Qatar banks remain resilient as lending growth moderates

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THE PENINSULA

DOHA: Qatar's banking sector maintained steady financial performance during the first quarter of 2026 despite a slowdown in lending growth and the impact of heightened geopolitical tensions across the region.

While regional uncertainty weighed on credit demand and business activity, Qatari banks continued to record growth in revenues, deposits and profitability, highlighting the sector's resilience amid challenging market conditions noted the GCC Banking Sector report by Kamco Invest.

The banking credit facilities in Qatar reached QR1.46 trillion ($400.6bn) at the end of March 2026, representing annual growth of 5.1% and a year-to-date increase of 1.6%. While this marked the slowest pace of credit expansion among GCC countries, the figures point to continued, albeit measured, lending activity.

The services sector emerged as the main driver of credit growth, with lending increasing 8.6% year-on-year to QR279bn. Consumer lending also remained healthy, rising 7.9% to QR196.8bn, reflecting resilient household spending despite the uncertain regional environment.

However, some sectors continued to adjust following the post-World Cup economic transition. Lending to the industrial sector declined 9.1% year-on-year to QR17.4bn, while real estate credit fell 7.5% to QR161.9bn, suggesting a correction after the surge in construction activity associated with the FIFA World Cup 2022.

The general trade and contractor financing posted only modest gains of 1.9% and 1.2%, respectively. In contrast, lending outside Qatar expanded by a robust 17.9% indicating Qatari banks are increasingly pursuing opportunities in regional and international markets.

The monthly data for April showed credit growth continuing at a measured pace, with outstanding credit edging up 0.24% from March levels.

On the funding side, Qatar's listed banks recorded one of the strongest performances in the region. Customer deposits increased 4.2% during the quarter to reach $453.6bn, reflecting continued confidence among depositors and providing banks with a stronger funding base.

Despite the increase in deposits, Qatar maintained one of the highest loan-to-deposit ratios in the GCC. The ratio stood at 94.2% at the end of the first quarter, second only to Saudi Arabia. Although elevated, the figure represented an improvement from 97.3% at the end of 2025, indicating slightly stronger liquidity conditions.

The revenue performance remained positive despite pressure on interest margins. Qatar-listed banks reported a 2.3% quarter-on-quarter increase in total revenues, making them the second-best performers in the GCC. The improvement was largely supported by higher non-interest income, as fee-based business and other operating income helped offset weaker lending margins.

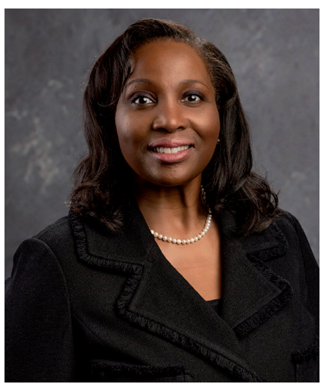
Net interest income, however, declined marginally by 1.1% during the quarter, reflecting the delayed impact of lower interest rates introduced during 2025 as loan portfolios continued to reprice.

Asset quality also showed encouraging signs. Loan impairment charges fell 22.3% during the quarter to $802.9m after three consecutive quarters of increases, suggesting a stabilisation in credit quality.

The report further noted that profitability remained healthy, although key efficiency indicators softened slightly. Return on equity for Qatari banks eased to 14.8% during the first quarter, down 130 basis points from the previous quarter, while net interest margins also narrowed as lower benchmark interest rates continued to weigh on earnings.

Qatar's banking sector remains fundamentally strong despite slower credit expansion and external headwinds. Healthy deposit growth, resilient revenues and improving asset quality indicate that banks are well positioned to support the country's economic diversification agenda as regional conditions stabilise.

US Fed official says 'prepared to act' to curb inflation



WASHINGTON: A key US central bank official expressed her readiness to take action against inflation if price increases remain stubborn.

"If we do not see signs of disinflation soon, I am prepared to act," Federal Reserve governor Lisa Cook **(pictured)** said in prepared remarks to an event in Washington.

"I am fully committed to reaching our inflation target, and this commitment is unwavering," she added.

The Fed has a dual mandate of maintaining price stability and maximum employment, and generally keeps interest rates higher to curb inflation or lowers rates to boost the jobs market.

Cook has flagged greater concern surrounding inflation rather than the jobs market currently, implying that she could support a rate hike down the line.

