

SHOP ONLINE FROM A RANGE OF WATCHES



domaseo watches www.watchesqatar.com

Jumbosouq.com
by Jumbo Electronics WLL

ZERO DELIVERY CHARGE WHEN YOU ORDER FROM APP

SCAN HERE +974 66 65 86 26

GAC MOTOR

EMKOO

Call for Test Drive 8008123



domaseo

Retail remains stable amid regional pressures in Q1 2026

THE PENINSULA

DOHA: Qatar's retail real estate market remained broadly stable during the first quarter of 2026 (Q1) despite softer consumer activity toward the end of the period amid regional tensions and seasonal factors, noted ValuStrat in its latest data.

The report showed that total retail supply in Qatar stood at 5.7 million square metres of gross leasable area (GLA), with organised retail accounting for 2.5 million square metres and unorganised retail spaces comprising 3.2 million square metres.

Organised retail supply remained unchanged quarter-on-quarter, with no major additions recorded. However, approximately 6,250 square metres GLA entered the unorganised retail segment, primarily across Al Aziziyah and Fereej Al Soudan.

ValuStrat noted that retail activity expanded early in the



Organised retail supply remained unchanged quarter-on-quarter, with no major additions recorded.

quarter, supported by a series of major events and exhibitions held across the country. These included the Qatar International Food Festival, Doha Marathon by Ooredoo, Web Summit Qatar, and Match for Hope, all of which contributed to stronger consumer footfall and retail spending.

Several new international and regional retail brands also

entered the market during the quarter. Supernova from London opened at Centro Mall, while Saudi Arabia's Deraah Perfumes launched at City Center. Retail chain Flying Tiger expanded its presence with an additional outlet at Mall of Qatar, while French bakery and café brand Maison Kayser opened its first branch in Qatar at Doha Oasis.

Despite the positive start to the quarter, retail activity softened toward the end of Q1 as rising regional tensions and Ramadan-related seasonal factors impacted consumer sentiment and visitor traffic.

According to the report, several planned events were postponed amid the regional situation, leading to slower retail footfall and changing shopping behavior. Consumers increasingly shifted toward indoor shopping malls rather than open-air retail destinations during the period.

The report highlighted that shopping centre rents remained stable on a quarterly basis, with median monthly rents averaging QR178.8 per square metre. However, rents reflected a 2 percent decline compared to the same period last year.

Street retail rents within Doha fell 4 percent year-on-year during Q1 2026, while rents outside the capital declined 2 percent quarter-on-quarter and

5.2 percent annually.

Across most areas in Doha, street retail rents remained broadly stable on a quarterly basis, although annual declines of up to 5 percent were recorded in areas including Al Sadd, Dafna, Muntazah, and West Bay.

Outside Doha, rental performance was mixed as Umm Salal Mohammad recorded a 4.1 percent quarterly decline in street retail rents, while most other areas remained relatively stable. Overall, rents outside Doha declined by 1.9 percent compared to the previous quarter.

Commenting on market conditions, Anum Hassan, Head of Research at ValuStrat, said Qatar's property market demonstrated resilience despite external pressures.

"Qatar's real estate market remained largely stable through Q1 2026, demonstrating resilience despite regional uncertainty towards the quarter-end," Hassan said.

"While geopolitical tensions and seasonal factors, including Ramadan and Eid, weighed on activity levels, overall market performance remained steady," she added.

Industry analysts noted that Qatar's retail market continues to benefit from strong infrastructure, growing tourism activity, and expanding consumer brands, particularly within major shopping malls and mixed-use destinations.

They mentioned that indoor retail destinations are likely to continue outperforming open-air concepts during periods of seasonal heat and regional uncertainty, while demand for experiential retail, dining, and entertainment offerings remains strong among consumers.

Analysts also expect retail activity to improve during the second half of 2026 as postponed events resume and consumer confidence strengthens alongside continued tourism and economic growth initiatives.

