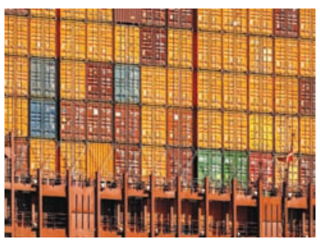

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German exports, industrial output beat expectations

Saturday, August 8, 2026
Safar 25, 1448 AH

GULF TIMES
BUSINESS

Q2 PROFIT SURGES: Page 2

Monte dei Paschi defends role in Italy's economy as it rebuffs Intesa

Data access strengthens Qatar investment climate, says chamber official

By Peter Alagos
Business Editor

Qatar's investment environment is being strengthened through improved access to reliable business information, closer communication between companies, and stronger support for the country's economic diversification drive, according to Qatar Chamber acting general manager Ali Saeed bu Sherbak al-Mansouri.

He explained that the recent launch of Qatar Chamber's Commercial and Industrial Directory 2025-2026 comes at a time when more companies are entering the Qatari market, economic sectors are diversifying, and investors are seeking dependable sources of information to connect with one another.

Al-Mansouri, in the latest edition of Al Moltaqa, the chamber's economic magazine, credited the directory with driving this shift, describing it as a practical tool that gives business owners, investors, and other relevant entities access to updated and comprehensive contact details of companies affiliated with the chamber, rather than merely a listing of companies.

This, he also pointed out, helps facilitate communication, build partnerships, and open up trade and investment opportunities both inside Qatar and beyond its borders.

He described the publication as a trusted economic and commercial reference that supports the smooth exchange of information and strengthens companies' ability to present their activities and services to both local and international business audiences.

Al-Mansouri noted that the directory also helps deepen ties among private sector entities, supports efforts to promote investment opportunities, and creates broader prospects for cooperation between Qatari companies and their counterparts in other markets.

He pointed out that communication between companies has become one of the key drivers of a stronger business environment, encouraging partnerships and sharpening the economy's overall competitiveness.

Qatar Chamber acting general manager Ali Saeed bu Sherbak al-Mansouri.

Through the directory, al-Mansouri said, Qatar Chamber aims to keep pace with the country's economic developments and provide practical tools that help the private sector grow and expand.

He noted that the directory mirrors the scale of Qatar's economic activity and the private sector's expanding role as a key partner in the country's development.

Al-Mansouri emphasised that the chamber regards the directory as a valuable addition to its services and an important channel for strengthening communication between companies, facilitating business activity, and supporting Qatar's economic diversification drive, in line with the country's ambitions for a more competitive and sustainable economy, and in light of its continuous growth and the widening range of commercial, industrial, and service activities taking place across the country.

Speaking at the June launch of the directory, Qatar Chamber chairman Sheikh Khalifa bin Jassim al-Thani said the chamber remains committed to building a seamless business environment by strengthening communication across all commercial and industrial sectors.

He also pointed to the directory's role in giving investors, entrepreneurs, and stakeholders easy and efficient access to an up-to-date record of companies and establishments affiliated with the chamber, at a time when Qatar's economy continues to grow, expand, and diversify.

Sheikh Khalifa said the chamber sees the directory as a means of reinforcing business connections, drawing attention to investment opportunities, and widening the scope of commercial cooperation both at home and abroad, echoing the priorities al-Mansouri laid out in his piece.

He also linked the directory to the pace of change in Qatar's private sector, noting the range of commercial, industrial, and service activities and the broad base of companies now operating in the local market.

Minister of state for foreign trade affairs meets UK minister of state for trade

HE the Minister of State for Foreign Trade Affairs at the Ministry of Commerce and Industry Dr Ahmed bin Mohammed al-Sayed met via video conference with the Minister of State for Trade in the Depawrtment for Business, Innovation, Science and Trade in the United Kingdom Anas Sarwar, reports QNA.

The meeting discussed economic and trade ties between the State of Qatar and the United Kingdom, as well as ways to enhance economic co-operation in areas of joint interest, to advance trade exchange, serve common interests, and strengthen the prospects for partnership between the two friendly countries.

HE the Minister of State for Foreign Trade Affairs at the Ministry of Commerce and Industry Dr Ahmed bin Mohammed al-Sayed.

Dollar drops and stocks climb as weak US jobs data eases interest rate fears

AFP
London

The dollar fell sharply on Friday after the US economy shed thousands of jobs in July, an economic blow that lowered the risk of an interest rate hike by the Federal Reserve that could slow growth in the world's biggest economy.

Stocks gained on the report that showed 23,000 jobs were lost last month, confounding expectations that 80,000 to 100,000 new posts would be created.

Nearly every European market closed higher, with Paris, Frankfurt and Milan again reaching all-time highs, and Wall Street indices once more flirting with records for the Dow and S&P 500.

Combined with steep downward revisions to US jobs readings in May and June, the data is "likely to revive concerns among Fed officials about the health of the labour market and make them less inclined to commit to near-term tightening", said Thomas Ryan, an economist at Capital Economics.

For Bret Kenwell at trading platform eToro, "This is the kind of report that could revive Wall Street's 'bad news is good news' reflex.

"Inflation remains a concern, but today's data may give policymakers more reason to remain patient -- and investors more room to lean into risk," he said. Stocks have powered ahead in recent sessions, fuelled largely by tech names after corporate earnings beat forecasts and eased fears about when massive AI investments would start paying off.

The US dollar fell sharply on Friday after the US economy shed thousands of jobs in July

Hopes for an imminent US-Iran deal to end the blockage of the Strait of Hormuz added to optimism that oil and gas, along with other key products, would again start flowing freely after more than five months of war.

But oil prices turned higher ahead of the weekend in the absence of any confirmation of an accord, amid reports that Iran was planning to block US and Israeli ships from the waterway.

US sheds jobs in July; markets dial back Fed hike bets

Reuters
Washington

The US economy unexpectedly shed jobs in July and previously reported job gains for the prior two months were revised sharply lower, tempering financial market expectations for an interest rate hike from the Federal Reserve next month.

While the Labor Department's closely watched employment report on Friday showed the unemployment rate falling to 4.1% last month from 4.2% in June, that was because another 264,000 people left the labor force, pushing the participation rate to a near 5-1/2-year low of 61.4%.

Job growth, however, has a tendency to slow down during summer, a phenomenon that economists attributed to difficulties adjusting the data for seasonal fluctuations.

