LIQUIDITY MOVE | Page 4

Pakistan plans fund to stabilise stock market

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BUSINESS

TRADE WAR: Page 12

US may scale back Huawei trade restrictions to help existing customers

Demand growth, clean energy properties motivate Qatar to boost LNG output capacity: QNB

Strong growth in LNG demand and its role in supporting the transition to a low-carbon energy system is what motivates Qatar to expand its LNG production capacity, QNB has said in an economic commentary.

This increase in capacity will require huge investments in both onshore and offshore facilities, including the construction of four new LNG mega trains to process the gas. The increase will boost Qatar's LNG capacity from 77mn tonnes per year currently to 110mn tonnes, QNB said.

Beyond the direct impact on hydrocarbon GDP, this new investment phase, which should begin from 2020 onwards, will generate "substantial multiplier effects" for the wider economy. Qatar's increase in LNG production will also help the environment. In addition to lower CO_2 emissions, LNG has low particle emissions, low nitrogen oxide emissions and is low in sulphur emissions, making it a "much cleaner" energy source that causes "less air pollution" than any other fossil fuel.

"The concept of environmental sustainability is becoming more prominent in both Qatar's public and private sectors. This has prompted the development of new initiatives in several state-owned and private companies. As a major fossil fuel exporter and one of the wealthiest countries in the world, Qatar is seeking to do its fair share by reducing domestic greenhouse gas emissions and developing climate adaptation plans," QNB said.

Policymakers face a difficult challenge: how to satisfy the world's increasing demand for energy, while at the same time attempting to reduce greenhouse gas "emissions".

Success requires a transition to a low-carbon energy system, which makes much greater use of renewable energy and is less dependent on burning fossil fuels. Ambitious targets to limit emissions were set out in the 2016 Paris Agreement, but it's far from being on-track to meet these targets, QNB said.

QNB has used BP's evolving transition scenario to help explain the main drivers of emissions. The scenario assumes that "government policies, technology and social preferences continue to evolve in a manner and speed seen over the recent past".

BP foresees the change in emissions between 2017 and 2040 into three drivers: economic growth (GDP); the energy intensity of GDP; and the carbon intensity of energy.

World population is expected to increase by over 20% to 9.2bn in 2040. More people means more demand for energy, putting upward pressure on emissions.

In addition, average income per person is expected to increase substantially as well and people consumer more energy as they get richer. Combined, these two drivers see global GDP more than doubling by 2040.

The impact of economic growth on emissions is simple. Setting aside changes in energy efficiency for now, and if nothing else changes, then when the economy doubles in size emissions would also double.

"In principle, we could reduce emissions by reducing the size of the economy. However, this would go against the drive to reduce poverty and provide employment to billions of people in low income countries. So, we need to look for smarter ways to reduce emissions," QNB said.

"The next way that we can reduce emissions is to reduce the energy intensity of the economy, otherwise known as improving energy efficiency. This is a great way to reduce emissions," QNB said.

Many potential investments in energy efficiency reduce costs sufficiently that, after a period of time, they will have paid for themselves. Fortunately, some types of investment in energy efficiency are so attractive that they make sense on a stand-alone basis.

This file photo taken on February 6, 2017 shows a part of the Ras Laffan Industrial City, Qatar's principal site for production of liquefied natural gas and gas-to-liquids. The increase in Qatar's LNG output capacity will require huge investments in both onshore and offshore facilities, including the construction of four new LNG mega trains to process the gas, according to a QNB report.

For example, almost all new vehicles and buildings now come with LED lighting. Unfortunately, although positive, the rate of return on some energy efficiency investments is not always high enough to encourage people to undertake them alone, given the cost of capital and implementation risks of such projects.

So, government policy, including regulation and subsidies, is needed to encourage some investments in energy efficiency. For example, the UK government subsidises the cost of home insulation, which significantly improves energy efficiency, but is too expensive for low-income households to consider without the subsidy. Although energy efficiency is improving all the time, it is unable to keep pace with energy demand growth, particularly in emerging and developing countries. So, we still need to consider other ways to reduce emissions, QNB said.

The final way that we can reduce emissions is by reducing the carbon intensity of energy. The most obvious example of this is by increasing our use of "renewable" sources of energy (wind, solar, hydro and geothermal). These sources of energy have always had a place in some niche applications, but a strong push from policy over the past decade has combined with technological progress to reduce the costs significantly.

Renewable energy is now cost competitive with producing electricity from fossil fuels in many more circumstances. For example, the cost of producing electricity using solar panels has fallen by 73% since 2010.

Energy demand is much higher during the winter than the summer in most major energy consuming countries in the northern hemisphere. However, renewables, particularly solar, produce more energy in the summer than the winter.

So, fossil fuels are still required to balance energy demand as a compliment to renewables. Emissions from producing electricity with natural gas are more than 50% lower than from burning coal. Therefore, natural gas and LNG will benefit from continued strong growth in global energy demand, despite the shift away from coal, QNB said.

Workshop held on anti-money laundering and combating terrorist financing

Travelex Qatar, a subsidiary of British foreign exchange company Travelex, held a one-day workshop on effective implementation of RBA (Risk-Based Approach) for AML (Anti-Money Laundering) and CTF (Combating Terrorist Financing).

The industry-wide discussion at the workshop covered money exchange and transfer space's fast-evolving compliance developments, immediate threats, and long-term challenges and opportunities.

The workshop took place at Marsa Malaz Kempinski, The Pearl, gathering representatives from the Qatar Central Bank, Travelex, and money exchange houses in Qatar.

Tom Fane, managing director, Travelex Middle East and Turkey, said: "It is the unfortunate reality of our world that politically motivated and illicit trade flows and transactions, as well as those channelled through the 'informal' financial system both onshore and offshore, have grown to unprecedented levels in the past decade. The urgency and importance of this programme, for which we are delighted and privileged to have partnered with the QCB, cannot be overstated."

In recent years, regulatory authorities, banking and finance institutions, and tech providers have been sounding the alarm on the perils of an increasingly decentralised financial system, particularly as it continues to outpace policymaking and market readiness.

In 2018 alone, six of the world's leading financial groups spent nearly $20bn in fines and dispute settlements involving corruption and failure to comply with AML/CFT best practice and preventive measures.

Shedding light on nationwide developments on this front, Ali Sultan al-Sulaiti, the QCB's director, AML/CFT Department, assured that Qatar is pouring its efforts and making steadfast progress into combating and limiting the damages incurred by financial crime, money laundering, and terrorism financing transactions.

"As the backbone of the country's surveillance and supervisory framework for financial institutions, QCB has adopted many risk management tools and processes to this end, chief among which are those falling under RBA."

Al-Sulaiti noted, RBA is a global mandate for nations, authorities, and bodies over the world to abide and work by, and naturally so in alignment with their market-specific goals and monitoring systems. As such, RBA has become an integral operational pillar for international institutions, the QCB, and the Qatari banking sector.

The AML/CFT onus is not one to be shouldered by a single administration, authority, or organisational level within financial institutions, he added, but rather, on the collective responsibility and efforts of the industry, from the top of the institutional hierarchy, down to the daily customer-facing operations.

Doha Bank receives major awards at 'The Bizz Europe 2019' event

Doha Bank received 'The Bizz Award' at 'The Bizz Europe 2019' event held in Amsterdam recently.

The bank was presented with the 'GLORY trophy", one of the highest distinctions given by WORLDCOB. The award recognises the career and steady growth of leading companies, Doha Bank said. On the award, Dr R Seetharaman, Doha Bank CEO, said, "Doha Bank has built a reputation as an innovative bank in Qatar and has leveraged on technology to provide better solutions to its customers".

Seetharaman was honoured with the "World Leader in Finance" award at the same function, which was attended by many diplomats from various countries. The award was given for his "professional achievements" in the finance sector in the region.

The Doha bank CEO was also the keynote speaker at the event, where he shared insights on various global scenarios.

He said, "According to the IMF April 2019 report, global growth is now projected at 3.3% for this year, whereas growth in advanced economies is projected at 1.8%. The emerging market and developing economy group growth is expected to be at 4.4% in 2019. A further escalation of trade tensions and the associated increases in policy uncertainty could further weaken growth."

He also gave insights into the sustainable development goals and the wider global economy.

Dr Seetharaman at the 'The Bizz Europe 2019' event held in Amsterdam.

He said "G20 countries, which account for 85% of global GDP and 80% of CO_2 emissions, should adopt a combination of pro-growth and pro-environment policies in developing their overall growth and development strategies.

The top four emitters in global green emissions include China, US, European Union and India. Climate mitigation policies, including carbon pricing, fossil fuel subsidy reform, smart regulations and the use of public procurement need to be strengthened to help drive low-carbon innovation.

Seetharaman also touched on trends in technology and said," The fourth industrial revolution combines advanced technologies in innovative ways, dramatically reshaping the way people live, work and relate to one another. Various industries are getting redefined, the health sector can be reimagined, the work space is undergoing changes, robotics and artificial intelligence are going to play important roles and the customer will be more empowered in the digital environment.

"Banks need to manage the change by redefining their business models and to manage various stake holders such as customers, regulator and shareholders. The question which comes up is how we regulate technology companies. Customers are information centric and not location centric."

GWC lifts 180-tonne auxiliary boiler for Qafco at Mesaieed Port

Leading logistics provider GWC recently completed the transport of a 180-tonne auxiliary boiler on behalf of Qatar Fertiliser Company (Qafco), shipping it from Italy through to Mesaieed Port to the client location.

With a mass of nearly 740 cubic metres (dimensions: 10.90 x 7.22 x 9.36 metres), the boiler is a highly delicate piece of machinery despite its large size, GWC said.

After careful planning and co-ordination, the company performed the lift at Mesaieed port, placing it on a specialised trailer, and then transporting it through a pre-plotted course after completing clearance for the shipment, the logistics provider said.

The Project Logistics department has gained extensive experience in planning and procurement, making GWC the "front-runner" in providing turnkey project logistics solutions.

The company said its specialised single-point control system allows for full co-ordination of the project from source to destination, offering 24/7 online tracking of the cargo. A risk management team oversees operations to assure safety compliance is being adhered to at every step.

This continued standard of reliability has made GWC the provider of the choice for the oil and gas, energy and water desalination sectors, as well as the support for offshore provision companies, among many more.

"We are proud of this achievement and for delivering our clients' requirements seamlessly," said GWC group CEO Ranjeev Menon. GWC's abilities and experience in handling the movement of over-sized cargos have engendered trust in the industry for handling even the biggest machinery, positioning us as the provider of choice for these services," he added.