But she stressed in her prepared remarks Wednesday that "at this juncture, I see it as prudent to give a bit more time to observe how inflation unfolds from here."

"Going forward, though, I believe the risks continue to be strongly weighted toward higher inflation," she warned.

This is because the artificial intelligence buildout "does not show signs of slowing," while tariffs and conflict in the Middle East "risk leading to persistently higher inflation."

Cook estimates that headline inflation this year will be about one percentage point higher than what was anticipated a year ago.

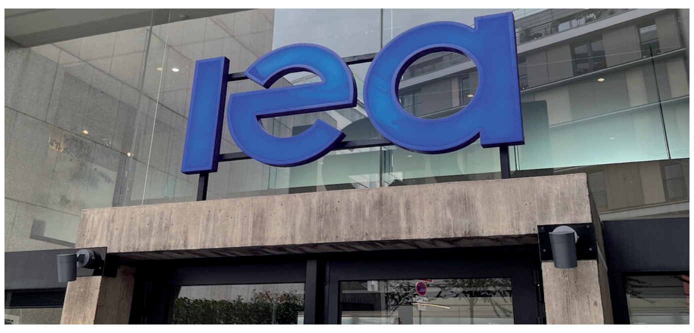
US inflation has also been above the Fed's two percent target for around five years now, fueling concerns.

Official data released this week showed consumer inflation at 3.5 percent in June, cooling from May's reading on lower energy prices amid hopes of a US-Iran deal.

But hostilities have since resumed in the Middle East, sending oil prices higher. This could keep inflation persistent.

The Fed's rate-setting committee is due to meet next between July 28 and 29.— ***AFP***

Critical mineral demand grows despite investment decline



PARIS: Global demand for critical minerals continued to grow strongly in 2025, while investment in the sector posted its first substantial decline in five years, the International Energy Agency (IEA) said on Thursday.

According to the agency's Global Critical Minerals Outlook 2026 report, demand for key energy minerals, including copper, battery materials and rare earths, remained robust in 2025. Growth was driven by expanding use in energy technologies such as EV batteries and energy storage, electricity grids, wind turbines and solar photovoltaic systems, as well as permanent magnets for high-performance applications.

The report said critical mineral prices rebounded in 2025 and early 2026 after declining in recent years.

Despite strong demand, investment in critical minerals fell by 9 percent in 2025, marking the first substantial decline in recent years. The IEA attributed the drop largely to renewed market volatility in 2024 and 2025, which exposed structural uncertainties in critical mineral supply chains and complicated investment decisions.

The report also warned that the conflict in the Middle East has underscored the vulnerability arising from concentrated supply chains and geopolitical tensions, noting that the region is a major supplier of key materials and feedstocks, including aluminum, sulfur and helium.

Governments are playing an increasingly active role in supporting the sector through public financing, the report said, with public finance commitments for critical mineral projects in advanced economies reaching around $65bn in 2025, more than four times the level recorded in 2023.

Looking ahead, the IEA expects demand for critical minerals to remain strong under all of its scenarios, with demand nearly doubling by 2040 under the Stated Policies Scenario.

However, the report identified structural imbalances in efforts to diversify supply chains. While mining capacity is expanding across a wider range of regions, refining and downstream manufacturing capacity remain concentrated and limited.

The IEA said governments could improve the commercial viability of diversified supply chains by combining supply-side support with demand-side measures and stressed that successful diversification will require closing gaps in technology, equipment and skilled labor throughout the value chain.

In addition, the IEA said recycling could play an increasingly important role in easing supply constraints. Under current policy settings, average recycling rates for key energy minerals are projected to increase from around 10 percent today to nearly 20 percent by 2040, potentially allowing secondary supply to double its contribution by that time. — ***XINHUA***

Swiss ABB to buy UK group Rotork in deal worth $5.5bn

ZURICH: Swiss engineering group ABB said yesterday it has agreed to buy UK rival Rotork in a deal worth $5.5bn in a move to bolster its automation division.

Zurich-based ABB also announced a strong rise in second-quarter earnings on the back of "record-high orders" for all of its products.

In the period from April to June, ABB booked a seven-percent rise in net profit to $1.2bn, a 14-percent increase in sales to $9.5bn and a 30-percent jump in orders to $12bn.

The group said it had agreed to pay 503 pence per share in cash for Bath-based Rotork, one of the world's biggest manufacturers of safety devices that open and close valves in pipelines.