Much of the decline in payrolls, the first in five months, was centered in local government education. There was a second straight month of job losses in the leisure and hospitality industry, attributed by economists to the fading boost from the FIFA World Cup. Economists urged against interpreting the data as a sign of an abrupt deterioration in the labor market.

"This is the third summer in a row that we have seen unexpected weakness in the labor market," said Stephen Stanley, chief US economist at Santander U.S. Capital Markets. "Policymakers broadly see the labor market as stable."

Nonfarm payrolls decreased by 23,000 jobs last month, the Labor Department's Bureau of Labor Statistics said. Economists polled by Reuters had forecast payrolls rising 80,000 after advancing by a previously reported 57,000 in June. Estimates ranged from as low as 10,000 to as high as 140,000 jobs added. The economy added 103,000 fewer jobs in May and June than previously estimated.

The Federal Reserve building in Washington. The US economy unexpectedly shed jobs in July and previously reported job gains for the prior two months were revised sharply lower, tempering financial market expectations for an interest rate hike from the Fed next month.

Last year's big downgrades to the past three months led to President Donald Trump's firing of the BLS commissioner, Erika McEntarfer. Trump, without offering evidence, accused McEntarfer of manipulating the data. Job growth averaged 20,000 per month over the past three months. It averaged 77,000 per month in the three months through June. Financial markets priced in a 43.9% chance of the US central bank hiking rates in September, compared with 57% before the jobs report, according to LSEG data. The Fed last week left its benchmark overnight interest rate in the 3.50%-3.75% range.

Three members of the Fed's policy-setting committee dissented, preferring a quarter-percentage-point hike. Next week's inflation data could sharpen the debate on the near-term monetary policy outlook. Stocks on Wall Street were trading higher. US Treasury yields fell, while the dollar slipped against a basket of currencies.

Local government education employment dropped 49,600 last month, the most since October 2021, and contributing to a 53,000 decrease in overall government payrolls.

Excluding government, private payrolls increased by 30,000, matching June's gain. Economists expected the slump in local government, which they said was a seasonal quirk, to reverse in August.

Leisure and hospitality employment decreased by 40,000, losing jobs for a second straight month. Payrolls at restaurants and bars dropped by 26,100. The retail trade sector lost 19,000 jobs, the bulk of them at warehouse clubs, supercenters and other general merchandise stores.

Employment in financial activities fell further, shedding 14,000 jobs. Financial activities jobs are down by 121,000 since peaking in May 2025.

Healthcare payrolls increased 22,000, but well below the monthly average of 36,000 over the past year.

There were 22,000 construction jobs added, while manufacturing employment rose 5,000. The share of industries reporting job growth fell to 51.8% from 53.2% in June.

Despite weakness in job growth, the average workweek held at 34.3 hours. But wage growth slowed, increasing 3.2% year-on-year after rising 3.4% in June. Details of the household survey from which the unemployment rate is derived were mostly weak.

AI boom could reshape Wall Street's EPS obsession

By Marty Fridson
New York

The AI boom is reshaping earnings season, pulling attention away from earnings per share (EPS) beats and misses as the focus shifts instead to cold hard cash. While this is a positive development for all of us EPS skeptics, it certainly doesn't mark the end of accounting gimmicks.

Many, including yours truly, have long argued that investors' obsession with EPS is overdone. The figure reflects discretionary accounting treatments that provide corporate management teams with considerable power to make the number come in exactly where they want it. (That is to say, usually a penny or two above the EPS guidance the company previously dispensed.) But AI is complicating this long-running game.

AI has transformed the formerly asset-light Big Tech firms, which dominate US markets, into big-spending "hyperscalers" that are ploughing hundreds of billions of dollars into plants and equipment. Investors, in turn, are focusing more on tangible results - namely cash flow.

Alphabet is a prime example. The Google parent seemed to get everything right when it reported second-quarter results on July 23.

Earnings quadrupled to $112.3bn from $24.8bn in the comparable 2025 period. EPS exceeded forecasts, as did revenue, which was up a robust 24% year-on-year. Granted, a few statistics came up a bit short, but Alphabet's performance was a blowout victory by most measures - except for the one that wound up mattering most. For the first time since going public, Alphabet reported negative free cash flow (FCF).

This gauge of corporate performance adds back non-cash expenses (including, critically, depreciation) to net income, adjusts for working capital changes, and subtracts capital expenditures. Alphabet's cash burn was driven primarily by its capex binge of $44.92bn, which overshot the $44.15bn consensus forecast.

The company's guidance also suggested that these outlays would likely continue running above the Street's previous expectations for the next few years. In response, the market slashed Alphabet's share price by 7% on the day, paying no heed to its EPS beat. FCF is much less susceptible to manipulation than reported earnings, which can be altered meaningfully without violating any securities laws. In today's increasingly asset-heavy era, one of the most important distinctions between the two gauges is that EPS, unlike FCF, is affected by amortization and depreciation, which gradually write off an asset's cost over its useful life.

The Financial Accounting Standards Board prescribes no guidelines regarding the useful lives that should be assumed for calculating depreciation on data centers or servers. That means companies use their judgment to determine the appropriate useful lives of these assets with the approval of the auditors whom they hire - and can fire.

A firm may select one time frame only to decide later that longer lives would be more appropriate, with the fortuitous consequence that the company's annual depreciation charges would decline, making it easier to beat expectations and guidance. This is only a modest concern with data centers. Companies typically assign long lives - often on the order of 40 years - to the buildings, so an opportunistic decision to shift to a longer period would have a limited impact.

It's a different story, though, for the equipment inside. When it comes to servers, these types of accounting changes are already being made. In 2023, Alphabet extended the assumed average lives of its servers and certain networking equipment by 50%, moving from four years to six years. Microsoft's Azure also went from four to six years in fiscal 2022, while Meta switched from about three years to 5.5 years in stages from 2020 to 2025. Amazon Web Services extended its servers' assumed lives from five years to six years in 2024, although it took a subset of them back to five years in 2025.

One might like to believe that all of these adjustments were designed to align depreciation charges more closely with the physical and technological facts. But accounting expert Baruch Lev says that companies are "playing games" with the service lives of AI assets. He calls their chosen depreciation schedules "totally arbitrary."

Given that bleak assessment, it's appropriate for investors to cast aside Wall Street's longstanding EPS fixation and focus instead on FCF, as they did so forcefully following Alphabet's latest earnings announcement.

But this doesn't mean that investors can let their guard down.