GWC's vast experience in project logistics and heavy lifts have allowed for the safe and timely transport of Qafco's cargo, overcoming challenges and difficulties throughout.

Menon: Provider of choice.

GWC recently completed the transport of a 180-tonne auxiliary boiler on behalf of Qatar Fertiliser Company, shipping it from Italy through to Mesaieed Port to the client location

Iran crude exports slide to 500,000 bpd or less, say sources

Iran changes tactics, destinations on oil exports, maritime official says

Iran has adopted new tactics and new destinations in shipping its oil exports following the re-imposition of US sanctions, a senior Iranian maritime official was quoted as saying yesterday by the semi-official ILNA news agency.

"The Oil Ministry's tactics in exporting oil and petroleum products have changed,...and perhaps the destinations of oil cargoes from our ports have changed," Hadi Haqshenas, maritime affairs deputy director at Iran's Ports and Maritime Organization, told ILNA. Haqshenas gave no details of the new tactics or destinations.

Iranian crude oil exports have fallen in May to 500,000 bpd or lower, tanker data showed and industry sources said, after the US tightened the screws on Tehran's main source of income, deepening global supply losses.

Reuters
London

Iranian crude oil exports have fallen in May to 500,000 barrels per day (bpd) or lower, tanker data showed and industry sources said, after the US tightened the screws on Tehran's main source of income, deepening global supply losses.

The US reimposed sanctions on Iran in November after pulling out of a 2015 nuclear accord between Tehran and six world powers.

Aiming to cut Iran's sales to zero, Washington this month ended sanctions waivers importers of Iranian oil.

Iran has nonetheless sent abroad between 250,000 bpd and 500,000 bpd of oil so far in May, according to two industry sources who track the flows.

Data from Refinitiv Eikon put crude shipments at about 250,000 bpd and exports of crude and condensate, a light oil, at about 400,000 bpd.

The bulk of the crude is heading for Asia, the industry sources said.

It is unclear who is buying and whether the oil is heading to end-users or storage.

An Iranian official declined to comment on the export rate.

"The destinations are essentially India and China," one of the industry sources, who declined to be identified, said. "No more to Europe or to Turkey."

Iran's exports have more than halved since April, when Iran shipped less than 1mn bpd.

They are also less than a fifth of the more than 2.5mn bpd that Iran shipped in April 2018, the month before President Donald Trump withdrew the US from the nuclear deal.

Iranian exports have become more opaque since US sanctions returned in November. Tehran no longer reports its production figures to the Organisation of the Petroleum Exporting Countries (Opec) and there is no definitive information on exports.

Some of Iran's oil exports are already under the radar, making it harder to assess volumes.

Crude exports of 500,000 bpd would be towards the lower end of expectations, based on comments this month from an Iranian official and an Opec delegate.

The Iranian official, who is familiar with oil policy, had forecast exports could drop to 700,000 bpd but possibly as low as 500,000 bpd.

The Opec source said they are likely to continue at about 400,000 bpd to 600,000 bpd.

Some analysts expect May shipments to be even less.

Sara Vakhshouri, of consultancy SVB Energy International, expected exports between 200,000 bpd and 550,000 bpd.

"Iran already has plenty of stored oil and condensate in China," she said. "So we don't expect a significant shipment of oil in the month of May."

Exxon evacuates foreign staff from Iraqi oilfield

Reuters
Basra

Exxon Mobil has evacuated all of its foreign staff, around 60 people, from Iraq's West Qurna 1 oilfield and is flying them out to Dubai, a senior Iraqi official and three other sources told Reuters yesterday.

The evacuation came just days after the US withdrew non-essential staff from its embassy in Baghdad, citing a threat from neighbouring Iran.

Production at the oilfield was not affected by the evacuation and work is continuing normally, overseen by Iraqi engineers, said the chief of Iraq's state-owned South Oil Company which owns the oil field, Ihsan Abdul Jabbar.

He added that production remains at 440,000 bpd.

"Exxon Mobil's evacuation is a precautionary and temporary measure. We have no indication over any dangers, the situation is secure and very stable at the oilfield which is running at full capacity and producing 440,000 bpd," he said.

"The foreign engineers will provide advice and perform their duties from the company's Dubai offices and we have no concerns at all," Jabbar said, adding that production is managed by Iraqi engineers and the foreign staff were there mainly as advisers.

Exxon Mobil is the lead contractor in a long-term deal with Iraq's South Oil Company to develop and rehabilitate the oil field to increase its production.

Exxon declined to confirm the evacuation.

"As a matter of practice, we don't share specifics related to operational staffing at our facilities," said spokeswoman Julie King. "ExxonMobil has programmes and measures in place to provide security to protect its people, operations and facilities. We are committed to ensuring the safety of our employees and contractors at all of our facilities around the world."

Exxon Mobil's staff were evacuated in several phases late on Friday and early on Saturday, either straight to Dubai or to the main camp housing foreign oil company employees in Basra province.

Those in the camp were en route to the airport yesterday morning, sources – including an employee at a security company contracted by Exxon – said.

"Last night (Friday) 28 employees were evacuated to the airport and the rest were sent to the camp.

This morning (Saturday) they were evacuated to the airport and no (foreign) staff remain in the field," said a private security company official who oversaw the evacuation.

Workers of South Oil Company (SOC) adjust a valve at the Rumaila oilfield in Basra Province (file). Exxon Mobil has evacuated all of its foreign staff, around 60 people, from Iraq's West Qurna 1 oilfield and is flying them out to Dubai, a senior Iraqi official and three other sources told Reuters yesterday.

Iraq sent an official letter to Exxon asking about the work hours of staff in Dubai and when they would return to the oilfield, because their absence affects costs and salaries, Abdul Jabbar said in an interview.

"There are over 1,700 people working in the oilfield, 1,300 are South Oil Company staff and 400 are Iraqis working with foreign companies. Only around 60 people have left and they're all advisors, administrators and finance staff."

Days of sabre rattling between Washington and Tehran have heightened tensions in the region amid concerns about a potential US-Iran conflict.

Washington has increased economic sanctions and said it was building up its military presence in the region, accusing Iran of threats to US troops and interests.

Tehran has described those steps as "psychological warfare" and a "political game."

Separately, Abdul Jabbar said that Iraq's oil exports from its southern ports had reached 3.5mn bpd by Saturday.

Iraq says oil and gas output isn't affected by Exxon evacuation

Bloomberg
Baghdad

The evacuation of some Exxon Mobil Corp workers from southern Iraq hasn't affected output there or at other oil and gas fields, according the country's energy minister.

Iraq's Oil Minister Thamir Ghadhban said in an interview that Exxon pulled about 80 people from the country, and oil and gas output continues unabated. "No single personnel from other foreign companies withdrew," he said.

Exxon's decision to pull staff is "precautionary and temporary," said Abdul Jabbar Abbas Mohammed, who heads the operations committee of West Qurna-1 field which is operated in partnership with the US company. The field is producing between 450,000 to 480,000 bpd and is operated by the Iraqi engineers, he said.

The US ordered its non-emergency government staff to leave Iraq this week amid increasing Middle East tensions that American officials are blaming on Iran. Attacks on energy facilities, including a Saudi Arabian pipeline and several vessels including Saudi oil tankers, as well as a US military buildup, are raising fears that the region may be heading toward another conflict.

"For us, there is no reason calling them to withdraw," Ghadhban said, referring to Exxon. Lukoil PJSC, BP Plc and Italy's Eni SpA work in nearby fields including West Qurna-2, Rumaila and Zubair. "The region, south of Iraq, is all secured and peaceful. Work is going on without any halt."

Basrah Gas Co, which operates a major gas field in southern Iraq in partnership with Royal Dutch Shell Plc, also hasn't made staff changes due to the regional tensions.

"So far there is no intention for Shell to withdraw," Shaalan al-Darraji, spokesman for state-run Basrah Gas, said in an interview.

Turkey economy bill doesn't allow treasury to tap reserves

Bloomberg
Ankara

Turkey's ruling party held back from proposing a law allowing the treasury access to the central bank's reserves, amid speculation the country would need to resort to such a move to help finance its deficit. The lira erased losses.

The AK Party sent a bill to parliament on Friday aimed at addressing economic issues, according to an official with direct knowledge of the proposal's contents. The draft doesn't include a legislative change that would have enabled the monetary policy authority to finance spending through use of so-called reserve funds, the official said, asking not to be identified.

Reports earlier this week about the government's plans to allow the treasury access to about 40bn liras ($6.6bn) of central bank reserves amplified worries over the country's fiscal standing.

Concerns that fiscal discipline isn't a priority have hit the lira, which has already weakened nearly 13% this year, making it the worst performer in emerging markets after the Argentine Peso.

The currency trimmed losses on news that the proposal was sent to the parliament and was trading little changed at 6.0469 per dollar at 4.32pm on Friday in Istanbul.

The AK Party suffered a defeat in municipal elections in March, and is now campaigning to win a revote in Istanbul. Authorities had nullified the opposition's win in the country's largest city, supporting the accusations that the vote was tainted by widespread irregularities.

A spokesman for the ruling party's group at the parliament wasn't immediately available for comment.

Libya oil output rises to about 1.3mn bpd amid risk of clashes

A general view of an oil facility in the northern oil rich Libyan town of Al-Buraqah (file). The North African country descended into another round of violence after eastern military strongman Khalifa Haftar launched an offensive to capture the capital Tripoli, ignoring a plea by the UN for a ceasefire.

Bloomberg
Jeddah

Libya's crude oil production rose to about 1.3mn bpd, but if armed clashes persist in the country, most of its output will be at risk, the chairman of the state energy company said.

Fighting among various factions in the country will create a power vacuum which will eventually be filled by extremist groups, including Islamic State militants, according to Mustafa Sanalla, chairman of the National Oil Corp.

"If the situation continues like this, I am afraid that maybe 95% of the production will be lost," Sanalla told reporters in of Jeddah. Islamic State militants have recently led an attack near the Al-Zella oil field, he said.

Libya's oil output was 1.26mn bpd in March, Sanalla wrote in a Bloomberg Opinion column earlier this month.

The North African country descended into another round of violence after eastern military strongman Khalifa Haftar launched an offensive to capture the capital Tripoli, ignoring a plea by the UN for a ceasefire.

Militias backing the UN-backed government in Tripoli in the west have put up stiff resistance.

