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Exporting US shale boom has changed oil markets forever

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BUSINESS

DEMAND SURGE: Page 8

QSE tops 10,700 levels on rising energy prices and end of blockade

A truck moves on the road leading to Qatar's Abu Samra border crossing with Saudi Arabia on January 9, after the two countries restored ties and opened borders. S&P said the reopening of the airspace as well as sea and land borders in an effort to end the long-standing diplomatic dispute could have a "positive" effect on the business growth and investment returns of Qatari insurers in the medium term.

Qatar insurance sector to gain from tourism, realty boost: S&P

By Santhosh V Perumal
Business Reporter

Qatar's intraregional travel, tourism and real estate sectors will benefit the most, lifting the prospects of the insurance sector, as the end of blockade will improve political and economic co-operation within the Gulf Co-operation Council (GCC) region, according to Standard & Poor's (S&P), a global credit rating agency.

"The restoration of ties between Qatar and the four Arab countries previously boycotting the country will improve political and economic co-operation within the GCC region," the credit rating agency said.

Expecting the resolution of the boycott to support improvement in the region's broader business and investment environment; S&P said Qatar's intraregional travel, tourism, and real estate sectors will benefit most, although the impact on bilateral trade could be marginal.

Another economic think-tank Oxford Economics had recently said full rapprochement would also offer potential economic benefits to support the post-Covid recovery, particularly in Qatar.

"Although the Qatari economy has adapted well to the economic consequences of the blockade, a rebound in visitor numbers from the rest of the GCC would provide a timely boost when travel restrictions are eased and help with a successful 2022 FIFA World Cup," it said.

Trade between member states is relatively limited given the almost uniform concentration of GCC member states' exports on hydrocarbons and the lack of strong agriculture or manufacturing sectors in the region, S&P highlighted.

"Our stable outlook on Qatar currently indicates our view that, despite lacklustre growth prospects and still-low hydrocarbon prices, Qatar's credit profile will remain resilient, supported by its wealthy economy, and strong government and external net asset positions," it said.

The rating agency said the reopening of their airspace as well as sea and land borders in an effort to end the longstanding diplomatic dispute could have a "positive" effect on the business growth and investment returns of Qatari insurers in the medium term.

Over time, Qatari insurers are likely to benefit from more regional travel, tourism, and possibly trade, which could lead to an increase in insurable risks and consequently premium income, according to S&P. "More foreign investment could also improve Qatari insurers' asset prices and investment returns, since most of their investments are held in Qatar and investment income is a key contributor to their overall earnings," it said.

Oxford Economics is of the view that more harmony in the GCC would boost the region's attractiveness to foreign investors as the global economy recovers. "The upside potential is greater for Qatar, but benefits could accrue in the rest of the region too," it added.

QIC subsidiary Anoud Tech named 'Global Top Ten InsurTech Leader'

Anoud Technologies (Anoud Tech), a wholly-owned IT services subsidiary of QIC Group, the leading insurer in Qatar and the Mena region, has been named by ACORD and Alchemy Crew in the 2020 Top Ten Leaders with the greatest current and future ability to change the industry through InsurTech.

ACORD is a non-profit organisation in the insurance industry, while Alchemy Crew is a worldwide leader in InsurTech strategy. The "Top Ten InsurTech Leaders" was published in Insider Engage, a digital hub of industry leaders within and outside of the insurance sector.

Anoud Tech was listed in the Top Ten InsurTech Leaders in the category of Global Ecosystem-Building. This category recognises achievements in the development of robust networks, interconnected systems, and global digitisation which are critical elements to facilitate the development of the insurance industry. Anoud Tech is recognised for its best-in-class insurance IT platform called Anoud+. It provides insurers an efficient and comprehensive way to manage all aspects of their insurance programmes.

On the accomplishment, QIC Group CEO Salem Khalaf al-Mannai said, "We are thrilled for Anoud Tech to be named as a Top Ten InsurTech Leader. It recognises the success of QIC Group's business strategy of employing cutting-edge technologies in our insurance and reinsurance operations, and of marketing these capabilities to the insurance industry at large."

Al-Mannai added, "The ability to continuously to innovate and digitally transform our business model will be critical to maintaining our leadership position in the Mena region. IT will remain our focus going forward."

ANOUD TECHNOLOGIES
We Ensure. You Insure.

Anoud Tech, recognised for its best-in-class insurance IT platform called Anoud+, provides insurers an efficient and comprehensive way to manage all aspects of their insurance programmes

GCC dispute end is a 'positive' development for region, says NBK

By Pratap John
Business Editor

The end of the GCC dispute is a "positive" development for the region; National Bank of Kuwait said and noted the "economic impact of this reconciliation could be limited" but still would translate into more trade and people's movement across borders.

After three and a half years of severed relations, a reconciliation between Qatar and its neighbours was agreed in the recent GCC summit in Saudi Arabia, NBK said.

In its 'Weekly Economic and Markets Review', NBK said GCC stocks tracked their global peers higher, lifted by surging oil prices following Saudi Arabia's decision to cut its oil production. Sentiment was also helped by the Saudi-Qatar reconciliation, ending a three-year rift.

Oil prices surged to 11-month highs, with Brent rallying to $55.99/b (+8.1% mtd) by Friday's close on US stimulus and vaccine rollout hopes, but the rally's major catalyst was Tuesday's Opec+ announcement that Saudi Arabia would unilaterally cut its production by 1mn bpd in February and March.

A larger than expected decline in US crude stocks (-8mn barrels to 485.5mn barrels) also helped stoke bullish sentiment.

Global equity markets rallied on hopes of additional US stimulus, despite civil unrest in the US capital.

In its key takeaways, NBK said the Saudi oil production cut was framed as a pre-emptive move to head off any oil demand weakness in the first quarter of 2021. It is well-judged in light of the return to mobility restrictions in major economies.

The Saudi non-oil economy ended 2020 on a strong footing. This is due to the success in controlling the virus, quick and well-targeted stimulus measures and the country's more vibrant and diversified non-oil sector, NBK said.

Global equity markets rallied on hopes of additional US stimulus, despite civil unrest in the US capital.

The MSCI AC World index rose 2.7% week-on-week, led by emerging markets (5.1%), while the Euro Stoxx 50 gained a solid 2.6%.

Association of Filipino Realtors & Entrepreneur Executives in Qatar chairman Joseph Rivera.

End of crisis seen to stimulate Qatar property market activity

By Peter Alagos
Business Reporter

The end of the Gulf crisis is expected to further stimulate market activity in Qatar's real estate sector, according to a Doha-based realtors group.

At the 41st GCC Summit held last week in Al-Ula city in Saudi Arabia, Gulf leaders signed a "solidarity and stability" agreement, thus putting an end to a more than three-year economic blockade on Qatar.

"The lifting of the blockade is indeed a welcome development for the business community, and the restoration of diplomatic ties between Qatar and its vital allies in the Gulf would no doubt lead to better economic development in the coming months," Association of Filipino Realtors & Entrepreneur Executives in Qatar (Afreeq) chairman Joseph Rivera told *Gulf Times* yesterday.

Rivera clarified that while the "historic breakthrough in the Gulf crisis" is also expected to create a surge in market activity in Qatar's real estate sector, its effects "are not immediate."

"While real estate companies and industry stakeholders remain upbeat, any improvement in Qatar's property market will not happen overnight and will take a considerable amount of time. The benefits of such positive developments following the GCC Summit will not immediately affect the real estate industry though it is inevitably forthcoming," Rivera pointed out.

"The reopening of Qatar-Saudi borders and resumption of Doha-Riyadh flights are just the beginning of the process. The continuation of trade and commerce, as well as the re-establishment of diplomatic relations between Qatar and the former siege nations offers optimism that things would all fall into place in a smooth and, hopefully, speedy manner," he also said.

Rivera also stressed that quick solutions to curb the spread of Covid-19 and the global rollout of vaccines would help improve real estate market activity. "The pandemic remains a key factor in enhancing the property sector," he emphasised.

He added: "Our industry colleagues in the West agree on our assessment though some of them feel that any improvement in the market soon may start from property sales first, followed by residential and commercial rentals. Some of our Arab counterparts even predict conservatively that any improvement in the market would most likely happen towards the end of the year."

BUSINESS

Bloomberg QuickTake Q&A

What you need to know about allergic reactions to Covid vaccines

By John Lauerman
New York

Like all new drugs, the vaccines that have been authorised in Western countries to protect against Covid-19 come with some safety concerns and side effects. Many people who've received the first two shots deployed, one from Pfizer Inc and BioNTech SE and another from Moderna Inc, have experienced fever, headache and pain at the site of the injection. These side effects generally disappear quickly. At least a couple of dozen have had a serious allergic reaction, called anaphylaxis, to the vaccines, which were about 95% effective in preventing Covid in clinical trials. No fatalities have been reported, and healthcare workers are monitoring vaccine recipients to treat the reactions that arise.

1. What is anaphylaxis?

The body fights foreign invaders through a variety of mechanisms that include making protective proteins called antibodies, releasing toxins that kill microbes, and marshalling guardian cells to battle the infection. As in any conflict, sometimes the effort to repel an infection can itself be damaging. In rare cases, it can produce runaway inflammation and swelling of tissues in a serious allergic reaction called anaphylaxis. As much as 5% of people in the US have had such a reaction to various substances. It can be fatal if, for example, the person's airway swells shut, though deaths are rare. Allergies to insect stings and foods can provoke it, though drug reactions are the most common cause of anaphylaxis fatalities in the US and UK.

2. Where have Covid vaccines triggered cases?

According to a January 6 report by the US Centers for Disease Control and Prevention, 21 cases of anaphylaxis associated with the Pfizer-BioNTech vaccine had been confirmed in the country as of December 23. Of those people, 17 had a documented history of allergies, and seven had a history of anaphylaxis. A December 19 presentation from the CDC referenced two cases in the UK associated with the same vaccine, and later in the month, in Israel, a man suffered anaphylactic shock an hour after receiving it, according to the Jerusalem Post. He said he'd had earlier reactions to penicillin, the paper reported. CDC officials say they've also seen the reactions in recipients of the Moderna shot and are compiling data on them.