Given investors' growing concerns about hyperscalers' enormous AI outlays, one of the most important data points now is the capex estimate itself - and depreciation can play a role here. Just look at Microsoft. Its shares bounced on July 29 after it reported - among other positive results - that its capex estimate for the first quarter of 2027 would be lower than expected. The reason for this change was not an actual decrease in spending, however. It reflected a change in the accounting method for the related leases, spreading the cost over 25 years instead of 15.

The tech giant certainly didn't try to hide this fact, but the "reduction" in expected spending appeared to shift the narrative regardless. It's a reminder that skepticism remains a financial analyst's greatest asset.

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

Monte Paschi rebuffs Intesa, defends its economic role

AFP
Rome

The head of Italy's Banca Monte dei Paschi di Siena defended its value and strategic importance Friday, saying it would "evaluate every strategic option" as the bank fights a hostile bid from rival Intesa Sanpaolo.

The world's oldest bank posted a steep rise in profit in its second quarter Friday as Chief Executive Luigi Lovaglio warned an Intesa merger would hurt not only shareholders but the Italian economy itself. Calling Monte dei Paschi a "strategic asset for the Italian economy", Lovaglio said it represented a "fundamental economic infrastructure for this country".

"It has systemic value and this systemic value depends on the integrity of the bank itself," Lovaglio told analysts. Were the bank divided, it would be in a weaker position to lend and fuel the economy, he said.

"So the question is not only how much Monte dei Paschi is worth today, but what value our bank will be able to generate tomorrow for this country," he said.

Lovaglio repeated his argument that the 31bn euro ($36bn) bid from Intesa was inadequate, while saying consolidation in the banking sector should be assessed "on the basis of industrial logic and value creation, not from a fragmentation perspective". His bank has noted that the 12.5% premium offered by Intesa falls way short of those in the 30-41% range in comparable earlier deals.

The logo of the Monte dei Paschi di Siena bank is seen on the window of a branch in Rome. The head of Italy's bank has defended its value and strategic importance, saying it would "evaluate every strategic option" as the bank fights a hostile bid from rival Intesa Sanpaolo.

Monte dei Paschi acquired Mediobanca last year, making it Italy's third-largest bank. The CEO pointed to the bank's capital position, which he said was "one of the reasons why Monte dei Paschi can evaluate every strategic option from a position of strength".

On Friday, Monte dei Paschi posted a net profit of 610mn euros, up 27% year-over-year. Results exceeded the 553.6mn expected, on average, by analysts surveyed by Bloomberg. Revenue rose to 2.06bn euros, up 5.3%, driven by higher fees and commissions.

"Profits are rising, commercial activity is growing, client assets are increasing, and our balance sheet is further strengthening," with costs "under control", Lovaglio said.

Intesa launched its hostile bid in June, kicking off a new round of consolidation in Italy's banking sector.

According to Intesa, the tie-up would create the second-largest banking group in the eurozone by market capitalisation, with a network of about 3,000 branches.

Banco BPM had also proposed a "merger of equals" with Monte dei Paschi, but last week halted its discussions after two months, saying conditions had not materialised to reach a deal.

Founded in Siena in 1472, MPS was rescued in 2017 in a 5.4bn-euro bailout by the Italian state - - which subsequently reduced its stake.

Putin clears way for state to sell 30% stake in Moscow's biggest airport

President Vladimir Putin has given the green light for the sale of the government's 30.4% stake in Sheremetyevo airport, Moscow's largest, at a time when Russia is seeking to bolster its war-depleted state finances, reports Reuters.

Putin paved the way for the sale by signing a decree on Thursday that removes Sheremetyevo from the official list of strategic enterprises. But the state will retain a controlling "golden share", enabling it to block any management decisions it opposes.

The decree prevents the stake from being sold to foreign buyers, and requires the purchaser to continue the company's core business and modernisation.

Russia' state budget has been strained by four and a half years of war in Ukraine.

Its federal deficit could exceed official plans by more than 1tn roubles ($12.85bn) in 2026, according to data published last month.

The deficit was 5.73tn roubles ($69.6bn), or 2.5% of GDP, in the first half of the year, 1.7 times higher than in the same period of 2025. Sixty-six percent of the airport is owned by Russian company Sheremetyevo Holding, whose ultimate owners are not publicly disclosed.

Before its redomiciling from Cyprus in 2022 it was controlled by firms owned by Putin's close friend Arkady Rotenberg and Rotenberg's partners.

Sheremetyevo is Russia's largest airport, owning and operating terminals with capacity to handle up to 87mn passengers a year. Actual numbers were 43.5mn in 2025. Despite Western sanctions and flight restrictions, airports are still profitable thanks to a growth in traffic on domestic routes and to "friendly" countries such as Turkiye, Egypt and Vietnam. In January this year Sheremetyevo purchased 100% of another major Moscow airport, Domodedovo, for 66bn roubles at auction.

Domodedovo, which was nationalised at the Prosecutor General's request in June 2025, has annual traffic of around 15mn passengers.

Dana Gas, Crescent Petroleum deny Khor Mor contract breach

KRG says Dana Gas, Crescent Petroleum breached Khor Mor contract; Dana Gas, Crescent Petroleum deny breaching contract; companies started gas supplies to Iraq's electricity ministry; KRG reviewing legal options over move; Erbil says it remains committed to energy co-operation with Baghdad

Reuters
London

Dana Gas and Crescent Petroleum on Friday denied accusations by Iraq's Kurdistan Regional Government that they had breached their contractual obligations by starting natural gas supplies from the Khor Mor field to Iraq's electricity ministry without the KRG's approval.

The KRG said late on Thursday that it had been informed on Tuesday by the companies that they had begun supplying gas to the ministry, but said it received the notification only at the same time as the companies' public announcement. It said the move was taken unilaterally and outside of the contractual framework governing the Khor Mor project.

The two companies said they were surprised by the statement and that the KRG had been informed of the agreement in January and had been kept abreast of discussions prior to the agreement.

The agreement "was entered into in strict compliance with (our) exclusive marketing rights" and "did not require any additional authorisation or approval from the KRG," they added in a statement.

United Arab Emirates-based Dana Gas and UK-based Crescent Petroleum said on Tuesday they had begun supplying 100mn standard cubic feet per day of natural gas from the Khor Mor field in Iraq's Kurdistan region to Iraq's Ministry of Electricity for one year.

The companies said the gas would be supplied to the Kirkuk power station to support electricity generation.