From cars to telecom, obstacles mount as Trump turns screws

Bloomberg
Paris

As if companies didn't have enough to worry about, they now must contend with rising pressure from the US on auto imports and the backlash of 5G telecommunications regulation.
In the latest salvos in widening trade hostilities, President Donald Trump gave European and Japanese car manufacturers six months to curb exports to the US and bore down harder on China, barring sales from firms deemed a security risk and threatening to blacklist Huawei Technologies Co from component purchases.
Companies around the world were already struggling against a tide of trade impediments and renewed doubts on the health of the economy. Chinese industrial output slowed more than economists had forecast in April, while US production unexpectedly fell. Bundesbank President Jens Weidmann warned on Thursday that the escalating trade dispute threatens to add "poison" to the world's economy.
The US trade stance "is adding a layer of complexity to corporates that's proving very hard to read," said David Page, senior economist at Axa Investment Managers in London. Companies "are finding planning over long-term horizons and business investment very difficult."
Trump will give the European Union and Japan 180 days to agree to a deal that would "limit or restrict" imports into the US of automobiles and their parts in return for delaying new auto tariffs, according to a draft executive order seen by Bloomberg.
The administration has determined that imports of cars present a threat to national security by hurting domestic producers and their ability to invest in new technologies, the document shows. People familiar with the matter say Trump is expected to sign the order this week.
The timing couldn't be worse: Carmakers already are dealing with slumping sales in China, the world's biggest auto market, intensifying global competition and enormous outlays to develop electric vehicles and self-driving technology.
Europe's Stoxx 600 Automobiles & Parts Index fell as much as 1.8% Thursday.
Jaguar Land Rover Automotive Plc's China sales fell more than one-third in the nine months through December, and have continued to slide, the company said on Wednesday. The Sino-US trade war exacerbated the decline, said chief executive officer Ralf Speth, adding that he hoped the "geopolitical issues between America and China can be resolved quickly."
Koji Ikeya, chief financial officer of Mitsubishi Motors Corp said on a conference call last week that trade friction between the US and China, as well as between the US and Europe, were among the main factors affecting the global auto industry.
In February, Toyota Motor Corp president Akio Toyoda, in his capacity as chairman of the Japan Automobile Manufacturers Association, urged Trump to make a "careful and appropriate decision," saying imported vehicles don't threaten US national security. Toyota has increased US investment in response to the tariff threats, adding about $3bn to a multiyear plan. Ultimately, increased tariffs are bound to lead to higher prices for consumers.
At Walmart Inc, many products have escaped the stiffest levies so far, and first-quarter results were still strong. But the prospect of more tariffs on Chinese goods could hit them directly, leaving the company and other retailers with the choice between raising prices, or sacrificing profitability.
"We will do everything we can to keep prices low, but increased tariffs lead to increased prices," chief financial officer Brett Biggs said in an interview on Thursday. "It's very item- and category-specific. There are some places where as we get tariffs, we will take prices up."
Shifting sourcing "is one of a number of actions that our merchants are considering."
The comments echoed those of department-store chain Macy's Inc.
"It is hard to do the math to find a path that gets you to a place where you don't have a customer impact," CEO Jeff Gennette said on an earnings call on Wednesday, describing the impact of the US-China trade negotiations as a "stay tuned" situation. The tariffs have already sparked an "inflationary environment," according to Del Monte Foods Inc CEO Greg Longstreet. Levies on steel and aluminium imports caused canned costs to spike 25%, he said in an interview, while transportation costs and a tight labour market are also driving up prices.
The telecom industry, too, faces a global threat. If Trump bans Huawei from purchasing essential components, the impact would be felt far beyond China's largest technology company. It could depress the business of American chip manufacturers from Qualcomm Inc to Micron Technology Inc, and potentially disrupt the rollout of 5G wireless networks around the world.
Shares of both companies slumped in early US trading.
In Asia, shares of Huawei suppliers, including Sunny Optical Technology Groupand AAC Technologies Holdings Inc, tanked on Thursday. But US-based suppliers could take a hit, too: Huawei has said it devotes about one-third of its budget – some $11bn annually – to the acquisition of American components. It counts 33 US companies among its top 92 suppliers.

The Chery Jaguar Land Rover Automotive Co's plant stands in Changshu, China (file). Jaguar Land Rover's China sales fell more than one-third in the nine months through December, and have continued to slide, the company said on Wednesday. The Sino-US trade war exacerbated the decline, said chief executive officer Ralf Speth, adding that he hoped the "geopolitical issues between America and China can be resolved quickly."

Bloomberg QuickTake Q&A

How the US-china trade war got to this point

By Enda Curran and Andrew Mayeda
Hong Kong/Washington

For months, it appeared a December truce in the trade war between the world's two biggest economies would clear the way for handshakes and announcement of a resolution. Instead, the US and China are escalating a tariffs feud that has shaken the world economy and caused companies to reconfigure supply chains. Even before US President Donald Trump ratcheted up tariffs on Chinese goods, and China vowed to retaliate, the International Monetary Fund was warning that the global economy is vulnerable to trade tensions.

1. What's changed?

The Trump administration hiked tariffs on $200bn of Chinese goods to 25% from 10% on May 10. China, under President Xi Jinping, responded by announcing it would raise duties on 2,493 US products to 25%. Next, Trump may act on a threat to slap duties on all goods imported from China that had been exempted from tariffs until now. US officials contend that China backed away from commitments it made at the negotiating table by baulking at the prospect of changing Chinese laws to solidify the reforms the Trump administration had been pushing. For its part, Beijing is accusing the US of reneging on a pledge not to raise tariffs further while talks were going on.

2. Who pays these tariffs?

Trump maintains the US Treasury is "taking in $100bn a year" in tariffs on Chinese imports. (According to an estimate by the Congressional Budget Office, it will be $74bn in 2019, compared with $41bn in 2018.) Trump also says the cost is "mostly borne by China," but that's misleading. The US importer of record – a middleman – is responsible for actually paying the tariff when a product lands onshore. The importer might choose to bear the higher cost directly, or to pass it along to a wholesaler, who might pass it to a retailer, who might raise the price charged to American consumers. In those cases, Americans pay. Or the Chinese producer may lower the original price to make up for the increased duty, keeping the cost to the end buyer stable. In some cases, the Chinese producer might shift production outside China to avoid the tariffs completely. In the latter cases, the economic repercussions would be felt in China.

3. Where do negotiations stand?

Differences remain on US demands for structural change to the heavy involvement of the state in China's economy. Chinese officials are said to want the US to remove its tariffs as a condition of any deal. There have been some positive steps: China agreed in principle to increase imports of US agricultural products, along with energy, industrial products and services, as part of a path to eliminate its imbalance in trade with the US.
But the US is said to be frustrated with what it considers to be China's backpedalling, including on the crucial matter of forcing foreign companies to hand over technology. (China has denied it requires such transfers.) Broader protection of intellectual property is a prime US concern. China in March passed a new foreign investment law it said would deal with some of those issues. Trump says he wants "strong enforcement language" to police any deal.

4. Why are we in a trade war?

Trump points to the large US trade deficit, the difference between imports and exports, as a symbol of a declining manufacturing base and the loss of American might. He has said that any economic pain from tariffs or retaliatory duties imposed by other countries will be outweighed by the long-term benefits from new trade deals. In addition to goods from China, he's imposed tariffs (which act like a tax on imports) on steel and aluminium from allies including Canada, Mexico and the European Union. But the fight is also about who gets to set the rules for the global economy of the future. The widening US government crackdown on Huawei Technologies Co, a Chinese telecommunications giant, underscores a deepening strategic competition that will persist beyond the trade war.

5. What's been the impact of the trade war?

Investors and executives routinely say it's hurt business confidence and upended supply chains. Apple, Starbucks, Volkswagen and FedEx are among companies that cited a slowing Chinese economy in their outlooks. More than 400 publicly traded Chinese companies warned on their earnings. The IMF, cutting its forecast for the world economy for the third time in six months due in part to trade tensions, said in April that global growth would be 3.3% in 2019, which would be the weakest since 2009. Meanwhile the US trade deficit widened in 2018 to a 10-year high of $621bn, partly because the stronger dollar made US exports pricier.

6. How has the conflict been felt in the US?

American shoppers have been mostly insulated, because inflation remains tame and the tariffs until now haven't hit staples such as clothing, footwear and toys. But a January report by Bank of America Corp analysts said any escalation of the trade war "would be much more painful" for the US, and Goldman Sachs Group Inc economists said after the latest escalation that the "costs of the tariffs have fallen entirely on US businesses and households." Trump is holding tight to his view that the trade war is helping the US economy, and he points to recent evidence supporting that view. A better-than-expected first reading of US gross domestic product in the first quarter had the economy growing at an annual 3.2%, in part because of a full percentage point boost from net exports. And employment data showed the US added 263,000 jobs in April.

7. How has it been felt in China?

China's growth has been slowing in recent years, a weakness that US officials sought to leverage in their push for a trade agreement. But the economy rebounded through the first quarter of 2019, offering the government there more room for manoeuvre. Authorities in Beijing have already promised almost $300bn of tax cuts to stoke growth and are said to be considering stimulus measures to bolster sales of cars and appliances. Bloomberg Economics calculates tariffs at 10% add up to a 0.5 percentage-point drag on China's growth this year. The increase to 25% on $200bn in Chinese exports would raise the drag to 0.9 percentage point. Tariffs on all of China's exports to the US would lift the burden to 1.5 percentage point.

Gas prices likely to go up in Pakistan on rupee depreciation

Internews
Islamabad

The gas prices in Punjab and Khyber-Pakhtunkhwa may further increase by 47%, while in Sindh and Balochistan by 28% from the next fiscal year (July 1, 2019) due to the depreciation of the rupee against the dollar.

The Oil and Gas Regulatory Authority (Ogra) sent a summary to the government in this regard.

The Pakistan Tehreek-e-Insaf (PTI) government has already hiked the gas prices up to 143% during the ongoing fiscal year. The rupee hit a new all-time low of 149.35 to the US dollar in the interbank market.

However, Ogra had taken Rs150 per US dollar exchange rate to determine the prices of gas for the consumers for next fiscal year 2019-20.

The Sui Northern Gas Pipelines Limited (SNGPL) which supplies gas to Punjab and Khyber-Pakhtunkhwa had recommended an average increase in gas prices by 144%.

However, Ogra allowed 47% average hike.

Similarly, the Sui Southern Gas Company Limited (SSGCL) which supplies gas to Sindh and Balochistan had recommended an increase in gas prices by 30%.

But the regulator allowed a 28% average increase in prices.

Ogra has recommended increasing gas prices for consumers falling under the first slab by 18%, second slab 29%, third slab 32%, fourth slab 12%, fifth slab 4% and sixth slab also 4%.