3. Has anaphylaxis been connected to vaccines before?

Yes. They occur about 1.3 times per million doses of flu vaccine administered, and with other vaccines have been seen at rates of 12 to 25 per million doses, though the studies were small. For the Pfizer-BioNTech Covid vaccine, according to the CDC, the rate as of December 23 is 11.1 per million doses, which is very low. The agency said the risk surrounding the vaccine is less than the risk of getting a severe case of Covid-19.

4. How long does the risk last?

Usually not long. Anaphylactic reactions normally occur within minutes to hours of exposure to a specific substance, said Michael Kinch, a drug development expert and associate vice chancellor at Washington University in St Louis. In the US so far, the time lag ranged from two to 150 minutes, with the median being 13 minutes, according to the CDC.

5. What's being done about the risk?

The UK and the US have advised people who have allergies to any component of a Covid vaccine not to receive it. Anaphylaxis can be quickly countered with antihistamines and adrenaline injectors like Mylan NV's Epi-Pen that slow or halt immune reactions, and health workers giving the vaccine are keeping such items at the ready. These treatments don't cancel out the beneficial effects of vaccines. In the US, health workers are observing everyone who receives the vaccine for at least 15 minutes post-injection to watch for signs of a reaction; those with a worrying history of allergic reaction are monitored for twice as long. People who have had reactions to a first dose of vaccine shouldn't receive a second, according to the CDC.

6. Do we know what in the shots is causing the reactions?

That isn't clear. The two leading candidates are polyethylene glycol – a chemical found in many foods, cosmetics and medications – and lipid nanoparticles that encapsulate the messenger RNA, a genetic component in the vaccines, according to Eric Topol, a clinical trials expert and director of the Scripps Research Translational Institute. Polyethylene glycol has been previously linked to a handful of anaphylaxis cases. Once a cause has been narrowed down, it may be possible to make Covid vaccines even safer than they are now, Topol said.

Exporting US shale boom has changed oil markets forever

By Sheela Tobben and Dave Merrill
Bloomberg

Five years ago on New Year's Eve, the Theo T left the Texas Gulf Coast with the first US shale crude shipment overseas. The oil, gathered from nearby ConocoPhillips wells and sold to trading giant Vitol Group, set sail for Italy just two weeks after lawmakers lifted a long-standing ban on exports.

It was the start of a trade that would reshape global oil markets, shift geopolitical power and upend entire economies. The shale boom itself has turned the US into the world's largest oil producer and has moved it ever closer to a long-cherished dream of ending dependence on Middle East oil. But the export boom created an entirely new market, sending crude pulled from the shale fields of Texas, New Mexico and North Dakota to more than 50 countries, with shipments often surpassing those of any Opec nation aside from Saudi Arabia.

These past five years could very well go down as the best years that US shale oil exporters will ever see. Covid-19 has obliterated global fuel demand and bankrupted more than 40 drillers across America. Exactly how much oil leaves US shores in the coming years will largely depend on how quickly the world can recover from the pandemic and how aggressively politicians work to shift the world away from fossil fuels. But the global reach of US shale has changed oil markets for good and remains a potent, diplomatic weapon for the US.

"Opening the shale revolution to the world through the export ban lifting helped shift the global oil market psychology from supply scarcity to abundance," said Karim Fawaz, director of research and analysis for energy at IHS Markit. "It unshackled the US industry to keep growing past its domestic refining limitations."

Perhaps no two groups have gained from the export of America's shale boom more than producers of US oil and the giant commodities merchants who trade it. Wildcatters including billionaire Harold Hamm of Continental Resources Inc and Scott Sheffield of Pioneer Natural Resources Co saw their revenues more than double as exports took off. "Today the US has its own petrodollars," Hamm said in August 2018 as US oil shipments overseas boomed.

A natural gas flare on an oil well pad burns as the sun sets outside Watford City, North Dakota (file). The US, which had been one of Opec's biggest customers, has cut its monthly imports by about 50% since mid-2006.

Trading giants including Trafigura Group, Vitol, Gunvor Group and Mercuria Energy Group profited from buying cheaper shale oil, shuttling it to the US coast and shipping it to eager buyers in Europe and Asia. Betting that shipments would surge, they expanded their trading desks in the US, invested in ports, pipelines and export facilities. By the last week of 2019, exports of American oil had reached nearly 4.5mn barrels a day.

US shale's gain was Opec's loss. As shale oil flooded the market, Opec was forced to cede market share. The US, which had been one of Opec's biggest customers, has cut its monthly imports by about 50% since mid-2006. In the last week of December, Saudi Arabian cargoes to the US fell to zero for the first time since at least 2010.

Exports have turned US shale into a permanent thorn in Opec's side. The oil group has had to join forces with Russia, Mexico and other major producers to ratchet back production several times in the past five years while US shale expanded its reach into key markets.

Shale now shares the fortunes — and the misfortunes — of being a major exporter. The strongest evidence of this yet came last March when US President Donald Trump joined leaders of the world's largest oil-producing nations to hammer out an unprecedented accord to save oil markets from total collapse as the pandemic slashed demand.

The US's shrinking dependence on foreign imports has also allowed the Trump administration to impose increasingly debilitating sanctions on two Opec founding members — Venezuela and Iran — without fear of higher fuel prices back home. And with American shale now readily available in global markets, oil price spikes tied to conflicts in the Middle East are shorter and more subdued.

"The flow of US oil since the ban's end has kept global oil supply in balance even at times when politics have caused the loss of supply from Iran, Venezuela and Libya," said Sandy Fielden, director of oil research at Morningstar Inc.

How long the US can maintain this clout on global oil markets remains to be seen.

One bullish sign for US oil exports: China's appetite for crude has come back with a vengeance since the country emerged from lockdowns. That has helped draw down American oil inventories as US cargoes start hitting the water once again, reaching 3.6mn barrels a day in the week of Christmas.

There is no other country that will dictate the fate of US oil exports more than China. About two years after US lawmakers lifted the export ban, shipments to China reached 2mn barrels a day, making it by far the largest buyer of American oil. The Asian nation's appetite for crude has rebounded since it emerged from lockdowns, but Saudi Arabia and Russia remain major suppliers to the country and competition may heat up later this year as Opec+ restores output.

"The Asian market will become more competitive as Opec+ restores some of its production," said Shirin Lakhani, a senior oil analyst at Rapidan Energy Group. "For Opec+ producers, sales into Asia have the best profit margins due to proximity and logistics."

Demand for US barrels will also depend on how well the global economy fares in the coming years after its deepest recession since World War II. The World Bank forecasts a 4% economic rebound this year, following a 4.3% contraction in 2020, but cautioned there's an "exceptional level of uncertainty" as the pandemic may reduce potential global growth for a decade. It will take until the end of 2021 for the oil glut left behind by the pandemic to clear as demand will be "lower for longer than expected" when the virus emerged in the spring, the International Energy Agency said in December.

The incoming Biden administration and its plan to completely reshape US energy policy will undoubtedly affect US oil exports. Among the president-elect's promises on the campaign trail were stronger regulation of the hydraulic fracturing that unleashed the US shale boom, a ban on fracking federal lands and a broader transition away from fossil fuels. Depending on how it's executed, the ban alone may not significantly affect US oil shipments. It would theoretically only apply to new drilling licences and affect a fairly limited amount of new oil output, namely in New Mexico.

But that may only prove to be a temporary boon for oil exporters. Joe Biden is among a growing chorus of world leaders pledging to wean their nations off fossil fuels for good. More than 120 countries, including China, the UK and Canada, have committed to achieving net-zero emissions over the course of the next three decades.

Nio CEO William Li introducing the ET7, the flagship sedan for the Chinese electric car manufacturer, during its launch ceremony in Chengdu, in China's southwest Sichuan province on January 9.

Tesla's China rival Nio ups competition with new electric sedan

Bloomberg
Hong Kong

Chinese electric-car maker Nio Inc is pitting itself further against market leader Tesla Inc, unveiling its first sedan in direct competition with the US company's most popular model and other international rivals.

The all-electric sedan ET7, released by Nio founder and chief executive officer William Li at a company event in Chengdu on Saturday evening, will start at 448,000 yuan ($69,193) before government subsidies. That compares with 265,740 yuan for an entry-level Tesla Model 3, built in China. Deliveries will start from the first quarter of 2022.

Nio also launched a bigger volume battery pack that can improve driving range, an upgraded autopilot system and the second iteration of its battery-swap station, a concept whereby people can change the battery in their vehicle rather than re-charge it. Nio targets reaching 500 power swap stations by the end of 2021.

Nio is coming off a stellar 2020. Its New York-listed shares finished the year up 1,112% and the company has begun reporting gross positive margins, having delivered 43,728 vehicles in 2020.

Dollar hegemony is under fire from China's rapid growth recovery

By Susanne Barton
Bloomberg

China's light-speed recovery from the pandemic has reignited the perennial debate about how long the dollar's 50-year dominance of global markets can persist.

The US's struggle to control the coronavirus and revive its economy contrasts sharply with the Asian nation, where growth has roared back. That divergence – which saw the greenback's worst performance since 2017 as the yuan advanced – has bolstered China's tilt at dollar hegemony, with investors flocking to onshore assets, trying out the renminbi for trade, and even giving it another look as a reserve currency.

The dollar's demise as the world's reserve currency has been idly speculated on and predicted for years, of course. Prior to the yuan, all the hype was about the euro as the dollar's successor. Nothing, though, ever managed to dent the twin forces underpinning dollar supremacy: the US's role as both global growth engine and haven of first choice for investors during crises. So powerful were these two pillars that they were given a catchy nickname in trading circles years ago – the "dollar smile."