Republic of Korea's banks' lending rate unchanged in April amid rate hike expectations

SEOUL: Republic of Korea's banks' lending rate stood unchanged in April amid rising expectations for policy rate hikes, central bank data showed yesterday.

The weighted average rate for new bank loans made no change at an annualised rate of 4.20 percent in April from a month earlier, after sliding 0.06 percentage points in the previous month, according to the Bank of Korea.

Expectations emerged for the Bank of Korea's policy rate hikes amid the recovering economy and the steeper inflation, caused by the Middle East tensions.

The Bank of Korea left its benchmark interest rate unchanged at 2.50 percent after reducing it by 25 basis points in February and May of 2025 and in October and November of 2024.

The rate for banks' new corporate loans was unchanged at 4.14 percent in April compared to the previous month.

The lending rate for large

The Bank of Korea left its benchmark interest rate unchanged at 2.50 percent after reducing it by 25 basis points in February and May of 2025 and in October and November of 2024.

companies fell 0.02 percentage points to 4.09 percent, but the rate for small and medium firms added 0.01 percentage point to 4.18 percent.

The rate for fresh bank loans to households slipped 0.08 percentage points over the month to 4.43 percent in April.

Mortgage loan rate for households dipped 0.03 percentage points to 4.31 percent, but credit loan rate gained 0.06 percentage points to 5.63 percent.

The weighted average rate for new bank deposits was up 0.10 percentage points over the month to an annualised 2.92 percent in April. — **THE KOREA HERALD**

French GDP slips 0.1% in first quarter, raising spectre of recession

PARIS: French GDP shrank 0.1 percent in the first quarter, official data showed yesterday, a downward revision from previous estimates that analysts warn could herald a recession for the eurozone's second-biggest economy.

Statistics office INSEE had initially reported zero growth for the quarter, but a sharper decline in consumer spending than expected was "an unpleasant surprise", said Dorian Roucher, the agency's head of forecasting.

He noted in particular "very bad figures for home renovations: it's rare to see this sector decline so much", Roucher told journalists, with overall construction spending down 1.7 percent.

Consumer spending overall was dented by the surge in fuel prices since the Iran war throttled Gulf oil and gas shipments, falling 0.2 percent after rising 0.3 percent in the fourth quarter of last year.

Economists said the figures do not bode well for French growth this year, with some already expecting a further GDP slowdown in the current quarter.

That would push France into a technical recession of two straight quarters of



A steep drop in home renovation and construction spending weighed on the French economy in the first quarter. (AFP)

contraction.

"The recession risk is fairly high," said Mathieu Plane, director of the French Economic Observatory, calling the GDP reading "worrying".

Analysts at ING noted that "households are becoming more pessimistic about their financial situation, and their willingness to make major purchases has weakened noticeably."

They added that "the government's growth target of 0.9 percent for this year now appears clearly out of reach", expecting instead GDP expansion of around 0.6 percent in "a best-case scenario".

INSEE also reported Friday

that consumer spending fell a further 0.5 percent in April from the previous month, while in May, inflation accelerated to 2.4 percent.

The agency recently forecast second-quarter GDP growth of 0.2 percent, and a first estimate will be published in mid-June.

Roucher said that "the most likely scenario at this time is not a new GDP decrease", though he cautioned that "we can expect the shock to spread" throughout the economy.

The data puts further pressure on the government as it scrambles to cut billions of euros in spending to reduce a public deficit that stood at 5.1 percent of GDP last year well

above the eurozone limit of three percent.

Economy Minister Roland Lescure said after the figures that the government "remained vigilant, but without giving in to fear-mongering".

He said inflation "is still limited and contained overall, especially when compared with our European neighbours".

He said growth was hit by "cyclical headwinds and the late adoption of the government budget" that cut public spending, including on renovation subsidies for low-income households.

France awaits Friday a sovereign credit review from Standard & Poor's, which cut its rating to A- last October on risks that government spending would remain high.