Experts say Ogra allowed the increase in gas prices to enable the government to avail the International Monetary Fund (IMF) bailout package.

The government has already agreed to the IMF's demand of increasing prices of gas and electricity. The SNGPL had estimated its revenue requirement of Rs474.6bn, which includes Rs309.5bn for the next financial year and an adjustment for the shortfall of Rs165.12bn during the previous years.

The regulator allowed total revenue of Rs293.3bn, including Rs264.58bn for the next financial year 2018-19 and Rs28.7bn revenue for previous years' adjustments.

The gas utility has been allowed to recover this revenue shortfall from the gas consumers by increasing prices of gas by 47%.

The regulator has also allowed SNGPL to build an 8,000 kilometres-long distribution network with an initial cost of Rs5.3bn. It also allowed Rs1.12bn to be recovered from gas consumers for rehabilitation of the system and unaccounted for gas (UFG) control.

The authority allowed Rs344mn for 450 industrial and 5,000 commercial gas connections.

An amount of Rs3.2bn has been allowed for 400,000 new domestic gas connections.

The regulator allowed 6.30% UFG.

Of the total gas theft amounting to 49.06bn cubic feet per day, Ogra has put the burden of 29.2 bcfd on the consumers. The total UFG has been assessed at 10.5%.

The SSGCL projected its revenue requirement at Rs279.6bn, including Rs254.7bn for the next financial year 2019-20 and Rs24.9bn for previous years' adjustment.

The regulator allowed Rs270.7bn revenue, which includes Rs245.8bn for next financial year and Rs24.9bn for previous years' adjustment.

The total UFG of the company has been calculated at 15.69%.

The regulator allowed 6.30% or Rs19.2bn to be collected from the consumers.

Pakistan govt plans fund to stabilise stock market

Internews
Karachi

The Pakistan Tehreek-e-Insaf (PTI) government has accepted the long outstanding demand of stockbrokers to constitute a fund for stabilising the stock market.

Adviser to Prime Minister on Finance Abdul Hafeez Shaikh accepted the proposal to form the fund at a meeting with the Pakistan Stock Exchange's (PSX) board of directors and senior stockbrokers, it was learnt.

Although the meeting participants did not discuss as to what should be the size of the fund to prevent a free-fall in the stock market, some of the stockbrokers said the size of the fund would be around Rs20bn.

"The meeting did not discuss the size of the fund," a well-informed stockbroker said at the end of the meeting.

"It all depends on the government assessment as to how (much) funding is required to stabilise the stock market," he said. "The fund is expected to be set up by early next week, then people would come to know the actual size of the fund."

State-owned National Investment Trust (NIT) would manage the fund and inject liquidity into the PSX. "The fund would most probably be used to buy shares of state-owned companies listed at the stock market," he said.

To recall, the then government in 2008 established a similar fund and helped stabilise the stock market.

NIT had managed and invested the fund into shares of state-owned companies, he said.

"The government had formed a Rs20bn fund at that time.

NIT invested only Rs17bn out of that and earned a net profit of Rs20bn in the next four to five years," he said.

The PSX benchmark KSE-100 index lost over 900 points in intra-day trading during Friday's session.

Late buying helped recover some of the losses.

However, the index closed at a 38-month low of 33,166.62 points with the day net drop of 804.50 points, to 2.43%.

Another source said the adviser to PM was so keen to address issues to prevent free-fall in the stock market. "He (Shaikh) kept asking the meeting participants what are the other issues forcing market to go down and kept issuing instructions to authorities concerned to address them on phone during the meeting," he added.

The PSX said in a press statement that a delegation of leading businessmen and brokers comprising PSX chairman Sulaiman Mehdi, Bashir Jan Mohammad, Arif Habib, Aqeel Karim Dhedhi and Ali Jamil met Dr Abdul Hafeez Shaikh along with Federal Board of Revenue chairman Syed Shabbar Zaidi and Adviser to Ministry of Finance Dr Khaqan Najeeb in Karachi to discuss the overall macro-economic situation of the country and its impact on the capital markets.

Considering the present depressed market sentiment, the delegation suggested various measures for strengthening the capital markets.

They suggested that the proposed draft of Listed Companies (Buy Back of Shares) Regulations, 2019, be approved on priority and the limit of 10% on treasury shares should be enhanced.

A stockbroker explained companies listed can buy back their own shares keeping in view the current situation as per prevailing laws.

However, some of the regulations make it so complicated for companies to buy back their own shares.

The regulations were including taking approval from Extraordinary General Meeting (EOGM) and lender's approval to buy back the share. "Stockbrokers requested Shaikh to soften such regulations in the new Buy Back regulation," he said.

"It is global practice that companies buy-back their own shares in stock market during crisis times. The exercise is held to increase confidence level among investors community," he said.

The PSX statement said the stockbrokers also proposed to resolve the present issue of ready futures transaction at the PSX, which is also hurting the market volumes.

"The finance minister took note of all the suggestions positively and assured the delegation of the government's full support and cooperation.

Various other measures relating to market reforms were also discussed," the PSX statement added.

Pakistani stockbrokers watch the latest share prices on their monitors during a trading session at the Pakistan Stock Exchange in Karachi. The PSX benchmark KSE-100 index lost over 900 points in intra-day trading during Friday's session.

Singapore's GIC buys minority stake in WaterBridge

Bloomberg
Beijing

Singaporean sovereign wealth fund GIC Pte acquired a minority stake in WaterBridge Resources LLC, a US pipeline company that handles wastewater from drilling oil and gas wells.

GIC bought the interest of about 20% from private equity firm Five Point Energy, according to a person familiar with the transaction, who asked not to be named because the details are private. The deal values the company at about $2.8bn, including debt.

"Under the terms of the transaction, GIC and Five Point Energy have committed to a framework to provide incremental equity capital to facilitate WaterBridge's current pipeline of accretive acquisition and organic growth opportunities," Five Point said in a statement Friday.

Water business in the Permian Basin of West Texas and New Mexico, the biggest US oil patch, is growing as drillers seek to cash in on the pipes that carry wastewater to wells for disposal. Private equity-backed companies like WaterBridge have been buying the assets from producers to become their service providers

The water business in the Permian Basin of West Texas and New Mexico, the biggest US oil patch, is growing as drillers seek to cash in on the pipes that carry wastewater to wells for disposal. Private equity-backed companies like WaterBridge have been buying the assets from producers to become their service providers.

WaterBridge has signed deals with Permian operators including Concho Resources Inc and Halcon Resources Corp to buy up the drillers' water handling infrastructure. Another such company, Solaris Water Midstream LLC, said last month that it's closing in on an agreement with another producer.

Following the close of a deal with PDC Energy, WaterBridge will own and operate 550 miles of pipeline with the ability to dispose about 1.4mn barrels of produced water a day in the southern Delaware Basin, according to the statement.

About 20% of the wastewater produced by the top 10 explorers in the Permian is now handled by third-party water companies, according to East Daley Capital Advisors. As Wall Street pressures producers to streamline their operations, that could grow to about 50% as early as next year.

WaterBridge had previously been exploring an initial public offering, people familiar with the matter said last year. In March, TPG Capital agreed to buy a majority stake in Goodnight Midstream, which had also been weighing an IPO, from Tailwater Capital for $930 million.

The WaterBridge deal marks the latest in a series of US acquisitions made by Singapore's state-backed investors. Temasek Holdings Pte told Bloomberg last month it was "underrepresented" in the world's biggest economy.

Alibaba is facing EU consumer complaints over contract terms

Bloomberg
Brussels

Alibaba Group Holding Ltd faces complaints from six European consumer organisations into allegedly unfair user terms for its online retail service, arguing some of the clauses violate European Union law.

Consumer groups, including from France, Spain, Italy and the Netherlands, filed complaints with national regulators to probe "unclear" and "problematic contract terms and practices" for AliExpress users in the EU. The "most serious problem" for the consumer groups are the terms for dispute settlements between sellers and consumers. BEUC, which represents the national consumer groups, said Alibaba is violating EU laws by imposing terms on users that would force them to go to a Hong Kong arbitration court in case disputes can't be settled amicably. Consumers should have the right to bring cases in their own country, the group said.

"If Alibaba targets consumers in the EU market, it has no choice but to respect EU consumer rules. If it does not, it's up to national authorities to step in," Monique Goyens, director general of BEUC, said in a statement on Friday. "We call on the consumer protection authorities to look urgently into this issue and to take action."

A spokesperson for Alibaba said: "We will study the complaint carefully when we receive it and are ready to engage in discussions with the Commission and all relevant authorities." Growing Chinese affluence is propelling Alibaba's international expansion, which include helping foreign businesses tap Chinese consumers and reach foreign shoppers through AliExpress.

The strength of its e-commerce business is helping Alibaba weather losses in newer businesses of cloud computing and digital entertainment. While revenue in those nascent divisions is surging, they are yet to make money and costs are soaring as Tencent Holdings Ltd and Baidu Inc. vie with Alibaba for licensed content.

Alibaba Group Holding faces complaints from six European consumer organisations into allegedly unfair user terms for its online retail service, arguing some of the clauses violate European Union law.

Chinese state media hits out at 'fabricated' US tech claims

Reuters
Shanghai

The United States has "fabricated" accusations that China forces firms to hand over technology in exchange for market access, China's top Communist Party newspaper said yesterday, the latest salvo in a bitter trade war.

China announced this week it would retaliate against a move by Washington to raise tariffs on $200bn of Chinese imports amid complaints Beijing had done little to resolve US concerns about the theft of intellectual property and the forced transfer of technology to Chinese firms.

The *People's Daily* said in an editorial China had never forced US firms to hand over technology and the claim was "an old-fashioned argument used by some people in the United States to suppress China's development".

"The US argument about the 'forced transfer of technology' can be described as being fabricated from thin air," it said.

The United States had not yet been able to provide any evidence to back up the claims, the editorial said. It said the United States benefited substantially from voluntary technological co-operation, earning $7.96bn in intellectual property use fees in 2016 alone.

Washington's "fragile nerves" were caused by China's own rapidly growing research and development capabilities, the paper said.

The increasingly acrimonious dispute between the world's top two economies has rattled investors and roiled global markets.

The United States said negotiations were likely to resume soon but China said no fixed date had been set yet and Washington needed to show sincerity in any new round of talks. State news agency Xinhua accused the United States of pursuing global hegemony in a separate editorial published yesterday and said Washington would suffer more from an all-out trade war than China.

"In fact, compared to China, the United States is more reliant on external markets and international economic relations, and is more vulnerable to global economic shocks," Xinhua said. "If the United States persistently stokes up trade disputes, it will certainly affect the global market, and the consequences will inevitably see itself suffering greater losses," it said.