But recently, that smile has looked more like a smirk, with the virus eroding both of the currency's traditional supports. Instead, it's the yuan that's benefiting from demand for economic outperformance, and for assets insulated from the pandemic's fallout, bringing the currency's long-term prospects back into focus.

"The centre of the world's economy is shifting from the Northern Atlantic, where it's been for 500 years, to the Pacific," said Marc Chandler, chief market strategist at Bannockburn Global Forex. "The currency markets are going to reflect that over time."

Yuan smile

It's a somewhat ironic end to President Donald Trump's pursuit of a weaker dollar. Despite frequently admonishing Beijing officials for keeping a lid on their currency to support Chinese exports at the expense of the US – and starting a full-blown trade war to force their hand – it took a pandemic to change the tide.

China is reaping the rewards. The world's second-largest economy is now set to depose the US as the leading engine of growth in 2028, five years earlier than expected just a year ago after better weathering the pandemic, the Centre for Economics and Business Research said last month.

While American output is poised to rebound in 2021, growing 3.9%, China is on track to expand more than 8%. And its central bank is considering tightening monetary policy – in stark contrast with a pledge from the Federal Reserve to remain accommodative, which has helped drag down the dollar.

In fact, some see China's economic success itself – particularly in becoming a linchpin of the global supply chain – reinforcing the trend for low interest rates elsewhere, and increasing the divergence.

"The US and other countries remain reliant on the Chinese supply chain to control the pandemic while vaccinations are rolled out," said Ben Emons, the managing director of macro strategy at Medley Global Advisors. That advantage is what "keeps G-10 central banks highly accommodative."

Money talks

Investors have certainly taken notice, pumping $135bn into Chinese bonds in the 12 months ended September 30, data compiled by Bloomberg show. Equities have also proved popular, luring $155bn over the same period. While recent New York Stock Exchange confusion around delisting several Chinese companies served as a reminder of the regulatory and trade-related risks surrounding the nation's assets, investors were largely unfazed.

Ultimately, it's the record cache of negative-yielding assets elsewhere in the world that has made Chinese debt particularly appealing. China's 10-year bonds yield more than 3%, versus just over 1% for similar-maturity Treasuries. With these securities also joining a growing number of international benchmarks that help investors set their return objectives, the renminbi is getting another look as a currency for both short- and long-term commitments.

Greater influence

While more than 60% of the world's currency reserves are denominated in dollars – as they have been for over two decades – holdings of the greenback fell to the lowest since 1996 at the end of the third quarter. The euro, pound and yen have gained from this decline, yet only the yuan has seen allocations increase – to 2.1% – for the last three quarters.

That has some analysts rethinking their approach to the currency. HSBC Holdings Plc sees the yuan increasingly influencing weekly price changes in the pound and commodity-linked currencies, while strategists at Societe Generale SA see it affecting risk sentiment.

The currency is now the fifth-most used currency for global payments, accounting for about 2% of transactions, according to data from the Society for Worldwide Interbank Financial Telecommunications, which handles cross-border payment messages for more than 11,000 financial institutions in 200 countries. While that's still a small share, when Swift first started tracking currencies in this way in 2010, the renminbi was ranked 35th.

Intervention risk

Of course, the investor frenzy for all things China comes with a big caveat: Those flows could push the yuan to strengthen too far, too fast, and precipitate government intervention to stop gains hurting exports. Officials have historically advocated for a weaker currency to support manufacturers.

Indeed, Citigroup Inc is predicting the currency could soar to its strongest in almost three decades versus the dollar in 2021, while Goldman Sachs Group Inc forecasts a rise to levels unseen since 2015, and JPMorgan Chase & Co describes bets on the renminbi as one of its "highest conviction" picks for this year.

It wouldn't be the first time that officials have acted to stem appreciation. In 2015, Beijing unexpectedly devalued the currency, triggering the yuan's biggest one-day loss in 20 years. So far, China's central bank has only moved to slow, rather than halt, the yuan's advance by making it cheaper for traders to bet against the currency and by relaxing capital curbs to allow more outflows.

But if the currency rises to less desirable levels, policy makers could act more forcibly. They could also delay opening domestic markets further – a prerequisite for the yuan to become a truly global currency. "Locally, the momentum of FX actions suggest a desire for a slower pace of RMB appreciation," Nomura strategists including Craig Chan wrote in a December report.

Long game

Any intervention would slow not only the yuan's advance, but also its challenge to the dollar. Despite bullish calls for the yuan from some of the finance industry's biggest names, the median forecast is for an advance of less than 1% by the currency in 2021. That would lag expected gains of more than 3% for the rouble and over 6% for the Brazilian real, data compiled by Bloomberg show. Dollar hegemony could also find an ally in former Fed chair Janet Yellen, who's President-Elect Joe Biden's pick to helm the Treasury department. The incoming administration could once again promote a stronger dollar, rebooting a policy that had held since 1995 until fizzling during the Trump presidency.

Still, the uptick in appetite for Chinese assets suggests growing international comfort with the renminbi, and the nation's economic outperformance is likely to drive further use – even if the greenback remains the dominant currency for trade, capital markets and reserves for some years to come.

"We are extremely bullish on emerging markets, which is fundamentally based on the view the Chinese economy will be strong in 2021 and that China has done a great job dealing with the virus," said John Malloy, portfolio manager and co-head of the emerging and frontier market team that oversees $10 billion at RWC Partners.

QATAR

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	15.00	0.33	1,500
Widam Food Co	6.27	-0.16	576,305
Vodafone Qatar	1.41	0.79	4,915,942
United Development Co	1.57	-1.01	10,058,117
Salam International Investme	0.64	-0.62	7,448,334
Qatar & Oman Investment Co	0.87	-1.02	2,819,162
Qatar Navigation	7.65	5.43	3,574,820
Qatar National Cement Co	4.30	-1.10	209,465
Qatar National Bank	18.70	-0.21	1,646,980
Qatar Islamic Insurance	0.00	0.00	-
Qatar Industrial Manufactur	7.00	-1.41	12,248
Qatar International Islamic	3.15	0.16	200,440
Qatari Investors Group	9.32	0.24	1,347,950
Qatar Islamic Bank	1.81	-0.22	364,226
Qatar Gas Transport(Nakilat)	17.45	-0.23	1,142,605
Qatar General Insurance & Re	3.33	2.15	3,852,550
Qatar German Co For Medical	2.59	-0.50	10,900
Qatar Fuel Qsc	2.35	3.11	14,774,710
Qatar First Bank	19.00	0.00	1,185,354
Qatar Electricity & Water Co	1.71	-0.75	3,056,489
Qatar Exchange Index Etf	18.40	0.60	522,208
Qatar Cinema & Film Distrib	10.55	1.57	58,000
Al Rayan Qatar Etf	3.80	2.43	106,164
Qatar Insurance Co	2.42	-0.08	9,800
Qatar Aluminum Manufacturing	2.58	3.16	2,007,217
Ooredoo Qpsc	0.98	-0.41	3,002,983
National Leasing	7.96	2.62	3,408,351
Mazaya Qatar Real Estate Dev	1.24	-0.64	3,183,518
Mesaieed Petrochemical Holdi	1.25	-1.11	5,730,033
Al Meera Consumer Goods Co	2.07	-0.34	1,229,887
Medicare Group	20.85	1.21	91,965
Mannai Corporation Qsc	8.90	0.56	66,257
Masraf Al Rayan	3.00	-0.10	116,153
Al Khalij Commercial Bank	4.57	0.00	9,477,661
Industries Qatar	2.13	3.90	53,034,760
Islamic Holding Group	11.30	0.62	774,309
Investment Holding Group	5.06	-1.21	486,318
Gulf Warehousing Company	0.58	-1.19	26,736,669
Gulf International Services	5.23	0.58	1,848,510
Ezdan Holding Group	1.72	0.00	9,382,065
Doha Insurance Co	1.76	-1.40	4,737,478
Doha Bank Qpsc	1.41	1.88	13,700
Dlala Holding	2.41	0.50	1,401,693
Commercial Bank Pqsc	1.77	-1.23	1,912,128
Barwa Real Estate Co	4.39	-0.32	2,308,361
Al Khaleej Takaful Group	3.45	0.79	1,621,118
Al Ahli Bank	1.74	-1.25	5,231,522
	1.93	0.31	457,819