Under the terms of the offer -- representing a total cash deal of around $5.5bn -- Rotork shareholders will also be entitled to receive an interim dividend for the period to June 30, 2026 of up to three pence per Rotork share.

Rotork is expected to add three percent to ABB's revenues, the Swiss giant said.

The transaction is expected to close in the first half of 2027 and is subject to a shareholder vote and customary regulatory approvals.

ABB is one of Europe's largest industrial engineering and technology groups, employing more than 100,000 people. — ***AFP***

Stocks drop and oil steadies tracking tech sell-off, Mideast unrest

LONDON: Major stock markets mostly retreated as technology shares extended falls, while oil prices wobbled as United States and Iran exchanged fresh strikes.

Tech-driven losses in Asia came before European and US markets mostly traded lower.

"Fragile sentiment is leading to a continued pullback in memory chip stocks after their gravity-defying run as investors fret about elevated valuations," noted Dan Coatsworth, head of markets at AJ Bell trading group.

Seoul's Kospi fell more than six percent as chip titan SK hynix tumbled more than 11 percent amid growing anxiety that the AI rally -- which had pushed both firms to record highs this year -- has run its course.

Traders are questioning whether the vast sums pumped into the AI sector in recent years will eventually pay off and justify the eye-watering valuations for some firms.

Shares in TSMC fell around two percent in New York, even as the Taiwanese chipmaker issued positive forward guidance and announced that net profit soared more than 77 percent to a record high in the second quarter thanks to massive demand for AI hardware.

Traders work on the floor of the New York Stock Exchange during morning trading yesterday in New York City, US.

It said it would invest an additional $100 billion in the US state of Arizona.

Shares in Dutch firm ASML, which manufactures chip-making machines that underpin the tech industry, also fell after releasing blockbuster earnings on Wednesday.

"This all makes one wonder what US tech corporations will have to come up with to get investors genuinely excited again," said market analyst David Morrison at Trade Nation.

"This is important, as the earnings season picks up several gears over the next fortnight."

Netflix reports after New York markets close yesterday.

Next week, Google's parent company Alphabet as well as Tesla release results.

Amazon, Apple, Meta and Microsoft are among the companies that publish results the week after.

Growth in US retail sales lost steam in June, data from the Commerce Department showed, rising by 0.2 percent month-on-month after a 1.0 percent jump in May.

"The key takeaway from the report is that the headline disappointments are misleading, as they were driven primarily by gasoline station sales" that fell 5.3 percent as the price of petrol fell, said Briefing.com analyst Patrick O'Hare.

"Excluding gasoline stations, retail sales were up a solid 0.7 percent in June on the heels of a 0.9 percent increase in May," he added.

On the corporate front Thursday, German food delivery group Delivery Hero said it had agreed to be taken over by US ride-hailing giant Uber in a €12.7bn ($14.6bn) deal.

Delivery Hero's shares finished the day up 0.1 percent.

Oil prices wobbled as the US struck Iran and Tehran hit back at US allies in the Gulf on Thursday.

Meanwhile Yemen's Houthis warned they would target Saudi Arabia's oil facilities and other infrastructure if conflict escalates between the two sides.

Analysts at Capital Economics said if Houthis follow through with the threat or closed traffic in the Bab el-Mandeb Strait that would increase chances "global growth slows sharply enough to meet most definitions of a global recession". — ***AFP***

Republic of Korea raises rate to 2.75%

SEOUL: South Korea's central bank raised its policy rate by 25 basis points yesterday, turning toward monetary tightening in about three and a half years amid stubborn inflation, solid economic growth, massive household debt and high exchange rate volatility.

Bank of Korea (BOK) Governor Shin Hyun-song and other monetary policymakers decided to increase the benchmark seven-day repurchase rate to 2.75 percent from 2.50 percent.

All seven monetary policy board members unanimously supported the rate hike decision.

The rate increase marked the BOK's first shift back toward the monetary tightening since January 2023.

It was in line with market expectations. According to the Korea Financial Investment Association's poll of 100 fixed-income experts, 66 percent predicted the rate hike this month.

The central bank cut its key rate by a quarter percentage point in October and November of 2024 and in February and May of 2025, before making a rate freeze decision for an eighth consecutive time through May this year.