The KRG said it had never opposed supplying gas or electricity to any part of Iraq, provided such arrangements were made in full compliance with the contractual framework governing the project and with the approval of the regional government as the contracting party.

Dana Gas and Crescent Petroleum said that they continued to meet their gas supply obligations to the KRG, despite KRG being in arrears for over three years. Gas supplies to the Iraqi energy ministry were from excess capacity, they said.

The Khor Mor field is one of the Kurdistan region's most important gas assets and supplies fuel for power generation. The new supplies to Kirkuk come as Iraq grapples with persistent electricity shortages, particularly during peak summer demand.

The KRG, which exercises autonomy in northern Iraq, said it remained committed to working with the federal government to increase gas production and power generation through mutually agreed arrangements that comply with existing contracts.

Retailers tap AI shopping traffic but fight to keep customer data

AWS urges brands to keep purchases on owned sites to preserve customer data; AI-agent shopping spend to reach $8bn this year, Juniper Research says; Adobe says 41% of US consumers used generative AI for online shopping in June

Reuters
New York

As shoppers increasingly turn to ChatGPT and Google's Gemini for product recommendations, retailers are racing to appear in chatbot results while resisting efforts to cede customer data that underpin online sales.

Growing online traffic from AI platforms has pushed retailers including Walmart, Ulta Beauty and Wayfair to update their websites so their products rank highly in chatbot searches.

Yet many want purchases to remain on their own websites, where they can collect data on browsing habits, basket sizes and past purchases that help drive future sales and customer loyalty. Shoppers are expected to spend $8bn this year after AI agents such as Anthropic's Claude and Gemini direct them to retail sites, according to Juniper Research.

Adobe Analytics said 41% of US consumers used generative AI for online shopping in June and visitors referred by AI services generated 41% higher revenue per visit than shoppers arriving through traditional channels.

Unlike search engines that rank pages based on keywords and links, chatbots respond to detailed questions, prompting retailers to rethink how they describe products online and how customers find brands.

"We always want to be wherever our guest is," Ulta Beauty's head of digital and e-commerce, Josh Friedman, said. "Whether it's Google search, affiliate marketing (or) Facebook, there's always a tax for engaging customers on other people's platforms. I don't think this is any different."

Ulta is seeing "double the conversion and intent" from shoppers finding its products through Gemini and ChatGPT. The company is working with Google to incorporate shopping carts and its Ulta Beauty Rewards loyalty program into AI-powered shopping within Gemini.

People walk past an Ulta Beauty store in the Manhattan borough of New York City. Growing online traffic from AI platforms has pushed retailers including Walmart, Ulta Beauty and Wayfair to update their websites so their products rank highly in chatbot searches.

But Friedman said the retailer would prefer customers complete transactions on Ulta's website.

Executives argue that retailers retain an edge because they know far more about customer preferences than general-purpose AI tools do.

"When a shopper completes a purchase on a brand's own site ... the retailer maintains a direct relationship with that customer," said Vince Koh, global head of digital commerce at Amazon Web Services.

AWS is encouraging retail clients, including Tapestry's Kate Spade, to use AI platforms to market products while ensuring their own websites remain "the best place to buy."

When shoppers use AWS-powered search tools on Kate Spade's website to look for $380 suede bucket bags, the company can use information on products viewed, budgets and style preferences to personalize recommendations and build loyalty, Koh said.

Retailers know more about their products and customers than "general-purpose" AI tools, Koh said, giving them an edge in recommendations and customer loyalty.

Wedding-planning platform The Knot said it is taking a similar approach. The company is optimizing its website so its vendors appear in ChatGPT results, but it is trying to convince couples to book their wedding venues and invitations directly through the company's website. "LLMs are another place to start, another place to search, another place to plan, but we have three decades of data to help" people co-ordinate weddings, CEO Raina Moskowitz said, referring to AI large language models.

While ChatGPT and Gemini are emerging as important ways to market products, consumers still appear more comfortable completing purchases on retailers' own websites.

In March, OpenAI ended Instant Checkout, a tool that let shoppers buy clothes and other items through ChatGPT. The company is now focused on product discovery and helping merchants and marketplaces such as Etsy to use their own checkouts.

Etsy has seen a similar pattern. Users who find products through ChatGPT typically return to Etsy's website to complete purchases, Chief Product and Technology Officer Rafe Colburn said.

"It's the start of a deeper relationship, and not just one that's always intermediated by ChatGPT," Colburn said.

Currency dealers work as an electronic board displays the Korea Composite Stock Price Index (KOSPI), the exchange rate between the US dollar and Korean won and the Korea Securities Dealers Automated Quotations (KOSDAQ) at the dealing room of a bank, in Seoul.

Most Asia markets fall on fresh Hormuz worries

AFP
Hong Kong

Oil prices extended gains and most Asian stocks fell further on Friday amid fading optimism over a deal to reopen the Strait of Hormuz, as reports said Iran was planning to block US and Israeli ships from the waterway as part of a deal with Oman.

In Tokyo, the Nikkei 225 closed down 0.1% to 65,606.71 points; Hong Kong - Hang Seng Index ended up 0.5% to 25,668.03 points; and Shanghai - Composite closed up 1.0% to 3,940.04 points yesterday.

Markets had enjoyed a healthy run-up at the start of the week as US President Donald Trump called off strikes on the Islamic republic and said an agreement was close, even though Tehran denied talks had taken place.

At the same time Iran said it was close to a pact with Muscat on managing the key waterway -- which has been choked off for most of the Middle East war -- but that the United States would need to end its own naval blockade of Iranian ports. Crude prices had begun edging up on Wednesday and rallied as much as four percent on Thursday as the Fars news agency said Iran would look to prevent US and Israeli vessels from using the strait in any deal with Oman.

That dampened hopes for a full reopening of the waterway -- through which about a fifth of global oil and LNG passes -- and revived fears of a fresh spike in inflation and put interest rate hikes back in the picture.

Both main contracts rose on Friday.

Equity markets were in turn mostly down, with Seoul again weighed by concerns over the AI boom, while Tokyo, Sydney, Wellington, Taipei, Bangkok and Mumbai were also lower. Hong Kong, Shanghai, Singapore and Jakarta edged up.

That came after a pullback on Wall Street, where the Dow came off three days of record highs. Analysts said the latest developments had traders questioning whether the week's early gains were justified.

They also come ahead of the release of key US jobs data later in the day, which will be followed next week by consumer price figures -- both of which could be crucial in the Federal Reserve's decision-making on rates.