KUWAIT

Company Name	Lt Price	% Chg	Volume
Sultan Center Food Products	101.00	2.54	386,552
Kuwait Foundry Co Sak	274.00	3.40	446,662
Kuwait Financial Centre Sak	81.80	0.00	94,890
Ajial Real Estate Entmt	188.00	0.00	67,939
Kuwait Finance & Investment	43.00	-0.23	502,437
National Industries Co Ksc	156.00	0.65	11,500
Kuwait Real Estate Holding C	24.50	0.00	-
Securities House/The	43.10	1.65	8,540,691
Boubyan Petrochemicals Co	650.00	0.31	563,976
Al Ahli Bank Of Kuwait	211.00	0.48	46,122
Ahli United Bank (Almutahed)	290.00	0.69	386,558
National Bank Of Kuwait	846.00	0.00	12,578,436
Commercial Bank Of Kuwait	505.00	0.00	-
Kuwait International Bank	208.00	0.48	3,501,713
Gulf Bank	220.00	2.80	12,115,854
Al-Massaleh Real Estate Co	34.90	0.00	-
Al Arabiya Real Estate Co	25.70	0.78	511,482
Kuwait Remal Real Estate Co	19.00	-2.56	477,284
Alkout Industrial Projects C	675.00	0.00	-
A'ayan Real Estate Co Sak	58.90	1.55	179,102
Investors Holding Group Co.K	17.80	0.56	2,480,509
Al-Mazaya Holding Co	57.20	0.00	292,673
Al-Madar Finance & Invt Co	90.60	-0.44	453,921
Gulf Petroleum Investment	19.20	0.00	1,596,886
Mabanee Co Sakc	680.00	1.19	1,145,487
Inovest Co Bsc	67.00	2.13	99,010
Al-Deera Holding Co	16.00	0.00	-
Mena Real Estate Co	26.80	1.13	332,692
Amar Finance & Leasing Co	48.70	0.00	-
United Projects For Aviation	259.00	5.28	539,102
National Consumer Holding Co	48.00	0.00	-
Amwal International Investme	33.70	0.00	-
Equipment Holding Co K.S.C.C	28.40	1.43	89,480
Arkan Al Kuwait Real Estate	91.00	3.41	98,190
Gfh Financial Group Bsc	56.90	5.37	2,009,048
Energy House Holding Co Kscp	26.60	1.92	75,565
Kuwait Co For Process Plant	405.00	0.25	15,480
Al Maidan Dental Clinic Co K	1,240.00	0.00	-
National Shooting Company	19.90	0.51	6,279,801
Al-Ahleia Insurance Co Sakp	451.00	0.00	-
Wethaq Takaful Insurance Co	20.50	-0.97	52,500
Salbookh Trading Co Kscp	36.00	-2.44	58,310
Aqar Real Estate Investments	58.50	0.00	-
Hayat Communications	60.80	1.33	1,186,163
Soor Fuel Marketing Co Ksc	122.00	0.00	47,141
Tamkeen Holding Co	5.20	0.00	-
Alargan International Real	110.00	0.00	-
Burgan Co For Well Drilling	148.00	5.71	61,809
Kuwait Resorts Co Kscc	63.20	1.61	779,899
Oula Fuel Marketing Co	122.00	0.00	161,951
Palms Agro Production Co	68.00	0.00	-
Mubarrad Holding Co Ksc	72.00	0.70	590,828
Shuaiba Industrial Co	155.00	0.00	-
Aan Digital Services Co	12.40	1.64	1,145,060
First Takaful Insurance Co	47.00	9.05	70,968
Kuwaiti Syrian Holding Co	30.40	-4.70	100
National Cleaning Company	53.20	3.91	10
United Real Estate Company	48.00	-0.21	2,971
Agility	693.00	1.61	3,337,134
Kuwait & Middle East Fin Inv	125.00	0.81	501,966
Fujairah Cement Industries	34.20	0.00	-
Livestock Transport & Tradng	181.00	-1.09	1,110
International Resorts Co	177.00	1.14	2,352,641
National Industries Grp Hold	100.00	19.05	2,434,071
Warba Insurance Co	40.90	-0.24	200,500
First Dubai Real Estate Deve	198.00	0.00	-
Al Arabi Group Holding Co	62.00	0.00	-
Kuwait Hotels Sak	620.00	1.31	6,266,748
Mobile Telecommunications Co	20.50	0.00	-
Effect Real Estate Co	257.00	0.00	-
Tamdeen Real Estate Co Ksc	19.30	1.05	543,001
Al Mudon Intl Real Estate Co	231.00	0.87	85,651
Kuwait Cement Co Ksc	42.20	0.00	-
Sharjah Cement & Indus Devel	789.00	0.00	10,982
Kuwait Portland Cement Co	309.00	-2.52	5,483
Educational Holding Group	200.00	0.00	-
Bahrain Kuwait Insurance	39.00	1.83	1,628,810
Asiya Capital Investments Co	121.00	0.83	890,253
Kuwait Investment Co	213.00	0.47	566,613
Burgan Bank	159.00	1.27	582,762
Kuwait Projects Co Holdings	15.00	-1.32	1,335,176
Al Madina For Finance And In	397.00	0.00	-
Kuwait Insurance Co	25.40	0.00	754,709
Al Masaken Intl Real Estate	69.00	6.65	7,759,445
Intl Financial Advisors	42.60	-1.39	12,752,431
First Investment Co Kscc	5.90	0.00	-
Al Mal Investment Company	41.60	1.46	381,760
Bayan Investment Co Kscc	355.00	0.00	-
Egypt Kuwait Holding Co Sae	47.00	-2.08	5,000
Coast Investment Development	40.90	0.74	282,600
Privatization Holding Compan	77.40	1.31	100
Injazzat Real State Company	32.50	-4.97	500
Kuwait Cable Vision Sak	211.00	-0.47	4,980,484
Sanam Real Estate Co Kscc	56.80	0.53	4,662,366
Ithmaar Holding Bsc	10.70	0.00	-
Aviation Lease And Finance C	39.80	3.38	487,482
Arzan Financial Group For Fi	84.50	0.00	-
Ajwan Gulf Real Estate Co	79.90	-0.50	239,000
Kuwait Business Town Real Es	7.30	0.00	-
Future Kid Entertainment And	68.30	0.00	-
Specialities Group Holding C	28.40	1.43	223,358
Abyaar Real Eastate Developm	198.00	0.51	227,252
Dar Al Thuraya Real Estate C	44.50	-1.11	975,455
Kgl Logistics Company Kscc	47.50	-4.62	50,101
Combined Group Contracting	85.30	3.39	27,000
Jiyad Holding Co Ksc	567.00	0.71	1,425,292
Warba Capital Holding Co	213.00	0.95	22,770,157
Gulf Investment House Ksc	90.00	0.00	-
Boubyan Bank K.S.C	92.00	-4.17	363,780
Ahli United Bank B.S.C	347.00	1.17	1,111,924
Osos Holding Group Co	570.00	0.00	-
Al-Eid Food Ksc	15.50	1.31	498,203
Qurain Petrochemical Industr	28.00	0.00	-
Advanced Technology Co	90.30	-4.95	65,178
Ekttitab Holding Co Sak	72.10	-2.04	38,029
Real Estate Trade Centers Co	1,150.00	9.63	3,000
Acico Industries Co Kscc	111.00	0.91	4,139,598
Kipco Asset Management Co	65.00	0.00	-
National Petroleum Services	209.00	0.00	-
Alimtiaz Investment Group	52.70	-0.38	391,256
Ras Al Khaimah White Cement	3,622.00	-2.11	285,863
Kuwait Reinsurance Co Ksc	67.60	0.00	-
Kuwait & Gulf Link Transport	62.00	5.08	179,643
Humansoft Holding Co Ksc	60.00	0.00	-
Automated Systems Co Kscc	48.90	0.82	250,510
Metal & Recycling Co	647.00	2.21	240,358
Gulf Franchising Holding Co	76.00	0.00	421,487
Al-Enma'a Real Estate Co	39.30	0.77	173,157
National Mobile Telecommuni	25.40	0.40	1,110,210
Sanad Holding Co Kscc	58.00	0.52	97,372
Unicap Investment And Financ	32.40	1.57	2,700
Al Salam Group Holding Co	49.90	0.81	5,153,424
Al Aman Investment Company	729.00	-0.55	255,829
Mashaer Holding Co Ksc	116.00	0.00	10,187
Manazel Holding	77.50	-3.00	294,100
Tijara And Real Estate Inves	20.00	-0.50	220,030
Jazeera Airways Co Ksc	394.00	-0.25	390,522
Commercial Real Estate Co	76.00	1.88	1,404,570
National International Co	22.20	-2.63	4,599,662
Taameer Real Estate Invest C	755.00	0.00	-
Gulf Cement Co	11.80	0.00	-
Heavy Engineering And Ship B	475.00	0.00	-
National Real Estate Co	109.00	2.83	2,948,905
Al Safat Energy Holding Comp	554.00	3.55	1,238,953
Kuwait National Cinema Co	739.00	0.00	553,543
Danah Alsafat Foodstuff Co	685.00	0.44	7,701,940
Independent Petroleum Group	64.30	1.10	32,985
Kuwait Real Estate Co Ksc	91.00	0.00	-
Salhia Real Estate Co Ksc	80.00	0.00	2,686
Gulf Cable & Electrical Ind	810.00	0.00	-
Kuwait Finance House	71.40	0.00	-
Gulf North Africa Holding Co	94.10	0.53	6,571,764
Hilal Cement Co	45.40	14.94	1,500
Osoul Investment Kscc	132.00	0.76	474,544
Gulf Insurance Group Ksc	188.00	0.00	4,355
Umm Al Qaiwain General Inves	825.00	0.00	-
Aayan Leasing & Investment	274.00	0.00	-
Alrai Media Group Co Ksc	90.20	0.00	-
National Investments Co	70.40	0.00	-
Commercial Facilities Co	179.00	1.70	1,040,090
Yiaco Medical Co. K.S.C.C	325.00	0.00	-
Dulaqan Real Estate Co	22.00	0.00	2
Real Estate Asset Management	23.40	5.41	4,029,419