Most economists expect S&P to maintain the rating for now despite the growing headwinds as the Middle East war enters its fourth month, keeping oil prices well above the levels seen at the beginning of this year.

INSEE also reported that consumer spending fell a further 0.5 percent in April from the previous month, while in May, inflation accelerated to 2.4 percent after 2.2 percent in April. — **AFP**

Brazil's economy sees stronger first quarter growth

RIO DE JANEIRO: Brazil saw stronger first quarter economic growth thanks to good performances in the agricultural and industrial sectors, according to official data Friday.

GDP grew 1.1 percent in the quarter, compared to 0.3 percent in the fourth quarter of 2025, the latter figure revised upward from the initial report of just 0.1 percent, the IBGE statistics agency said.

The better economic news comes less than five months before presidential elections in which leftist incumbent Luiz Inacio Lula da Silva faces a difficult challenge from right-winger Flavio Bolsonaro.

The stronger-than-expected economic performance is likely to provide a boost to the government as it seeks to sustain growth amid global economic uncertainty. Analysts will be watching momentum in agriculture and industry in the coming quarters. — **AFP**

10th China-South Asia Exposition in June to boost business ties

BEIJING: The 10th China-South Asia Exposition, scheduled to be held from June 11 to 16 in Kunming, capital of southwest China's Yunnan Province, will bring about new business opportunities through mutually beneficial cooperation, according to Chinese officials.

To date, exhibitors from more than 60 countries and regions as well as international organisations have signed up for the event, covering South Asia, Southeast Asia and member states of the Regional Comprehensive Economic Partnership. Li Chaowei, director of the Yunnan provincial department of commerce, said at a press conference held yesterday by the Information Office of the State Council.

As the theme country of this year's expo, Bangladesh will



The State Council Information Office holds a press conference on economic and trade cooperation between China and South Asian countries and the 10th China-South Asia Exposition in Beijing, yesterday.

hold activities such as "Bangladesh Day." Laos, meanwhile, as a specially invited partner country, will host a series of activities to promote China-Laos economic and trade cooperation, Li said.

The event has also drawn interest from countries outside

the region. Li said that the embassies and consulates of seven countries, including Italy, Uruguay and Australia, will make their debuts as national exhibition groups at the 2026 edition of the expo.

Yan Dong, vice commerce minister, said at the press

conference that in recent years, China and South Asian countries have upheld the spirit of openness, cooperation and inclusiveness as their economic and trade ties continued to strengthen, benefiting their people.

Trade between China and

South Asian countries exceeded the \$200bn mark in 2025, a year-on-year increase of 10.7 percent. In the first four months of 2026, China's trade with South Asia grew by 15.8 percent.

Amid surging trade, an increasing number of Chinese-funded enterprises are cooperating with South Asian countries in areas such as ports, industrial parks and electric power, Yan said, adding that the expo, as an important event focused on South Asia, will help countries in the region promote their distinctive and high-quality products.

"China will further enhance the level of trade liberalization and facilitation, deepen industrial and supply chain cooperation with South Asian countries," Yan noted. — **XINHUA**

Thailand's economic growth softens in April on Mideast tensions

BANGKOK: Thailand's economic growth slowed in April on a monthly basis, as tourism receipts and private consumption declined amid higher energy expenses linked to the Middle East conflict, the central bank said yesterday.

According to the Bank of Thailand, foreign tourist arrivals fell 3.9 percent in April compared to the previous month, particularly among short-haul markets, while tourism revenue followed a similar downward trajectory as elevated fuel

costs led several airlines to reduce flight services.

Private consumption fell, driven by reduced spending on consumer goods and fuel following earlier front-loaded purchases, alongside adjustments in working and travel patterns amid notably rising energy prices, said the central bank's assistant governor, Chayawadee Chai-anant.

Private investment also dropped, reflecting a downturn in machinery and

equipment expenditure, while investment in construction edged up, supported by both residential and non-residential segments, Chayawadee told a news conference.

