about £5.70bn ($7.7bn), the companies said on Thursday, as rival suitor Castlelake abandoned its pursuit, reports Reuters. The deal ends months of uncertainty surrounding one of Europe's biggest low-cost airlines as the industry grapples with rising costs from the Iran war. Castlelake earlier on Thursday withdrew from the takeover race without giving a reason. Castlelake had tabled five bids for easyJet before Apollo entered the fray in July, topping Castlelake's £5.5bn proposal and securing the backing of the airline's board. Following the deal, Apollo anticipates that the family of easyJet founder Stelios Haji-Ioannou and other shareholders remaining invested will hold between 45.1% and 49.9% of the ordinary capital of the purchasing vehicle. An EU management trust will hold up to 5%, Apollo's funds will hold the rest, up to a maximum of 49.9%. "Having carefully reviewed the proposal by Apollo, my family members and I have decided to support the recommended acquisition announced by the easyJet board," Haji-Ioannou said in a separate statement. The £7.15 per share offer, which easyJet's board unanimously recommended, represents a premium of about 81% to easyJet's closing price of £3.94 on May 28, the last trading day before Castlelake's interest became public.

US labour market stable; worker productivity accelerates in Q2

Reuters
Washington

Job seekers stand in line to meet with prospective employers at a career fair in New York City (file). The lack of labour market stress and contained wage pressures gave the Federal Reserve room to focus on the inflation fallout from the Middle East conflict, economists said.

The number of Americans filing claims for unemployment benefits increased slightly last week, while layoffs dropped to a two-year low in July, consistent with a stable labour market.

Other data on Thursday showed worker productivity grew faster than expected in the second quarter, curbing gains in labour costs. The lack of labour market stress and contained wage pressures gave the Federal Reserve room to focus on the inflation fallout from the Middle East conflict, economists said.

They said there were some signs that the adoption of artificial intelligence by businesses was raising productivity last quarter.

Still, economists said the US central bank could still raise interest rates next month unless inflation improved.

"A true productivity miracle that brings down some of the higher price costs borne by consumers and business and keeps overall inflation in check depends on whether the emerging advancements in AI technology truly enable workers to produce goods more cheaply and provide services at a lower cost over time," said Christopher Rupkey, chief economist at FWDBONDS.

Initial claims for state unemployment benefits rose 1,000 to a seasonally adjusted 199,000 for the week ended August 1, the Labur Department said. Economists polled by Reuters had forecast 202,000 claims for the latest week.

Claims have dropped considerably since surging in early June. Though some of the decline reflects difficulties adjusting the data for seasonal fluctuations in summer, layoffs have remained very low despite the oil price shock from the US-Israeli war with Iran, now in its sixth month.

There are also no signs of widespread job losses linked to the AI buildout, with layoffs mostly confined to the technology industry.

A separate report from global outplacement firm Challenger, Gray and Christmas on Thursday showed planned job cuts by US-based employers dropped 27% to 33,429 in July, the lowest level since July 2024. Announced layoffs fell 46% from a year ago. They are down 41% this year compared to the same period in 2025.

The number of people receiving unemployment benefits after an initial week of aid, a proxy for hiring, increased 24,000 to a seasonally adjusted 1.801mn during the week ended July 25, the claims report showed. The claims data have no bearing on the Labor Department's closely watched employment report for July, scheduled to be released on Friday.

Nonfarm payrolls likely increased by 80,000 jobs last month after rising 57,000 in June, a Reuters survey of economists showed.

The unemployment rate is forecast holding steady at 4.2%. There is, however, a risk the jobless rate could edge higher after a Conference Board survey last week showed the share of consumers viewing jobs as "plentiful" dropped in July to the lowest level since February 2021.

Job growth has slowed after accelerating in the spring. An Institute for Supply Management survey on Wednesday showed a measure of services sector employment contracted in July, with some businesses reporting they were "seeing a small reduction at the moment, some coinciding with AI implementation."

The Fed last week left its benchmark overnight interest rate in a 3.50%-3.75% range. Three members of the U.S. central bank's policy-setting committee dissented. They "preferred" a quarter-percentage-point hike.