OMAN

Company Name	Lt Price	% Chg	Volume
Voltamp Energy Saog	0.12	-1.60	53
Vision Insurance Saoc	0.08	0.00	30,000
United Power/Energy Co- Pref	0.90	0.00	-
United Power Co Saog	0.99	0.00	-
United Finance Co	0.05	0.00	-
Ubar Hotels & Resorts	0.13	0.00	-
Takaful Oman	0.12	0.00	-
Taageer Finance	0.08	0.00	-
Sweets Of Oman	0.55	0.00	-
Sohar Power Co	0.05	0.00	2,110
Sohar International Bank	0.10	5.43	117,500
Smn Power Holding Saog	0.08	0.00	-
Shell Oman Marketing - Pref	1.05	0.00	-
Shell Oman Marketing	1.00	0.00	-
Sharqiyah Desalination Co Sa	0.16	0.00	-
Sembcorp Salalah Power & Wat	0.10	-1.04	27,000
Salalah Port Services	0.60	0.00	-
Salalah Mills Co	0.55	0.00	-
Salalah Beach Resort Saog	1.38	0.00	-
Sahara Hospitality	3.12	0.00	-
Renaissance Services Saog	0.33	-1.18	115,500
Raysut Cement Co	0.33	-2.94	45,000
Phoenix Power Co Saoc	0.05	0.00	98,252
Packaging Co Ltd	2.21	0.00	-
Ooredoo	0.39	0.00	-
Ominvest	0.34	0.00	-
Oman United Insurance Co	0.40	0.00	47,079
Oman Telecommunications Co	0.73	0.55	107,370
Oman Refreshment Co	1.06	0.00	11,633
Oman Qatar Insurance Co	0.09	-5.26	8,200
Oman Packaging	0.31	0.00	-
Oman Oil Marketing Company	0.80	0.00	-
Oman National Engineering An	0.10	0.00	-
Oman Investment & Finance	0.09	3.33	814,690
Oman Intl Marketing	0.52	0.00	-
Oman Flour Mills	0.72	2.86	212
Oman Fisheries Co	0.09	0.00	3,500
Oman Europe Foods Industries	1.00	0.00	-
Oman Education & Training In	0.25	0.00	-
Oman Chromite	3.64	0.00	-
Oman Chlorine	0.27	0.00	321
Oman Ceramic Company	0.42	0.00	-
Oman Cement Co	0.25	0.00	10,000
Oman Cables Industry	0.44	0.00	-
Oman & Emirates Inv(Om)50%	0.19	0.00	-
Natl Aluminium Products	0.04	-8.70	926,546
National Real Estate Develop	0.09	0.00	-
National Mineral Water	5.00	0.00	-
National Life & General Insu	0.09	0.00	-
National Gas Co	0.35	0.00	-
National Finance Co	0.15	1.38	165,456
National Detergent Co Saog	0.13	0.00	-
National Biscuit Industries	0.67	0.00	-
National Bank Of Oman Saog	3.92	0.00	-
Muscat Thread Mills Co	0.16	-1.22	10,000
Muscat Insurance Co Saog	0.08	0.00	-
Muscat Gases Company Saog	0.35	0.00	-
Muscat Finance	0.21	0.00	-
Muscat City Desalination Co	0.04	0.00	20,000
Majan Glass Company	0.10	0.00	-
Majan College	0.31	0.00	-
Hsbc Bank Oman	0.18	0.00	-
Hotels Management Co Interna	0.16	0.00	20,000
Gulf Stone	0.09	0.00	-
Gulf Mushroom Company	1.25	0.00	-
Gulf Investments Services	0.12	0.00	-
Gulf Invest. Serv. Pref-Shar	0.31	0.00	-
Gulf International Chemicals	0.10	0.00	-
Gulf Hotels (Oman) Co Ltd	0.32	0.00	-
Global Fin Investment	0.11	0.00	-
Galfar Engineering&Contract	3.88	0.00	-
Galfar Engineering -Prefer	0.06	0.00	-
Financial Services Co.	0.05	6.98	990,408
Financial Corp/The	0.39	0.00	-
Dhofar Tourism	0.18	0.00	-
Dhofar Poultry	0.08	0.00	-
Dhofar Intl Development	0.49	0.00	-
Dhofar Insurance	0.18	0.00	-
Dhofar Generating Co Saoc	0.29	0.00	-
Dhofar Fisheries & Food Indu	0.16	0.00	-
Dhofar Cattlefeed	0.19	0.00	-
Dhofar Beverages Co	1.28	0.00	-
Construction Materials Ind	0.09	0.00	-
Computer Stationery Inds	0.26	0.00	-
Bankmuscat Saog	0.03	0.00	-
Bank Nizwa	0.26	0.00	-
Bank Dhofar Saog	0.41	2.50	571,005
Arabia Falcon Insurance Co	0.10	1.05	354,648
Alouia Co	0.10	4.00	641,885
Al-Omaniya Financial Service	0.08	0.00	-
Al-Hassan Engineering Co	0.10	0.00	-
Al-Fajar Al-Alamia Co	0.08	0.00	-
Al-Anwar Ceramic Tiles Co	0.07	-1.39	50,000
Al Suwadi Power	0.01	0.00	-
Al Sharqiya Invest Holding	0.70	0.00	-
Al Maha Petroleum Products M	0.28	2.96	191,700
Al Maha Ceramics Co Saoc	0.05	0.00	-
Al Madina Takaful Co Saoc	0.07	1.37	283,896
Al Madina Investment Co	0.67	0.00	-
Al Kamil Power Co	0.23	0.00	-
Al Jazerah Services -Pfd	0.08	1.30	10,000
Al Jazeera Steel Products Co	0.02	0.00	-
Al Jazeera Services	0.32	0.00	-
Al Izz Islamic Bank	0.55	0.00	-
Al Buraimi Hotel	0.16	9.86	1,362,757
Al Batinah Power	0.25	-1.19	181,700
Al Batinah Hotels	0.88	0.00	-
Al Batinah Dev & Inv	0.05	4.08	39,332
Al Anwar Holdings Saog	1.13	0.00	-
Al Ahlia Insurance Co Saoc	0.07	0.00	-
Ahli Bank	0.07	3.08	20,000
Acwa Power Barka Saog	0.36	0.00	-
Abrasives Manufacturing Co S	0.13	0.00	-
A'saffa Foods Saog	0.48	0.00	-
OMan Oil Marketing Co-Pref	0.05	0.00	-
#N/A Invalid Security	0.55	0.00	-
#N/A Invalid Security	0.25	0.00	-

LATEST MARKET CLOSING FIGURES

Bank stocks are back in vogue on stimulus and interest-rate outlook

Bloomberg
New York

Big US banks have gone from losers to leaders in the stock market, rebounding from a pandemic-induced pummelling as investors anticipate a surge in federal spending in 2021 and look ahead to this week's earnings-season kickoff.

Whether they maintain that momentum depends on the success of President-elect Joe Biden's agenda, Federal Reserve monetary policy and how quickly Covid-19 is brought to heel. Investors have been optimistic about economic growth, with banks enjoying a bump in interest rates as they increase lending, deal-making and trading. Last month's reintroduction of bank stock buybacks and Biden's selection of Janet Yellen as Treasury Secretary in November also helped.

The KBW Bank Index has jumped 8.4% in January, beating the S&P 500 Index's 1.8% advance. Last year, the bank gauge tumbled 14% while the broader market rose 16%. Three of the nation's largest lenders — JPMorgan Chase & Co, Citigroup Inc and Wells Fargo & Co — release quarterly earnings on Friday. Bank of America Corp and Goldman Sachs Group Inc follow on January 19. Morgan Stanley reports on January 20.

Large and regional bank stocks staged a late-year comeback on vaccine optimism and a rotation into value stocks from growth stocks, Keefe Bruyette & Woods Inc analyst Christopher McGratty wrote in a note last week. Heading into earnings season, "relative stock performance will be less about the quarter and more about the outlook" for credit, profits and capital management, he said.

Goldman Sachs closed at a record high on January 7. Wells Fargo analyst Mike Mayo had predicted that, after better-than-expected earnings at Jefferies Financial Group reinforced his view that "capital markets should remain stronger for longer and that Goldman's results should exceed." On Friday, Goldman's commodities traders were said to have doubled their revenue in 2020, signalling that Wall Street desks managed to print profits into the year's finale.

A JP Morgan Chase & Co building stands under construction in New York in June last year. Large and regional bank stocks staged a late-year comeback on vaccine optimism and a rotation into value stocks from growth stocks, Keefe Bruyette & Woods Inc analyst Christopher McGratty wrote in a note.

Bank stocks have "moved back into vogue" due to optimism about fiscal stimulus, infrastructure spending, rising interest rates and bigger capital returns, Goldman analyst Richard Ramsden wrote last week. He highlighted stock outperformance since the Fed released its special crisis stress test results in December, which aligned with his view that bank returns should "rebound and recoup" nearly three-quarters of 2020's decline during the next two years.

Last week, JPMorgan and other banks climbed after a slew of fresh buy ratings on bets more government spending was likely in the wake of Democrats taking control of Congress.

"The best is yet to come," BofA analyst Erika Najarian wrote, as 2021 is likely to be a strong year for banks, with JPMorgan well positioned to benefit from a "stimulus-aided comeback of the US consumer, the potential return of travel and restaurant spend, and the steepening of the curve."

"Banks ostensibly have myriad tailwinds going forward," including higher interest rates, steeper curves, the release of 2020's massive provisions and the return of buybacks, Vital Knowledge founder Adam Crisafulli said by e-mail. However, he added that further gains in the KBW Bank Index, which has "quietly surged and is now nearly back to where it was before the pandemic broke in February/March," may be a function of rotation out of tech stocks.

Blackstone's Moorjani resigns after 9 years

By Cathy Chan
Bloomberg

Kishore Moorjani.

Blackstone Group Inc's Kishore Moorjani has resigned from the firm after leading the efforts for its opportunistic investment platform in Asia for nine years.

Moorjani, 48, who's the Asia head of Tactical Opportunities, will leave the firm in June and pursue other interests, a Hong Kong-based spokeswoman confirmed. He will be succeeded by Menes Chee, a senior partner who will relocate from the firm's New York headquarters to Hong Kong in February, Blackstone said.

"Kishore has done an incredible job of building our business in an expansive and promising region," David Blitzer, global head of Tactical Opportunities, said in an e-mail. "We're excited to have one of our most senior, long-serving partners in Menes take on this leadership role as we continue to expand" in Asia.

Moorjani is the third senior managing director departing from Blackstone in Asia since last month. Amit Jain, the Mumbai-based partner for its private equity business, will leave at end of this year, and Tim Wang, head of real estate for China, left in December, people familiar said earlier.

The departures also come as the firm is doubling down on Asia, seeking to raise at least $5bn for its second private equity fund focused on the region.

Under Moorjani's leadership, the team has deployed more than $2bn across 13 investments in the region over the last seven years. The group expanded its Hong Kong presence in 2019, hiring two additional staff to focus on investments in Greater China, including Mike Shang. Daniel Kearns, who is based in Singapore, will also move to Sydney to open an Australia office.