Merchandise exports, a key driver of Thai economic growth, expanded 1.3 percent month-on-month in April, fueled by technology products and automotive shipments, though exports to the Middle East remained contracted, she said.

Looking forward, the Southeast Asian

country's economy is expected to weaken further as tensions in the Middle East weigh on private consumption and tourism, the central bank said in a statement.

However, it noted that exports and investment in technology-related products are projected to continue expanding, while government stimulus measures would provide support to overall economic activities. — **XINHUA**

Japan's industrial output up 0.8% in April 2026

TOKYO: Japan's industrial output edged up 0.8 percent in April compared to the previous month, snapping a two-month losing streak, government data showed yesterday. The seasonally adjusted index of production at factories and mines came in at 102.8 against the 2020 base of 100, the Ministry of Economy, Trade and Industry said in a preliminary report.

Output climbed in seven sectors, with general-purpose and business-oriented machinery, electrical machinery, and information and communication electronics equipment leading the way. Eight sectors saw output decline, among them motor vehicles, inorganic and organic chemicals and coal products. — **XINHUA**

Stocks rise, oil eases on hopes of US-Iran truce deal

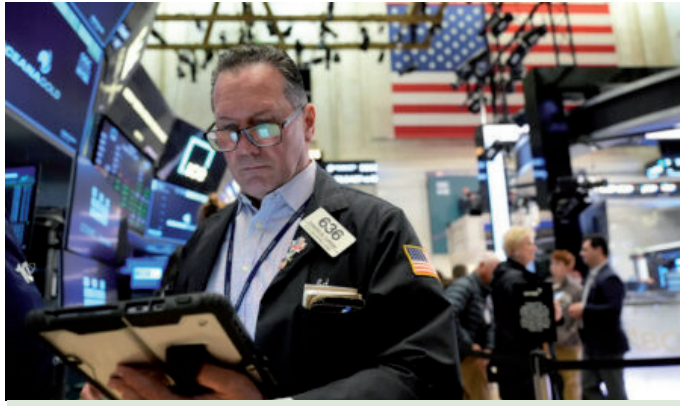
LONDON: Stock markets mostly rose and oil prices fell yesterday on optimism that the United States and Iran would reach a deal to extend their ceasefire.

Oil markets have whipsawed this week as investors parse the chances of a breakthrough agreement between Washington and Tehran that could potentially resume normal shipping through the crucial Strait of Hormuz.

Those hopes had been briefly dashed by new US military strikes on Iran Wednesday night, countered by the Revolutionary Guard's targeting of an American airbase in the region.

But by yesterday evening, negotiators had edged towards a deal to extend their fragile ceasefire for 60 days, pending approval from President Donald Trump, US sources told AFP.

That news reversed a sluggish start for shares on Wall



A file photo of traders working at New York Stock Exchange (NYSE).

Street, with major indices closing higher on the day.

In Europe, London, Paris and Frankfurt were all higher in midday trading yesterday.

While the details of the possible agreement are scarce, "oil traders are taking an optimistic view that the end could be in sight for disruption in the region", said Derren Nathan,

head of equity research at Hargreaves Lansdown.

International benchmark Brent was down almost two percent.

Wall Street's advances on Thursday came despite several gloomy indicators, with the Federal Reserve's preferred inflation gauge rising in April to its highest since 2023 and first

quarter economic growth being revised lower.

The combination of persistent inflation and slowing growth lowers the chances of interest rate cuts by the Fed, despite Trump's repeated calls for lower rates to boost the economy.

Still, "recession risks are easing as oil prices moderate and the probability of worst-case scenarios fades", wrote Matthew Martin of Oxford Economics.

"While reduced risks from the war have helped, the improvement in equity prices is mostly because of a robust earnings season. The driver is overwhelmingly AI-related capital expenditure," he said.