Clark Bellin at Bellwether Wealth said the jobs figures are of major importance, adding "we will need to see a number that is not too hot and not too cold in order for the market to keep grinding higher".

Michael Hewson of Market Insights added: "The main item of note is US (consumer price index) for July, and whether we will see further evidence of slowing price pressures.

"This matters, given the recent dissent of three (Fed policy board) members in favour of a 25-basis-point rate hike."

He added that "while we've seen a modest pull back from the recent highs (in CPI) the bigger concern is that the sustained volatility in prices could mean prices stabilise at a higher baseline.

"These are the concerns that prompted the likes of the three dissents on interest rate policy at the recent Fed meeting."

China extends trade boom as global AI tech demand rises

AFP
Beijing

Chinese exports and imports soared in July, official data showed on Friday, as the manufacturing powerhouse benefits from a global AI boom lifting overseas demand for its tech products.

The world's second-largest economy last year achieved a historic trade surplus of nearly $1.2tn, helping its manufacturing sector through a prolonged slump in domestic consumption.

The export boom has been propelled further this year by increased demand for Chinese data-processing equipment and related components, as companies rush to build artificial intelligence capacity.

Exports climbed 23.9% year-on-year last month, the General Administration of Customs (GAC) reported, compared with a 23.0% forecast by Bloomberg.

Overseas shipments of computers and related parts jumped 45.2% on year in the first seven months, the data showed.

"Export and import values remain elevated, helped by soaring global demand for electronics and green tech products," wrote Julian Evans-Pritchard of Capital Economics. China's trade surplus appears to be on pace to match that of last year, reaching $687bn through the end of July, the data showed Friday.

The yawning gap has increasingly raised eyebrows abroad -- particularly in Europe, where leaders worry about floods of Chinese exports squeezing out local manufacturers.

Beijing has insisted it never deliberately pursued a trade surplus.

The Communist Party's Politburo -- the decision-making body headed by President Xi Jinping -- urged a more "balanced" trade development at a key meeting late last month.

"Export growth continued to support the economy in July," Zhiwei Zhang, president and chief economist at Pinpoint Asset Management, wrote in a note after Friday's data.

"I expect intense negotiations between China and (its) major trading partners in coming months on what can be done to make trade more balanced," he added.


Gargo containers are seen at a port in Qingdao, eastern China's Shandong province. Chinese exports and imports soared in July, official data showed on Friday, as the manufacturing powerhouse benefits from a global AI boom lifting overseas demand for its tech products.

Japan food self-sufficiency ratio falls to 37%

Reuters
Tokyo

Japan's food self-sufficiency ratio fell to 37% for the fiscal year ended March 31, down 1 percentage point from a year earlier and well below the government's 45% target for fiscal 2030, the agriculture ministry said on Friday.

The ratio, among the lowest of developed economies, underscores Japan's vulnerability to food supply disruptions amid heightened geopolitical tensions, including the prolonged Russia-Ukraine war and the Middle East conflict.

The calorie-based ratio, which measures the share of food consumed that is produced domestically, slipped as rice consumption declined and private-sector stockpiles increased, the Ministry of Agriculture, Forestry and Fisheries said.

The ratio has remained below 40% for more than a decade despite government efforts to boost domestic production of heavily imported crops such as wheat and soybeans.

Australia, Canada, France and the US have self-sufficiency ratios above 100%, whereas Germany's ratio stood at 81%, Britain's at 56% and Italy's at 51% in 2023, according to ministry estimates based on the latest available data.

Japan's self-sufficiency rate measured by production value rose 2 percentage points to 66% in the last fiscal year, helped by higher domestic prices for rice and livestock products.

The farm sector continues to face structural challenges, including an ageing workforce, a lack of successors and shrinking farmland. Dietary shifts away from rice toward meat and foods cooked with oil have also weighed on the self-sufficiency ratio.

To achieve its 45% goal, Japan plans to expand farmland for wheat and soybeans, for which it remains heavily dependent on imports, said Toshiaki Sasaki, planning director at the ministry's food security office.

The ministry will review progress toward the fiscal 2030 target later this month and consider additional measures as needed, Sasaki said.

Indonesian rubber growers bet the farm on oil palm

Indonesia's rubber plantation area fell 17% over five years; rubber output drops to projected 2mn tonnes this year; 500,000 hectares of rubber have been converted to palm oil: Association; tyre makers are reducing Indonesian sourcing as natural rubber declines

Reuters
Jakarta

Sumaryono, a 45-year-old Indonesian smallholder, risked everything three years ago when he pumped his life savings of about $2,200 into replacing his 10-hectare (25-acre) rubber plantation with oil palm trees.

Indonesia, the world's second-largest rubber supplier, accounting for 14% of global output, is seeing a wave of farmers like Sumaryono abandon rubber for palm oil in a shift that could tighten the global supply of rubber, a commodity used from automobiles to health care. "Harvesting is done twice a month, we sell the fresh fruit bunches, and get cash. It doesn't need constant daily supervision like rubber," Sumaryono told Reuters over the phone from his plantation in the Banyuasin regency of South Sumatra province, Indonesia's top rubber producing region.

Rubber is more difficult to farm than oil palm: Trees take five to seven years to generate returns and require tapping for the sticky sap every other day, which is becoming a major challenge as the number of skilled tappers has declined, said Rubber Services Singapore director Kevan Mitchell.

Agriculture ministry data shows the land area for rubber plantations in Indonesia declined 17% over the last five years, from 3.78mn hectares in 2021 to an estimated 3.13mn hectares in 2026. Production has dropped from more than 3mn metric tonnes in 2021 to a projected 2mn tonnes this year.

Arif Susanto, head of the rubber farmer association Apkarindo, said up to 500,000 hectares could have already shifted from rubber to oil palm in South Sumatra alone.

"The main trigger is simple: Prices," he added. Rubber prices, though recovering in the past two years, went into a protracted slump after hitting a record high in 2011. While palm oil prices have also been volatile, they surged to a record during the pandemic and are now getting support from biofuel mandates. "Farmers are converting because they see better returns from palm oil," said Kastolani, 63, who shifted to palm after four decades growing rubber.

He converted seven of his 11 hectares in the past two years, citing problems ranging from ageing trees to labour shortages, alongside stronger palm oil prices.

Indonesia is the world's largest producer of palm oil, and successive governments have actively promoted the industry, which now accounts for 8.3% of the country's exports and 3.5% of its GDP.