In 2020, Blackstone Tac Opps made follow-on investments in New Zealand insurer Partners Life, an Indian distressed platform with HDFC Bank Ltd, and in Indonesian logistics business Emergent. These came after initial investments in those platforms from 2016 to 2018.

It also invested $150mn in preferred shares of Chinese data centre company 21Vianet Group, whose stock price has more than doubled since the June investment. It also set aside $190mn for a venture to build hyperscale data centres in Japan the following month.

Moorjani joined Blackstone in 2012, the year the firm established the tactical opportunities business to provide flexible capital to high quality companies with bespoke investment structures across asset classes, sectors and security types. The division typically focuses on investment ideas that may fall beyond the mandates of Blackstone's other funds.

Before joining Blackstone, Kishore was the founder and chief investment officer of Credit Asia Capital, an Asian special situations investment firm he established in partnership with the Blackstone Strategic Alliance Fund.

Chee has been with Blackstone since 2009 and was a founding member of the Tac Opps team when the firm established the business in 2012.

ESG investing could be making 'bear market for humans' worse

By Michael P Regan and Sarah Ponczek
Bloomberg

Vincent Deluard calls it the "bear market for humans." It's a phenomenon he observed last year in the market: Stocks of companies that are less-reliant on employees did much better than those that rely heavily on labour and large workforces.

It sounds like the type of issue that could be tackled by the growing trend ESG investing — or focusing on companies' approach towards environmental, social and governance issues. Yet, Deluard's work shows the opposite: ESG investing tends to favour the very same companies that have fuelled the "bear market for humans."

Deluard, a global market strategist at brokerage StoneX Group Inc, joined the latest "What Goes Up" podcast to discuss his research on this topic, as well as his outlook for markets and inflation in 2021. Here are some lightly edited highlights of the conversation.

On ESG and human capital: "I actually had a piece on how ESG makes the problem worse. What I did is I looked at the largest 30 ESG equity funds in the US and I compared the holdings to the Russell 3000. And I looked at the number of employees of the average ESG company. So the highest ESG rankings are about 30% smaller than the average in the Russell 3000. It's by far the biggest difference."

"So structurally, ESG is actually biased against humans and rewards the company that are already benefiting from those trends. So as we shift more capital toward the ESG form, I think we are making the problem a lot worse. And if I were, you know, running an energy company, I would really focus on the 'S' before you can worry about how good your governance is and labour issues. Do you have workers? I think the first, good thing you can do for humans is to give them jobs. And so far ESG is actually channelling capital toward companies that either have few jobs or automate other jobs."

On the outlook for inflation: "I think what we are looking at today is the mirror opposite of the late '70s, early '80s, where it's a period of transition. So in the early '70s and late '70s, early '80s, it was transition from inflation to disinflation. And this year is a transition from disinflation, or even outright deflation, to inflation, secular inflation. So that's kind of like the secular view. Now, if you remember, '80, '81, '82, there were a couple of inflation scares. Like, if you look at the Fed funds rate, it really got jacked up almost needlessly. And that triggered an economic recession. So it's not uncommon, as you reach the end of the cycle, to have one last fear."

"So in the early '80s, it was inflation fears. And I think this year we're going to have to — could be, I don't know, it's not looking that way right now — but my expectation would be we'd see some deflation fears again in Q1 because the impact of the lockdowns is still going to be felt, especially if you look at certain commodities markets like oil. Yes, we are rebounding at $51 (a barrel), but I mean if you have all of Europe under lockdown, if you have record deaths again, and it is going to take some time for the vaccines to be rolled out. The economic disruption could create the illusion that we are seeing that whole environment of more deflation, more consumption online and things like that."

"And then my guess is that by maybe Q2 or Q3, then acceleration really starts popping up and then accelerates toward secular inflation in the second half and then toward the end of the decade."

On the transition from consumer spending on digital diversions to real-world goods and services: "So one of the reasons why I look at it is because I view the consumption of digital goods as deflationary. So when your marginal dollar goes to digital goods, which have no marginal costs, the normal laws of supply and demand don't apply, right? You can keep consuming, it doesn't matter how many people are watching the same movie on Netflix at the same time. Now, if people go to the movie theatre instead, you need to build more theatres. You need to hire more workers, and that creates inflation because you are consuming real goods."

"The reason why I expect that shift is that's just what we saw in Europe this summer. Europe was a really good test case, in my opinion, because we had, you know, very nasty lockdowns in Q1 of 2020. And then by Q2, it was over. And then most things opened. Europe was open for vacation this summer. I mean, the Americans couldn't get there, but everywhere, everyone else had a great time. And you look at restaurants bookings, for example in Germany. They were up 20% over the prior year. So we actually had a better tourism season. And who would have thought that? And I think that talks to that desire, somewhat natural after being couped up in your house, you want to experience it again. No, you don't want to do another Netflix and chill. You want to go to the movie, you want to go to the restaurant or, you know, other venue where you where you can numb the existential angst of being a human."

HSBC shareholders ask bank to cut fossil-fuel lending exposure

By Alastair Marsh
Bloomberg

Customers use an escalator at the HSBC Holdings headquarters building in Hong Kong. ShareAction said investors recognise HSBC has made progress on climate-change matters, yet they've also called for the bank to do more and said its net-zero strategy contains no specific plans for phasing out its exposure to coal, oil and gas.

A group of HSBC Holdings Plc shareholders have filed a resolution urging the bank to cut its support to the fossil-fuel industry.

Amundi SA, Europe's largest listed asset manager, and Man Group Plc, the world's biggest publicly traded hedge fund firm, were among 15 institutional investors overseeing a combined $2.4tn that are backing the move, according to a statement from ShareAction, the UK nonprofit that co-ordinated the plan. The money managers, along with 117 individual shareholders, asked HSBC to publish a strategy to reduce its exposure to fossil-fuel assets and set targets in line with the Paris Agreement.

Banks are major contributors to global warming via their financing and lending activities, providing the world's biggest polluters with funding for extraction and drilling. Their role as the money pipeline for the fossil-fuel industry has attracted greater scrutiny from investors and activists in recent years. It also has coincided with the banks themselves starting to build up their green-finance businesses.

"For a long time, banks remained out of the spotlight and all the focus was on the actual carbon emitters, but it's becoming more obvious that banks are part of the problem too," said Jeanne Martin, senior campaign manager at ShareAction. "There's now increased interest among investors on the role of finance firms in facilitating emissions and in decarbonisation."

In October, London-based HSBC said it would prioritise financing and investments that support the transition to a net-zero global economy and committed to cut the net-carbon emissions of its client portfolio to zero by 2050. The bank also said it planned to achieve net-zero emissions in its own operations and supply chain by 2030.

HSBC is "strongly committed to addressing climate change" and has a "clear ambition" to align its financed emissions to net zero, a company spokesperson said. The bank is a leader in sustainable finance and expects to provide as much as $1tn in finance by 2030 to help its customers decarbonise, the spokesperson said.

"As we work to set out the detail of our road map to net zero, we continue to positively engage with our customers, shareholders and ShareAction," the company said in a statement.

ShareAction said investors recognise HSBC has made progress on climate-change matters, yet they've also called for the bank to do more and said its net-zero strategy contains no specific plans for phasing out its exposure to coal, oil and gas. The resolution covers HSBC's project finance, corporate lending and underwriting operations and requests the bank set short-, medium- and long-term targets.

The group of shareholders that filed the resolution, which also includes Brunel Pension Partnership, Rathbone Investment Management and Sarasin & Partners, requested HSBC make reducing its coal business the priority. The investors also asked HSBC "to consider the social dimension of the transition to a low-carbon economy" when devising its strategy and to not "rely excessively" on negative emissions technologies that remove carbon when developing targets.

"We welcome the net-zero ambition, but such an ambition needs to be underpinned with a real transition plan and reflect the sense of urgency highlighted by climate science," said Helen Price, stewardship manager at Brunel. "Without a credible transition plan, the net-zero ambition isn't a new and improved recipe for the bank, it's just new packaging."

Since the Paris climate agreement was signed at the end of 2015, HSBC has helped arrange $89.1bn of bonds and loans for energy companies, excluding solar, wind and other renewable producers, the third most among European lenders, according to data compiled by Bloomberg. That includes $20.4bn in 2020 for clients including BP Plc and Saudi Aramco.

Barclays Plc is Europe's biggest lender to corporate emitters over the period, providing $92bn of financing, followed by BNP Paribas SA with $90.5bn, the data show. JPMorgan Chase & Co has been the biggest lender globally since the start of 2016.

London-based ShareAction, which advocates for responsible investment, co-ordinated the first climate change resolution at a European bank when a group of Barclays shareholders asked the company last year to phase out financing for polluters that don't align with the goals of the Paris accord. While only 24% of Barclays shareholders supported the resolution, which was far below the threshold required for it to be adopted, a separate net-zero proposal put forward by the bank received almost unanimous support.

HSBC shareholders will vote on the resolution at the lender's annual meeting in April.

"HSBC, being Europe's largest bank, is a critical player in emissions output and potential reductions," said Jason Mitchell, co-head of responsible investment at Man Group.

"It has established a soft ambition of being net zero by 2050, but if we can work together on its transition plan and target-setting, then it could send an important signal to other fossil-fuel financiers of the road ahead."

Elon Musk's Starlink broadband terminals get nod in UK

Bloomberg
London

Elon Musk's Starlink satellite broadband system has received licensing approval for its user terminals from the UK's communications regulator, paving the way for the billionaire's venture to enter another major market.

The authorisation was granted in November, an Ofcom spokesman said by e-mail on Saturday. Greece, Germany and Australia have also approved the new system, according to local reports.

Musk — now the world's richest man — aims to roll out global super-fast Internet coverage to connect users beyond the reach of existing broadband networks by sending thousands of satellites into low-earth orbit. Starlink has already launched hundreds of the satellites and started testing a beta service in North America. It's part of the billionaire's Space Exploration Technologies Corp, known as SpaceX, which shoots the satellites into space.