BUSINESS

The Qatar Stock Exchange (QSE) index declined by 155.30 points, or 1.55%, during the trading week to close at 9,871.87. Market capitalisation receded by 1.6% to QR549.7bn versus QR558.7bn the previous trading week. Of the 46 listed companies, seven companies ended the week higher, while 35 declined and four remained unchanged. Mesaieed Petrochemical Holding Company (MPHC) was the best performing stock for the week with a gain of 28.7% on a trading volume of 12.9mn shares. On the other hand, Salam International Investment Limited (SIIS) was the worst performing stock for the week with a decline of 9.4% on 3.6mn shares traded.

QNB Group (QNBK), Industries Qatar (IQCD) and Qatar Islamic Bank (QIBK) were the primary contributors to the weekly index decline. QNBK was the biggest contributor to the index's weekly decline, deleting 88.7 points from the index. IQCD was the second biggest contributor to the mentioned loss, removing 44.0 points from the index. Moreover, QIBK erased 37.0 points from the index.

Trading value during the week increased by 70.9% to QR1.92bn versus QR1.12bn in the prior week. The industrials sector led the trading value during the week, accounting for 32.6% of the total trading value. The banks and financial services sector was the second biggest contributor to the overall trading value, accounting for 29.6% of the total.

MPHC was the top value traded stock during the week with total traded value of QR304.2mn.

Trading volume increased by 100.9% to reach 88.6mn shares versus 44.1mn shares in the prior week. The number of transactions rose by 86.2% to 44,906 transactions versus 24,122 transactions in the prior week. The industrials sector led the trading volume, accounting for 37.0%, followed by the real estate sector which accounted for 25.1% of the overall trading volume. Ezdan Holding Group (ERES) was the top volume traded stock during the week with 15.3mn shares.

Foreign institutions remained bearish with net selling of QR149.1mn versus net selling of QR154.7mn in the prior week. Qatari institutions remained bullish with net buying of QR150.0mn versus net buying of QR89.0mn in the week before. Foreign retail investors turned negative with net selling of QR6.2mn versus net buying of QR6.5mn in the prior week. Qatari retail investors remained bullish with net buying of QR5.2mn versus net buying of QR59.2mn the week before.

Foreign institutions have bought (net basis) $682mn worth of Qatari equities in 2019.

QNB FINANCIAL SERVICES

Weekly Market Report

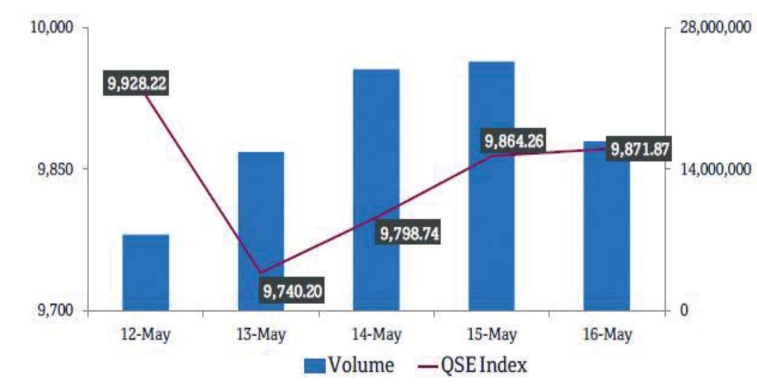
Market Indicators	Week ended May 16, 2019	Week ended May 09, 2019	Chg. %
Value Traded (QR mn)	1,921.6	1,124.6	70.9
Exch. Market Cap. (QR mn)	549,656.6	558,733.8	(1.6)
Volume (mn)	88.6	44.1	100.9
Number of Transactions	44,906	24,122	86.2
Companies Traded	45	46	(2.2)
Market Breadth	7:35	8:37	–

Source: Qatar Exchange (QE)

Market Indices	Close	WTD%	MTD%	YTD%
Total Return	18,165.08	(1.5)	(4.9)	0.1
ALL Share Index	2,966.94	(2.3)	(6.4)	(3.6)
Banks and Financial Services	3,727.07	(3.4)	(8.4)	(2.7)
Industrials	3,127.32	0.9	(2.9)	(2.7)
Transportation	2,358.56	(3.2)	(3.5)	14.5
Real Estate	1,702.53	(4.1)	(10.7)	(22.2)
Insurance	3,059.78	(3.6)	(7.4)	1.7
Telecoms	886.43	(3.5)	(4.9)	(10.3)
Consumer Goods & Services	8,038.57	1.8	3.3	19.0
Al Rayan Islamic Index	3,886.64	(0.2)	(2.7)	0.0

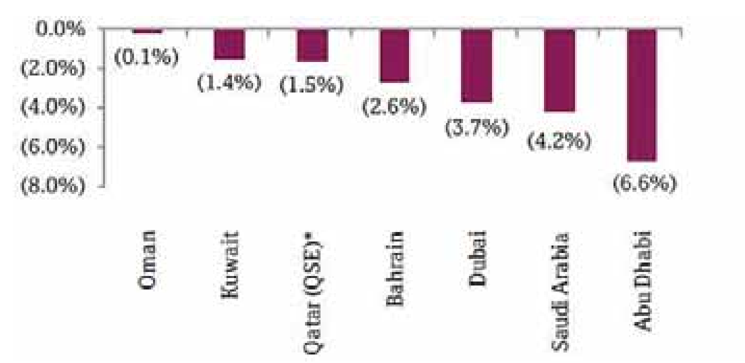
Source: Qatar Exchange (QE)

QSE Index and Volume



Source: Qatar Exchange (QE)

Weekly Index Performance



Source: Bloomberg

DISCLAIMER

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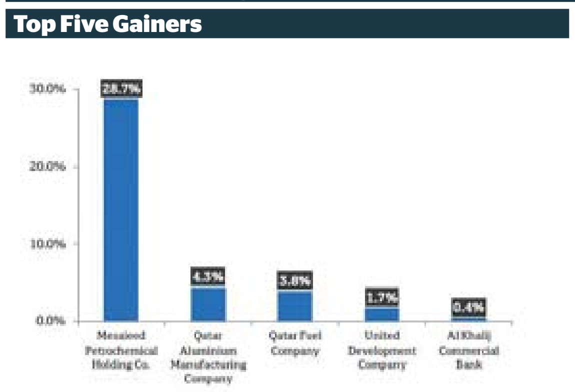
Regional Indices	Close	WTD%	MTD%	YTD%	Weekly Exchange Traded Value ($ mn)	Exchange Mkt. Cap. ($ mn)	TTM P/E**	P/B**	Dividend Yield
Qatar (QSE)*	9,871.87	(1.5)	(4.9)	(4.1)	593.62	150,935.7	13.9	1.5	4.4
Dubai	2,575.01	(3.7)	(6.9)	1.8	311.27	93,953.1#	11.0	1.0	5.2
Abu Dhabi	4,719.26	(6.6)	(10.2)	(4.0)	311.10	133,757.2	13.7	1.4	5.3
Saudi Arabia#	8,480.70	(4.2)	(8.9)	8.4	6,396.17	528,345.4	19.4	1.9	3.5
Kuwait	4,761.52	(1.4)	(1.4)	0.5	582.61	32,842.9	14.4	0.9	3.9
Oman	3,858.87	(0.1)	(2.2)	(10.8)	14.23	16,902.9	8.0	0.8	7.1
Bahrain	1,399.58	(2.6)	(2.4)	4.7	11.12	21,820.5	9.7	0.9	5.4

Source: Bloomberg, country exchanges and Zawya (** Trailing Twelve Months; * Value traded ($ mn) do not include special trades, if any; #Data as of May 15, 2019)

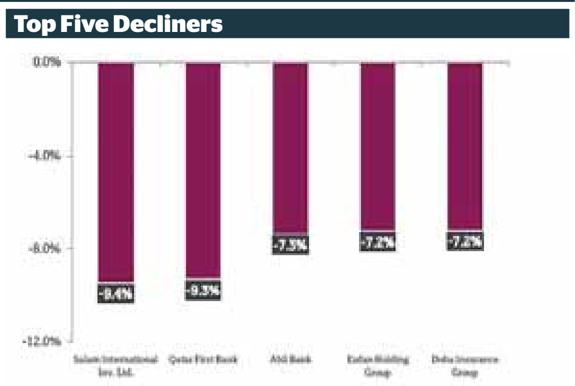
Qatar Stock Exchange

Top Five Gainers



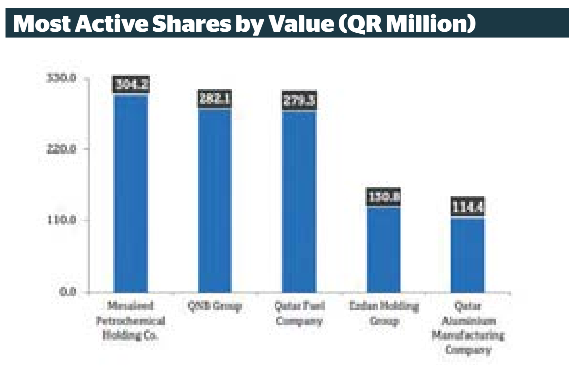
Source: Qatar Stock Exchange (QSE)

Top Five Decliners



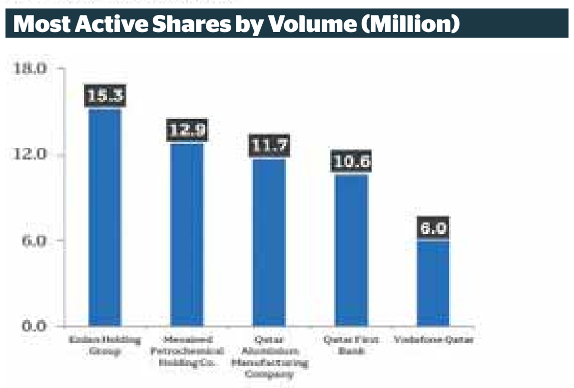
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Value (QR Million)



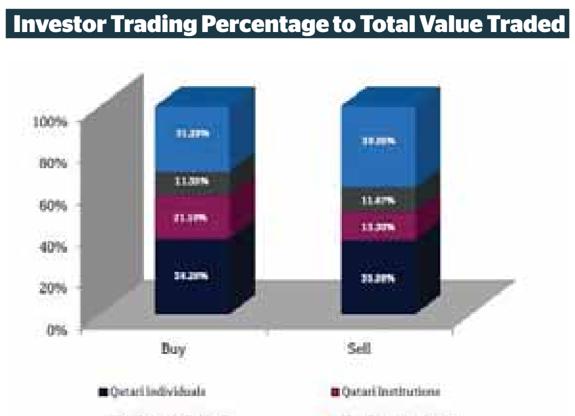
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Volume (Million)