Widyantoko Sumarlin from the Indonesian Rubber Association (Gapkindo) said the shift had accelerated over the past seven to 10 years, driven largely by a surge in palm fresh fruit bunch prices while rubber prices stagnated.

Biodiesel demand was one of the factors, he added. The agriculture ministry acknowledged falling rubber prices have been a factor fuelling the switch. "The government is seeking to boost the rubber sector's competitiveness, while urging farmers to consider the long-term economic and sustainability impacts of converting plantations," said Heru Tri Widarto, secretary general of the Directorate General of Estate Crops.

The tyre industry uses around 50% of Indonesia's natural rubber. French tyre maker Michelin owns a rubber plantation in Indonesia, which feeds its local and international factories.

An expert from Michelin, who declined to be named because they were not authorised to speak to the media, said natural rubber production in Indonesia had dropped significantly over the past five years.

"The share of sourcing from Indonesia has declined due to limited availability, although the country remains a strategic and important supplier," the expert said. Indonesian SIR20 has traded at parity with, and sometimes a premium to, Thai STR20 in recent weeks, a reversal from the past year, when Thai material was consistently the pricier grade, said Farah Miller, CEO of rubber analytics firm Helixtap Technologies. Thailand is the world's top rubber producer. Therefore, buyers could have less room to substitute Thai material for the Indonesian shortfall.

The Indonesian decline has been offset by increased volumes from other regions such as West Africa. Ivory Coast has picked up some of that share, with African cargoes seeing more activity as the EU's December 2026 deforestation-regulation deadline approaches, added Miller.


A farmer taps a rubber tree during harvest in Banyuasin regency, South Sumatra province, Indonesia. The world's second-largest rubber supplier, accounting for 14% of global output, is seeing a wave of farmers abandon rubber for palm oil in a shift that could tighten the global supply of rubber.

Everybody wants energy security post Iran war, but how?

By Clyde Russell
Launceston, Australia

The lasting legacy of the Iran war will likely be a renewed impetus for energy-importing nations to lessen their dependence on fossil fuels. The big question for these countries is how to accomplish this in a cost-effective, politically acceptable way that does not create new vulnerabilities. This is no easy feat.

The debate is often framed along left- and right-wing political fault lines. Progressives typically say the conflict underscores the need to accelerate the transition to renewables and electric vehicles (EVs), while conservatives argue it shows the need to develop more fossil fuel production outside the Middle East.

The Iran war, launched by the US and Israel on February 28, has effectively closed the Strait of Hormuz. The narrow waterway previously carried close to 20% of global crude, refined products and liquefied natural gas (LNG).

Markets are still pricing in an eventual reopening of the strait, but the risks around the movement of crude and fuel from the Gulf have shifted in the past five months, as Iran is likely to end up with some form of control over vessel movements through the chokepoint.

For fuel-importing nations, the Iran war is the second crisis in four years. Russia's 2022 invasion of Ukraine caused prices for crude, fuel, LNG and thermal coal to spike globally amid fears that exports from Russia would be curtailed. The status quo is clearly no longer acceptable, so the question is how energy security can be achieved moving forward.

Australia - the world's leading diesel importer - offers a prime example of the dilemma facing fuel importers. Should the country revive its oil refining industry decades after shutting most of its plants down, or should it accelerate electrification to cut its reliance on imported fuels? The answer is complex and offers some far-reaching lessons.

Australia relies on imports for about 80% of its liquid fuel needs. Its eight refineries operating at the start of the century have been reduced to just two - both relatively small, with processing capacities of just over 100,000 barrels per day (bpd) each.

The country imported about 861,000 bpd of light and middle distillates in 2025, with diesel accounting for about 60% of that, according to data from commodity analysts Kpler. The threat of ongoing supply disruptions and sharply higher prices led Australia's government to recently announce an A$4mn ($2.8mn) pre-feasibility studyfor a new oil refinery. If built, it would be the first such plant in 60 years.

The basic plan is to build a plant in Western Australia to supply both the mining and agricultural sectors. The state, which is nearly five times the size of France but home to just 3mn people, imports around 200,000 bpd of light and middle distillates, according to Kpler.

The new refinery was proposed by fertiliser and urea maker Perdaman, which has described the plant as a "game changer for Australian fuel security." That might be true, but the question is who would pay for it.

A modern, economically viable refinery requires a capacity of at least 300,000 bpd. It would also have to be complex enough to turn crude into mainly light and middle distillates, as there is little demand for residual fuels. A similar-sized plant being built in Ghana is estimated to cost around $12bn, and would likely cost substantially more in Australia given higher labour and land charges.

Any new plant would also need crude offloading and product export capability, as well as storage tanks capable of holding 90 days of crude imports as a strategic reserve. While it's entirely possible to build such a refinery, the question is whether the cost is worth it, especially since it doesn't exactly deliver fuel security. It would instead shift reliance from imported products to imported crude.

Would it instead be better to encourage mining companies and farmers to electrify their operations? Fortescue Metals Group is doing just that,a move that Australia's third-biggest iron ore miner says is already paying dividends.

Data from clean energy website Renew Economy shows that Fortescue's adoption of electric mining vehicles and renewable electricity generation provides a net annual benefit of A$1.2bn ($840mn) over using diesel and natural gas power generation. It's not just miners and farmers that may benefit from going electric.

Australian consumers are also shifting sharply towards electric and hybrid vehicles. Sales of EVs, plug-in and so-called "mild" hybrids - which have a small battery and electric motor but can't run on electric power exclusively - came close to half of all sales for a second month in July, according to data from the Federal Chamber of Automotive Industries.

Sales of EVs more than tripled in July from the same month a year earlier, while plug-in hybrids surged 157% and mild hybrids jumped 206%, suggesting consumers are responding to fuel-security concerns.

It may sound like a contradiction, but it's possible that Australia could benefit from pursuing both paths to some degree. Despite the high costs of building a new refinery, having such a facility would offer some protection from the type of refined fuel crisis the world is currently experiencing.

At the same time, pursuing a hybrid plan could reduce the political costof the transition, providing the country time to accelerate electrification where it makes economic sense.

This strategy would acknowledge that fossil fuels are likely to be part of the energy mix for at least two more decades, while also working to lower dependence on them.

This is a lesson most energy importers will need to learn, and there are signs that this process is already underway.

For example, Vietnam is adopting policies to boost the domestic production and sales of EVs, but also electric scooters, a major shift given motorbikes are the most popular form of personal transport in the Southeast Asian nation of 102mn people.