The approval paves the way for Musk's venture to enter the British broadband market where it could compete with terrestrial UK Internet providers like BT Group Plc and traditional satellite firms like Inmarsat Group Holdings Ltd, as well as OneWeb — the low-earth orbit satellite system recently rescued from bankruptcy by the government and India's telecoms conglomerate Bharti Global.

Musk said in December that Starlink would likely be a candidate for an initial public offering once its revenue growth becomes "reasonably predictable."

The UK approval was reported earlier by the *Sunday Telegraph* newspaper.

SPOTLIGHT ON COMMODITIES

Strong start to year feeds supercycle speculation

By Ole S Hansen

We expect the broad commodity rally that saw the Bloomberg Commodity Index rise by 10% during the last quarter will extend further into 2021. Driven by multiple tailwinds from tightening supply, a global market flushed with cash is driving speculation across markets and increased demand for inflation hedges. Adding to this, the prospect for a weaker dollar, a vaccine-led recovery in global demand as well as emerging weather worries and the components for another commodity supercycle have started to emerge.

All of this during a time when the pandemic is still raging across many countries, especially in winter-hit regions across the northern hemisphere where the prospect for improvement — vaccine or not — is unlikely to occur until warmer weather arrives in March and April. While the rally may pause until the vaccine rollout gathers momentum, the market will have to rely on continued investment demand being strong enough to keep markets supported during the coming months when the negative impact of lockdowns and reduced mobility will be the greatest.

Investment demand was on clear display during the first full week of trading with the US stock market racing higher to reach a fresh record high, led by so-called 'bubble stocks' within technology and green stocks following the Democratic majority in US Congress. Bitcoin, another bubble candidate, surged past $40,000 as the alternative investment continues to become more mainstream with institutional demand on the rise.

Speculators have responded very forcefully to the improved sentiment during the past six months and as we enter 2021, they hold a total net long across 24 major commodity futures of 2.5mn lots, representing a nominal value of $125bn.

While the two previous peaks in 2017 and 2018 were primarily led by the crude oil market, the chart below shows how bullish bets have been spread out more evenly between the three major sectors of energy, metals and agriculture.

Overall, the biggest bets are held in crude oil with the combined 614k lots long in WTI and Brent representing a nominal value of $30bn, gold's 137k lots long at a value of $26bn and finally the soybean complex where the net long in soybeans, meal and oil reached 399k lots or $19bn nominal. The net long in crude oil and gold, the two biggest contracts in terms of exposure, remains well below their previous peaks which for crude oil was the 1.1mn lots reached in March 2018 and 292k lots in gold that was reached in September 2019.

The reflation trade and with that the need to protect portfolios against rising inflation also received an additional boost after the US Democratic Party won both seats in the Georgia run-off elections. Thereby securing a Senate majority which paves the way for President-elect Biden's plan for additional stimulus and spending to support an economy reeling from the pandemic and in order to patch up a very divided nation. These developments resulted in an unwelcomed rise in US government bond yields for precious metals. The rise above 1% in US ten-year yields, which had been the ceiling throughout the second half of 2020, helped reverse early gains in gold and silver as the dollar responded to these developments by attracting short covering to move higher.

This is a catch-22 for precious metals, with rising inflation expectations inadvertently driving the dollar higher in response to rising yields which may tamper gold's short-term prospects. Despite this, we remain bullish and based on our forecast for gold to reach $2,200/oz, silver's high beta should encourage continued outperformance with the gold-silver ratio heading towards the low 60's during 2021, thereby driving the price of silver towards $35/oz.

HG copper, meanwhile, rolled over the strong bid from December to record its best week since July 2020 on a combination of speculative reflation and underlying physical demand. China, the worlds biggest consumer, has been the main driver behind the 75% rally since the low last March and the expectation now is that a vaccine-led global recovery will fuel demand beyond China. Not least as the de-carbonisation focus accelerates the electrification process thereby increasing demand for copper due its use as a conductor of heat and electricity. Following the break above $3.65/lb on HG copper, it is difficult to find much in terms of resistance before $4.0/lb.

Crude oil's impressive rally since the first vaccine announcements in early November extended into the first week of trading with Brent crude oil breaking above $55/b for the first time since last February. This after Opec+ faced with an uncertain short-term demand outlook decided to rollover current production levels until March. Topping up the agreement was the surprise unilateral production cut announced by Saudi Arabia, which increasingly is being seen as the guardian of the oil market. The Saudis most likely concluded that the next few months could see the current weakness in Western world fuel demand spread to Asia where infections are rising quickly.

With this in mind and from a current fundamental perspective, we remain sceptical about crude oil's ability to forge much higher at this stage. Momentum however remains strong and with this in mind the price can easily reach levels that may otherwise be difficult to justify at this stage of the recovery. We see Brent trade above $60/b later in the when global fuel demand recovers further and Opec and Non-Opec spare capacity, currently above 7mn barrels/day, start to reduce through additional Opec+ led production hikes.

■ *Ole Hansen is head of Commodity Strategy at Saxo Bank.*

'NeXTFairs, Qatar Society of Engineers agreement to enhance growth opportunities'


NeXTFairs general manager Rawad Sleem.

The co-operation agreement signed recently between NeXTFairs and Qatar Society of Engineers (QSE) is seen to enhance the growth opportunities of the business events sector in Qatar.

NeXTFairs general manager Rawad Sleem said, "We are pleased to sign this important agreement with the QSE, as it will be mutually beneficial for both parties, subsequently developing and pushing the Qatari engineering sector forward and also contributing effectively in organising the events, exhibitions, and activities that will be held by the QSE in the future."

QSE chairman Khalid bin Ahmed al-Nasr said, "We look forward, upon the agreement with NeXTFairs, to strengthening co-operation at all levels between us during the upcoming period, through a package of activities and events that enhance the partnership between both the parties and support the local market, especially since NeXTFairs is one of the major companies specialised in organising events in the local market."

According to Sleem, agreement focuses on enhancing mutual co-operation and participating in the various events held by both parties which will, in turn, enhance the events serving engineers and the whole engineering sector.

Sleem said the collaboration was preceded by announcing QSE as Association Partner for the second edition of 'Build your House Exhibition' (BYH 2021) slated from March 22 to 24 at the Qatar National Convention Centre (QNCC).

"The participation of QSE in BYH 2021 is of great importance as the association plays a major role in the development of the engineering sector and other related sectors, such as construction and design, which promotes the development process in Qatar," he said.

Sleem said the participation of entities, such as QSE and other prominent companies in BYH 2021, provides various options for Qatari citizens who visit the exhibition to build or renovate their houses, as the exhibition has become an important platform that connects visitors with contractors and consultants to enable them to define their options and make decisions related to the construction process.

The wide participation of about 200 companies in the coming event helps in highlighting the latest trends in the construction sector, especially through the use of modern sustainable building materials which will increase the growth of the smart building market and significantly contribute to rationalising the consumption of energy, he said.

Sleem said BYH 2021 seeks to upgrade sustainable and eco-friendly real estate market by providing the best solutions through the most prominent companies in the construction sector all under one umbrella to serve the visitors, stressing that the exhibition will apply all precautionary measures to protect against Covi-19 to preserve the safety and health of companies, participating entities and visitors and to ensure the best safe experience.

Al-Nasr added: "The participation of QSE in the second edition of BYH exhibition as an Association Partner reflects the association's continuing role in providing distinguished professional services according to the highest engineering standards."


Qatar Society of Engineers chairman Khalid bin Ahmed al-Nasr.

QSE tops 10,700 levels on rising energy prices, end to blockade

By Santhosh V Perumal
Business Reporter

The rising global energy prices and the positivity in the Gulf region, due to the end of blockade, continued to have its influence on the Qatar Stock Exchange, which opened this week on a stronger note and its key index surpassed 10,700 levels with an ease.

An above-average demand for the transport, telecom and insurance equities led the 20-stock Qatar Index settle 47 points or 0.44% higher at 10,725.73 points, although it touched an intraday high of 10,753 points.

Foreign and domestic institutions continued to be net buyers but with lesser intensity on the market, whose year-to-date gains were at 2.78%.

Decliners, however, outnumbered gainers on the bourse, whose capitalisation expanded more than QR1bn or 0.22% to QR620.11bn, mainly on microcap segments.

Trade turnover and volumes were on the increase on the market, where the banking and industrials sectors together accounted for about 64% of the total trading volume.

Islamic equities were seen gaining slower than the other indices on the bourse, which saw the Arab individuals turn bullish and there was increased net buying by foreign individuals.

A total of 67,800 exchange traded funds (Masraf Al Rayan sponsored QATR and Doha Bank sponsored QETF) valued at QR634,999 changed hands across 10 deals; while on the debt market, there was no trading of sovereign bonds and treasury bills.

The Total Return Index gained 0.44% to 20,619.85 points, Al Rayan Islamic Index (Price) by 0.04% to 2,429.66 points and All Share Index by 0.36% to 3,296.15 points.

The transport index soared 3.26%, telecom (2.16%), insurance (1.99%), industrials (0.3%) and consumer goods and services (0.11%); while realty declined 0.3% and banks and financial services 0.05%.

Major gainers included Milaha, Al Khaliji, Qatar Insurance, Qatari German Medical Devices, Ooredoo, Al Meera Consumer Goods, Industries Qatar and Nakilat; even as Qatar Islamic Insurance, Ezdan, Baladna, Dlala, Inma Holding, Qatar National Cement, Mazaya Qatar and United Development Company were among the losers. The Arab individuals turned net buyers to the tune of QR6.93mn compared with net sellers of QR8.62mn last Thursday.

The foreign individuals' net buying increased noticeably to QR3.21mn against QR1.23mn the previous trading day.

The Gulf individuals' net buying grew markedly to QR0.88mn compared to QR0.05mn on January 7.