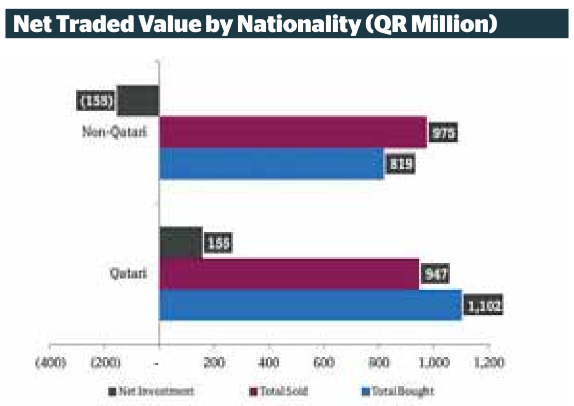
Source: Qatar Stock Exchange (QSE)

Investor Trading Percentage to Total Value Traded



Source: Qatar Stock Exchange (QSE)

Net Traded Value by Nationality (QR Million)



Source: Qatar Stock Exchange (QSE)

Company Name	Price May 16	% Change WTD	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	175.50	(3.84)	(10.00)	162,099	12.4	2.5	3.4
Qatar Islamic Bank	154.00	(3.14)	1.32	36,389	13.9	2.4	3.2
Commercial Bank of Qatar	44.71	(5.28)	13.51	18,095	12.5	1.1	3.4
Doha Bank	22.52	0.13	1.44	6,982	13.0	0.8	4.4
Al Ahli Bank	27.80	(7.33)	9.21	6,433	9.6	1.2	3.2
Qatar International Islamic Bank	66.66	(1.32)	0.82	10,090	12.0	1.9	6.0
Masraf Al Rayan	34.60	(2.54)	(16.99)	25,950	12.1	2.1	5.8
Al Khaliji Bank	11.75	0.43	1.82	4,230	7.6	0.8	6.4
Qatar First Bank	4.31	(9.26)	5.64	862	N/A	0.9	N/A
National Leasing	7.94	(5.36)	(9.67)	393	35.8	0.6	6.3
Dlala Holding	9.37	(2.90)	(6.30)	266	N/A	1.2	N/A
Qatar & Oman Investment	5.75	(4.17)	7.68	181	71.1	0.6	5.2
Islamic Holding Group	21.00	0.00	(3.89)	119	871.8	0.9	N/A
Banking and Financial Services				**272,090**			
Zad Holding	121.10	(1.22)	16.44	1,743	13.4	1.8	7.0
Qatar German Co. for Medical Devices	5.86	(5.48)	3.53	68	N/A	1.8	N/A
Salam International Investment	4.32	(9.43)	(0.23)	494	N/A	0.4	N/A
Medicare Group	57.78	(3.70)	(8.43)	1,626	19.3	1.7	3.1
Qatar Cinema & Film Distribution	19.20	0.00	0.95	121	13.6	0.8	7.8
Qatar Fuel	215.98	3.84	30.12	21,474	18.1	2.8	3.7
Qatar Meat and Livestock	57.95	(1.45)	(17.21)	1,043	9.7	3.4	7.8
Mannai Corp.	41.50	(1.78)	(24.48)	1,893	5.2	0.7	4.8
Al Meera Consumer Goods	143.00	0.00	(3.38)	2,860	15.6	2.2	5.9
Consumer Goods and Services				**31,321**			
Qatar Industrial Manufacturing	38.10	(0.52)	(10.77)	1,811	9.9	1.2	6.6
Qatar National Cement	61.72	(2.80)	3.73	4,034	12.4	1.4	8.1
Industries Qatar	109.11	(3.45)	(18.34)	66,012	14.9	2.0	5.5
Qatari Investors Group	21.71	(5.61)	(21.93)	2,699	15.6	1.0	3.5
Qatar Electricity and Water	160.00	(1.06)	(13.51)	17,600	12.1	1.8	4.8
Aamal	8.32	(4.15)	(5.88)	5,242	12.4	0.6	7.2
Gulf International Services	17.41	(4.45)	2.41	3,235	N/A	0.9	N/A
Mesaieed Petrochemical Holding	25.87	28.71	72.12	32,501	24.7	2.3	3.1
Invesment Holding Group	5.74	(2.05)	17.38	476	8.0	0.6	4.4
Qatar Aluminum Manufacturing	10.33	4.34	(22.62)	5,764	N/A	N/A	1.9
Industrials				**139,373**			
Qatar Insurance	35.26	(3.69)	(1.78)	11,516	19.0	1.5	4.3
Doha Insurance	11.00	(7.17)	(15.97)	550	11.1	0.5	7.2
Qatar General Insurance & Reinsurance	41.08	0.20	(8.47)	3,595	17.2	0.6	2.6
Al Khaleej Takaful Insurance	14.80	(1.00)	72.29	378	13.1	0.7	3.4
Qatar Islamic Insurance	52.90	(0.19)	(1.51)	794	12.2	2.4	6.6
Insurance				**16,832**			
United Development	13.73	1.70	(6.92)	4,862	10.7	0.5	7.3
Barwa Real Estate	33.70	(0.44)	(15.56)	13,114	6.8	0.7	7.4
Ezdan Real Estate	8.91	(7.19)	(31.36)	23,634	38.9	0.7	N/A
Mazaya Qatar Real Estate Development	8.00	0.00	2.56	926	80.8	0.6	6.3
Real Estate				**42,535**			
Ooredoo	62.00	(2.97)	(17.33)	19,860	13.3	0.9	4.0
Vodafone Qatar	7.30	(4.20)	(6.53)	6,171	43.3	1.4	3.4
Telecoms				**26,031**			
Qatar Navigation (Milaha)	63.44	(4.17)	(3.89)	7,265	13.5	0.5	4.7
Gulf Warehousing	45.80	(0.43)	19.05	2,684	11.2	1.7	4.1
Qatar Gas Transport (Nakilat)	20.80	(3.21)	16.01	11,524	12.6	1.8	4.8
Transportation				**21,473**			
Qatar Exchange				**549,657**			

Source: Bloomberg

Technical analysis of the QSE index

The QE index closed 1.55% down from the week before at 9,871.87. The 9,700 level is very critical to maintain; failure to do so brings out the next support level at 9,200. We keep our next expected resistance level at 10,800 points.

Definitions of key terms used in technical analysis

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

Doji candlestick pattern – A Doji candlestick is formed when a security's open and close are practically equal. The pattern indicates indecisiveness, and based on preceding price actions and future confirmation, may indicate a bullish or bearish trend reversal.

Fund manager crushes peers by betting on Tencent and Alibaba

Bloomberg
New York

Swedish investor Lisa Synning's China bet is paying off.

The 41-year-old money manager's Handelsbanken Tillvaxtmarknad fund trounced 99% of more than 250 emerging-market peers this year and 95% in the past five. She did so by pouring almost one-fifth of her cash into two companies: Tencent Holdings Ltd and Alibaba Group Holding Ltd.

"I'm not sure about China's economy accelerating again, but I am fairly certain about Tencent and Alibaba growing," Synning said in a phone interview from Stockholm. "People underestimate how much these companies can grow. They're in that space where they will get even more profitable."

Her bet on the Asian tech giants underscores a willingness to concentrate on a handful of high conviction long-term trades. Almost two-fifths of Synning's $1.5bn fund is invested in China, with another 10% in Brazil and 8% in India (Tillvaxtmarknad translates as emerging-market.) The money manager said she increased her exposure to Tencent and Alibaba in the past few years on optimism about growth in their financial units and a push from both firms to digitise brick-and-mortar stores.

The two Chinese companies are seeking ways to keep expanding as the world's second-largest economy loses steam. Earlier this week, Tencent reported the slowest pace of sales growth since it went public in 2004 amid sluggish advertising and game revenue, which it's trying to offset by making forays into new businesses. Alibaba, meanwhile, reported revenue and profit that beat estimates as its push into areas like cloud computing allows it to get better at understanding e-commerce customers and defy a slowing economy.

"They're disrupting themselves," Synning said. "Think about Apple when it disrupted the iPod with the iPhone. There were a lot of questions in the market, but that was a big success. Everything Tencent and Alibaba are developing for the future is underestimated."

Synning's confidence doesn't extend to the whole industry. She recently trimmed her exposure to other hardware and technology firms, especially in South Korea and Taiwan, amid concern about rising tensions between Washington and Beijing. Meantime, India would be a place where Synning may add positions on the backdrop of a trade war and Prime Minister Narendra Modi's re-election.

Her biggest fear is that the US-China dispute drives inflation higher, slowing growth in the world's top economies and forcing the Federal Reserve to hike rates. But that scenario threatens US stocks more than developing-world assets, which have already priced in much of the pessimism, she said. "International investors have been worrying about the trade war for a year, but people have been less worried about it hitting the US," Synning said. "I'm not so sure emerging markets would get hurt the most."

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Avantor gets modest trade debut bump after $2.9bn IPO

Bloomberg
San Francisco

Avantor Inc, a chemical maker for the life-sciences industry, climbed 3.6% in its trading debut after raising $2.9bn in the second-biggest initial public offering of the year.

Two smaller companies fared far better in their US trading debuts Friday. Luckin Coffee Inc closed up 20% after raising $561mn, while Fastly Inc. ended its first day of trading up 50% after its $180mn listing.

Avantor, owned by New Mountain Capital, sold 207mn shares for $14 each on Thursday. Avantor had increased the number of shares for sale earlier Thursday, but dropped the price range to $14 to $15 each from a previous target of $18 to $21.

Avantor's shares opened at $14.72 in New York Friday and rose as much as 6.8%. They closed at $14.50, giving the company a market value of $7.62bn.

The offering supplants ride-hailing provider Lyft Inc as 2019's global No 2 and is topped only by the $8.1bn listing by Lyft's behemoth rival, Uber Technologies Inc.

While Avantor isn't profitable, it isn't saddled with multibillion-dollar losses like Lyft and Uber, whose shares have dropped about 25% and 7% respectively since their IPOs amid heightened volatility and an escalating US-China trade war. Lyft's market value of $16bn still exceeds that of Avantor.

"We will apply all the proceeds to reshape the balance sheet and position us in a strong way to invest in innovation and grow the business through acquisitions," chief executive officer Michael Stubblefield said in an interview with Bloomberg. "This business generates a significant amount of cash.