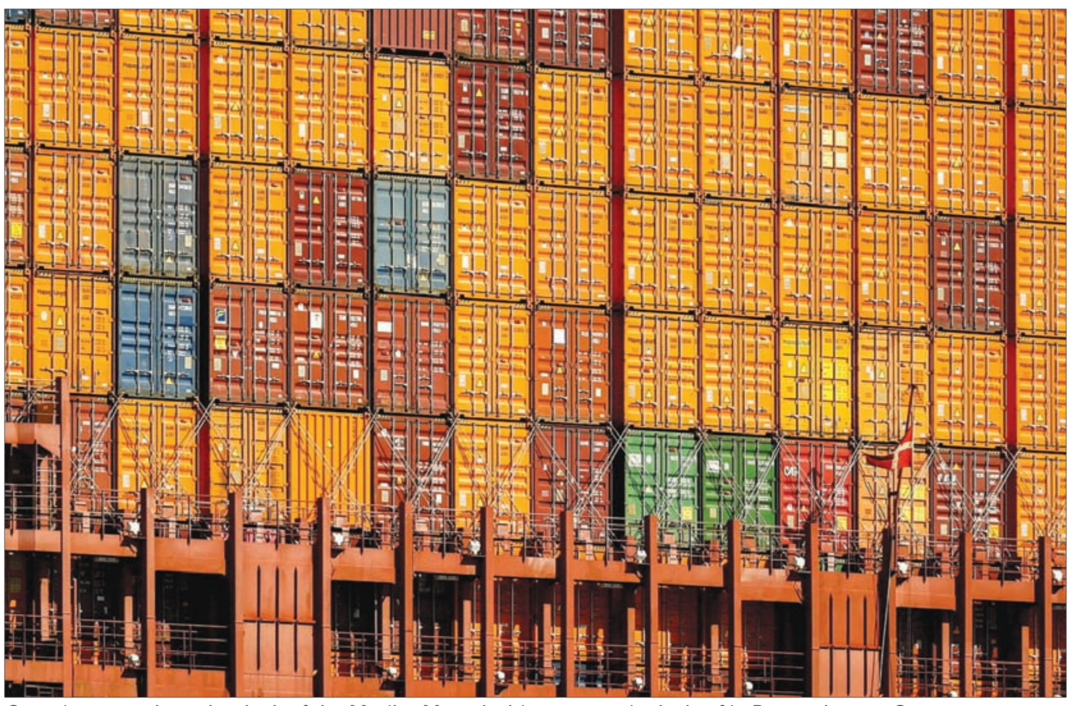
Similarly, Indonesia is targeting an all-electric bus fleet by 2045, while also promoting a shift to electric scooters and EVs, and Thailand is providing a subsidy of up to 100,000 baht ($3,020) for purchases of EVs as it is rapidly building public charging infrastructure. The answer to energy security will vary by nation, but the common theme is the need for diversification - both in where countries source their energy and the types they consume.

■ *Clyde Russell is a columnist for Reuters. The views expressed are those of the author.*

German exports, industrial output beat expectations

Industrial output up 0.2% in June, driven by automotive and transport equipment; exports rise 0.9% in June, fifth consecutive monthly increase; exports to US fall 14.2% in June, showing trade tensions impact

Reuters
Berlin



Containers stack on the deck of the Maribo Maersk ship at a terminal wharf in Bremerhaven. German exports and industrial production beat expectations in June, adding to signs that Europe's largest economy gained momentum in the second quarter, though economists warn the upturn may not prove sustainable.

German exports and industrial production beat expectations in June, adding to signs that Europe's largest economy gained momentum in the second quarter, though economists warn the upturn may not prove sustainable.

German industrial production rose 0.2% in June from the previous month, the statistics office said, above analysts' expectations for a 0.1% increase in a Reuters poll.

The increase was driven by a 3.6% month-on-month rise in automotive output and an 8.4% jump in other transport equipment production, including aircraft, ships, trains and military vehicles.

Despite higher energy prices and uncertainty linked to the Iran war, German industry has continued to recover modestly. June marked a third consecutive monthly increase, confirming that industrial output rose in the second quarter.

"This does not change the fact that industrial production is moving sideways at a low level," said Marco Wagner, senior economist at Commerzbank.

The hit to business from low water levels on the Rhine is unlikely to change that over the summer, he added.

Business surveys, including the manufacturing PMI and Ifo business climate index, improved in July, pointing to continued momentum in manufacturing in the third quarter. German industrial orders rose 3.1% in June, data showed on Thursday.

"However, don't mistake a cyclical rebound for structural improvement," said Carsten Brzeski, global head of macro at ING.

Brzeski pointed to recent Chinese trade data showing Germany's bilateral trade deficit with China widened in July, "indicating that any cyclical improvement in industry should not obscure the view of German industry's structural problems."

At the start of July, Chancellor Friedrich Merz unveiled a package of pension, tax and labour reforms to boost growth, jobs and competitiveness, aiming to address longer-term structural issues that have held back German growth for years.

But any recovery will likely be slow, Commerzbank's Wagner said. "After all, the government's planned reforms will do little to improve Germany's embattled position as a business location."

Exports rose 0.9% in June from the previous month, extending their run of gains to five months, statistics office data showed. The increase beat expectations for a 0.2% rise in a Reuters poll.

Germany exported a record €139.3bn ($160.5bn) of goods in June, the data showed.

Imports rose 4.4% from May on a calendar- and seasonally-adjusted basis. The trade surplus narrowed to €15.4bn in June from €19.3bn in May.

In the first half of 2026, exports rose 3.7% from a year earlier, while imports increased 4.4%.

"Export growth in the first half of the year is a ray of hope for the economy. However, it is too early to breathe a sigh of relief: The outlook for global trade remains bleak," said Volker Treier, head of trade at the German Chamber of Commerce (DIHK).

Calendar- and seasonally-adjusted exports to EU countries rose 1.3% in June from the previous month, while exports to countries outside the bloc increased 0.3%.

Exports to the US fell 14.2% on the month as President Donald Trump's tariff and other policies continue to create uncertainty for German exporters.

Against that backdrop, the DIHK called on the EU to strike additional trade agreements with countries such as Thailand, Malaysia and the Philippines to help companies diversify supply chains and expand into new markets.

Canada adds 75,000 jobs in July

AFP
Toronto

Canada's economy added 75,000 jobs in July, bringing the unemployment rate down to 6.4% -- its lowest level in two years -- as the economy adapts to US tariffs, data showed Friday.