In a separate report, the Labor Department's Bureau of Labor Statistics said nonfarm productivity, which measures hourly output per worker, increased at a 1.4% annualized rate last quarter after advancing at an upwardly revised 0.8% pace in the January-March quarter.

Economists had forecast productivity would grow at a 0.6% rate following a previously reported 0.3% pace of increase in the first quarter. Productivity grew at a 2.2% rate from a year ago. It has grown at a 2.1% rate from the fourth quarter of 2019 through the second quarter of 2026. The BLS said the labour share, the percentage of output that accrues to workers in the form of compensation, hit a record low 52.9% last quarter.

Hackers targeted US private equity, other firms including Blackstone, CME

Reuters
Washington

Ransom-seeking hackers who use phone calls to compromise their victims targeted dozens of prominent US financial institutions and other businesses over the past month, according to Google and internet intelligence data reviewed by Reuters.

The data shows the hackers devised websites aimed at stealing passwords from employees of private equity firms and companies including Blackstone, Bridgewater Associates, Apollo Global Management, Bain Capital, KKR, TPG, CME Group and Moody's, as well as a host of financial companies and other businesses.

Google said in a blog post about the hacking campaign published on Thursday that the hackers operate under a range of names, including Redact, Pink, Falcon, and Helix.

Google declined to comment on Reuters findings. It said in some cases companies, which it did not name, paid ransoms to the hackers. Reuters could not establish which companies the hackers successfully compromised.

Experts say the hackers' use of low-tech tactics such as phone calls to target the financial industry illustrates how, despite sophisticated security programs and AI-driven threats, the oldest tactics still rank among the most effective. If successful, the hacks could compromise data of some of the biggest US private equity firms that provide capital to companies.

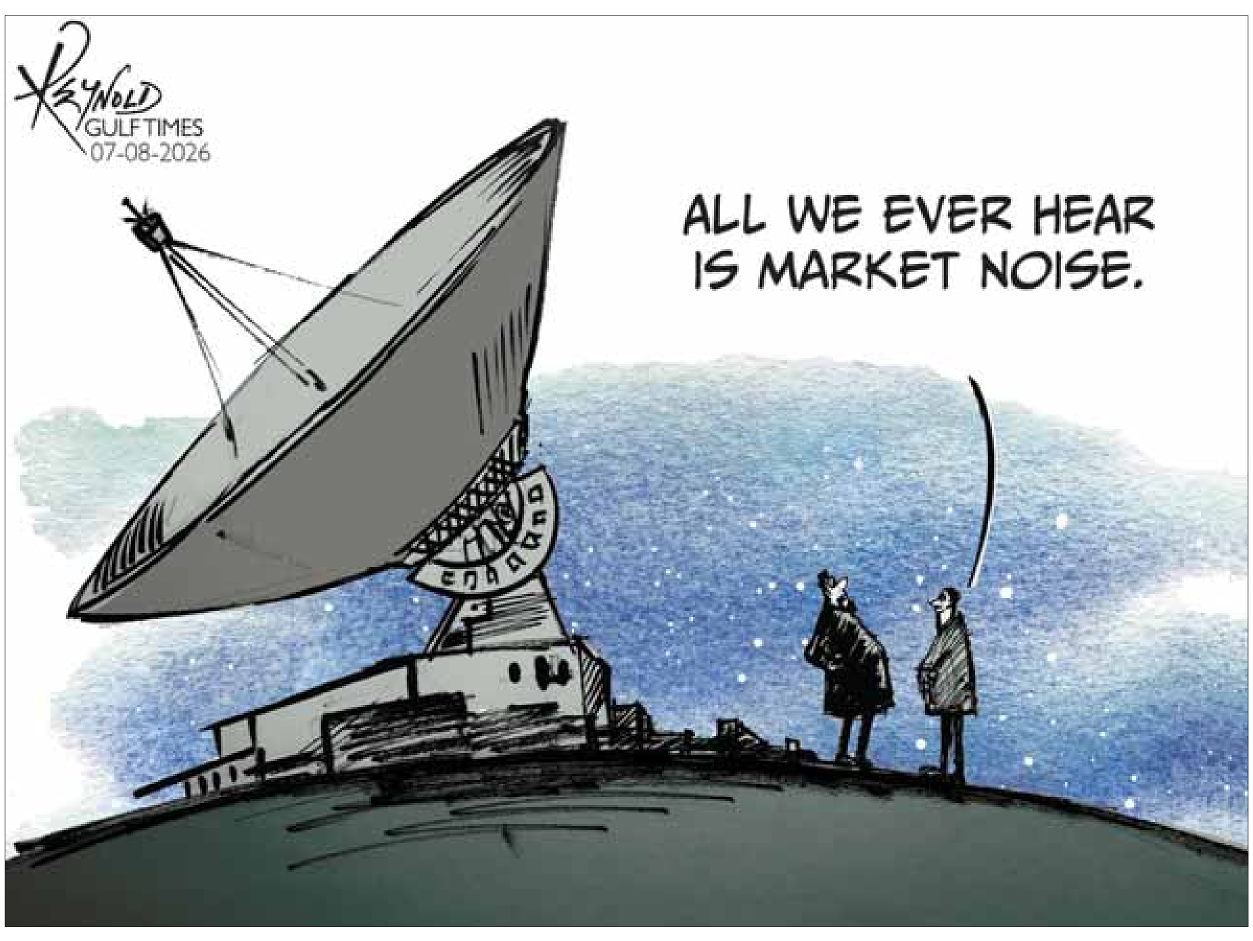
"Because the fence is now so fancy and high-tech, we just have to trick the guard into opening the door for us," said Lee Clark, a cyberthreat intelligence production manager with the Retail and Hospitality ISAC, an industry information sharing and analysis group. "That human element consistently is why this has exploded in the way it has," he said.