The de-leveraging of our balance sheet has been moving at an accelerating pace and we're nearing our target.

For the right opportunity, we would be able to reach in and complete an acquisition." Avantor has about $9bn in debt, according to data compiled by Bloomberg.

The company is based in Radnor, Pennsylvania, and is the former speciality chemicals arm of Covidien Inc, which New Mountain acquired in 2010.

In 2017, Avantor acquired lab supplier VWR Corp for about $6.4bn.

Sales Balloon Avantor's net loss available to common stockholders narrowed to $356mn last year as sales ballooned to $5.9bn after the VWR deal was completed, according to its filings.

That compared to a net loss of $415mn on the same basis on $1.25bn in sales in 2017.

The company's health-care operations help drug companies research, develop and manufacture medicines ranging from gene and cell therapies made with living organisms to vaccines and traditional chemical compounds.

Avantor offers about 6mn products, which are available through 240,000 of its customers' locations in 180 countries, according to its filing.

Its products are involved in the production of more 80% of all biotechnology drugs, Stubblefield said.

Avantor also makes materials like silicone that are used in medical devices, drug delivery and skincare, as well as chemicals and equipment needed to conduct diagnostic tests for conditions like blood cancers and immune system disorders.

The offering was led by Goldman Sachs Group Inc and JPMorgan Chase & Co. Shares are trading on the New York Stock Exchange under the symbol AVTR.

Eurozone bond yields slide on Brexit and trade fears

Reuters
London

German bond yields fell back towards 2-1/2 year lows on Friday as the collapse of Brexit talks in Britain boosted higher-rated debt and worsened a mood among investors already nervous about trade tensions.

Both French and Dutch 10-year government bond yields touched 2-1/2 year lows and there was some respite for Italian bonds, with those yields down as much as six basis points.

Analysts said this was more down to position-covering ahead of the weekend than any major easing in concern about Italian risks, however.

Talks between Britain's two biggest parties over a Brexit deal collapsed, reviving doubts whether Britain can avoid leaving the European Union without a deal.

The opposition Labour party blamed Prime Minister Theresa May's crumbling government, and investors are now bracing for a contest to succeed her.

"It's the additional uncertainty that's been injected into the market as a result of the likely leadership campaign and the real lack of clarity about what that means for Brexit," said Sarah Hewin, an economist at Standard Chartered, pointing to the renewed prospect of a no-deal Brexit and a possible national election.

The 10-year British government bond yield dropped six basis. Adding to the nervousness, rising trade tensions between the United States and China, the world's two biggest economies, have fuelled concern about global growth.

Tough words on trade from China's media yesterday drowned out upbeat news on the US economy and corporate earnings, US Treasury yields, which rose on Thursday after the strong US data, also fell.

French and Spanish 10-year bond yields were set for their biggest weekly drop in around two months, down nine and 13 bps respectively.

There have been steep falls in yields across major bond markets this year as weaker global growth and a shift to a more dovish stance from central banks creates a favourable backdrop for fixed income.

"Bond markets in general, especially (German) Bunds, are telling us they don't see many good things going on in the next one (to) two years," said Neil Dwane portfolio manager and global strategist at Allianz Global Investors.

It's all starting to look glum for Australian dollar

Bloomberg
Singapore

Australia's dollar is under siege from an upcoming election, a trade war and a faltering economy.

Nomura Holdings Inc advocates a short position ahead of Saturday's general election. QIC Ltd has advised pension-fund clients to sell the Aussie against the dollar and yen, while AMP Capital Investors is equally pessimistic. The currency has declined around 2.3% this month to under 70 US cents as optimism that trade frictions will be resolved evaporated.

"For the short term things are looking quite bearish on the Aussie," said Janu Chan, senior economist at St George Bank in Sydney. "The environment of uncertainty around trade is unhelpful – and I see it falling to perhaps below 68 US cents in the short term."

Option traders are more bearish on the Aussie than any other G-10 currency as the risk-sensitive asset suffers from a sudden escalation in US-China trade tension and a slowing economy. Investors are pricing around a 77% chance that the Reserve Bank of Australia will cut interest rates in June, overnight index swaps show. A rise in the unemployment rate in April strengthened those calls Thursday and sank the Aussie to the lowest since January.

"I'd be long dollar versus the Aussie right now with something like the mid-60s a reasonable target," said Stephen Miller, an adviser at GSFM in Sydney and a former head of fixed income at BlackRock Inc.'s Australian business. "If I were looking for ways to play the trade war, and with growth cooling, shorting the Aussie would be one of them."

National Australia Bank Ltd brought forward its RBA rate cut call to June from July and sees potential for additional stimulus by early 2020, economists including Alan Oster wrote in a note. The Australian dollar dropped to as low as 68.80 US cents in Asia trading Friday.

Support for the Aussie is being further eroded by softness in the Chinese economy, its largest trading partner. With China's factory output, fixed asset-investment and retail sales all missing estimates in April, it raises questions over demand for Australian commodities.

"The Australian dollar is still a global hedge, it's a liquid proxy for an exposure to things going wrong especially in China," said Sebastien Galy, senior macro strategist at Nordea Investment Funds SA in Luxembourg.

Adding to the Aussie's conundrum is rising political risk ahead of a vote on May 18. Incumbent Prime Minister Scott Morrison and his party are trailing the Labor party in the polls.

A Labour win may lead to a "fractious political climate" and uncertainty over whether the party would be able to pass key revenue-raising measures, such as reducing tax benefits for some shareholders and property investors, which could weigh on consumer and business sentiment and, in turn, the Aussie, Nomura strategists including Andrew Ticehurst wrote in a note.

History suggests any rebound in the Australian dollar will be limited after a Federal election, according to Sally Auld, a senior strategist for interest rates at JPMorgan Chase & Co. It also tends to rally less if Labor is elected relative to a Coalition win, she said.

Among those more bearish long-term, asset manager AMP Capital Investors Ltd. sees the Aussie dropping to 65 US cents amid concerns over global growth and downward correction in the local equity market, according to Nader Naeimi, head of dynamic markets.

Still, not everyone is convinced selling the Aussie is a strong bet. While speculative investors have maintained shorts over the past year, their positions are less bearish than six months ago, data from the Commodity Futures Trading Commission show.

Monex Group, which submitted the most accurate prediction for the currency in Bloomberg's first-quarter rankings, reckons market expectations of two interest-rate cuts by the RBA this year look overdone.

"As long as the labour market holds up, the central bank will be willing to delay cutting rates – so the risks to the RBA path are skewed to the upside of current expectations," said Ranko Berich, head of market analysis in London. "We maintain our view that AUD/USD will trade at 0.69 by the end of 2019."

As Fed seeks policy advice, officials visit a struggling New Jersey city

Reuters
Philadelphia

Two top Federal Reserve officials went to Camden, New Jersey, on Friday, taking a different reading of the pulse of the US economy by visiting what is by one measure the country's lowest-income city, as the central bank seeks advice on how to do a better job.

Patrick Harker, president of the Philadelphia Fed, and Federal Reserve vice chair Richard Clarida spent the morning in Camden, which squats in the shadows of Philadelphia's downtown skyscrapers but has the lowest median household income among US cities.

The dichotomy of Philadelphia's gleaming office buildings and destitute people on the streets of nearby Camden underlines the limits of Fed policy, even as most policymakers see the central bank's dual mandate of price stability and maximum employment as having been met.

In July, the US economy will celebrate 10 years of expansion, the longest on record. Yet at events in Camden and Philadelphia, the policymakers heard that while some progress is being made linking employers and workers, many Americans continue to struggle.

"What drives the racial wealth gap is income and the fact that for the last 50 years we've had crisis-level unemployment in certain demographics," said Omar Woodard, executive director at GreenLight Philadelphia, a group focused on alleviating poverty, speaking on one of the Fed's panels.

Camden's population is 45% African-American, according to the US Census Bureau. Unemployment numbers draw out the divide across the country.

Black US unemployment stands at 6.7%, far higher than the more than 49-year low overall for Americans of 3.6%.

What's limiting growth?

Friday's events were the latest in a series of "Fed Listens" events that Clarida held around the country while the Fed considers whether to change its approach, for instance by keeping interest rates lower for longer to boost inflation expectations – something that might help drive growth.

It is unclear how directly the policy review will answer criticisms that the Fed has raised interest rates too much.

President Donald Trump has repeatedly lambasted the Fed for raising rates, saying that it is holding back growth.

The Fed, after hiking rates four times in 2018, has put any further rate increases on hold so far this year.

The Fed took extraordinary steps, including buying bonds, to support the economy in response to the 2007-2009 financial crisis, but it has been criticised both for doing too much and too little.

"I think we just have to be honest, when people ask us what's limiting economic growth, it's not monetary policy," but other issues, including employers unable to find qualified employees, Harker told reporters.

The Fed is not planning to release the results of its current policy review until next year, but policymakers are clearly focused on whether they can effectively deal with the next recession with little room to lower rates from the current 2.25-2.50% level before they hit zero.

Tame inflation below the Fed's annual target rate of 2% further complicates matters, making it, in theory, less likely that households and businesses will support the economy by spending during recessions because of diminished worries that their cash will lose value.

"Obviously if inflation is running below our 2% target, unemployment is low and wages are growing – seems to be a good thing," Harker told reporters.

But he quickly warned of the dangers of falling inflation.

"That starts a spiral that's hard to turn around," Harker said.

In recent speeches, Clarida has argued that inflation is less responsive to lower unemployment than in the past, a view that may lead the Fed to stimulate the economy more aggressively and lower rates faster in response to downturns.

Pinning inflation expectations at that 2% level is as important as ever, he has argued, because it may be even harder than in the past to tamp down out-of-control expectations of price hikes without damage to the economy.

Camden's unemployment rate fell to 4.1% in March but it has ticked up from lows last year. Central bank officials toured facilities of a nuclear fuel and waste management company in Camden that is doing on-the-job training for new employees and visited the Leadership, Education, and Partnership Academy University School, which is teaching robotics, engineering and computer coding, and enrolling high-school students in college courses before they graduate.

Students talked about wanting to see poverty alleviated in their community and showed the central bankers flying drones, video game machines and other projects. Harker, an engineer, told a teacher to pitch a student's water-purification project on "Shark Tank."

In a speech later, Harker said the Fed wants to make sure "we've got the right goals in place; that we're still measuring the right things, and that the tools we use are still the best ones for the job."