Statistics Canada said hiring was split between full-time and part-time work and was spread across industries, from finance to construction.

The jobs numbers far exceeded analyst expectations, which forecast roughly 20,000 new jobs, and reinforces the Bank of Canada's view that businesses are better responding to US President Donald Trump's trade restrictions.

It was also a noted contrast to the United States, which reported a July job loss of 23,000 jobs on Friday, significantly below analyst estimates.

"The labour market is showing clear signs of recovery," TD Bank said in a note responding to the Canadian jobs figures, predicting that unemployment would continue to nudge downward through the rest of the year.

But it cautioned that "downside risks to the economy remain," highlighting Trump's new threat to impose 50 percent tariffs on select Canadian goods on August 19.

Prime Minister Mark Carney said this week that his government was working with Washington to avert those new levies while seeking a deal on a revised North American free trade agreement.

Trump signed and praised the deal, known as the USMCA, during his first term but now says it doesn't serves US interests and wants it overhauled.

Trump's tariffs have breached key parts of the USMCA, but most US-Canada trade remains tariff-free.

RBC said the USMCA "continues to backstop" Canadian exports to the United States, but a broad collapse in bilateral free trade would upend the Canadian economy.

Morgan Stanley hires BofA's Kweskin

Reuters
New York

Morgan Stanley has hired diversified industries banker Adam Kweskin to join its Global Industrials Investment Banking Group, according to a person familiar with the matter. Kweskin, who most recently was a managing director in Bank of America's industrials investment banking business, will cover diversified industries with a focus on the water ecosystem and will be based in New York, the person said, declining to be named as the information is not public.

Morgan Stanley declined to comment, and Reuters could not determine Kweskin's new title.

Kweskin's departure follows a string of senior exits from Bank of America's investment banking division this year, including business services banker Brian Henderson, activism defense specialist Amy Lissauer, technology banker Rohan Sen and technology executive Ed Liu. Bank of America said it has hired more than 40 managing directors this year, including Jason Rowe from Goldman Sachs, who is joining as co-head of technology investment banking and Gary Kirkham from Centerview Partners, who is joining as vice chairman of Global Corporate and Investment Banking.

Morgan Stanley earlier hired Sam Jackson from Jefferies to lead coverage of building products and Emma Taylor as co-head of global internet banking.

The firm has also named Mélanie Flouquet global head of luxury goods in Paris and hired former Citigroup banker Niall Cannon as a senior investment banker focused on software.

Sterling inches lower as markets focus on Mideast developments

Reuters
London

The British pound edged lower against both the euro and US dollar on Friday, with markets weighing talks, and escalations, in the Middle East and awaiting the closely watched monthly US payrolls report due later in the day.

Sterling was 0.1% lower against the dollar at $1.3438. Against the euro, the pound was similarly lower at 85.76 pence.

Investors were cautious about diplomatic efforts to end the Iran war and reopen the crucial Strait of Hormuz, especially as tensions flared up again in the Middle East.

An attack by Yemen's Houthis on southern Saudi Arabia wounded 11 civilians on Thursday, a military official said, as the kingdom warned that coordinated attacks by the Houthis and Iran-backed Iraqi militias were imminent.

Brent crude futures were last slightly lower on the day at $82.16 per barrel.

Elsewhere, US non-farm payrolls are forecast to have risen by 80,000 last month after an increase of 57,000 in June, according to a Reuters survey of economists. The data could provide clues about the Federal Reserve's interest rate path ahead as markets are weighing the chance of a potential interest rate hike. Domestic catalysts for Sterling are meanwhile few and far between.

"The next big sterling catalyst that we are looking for is actually that everything else in the world calms down.

When that happens, what we tend to see is attention switches back to some of the UK fiscal concerns," Nick Rees, head of macro research at Monex Europe, said.

"If Middle East tensions can cool once we're through payrolls, then we think attention can turn back to some of these UK fundamentals, which aren't good for the pound," he said.

Investors next week will also get fresh UK economic data, with a gross domestic product reading for both the second quarter and the month of June due Thursday. The data could provide hints about how the economy has fared throughout the Iran war so far.

Last week, the Bank of England kept interest rates on hold, noting that it needed more time for a sense of how much the war in the Middle East would push up inflation. Investors were last pricing in around 25 basis points of tightening by year-end, and were not fully pricing in a rate hike until the BoE's February 2027 meeting.

STOXX 600 ends week at all-time high

Reuters
Frankfurt

The German share price index DAX graph is pictured at the stock exchange in Frankfurt. The STOXX 600 closed 0.3% higher, reaching a record 660.25 points and marking a fourth consecutive weekly advance.

Europe's STOXX 600 rallied to a fourth consecutive record close on Friday, led by technology stocks and a largely positive slate of corporate earnings, while softer US jobs data further supported sentiment.

The pan-European STOXX 600 closed 0.3% higher, reaching a record 660.25 points and marking a fourth consecutive weekly advance.

Markets capped a busy earnings week that pushed the benchmark to multiple record highs, while expectations of a potential US-Iran agreement also supported sentiment throughout the week.

Technology shares added 1.9% in the session, tracking gains from Wall Street, and were the best performing sector on the STOXX 600 this week. Investors parsed the US non-farm payrolls report that showed the world's largest economy surprisingly shed jobs last month, reducing the perceived chance of an interest rate hike by the Federal Reserve in September.

"I don't think there's one reason behind this rally in European markets. All today's payrolls number has done is basically given it an extra boost," said Michael Hewson, senior market analyst at iForex.

Healthcare stocks rose 1.2%. Genmab jumped 6.5% after the cancer drugmaker reported higher first-half revenue and raised its full-year outlook.

Novo Nordisk and Abivax gained 3.9% and 3.5%, respectively. Companies in the STOXX 600 are now expected to report second-quarter earnings growth of more than 22%, the strongest since the third quarter of 2022, according to data compiled by LSEG.

"Overall, the reporting season reinforces the view that European corporate fundamentals remain healthy, particularly among higher-quality investment-grade issuers," said Gordon Kerr, European macro strategist at KBRA.

"However, markets are becoming increasingly selective as elevated valuations leave less room for disappointment." Kingspan surged 17.8% after results, topping the STOXX 600 gainers, as the building materials firm raised its profit forecast on booming data centre demand.

Czech defence firm CSG fell 8% despite reporting first-half revenue above expectations. Miners added 0.3%, lifted by firmer prices of precious and base metals.