Local retail investors' net selling declined perceptibly to QR67.95mn against QR85.4mn last Thursday.

However, the Gulf funds' net selling grew substantially to QR35.58mn compared to QR24.08mn the previous trading day.

The domestic institutions' net profit booking shrank notably to QR23.43mn against QR38.36mn on January 7. The foreign funds' net buying weakened perceptibly to QR69.09mn compared to QR78.65mn last Thursday.

The Arab institutions had no major exposure against net sellers to the tune of QR0.15mn the previous trading day.

Total trade volume rose 10% to 198.62mn shares and value by 5% to QR517.11mn, while transactions were down 5% to 9,419.

The transport sector's trade volume soared 58% to 9.28mn equities, value by 78% to QR49.38mn and deals by 68% to 925. The market witnessed 49% surge in the consumer goods and services sector's trade volume to 29.6mn stocks, 27% in value to QR77.91mn and 14% in transactions to 1,067.

The banks and financial services sector's trade volume shot up 16% to 81.89mn shares, whereas value fell less than 1% to QR252.76mn and deals by 16% to 3,685.

There was 13% expansion in the telecom sector's trade volume to 8.32mn equities, 94% in value to QR33.93mn and 20% in transactions to 891.

The industrials sector's trade volume was up 4% to 44.88mn stocks, while value shrank 8% to QR59.94mn despite 4% higher deals at 1,551.

However, the realty sector reported 28% plunge in trade volume to 22.15mn shares, 35% in value to QR37.04mn and 32% in transactions to 1,097.

The insurance sector's trade volume tanked 22% to 2.5mn equities and value by 39% to QR6.15mn, whereas deals gained 22% to 203.


An above-average demand for the transport, telecom and insurance equities led the 20-stock Qatar Index settle 47 points or 0.44% higher at 10,725.73 points yesterday, although it touched an intraday high of 10,753 points.

Bedaya holds 'Plan Correctly for 2021' workshop

Bedaya Centre for Entrepreneurship and Career Development (Bedaya Centre), a joint initiative by Qatar Development Bank and Silatech, recently held a workshop titled 'Plan Correctly for 2021'.

The workshop was conducted in collaboration with educational coach Salah al-Yafei to introduce entrepreneurs to the important stages of management and help them reach their personal or entrepreneurial goals.

The activity also aims to provide entrepreneurs with planning skills for 2021 through scientific and practical foundations and experiences. During the workshop, al-Yafei discussed four topics for proper planning.

The first session contained an analysis of the current reality, or the so-called "boundaries of the state of mind." In this segment, al-Yafei dwelt on techniques to increase self-awareness so that participants could be more insightful in realising the "five laws of a good life."

According to al-Yafei, the five laws of a good life are 'the law of expectations', 'law of life cycle', 'law of the moment', 'law of self-mirroring', and 'law of gratitude towards enemies'.

In the second segment, al-Yafei discussed one of the most important principles of proper planning, which is to encourage participants to discover their aim, mission, and objective in life that will pave the way for them to reach their major goal by asking themselves an intensity of profound questions that would help in raising their self-awareness and help them discover their objective and aspiration.

In the third segment, al-Yafei touched on the state of mind to set high-standard goals by identifying the best way to establish life goals, which must be applicable, accomplished, and subject to periodic follow-up, in addition on to how to plan priorities in life.

In the final session of the workshop, al-Yafei spoke on the most efficient and proven methods in effectively pursuing the desired goals by using smart applications, platforms, and technologies that make it easier entrepreneurs to follow up the implementation of their plans.

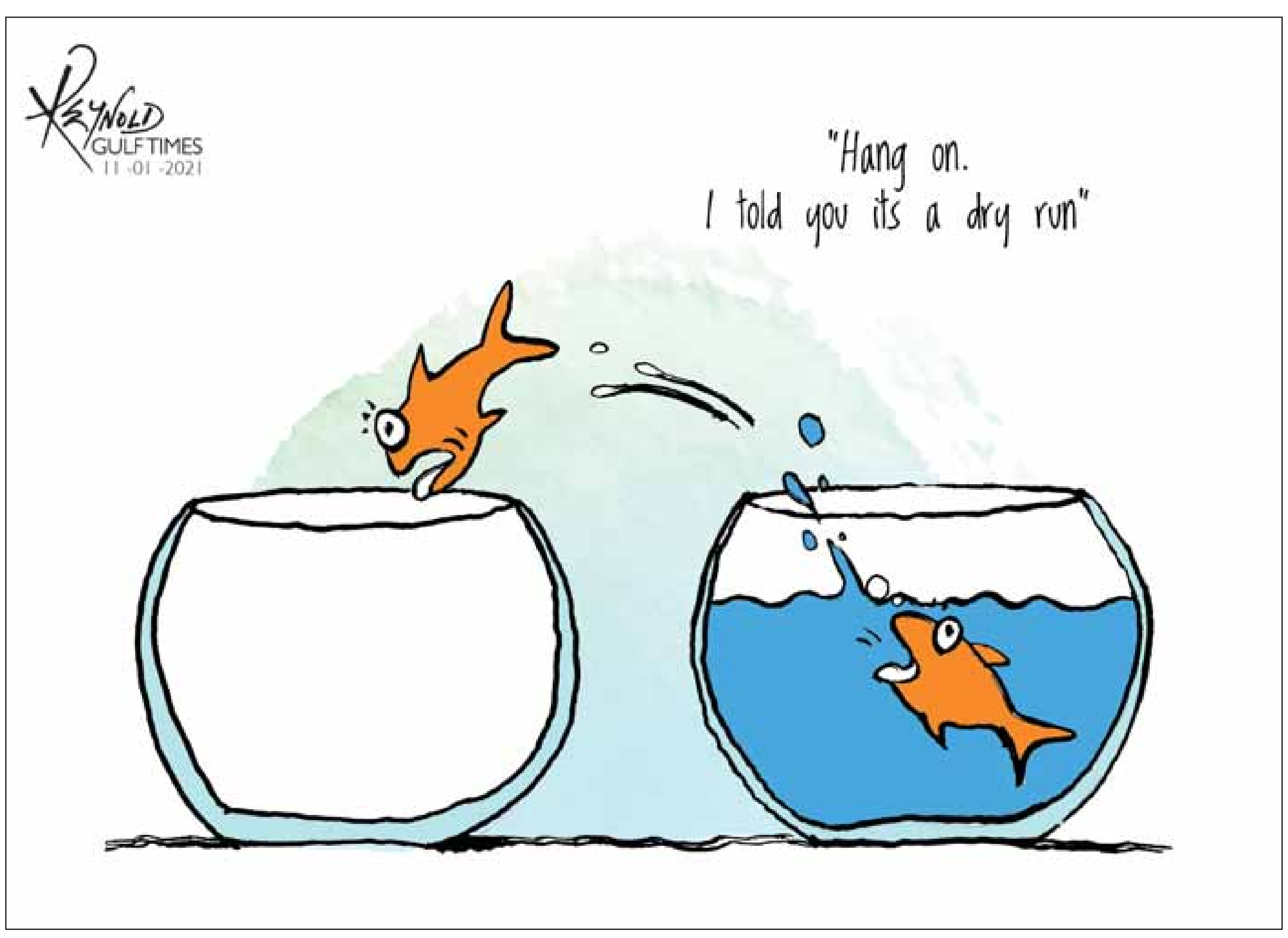
Abdulla Faleh al-Saeed, board member and general manager of Bedaya Centre, said: "This workshop is a continuation of Bedaya's role in highlighting the importance of planning and the relevant stages of management to enable entrepreneurs create their own projects.

"The workshop sessions were designed to hone the skills of entrepreneurs in reaching personal or entrepreneurial goals with proper planning to help them achieve their future aspirations."

He added: "Planning is one of the most important elements for completing work or starting projects, and it is also considered the most prominent indicator in evaluating success and accomplishment.

"Through proper planning, individuals can balance their lives to achieve their goals and aspirations, arrange them according to priority and importance, and put them in a time-frame where they can be reviewed at any time, in addition to focusing on the motivational matters that help achieve their goals, whether it is in business or daily life."

Educational coach Salah al-Yafei during the workshop.



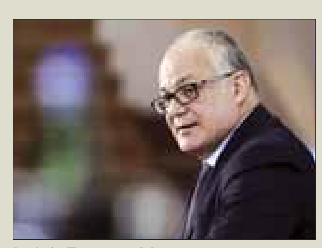
Italy government to seek parliament approval for larger deficit

Bloomberg
Milan

Italy's government will ask parliament to approve another increase in the deficit later this month to pay for vaccines, healthcare, and support for companies and workers, according to Finance Minister Roberto Gualtieri.

The request will be for €24bn ($29bn), Gualtieri said in an interview with the Corriere della Sera newspaper published yesterday. That's equivalent to 1.5% of Italy's gross domestic product and the government hopes that this "will be the last time" they need to ask for more money, he said.

This will be the fifth request for a larger deficit the government has made since the first national lock down in March last year.


Italy's Finance Minister Roberto Gualtieri.

The extra spending is on top of the current projection of a deficit equal to 7% of GDP in 2021. The government will soon revise its economic and debt forecasts for this year, but "there is no reason to foresee a deficit-to-GDP ratio in double digits this year," Gualtieri said in the interview.

The ruling cabinet is likely to meet Tuesday to discuss how to spend money from a European Union recovery package, according to local media. The governing coalition has been fighting over how much of the money to use, with former prime minister Matteo Renzi criticising current leader Giuseppe Conte over his plans for the money.

Renzi threatened to withdraw his party's support from the coalition, which could trigger a confidence vote in Conte's government in the parliament.

The national government is preparing to extend movement restrictions and a night-time curfew for another month from January 16 on concerns of a third wave of the pandemic.

New variants of the virus have been detected in Veneto, one of the most affected northern regions.

A new decree will be discussed by the cabinet later this week, according to local media.