Global AI bullishness has driven a historic rally recently, this week pushing the market capitalisations of chipmakers Micron and SK hynix across the

\$1 trillion threshold.

Seoul's stock market led the charge in Asia on Friday, surging 3.6 percent while Tokyo's Nikkei closed at a record high.

Hong Kong also saw healthy gains but Shanghai lost 0.7 percent.

In Europe, observers are awaiting a key gathering of leaders on Friday to discuss ways to address gaping trade deficits with China.

European Union commissioners will hold a debate on what the 27-nation bloc should do to defend the continent's companies from what Brussels describes as unfair competition from Chinese rivals.

Official data showed yesterday morning that France's economy contracted 0.1 percent in the first quarter from the fourth quarter last year, a downward revision from its previous reading of zero growth. — **AFP**

Canada dips into technical recession for first time since 2020

ONTARIO: The Canadian economy edged into a technical recession as weak business and government spending drove a slight contraction in the first quarter.

Real gross domestic product fell by 0.1% on an annualised basis during the first three months of the year, Statistics Canada reported yesterday. That follows a 1% contraction in the fourth quarter, a downward revision from a 0.6% decrease previously reported by the federal agency.

The surprise decline in the first quarter stands in contrast with forecasters' expectations. Economists surveyed by Bloomberg were anticipating a 1.5% annualised increase in the first quarter, aligning with the Bank of Canada's projection.

The last time Canada recorded two consecutive quarters of negative growth was in 2020 during the Covid-19 pandemic. Before that, it was in 2015 amid low oil prices.

The loonie fell to a session low after the report, trading at C\$1.3822 per US dollar as of 8:58 a.m. in Ottawa. Canadian government bond yields dipped to lows of the day, extending outperformance versus Treasuries, with the two-year benchmark falling five basis points to 2.792%.

The weaker-than-expected GDP data coincides with a looser job market as well, painting a softer picture of the Canadian economy as US tariffs



The weaker-than-expected GDP data coincides with a looser job market as well, painting a softer picture of the Canadian economy.

continue to squeeze some businesses.

"Overall, this is a very surprising number, as the monthly GDP estimates were pointing to solid growth in Q1. With today's number, the Canadian economy has seen growth in only one of the last four quarters," Charles St-Arnaud, chief economist at Servus Credit Union, said in an email.

"However, with energy prices remaining elevated and the risk of potential spillovers to broad inflation remaining elevated, the BoC will need to balance both risks to its outlook. It is clear though, that if it was not for energy prices, the BoC would be very likely cutting its policy rate at the next meeting."

The central bank has held its policy rate at 2.25% for four straight meetings, choosing to look through the short-term impact of higher oil prices on inflation while keeping an eye

on softer economic conditions. "No wonder the Bank of Canada sounds so hesitant to hike rates," said Win Thin, chief economist at Bank of Nassau 1982. "With April inflation data coming in softer than expected, the bank is on hold for the time being."

A flash estimate for industry-based data in April suggests the economy bounced back with 0.4% growth, driven by increases in mining, quarrying and oil and gas extraction and manufacturing, as well as transportation and warehousing. That followed a 0.1% decline in March.

Business capital investment in the first quarter posted a fifth consecutive decline, shrinking 3% on an annualised basis, driven by lower spending on engineering structures.

Government capital investment also shrank 9.6% annualised after a sharp

Household spending increased 1.5% annualised in the first quarter, led by higher spending on financial services. However, the report noted Canadians pulled back on travel and vehicle purchases.

increase in spending on weapons systems in the fourth quarter. StatCan noted that despite this decrease, the C\$8.3bn (\$6bn) outlay on weapons systems in the first quarter was still well above the average quarterly spending recorded since 1981.

The household saving rate slowed to 3.5%, reaching its lowest level since the first quarter of 2024 as spending rose faster than incomes.

Meanwhile, corporate incomes continued to increase for a third consecutive quarter, posting a 1.6% increase on a quarterly basis.