US may scale back Huawei trade ban to help customers

Reuters
Washington

The US Commerce Department said on Friday it may soon scale back restrictions on Huawei Technologies after this week's blacklisting would have made it nearly impossible for the Chinese company to service its existing customers.

The Commerce Department, which had effectively halted Huawei's ability to buy American-made parts and components, is considering issuing a temporary general licence to "prevent the interruption of existing network operations and equipment," a spokeswoman said.

Potential beneficiaries of the license could, for example, include internet access and mobile phone service providers in thinly populated places such as Wyoming and eastern Oregon that purchased network equipment from Huawei in recent years.

In effect, the Commerce Department would allow Huawei to purchase US goods so it can help existing customers maintain the reliability of networks and equipment, but the Chinese firm still would not be allowed to buy American parts and components to manufacture new products.

The potential rule roll back suggests changes to Huawei's supply chain may have immediate, far-reaching and unintended consequences.

The blacklisting, officially known as placing Huawei on the Commerce Department's entity list, was one or two efforts by the Trump administration this week allegedly made in an attempt to thwart national security risks.

In an executive order, President Donald Trump also effectively barred the use of its equipment in US telecom networks.

The United States believes Huawei's smartphones and network equipment could be used by China to spy on Americans, allegations the company has repeatedly denied.

The latest Commerce move comes as China has struck a more aggressive tone in its trade war with the United States, suggesting talks between the world's two largest economies would be meaningless unless Washington changed course.

The Huawei Technologies logo sits on the company's exhibition stand at the Viva Technology conference in Paris. Out of $70bn Huawei spent buying components in 2018, some $11bn went to US firms including Qualcomm, Intel Corp and Micron Technology.

A spokesman for Huawei, the world's largest telecommunications equipment maker, did not immediately respond to a request for comment.

Out of $70bn Huawei spent buying components in 2018, some $11bn went to US firms including Qualcomm, Intel Corp and Micron Technology Inc.

If the Commerce Department issues the licence, US suppliers would still need separate licenses to conduct new business with Huawei, which would be extremely difficult to obtain, the spokeswoman said.

The temporary general license would last for 90 days, she said, and would be posted in the Federal Register, just as the rule adding Huawei to the entity list will be published in the government publication on Tuesday.

"The goal is to prevent collateral harm on non-Huawei entities that use their equipment," said Washington lawyer Kevin Wolf, a former Commerce Department official.

The entity listing bans Huawei and 68 affiliates in 26 countries from buying American-made goods and technology without licenses that would likely be denied. The entities list identifies companies believed to be involved in activities contrary to the national security or foreign policy interests of the United States.

In a final rule posted on Thursday, the government tied Huawei's entity listing to a criminal case pending against the company in Brooklyn, New York.

US prosecutors unsealed the indictment in January accusing the company of engaging in bank fraud to obtain embargoed US goods and services in Iran and to move money out of the country via the international banking system.

Huawei chief financial officer Meng Wanzhou, daughter of the company's founder, was arrested in Canada in December in connection with the indictment, a move that has led to a three-way diplomatic crisis involving the US, China and Canada.

Meng, who was released on bail, remains in Vancouver, and is fighting extradition She has maintained her innocence, and Huawei has entered a plea of not guilty in New York.

Trump injected other considerations into the criminal case after Meng's arrest when he told Reuters he would intervene if it helped close a trade deal.

Exxon investors urged to vote to split CEO, chairman roles

Bloomberg
Houston

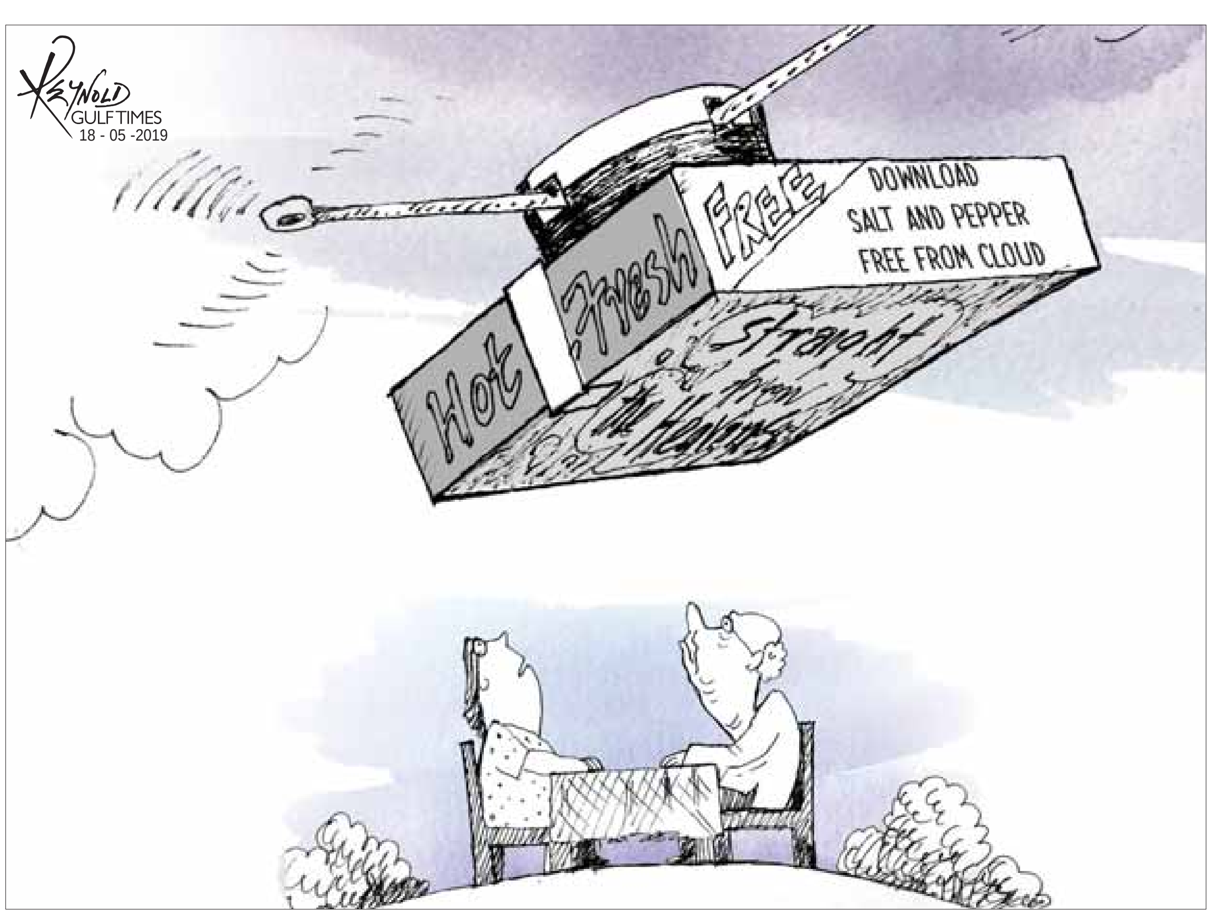
Exxon Mobil Corp investors should vote in favour of a proposal to separate the roles of chief executive officer and chairman, according to the two leading shareholder advisory firms.

Institutional Shareholder Services Inc and Glass Lewis also urged shareholders to vote against the board's recommendation on a handful of other proposals, including compiling lobbying reports on lobbying, political donations and board diversity.

A spokesman for Exxon referred to the company's proxy statement, which says the board views the separation of the chairman and CEO roles as "unwarranted" and recommends against approving the measure.

The recommendations set the stage for a potentially discordant annual meeting on May 29 in Dallas. Environmental groups are planning a protest outside, while the Church of England and the New York State Common Retirement Fund have vowed to vote against all of Exxon's directors due to their policy on climate change. Investors will also have the chance to vote on a proposal to establish an environmental board committee, which Exxon tried and failed to have excluded from the meeting.

Advocacy group ShareAction, meanwhile, encouraged shareholders to vote against the re-election of CEO and chairman Darren Woods, the board's presiding independent director Steven Reinemund and Kenneth Frazier, chair of the board affairs committee. ISS, which advises clients with 4.2tn shares across companies globally, has no issues with Exxon's environmental stance and for the first time in three years recommends that shareholders back Exxon's executive pay policy.



Hewlett Packard Enterprise to acquire supercomputer maker Cray for $1.4bn

Bloomberg
New York

Hewlett Packard Enterprise Co has agreed to buy US supercomputer maker Cray Inc in a deal valued at about $1.4bn as the firm works to become more competitive in high-end computing.

Cray investors will get $35 a share in cash, the companies said in a statement on Friday, confirming an earlier Bloomberg report. That represents a premium of about 17% above Thursday's closing price. The deal values Cray at $1.3bn net of cash, the firms said in the statement.

Cray jumped 17% to $34.89 at 9:49am in New York trading after earlier touching $34.96, the biggest intraday gain in a year. Palo Alto-based HP Enterprise gained about 2% to $14.82.

The deal will help HP Enterprise strengthen its position against International Business Machines Corp. It could also become HP Enterprise's biggest since it started trading in 2015, surpassing its acquisition of Nimble Storage Inc. for about $1bn more than two years ago, according to data compiled by Bloomberg.

HP Enterprise has mostly been paring down since it was created from the breakup of Hewlett-Packard Co. In 2017, it completed a spinoff and merger of its enterprise services business with Computer Sciences Corp. It's also separated some software assets in an $8.8bn deal with UK-based Micro Focus International Plc.

Still, the company has also committed $4bn through 2022 to initiatives to develop artificial intelligence, the Internet of things and distributed computing offerings. Chief Executive officer Antonio Neri, who succeeded Meg Whitman last year, said in November that HP Enterprise would start to see a return on that investment over the next two years.

Loss-making Cray traces its roots back to a company founded in 1972 by Seymour Cray, known as the "father of supercomputing." This month, it signed a deal with the US Department of Energy's Oak Ridge National Laboratory to build a new $600mn system for research on artificial intelligence, weather, subatomic structures, genomics and physics.

HP Enterprise's own high-end computer systems are used by the University of Notre Dame, the Pittsburgh Supercomputing Center and chemical giant BASF SE, according to its website. Last year, it won a $57mn contract to provide supercomputers to the US Department of Defense for helicopter design and weather forecasting.

Cray, which was founded in 1972 by "the father of supercomputing," Seymour Cray, is currently contracted to build two of the world's fastest supercomputers for two US Department of Energy Labs: the Oak Ridge National Laboratory and the Argonne National Laboratory. Both systems, one called Frontier being built in partnership with AMD and one called Aurora with Intel, are promised to bring so-called "exascale" performance, with raw performance power of the excess of 1.5 exaflops, or a quintillion calculations per second.