KKR, Bain Capital, CME, TPG and Apollo declined to comment. Blackstone, Bridgewater Associates and Moody's did not immediately respond to requests for comment.

In its blog post, Google — a unit of Alphabet — said the hackers had recently turned their attention to private equity, law firms, and financial ratings agencies.

Austin Larsen, the principal threat analyst at Google's Threat Intelligence Group, said the hackers generally targeted industries based on financial calculations, often successfully.

"Really it's a money thing," Larsen said. "They think that these firms or organizations have data sensitive enough that, if taken, they would pay to prevent it."



Britain clears Paramount's $110bn takeover of Warner Bros

Reuters
London

Britain's government and its competition watchdog cleared Paramount's $110bn acquisition of Warner Bros Discovery on Thursday after David Ellison provided reassurances, leaving US states led by California as the final major hurdle to the deal.

Ellison, Paramount Skydance's chief executive, offered legally binding guarantees of at least five years on programming commissioned in Britain and the independence of Britain's Channel 5 news, the government said in letters to the companies.

That was sufficient to answer concerns raised by media minister Lisa Nandy, who said in June she could intervene in the deal and potentially order a public-interest investigation despite approvals from regulators in the US, China and elsewhere.

Lawyers and analysts told Reuters last month that the threat of intervention was more likely aimed at securing commitments from Paramount rather than blocking the deal outright.

Paramount has now agreed that the combined group's linear and on-demand services in Britain would retain distinct editorial identities for five years, including children's TV channels Nickelodeon and Cartoon Network.

Paramount-owned Channel 5 would continue to operate as a public service broadcaster until its licence expires at the end of 2034 and its news would remain editorially separate from CNN International and CBS News, the government said.

News archives, including CNN, CBS and Channel 5 news, would also remain available for bona fide licensees on standard commercial terms, it added.

Paramount also agreed that the deal would not result in a reduction in the number of people commissioning content in Britain, nor in any reduction in the quality and range of content commissioned. The Competition and Markets Authority separately said the deal would not substantially lessen competition in movie distribution, children's TV channels and streaming services.

Paramount welcomed the CMA decision as an "important milestone" in closing the deal, while it said it was pleased it had agreed a path forward with the government.

The twin decisions spare the companies lengthy regulatory reviews in Britain, leaving litigation brought by US states led by California as the principal remaining obstacle to closing the deal.