Imports surged 12% on an annualised basis, driven by gold shipments that were offset by accumulations of business inventories. Exports fell 0.5%, led by a decline in passenger cars and light trucks, which have been battered by US tariffs. Meanwhile, higher shipments of crude oil and crude bitumen as well as natural gas offset much of that decline. — **THE WASHINGTON POST/BLOOMBERG**

France's CPI to rise 2.4% in May due to higher energy prices

PARIS: France's consumer price index (CPI) is expected to rise by 2.4 percent year on year in May, after already rising by 2.2 percent in April, according to a preliminary data released yesterday by the National Institute of Statistics and Economic Studies (INSEE).

In its provisional estimate, INSEE said the acceleration in inflation was once again driven by rising energy prices.

As in March and April, the increase was mainly caused by a sharp rise in gas prices.

The institute noted that prices of services were expected to rise year on year, though at a more moderate pace. Food prices were projected to increase at the same rate as in April.

On a monthly basis, consumer prices are expected to increase by 0.1 percent in May, marking a fourth consecutive monthly rise, following a 1.0-percent increase in April.

According to INSEE, the monthly increase was mainly driven by higher energy and food prices. Energy prices were boosted by rising gas prices, although petroleum product prices were expected to decline slightly. Prices of manufactured goods were also expected to rise slightly.

The Harmonised Index of Consumer Prices (HICP), used for comparisons across the eurozone, is expected to rise

According to INSEE, the monthly increase was mainly driven by higher energy and food prices. Energy prices were boosted by rising gas prices, although petroleum product prices were expected to decline slightly.

by 2.8 percent year on year in May, up from 2.5 percent in April. Monthly, the index is projected to increase by 0.1 percent, after a 1.2-percent rise in the previous month.

France's gross domestic product (GDP) contracted by 0.1 percent in the first quarter from the previous quarter, according to revised data released by INSEE yesterday, compared with an initial estimate of zero growth published in April.

Commenting on the latest economic data, French Economy Minister Roland Lescure said the French government remained vigilant without being alarmist despite weaker growth and higher inflation.

Quoted by French news channel BFM TV, Lescure said inflation remained "contained, notably compared with our European neighbors." — **XINHUA**

Chinese SOEs report 1.9% profit growth in first four months

BEIJING: Chinese state-owned enterprises (SOEs) and state-controlled enterprises reported combined profits of more than 1.37 trillion yuan (about \$202bn) in the first four months of 2026, representing year-on-year growth of 1.9 percent, latest government data showed yesterday.

During this period, Chinese SOEs' total operating revenue came in at roughly 26.27 trillion yuan, down 0.5 percent, according to data released by the Ministry of Finance. This year's government work report released in March states that the country will formulate and implement plans for further deepening SOE and state-capital reform to refine the layout of the state-owned sector and adjust its structure.

During an inspection tour last month to Qingdao, east China's Shandong Province, Chinese Vice Premier Zhang Guoqing underscored the need to unswervingly deepen the reform of SOEs to ensure that SOEs strengthen, optimise and expand their businesses.

He urged SOEs to enhance their role as major innovators and focus on tackling scientific and technological challenges in line with national strategic needs, in order to better support the development of the innovation ecosystem in the country. — **XINHUA**

Americans deserve more from AI economy, says Musk

CALIFORNIA: When Michael Tubbs, a Democrat running for lieutenant governor of California, was elected mayor of one of the state's most troubled cities almost a decade ago, he became the face of the public sector's first major foray into universal basic income.

For two years, more than 100 low-income residents were given cash payments, with no strings attached. Cities in 35 states followed suit.

"We did the pilot, which catalysed the movement," Tubbs told me recently. But then Republicans fought back by trying to ban the programs.

The "movement" didn't die, but it has certainly been on life support since President Donald Trump returned to the White House. Now, though, with millions of Americans suddenly worried about artificial intelligence eliminating their jobs, some Republican-aligned executives in Silicon Valley are trying to resurrect universal basic income - and its newer, vaguer cousin, universal basic capital as a policy solution to the problems they're creating.

As Elon Musk (pictured) recently wrote on X, checks issued by the federal government are "the best way to deal with unemployment caused by AI."

Let's put aside for a moment that Musk is a soon-to-be trillionaire who spent last year as the chainsaw-wielding chief of DOGE, gleefully slashing the very safety net that he now wants to provide for



poor displaced workers.

And that he runs Tesla, which is developing humanoid robots that he claims could one day replace the humans who do manual labor.

There's reason to believe that what Musk is saying might actually become fodder for serious political discussion as one of the plethora of policy ideas under consideration from taxing AI companies to providing more job training meant to protect workers.

Just last week, California Governor Gavin Newsom issued an executive order, urging new research into the viability of universal basic capital, an experimental economic model in which Americans would be given a stake in the AI economy, of Americans say they can't afford the necessities of life, be it gas, groceries or health care.

According to a recent Gallup poll, a modern record of 55 percent say their financial situation is getting worse - the fifth year in a row that more Americans say their finances are worsening than getting better. — **THE WASHINGTON POST**

Inflation above ECB comfort zone in top economies backs hike

BERLIN: Inflation stayed well above 2% in the euro zone's four top economies, backing the case for the European Central Bank (ECB) to raise interest rates for the first time since 2023. Propelled by the war-induced surge in energy costs, May readings for France, Italy and Spain quickened to 2.8%, 3.3% and 3.6%, data yesterday showed.

While moderating in Germany, the headline number of 2.7% held far beyond the ECB's comfort zone.

The reports will help ECB officials understand how much the conflict in the Middle East is stoking prices, and whether they need to respond. Markets are all but sure they will, maintaining bets on a quarter-point hike next month and another by year-end.

Somewhat softer inflation in Germany is unlikely to deter policymakers from tightening given it reflects a temporary reduction in value-added taxes on fuels and cheaper food.

Without those two categories, price pressures intensified, while a separate poll by the Munich-based Ifo institute showed a large share of firms still plans to pass rising costs on to clients. A reading of



consumer-price increases for the 21-nation euro zone will be published next week, with economists predicting a push further beyond the 3% level reached in April.

ECB officials from hawkish Executive Board member Isabel Schnabel to dovish Chief Economist Philip Lane are signaling borrowing costs must probably rise. Lithuanian central-bank head Gediminas Simkus even speculated Friday that two hikes may be needed.

Having opted against tightening in April, officials nevertheless determined that some second-round inflation effects were "inevitable," according to an account of the meeting, with the key issues being their extent, magnitude, timing and duration.

"It had become increasingly likely that adopting a 'looking through' approach was not appropriate," the account said.

"It was argued that this situation shifted the primary focus to determining the most appropriate timing for a rate increase."

There are concerns about the Iran war's drag on economic expansion, which could in turn pull down inflation. Separate data yesterday showed France contracted at the start of the year as consumer spending and business investment both fell.

Indicators of more recent activity also point to a slowdown, while confidence gauges have continued to deteriorate. — **THE WASHINGTON POST/BLOOMBERG**

German inflation slows to 2.6% in May amid fuel tax relief

BERLIN: German inflation slowed in May after two consecutive months of sharp increases driven by the Middle East war, official data showed yesterday, with the help from a temporary government fuel tax cut aimed at easing energy-driven price pressures.

Consumer prices rose 2.6 percent year-on-year, down from 2.9 percent in April, according to preliminary figures from the Federal Statistics

Office.

Energy prices were still up 6.6 percent year-on-year in May, but that marked a significant slowdown from April's 10.1-percent surge.

Economists attributed much of the pullback to Berlin's two-month fuel tax relief scheme, which took effect on May 1 and cuts petrol and diesel taxes by roughly 17 euro cents (\$0.2) per liter. — **XINHUA**