The BOK's shift of monetary policy stance from easing to tightening was driven by an ongoing inflationary pressure, robust economic growth, growing household debt and a high South Korean won versus US dollar exchange rate.

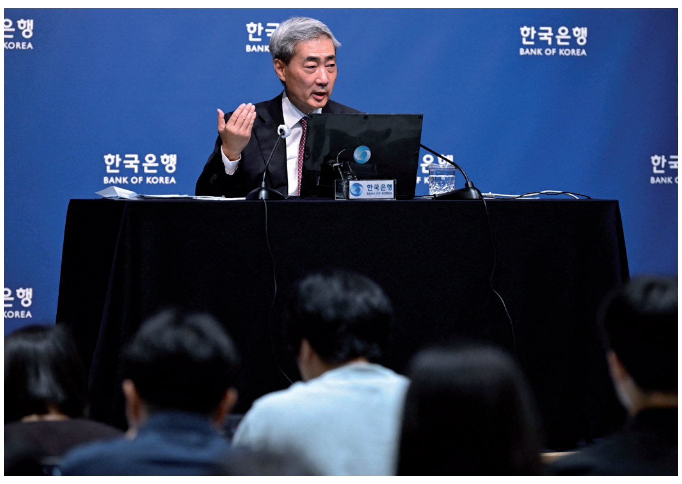
The BOK said in a statement that it will be necessary to continue a policy stance consistent with further rate hikes, indicating additional rate increases later this year.

The bank explained that it will determine the timing and pace of further increases in the policy rate while assessing the extent of inflationary pressure, the improvement trend in the domestic economy and financial stability.

Inflationary pressure intensified amid the renewed Middle East conflicts. The consumer price index (CPI) shot up 3.2 percent in June from a year earlier, marking the fastest gain in two and a half years since December 2023.

The headline inflation stayed above the central bank's mid-term inflation target of 2 percent for 10 straight months since September 2025.

Oil products' price spiked 24.7 percent last month, raising the overall inflation by 0.93 percentage points. It was the fastest in about four years since July 2022.



Governor of the Bank of Korea, Shin Hyun-song, speaks during a press conference after a monetary policy meeting at the central bank's headquarters in Seoul yesterday.

Backed by the artificial intelligence (AI) boom, the semiconductor export-led economic growth provided the central bank with economic cushion to absorb the impact of monetary tightening.

The outbound shipment, which accounts for about half of the export-driven economy, jumped 70.9 percent from a year earlier to $102.25bn in June, topping $100bn for the first time in the country's history.

Semiconductor export skyrocketed 199.5 percent to hit an all-time high of $44.82bns, surpassing $40bn for the first time.

The country's revised real gross domestic product (GDP), adjusted for inflation, spiked 1.8 percent in the first quarter from the previous quarter, marking the fastest increase in five and a half years since the third quarter of 2020.

The finance ministry significantly raised its real GDP growth outlook for 2026 by 1.0 percentage point to 3.0 percent amid an unprecedented semiconductor export boom. — *XINHUA*

Kenya's economy to expand by 4.3% in 2026: World Bank

NAIROBI: Kenya's economy is projected to expand by 4.3 percent in 2026, down from an earlier forecast of 4.9 percent, as heightened geopolitical tensions and global economic uncertainty weigh on growth prospects, the World Bank has said.

In its latest Kenya Economic Update released yesterday, the World Bank revised the country's growth forecast downward by 0.6 percentage points from its November 2025 projection, citing the impact of the ongoing conflict in the Middle East and rising global uncertainty.

"In the short term, higher global energy prices and increased uncertainty are expected to raise production costs, weaken private investment growth, and weigh on household purchasing power through higher commodity prices and moderating remittance inflows," the World Bank said in the report.

Published twice a year, the Kenya Economic Update assesses the country's recent economic and social developments, evaluates emerging risks and opportunities, and provides an outlook for medium-term economic performance in the regional and global context.

The World Bank said that, as a net oil importer, Kenya faces rising energy costs, with broad pass-through effects on transport, production and food prices, disproportionately affecting vulnerable households.

The lender noted that elevated costs, heightened global uncertainty and trade disruptions are affecting economic activity, slowing growth and weakening investment, particularly in the private sector.

On the external front, the World Bank said that a higher import bill and disruptions to key trade routes could widen the country's current account deficit. — *XINHUA*

Kenya Economic Update assesses the country's recent economic and social developments, evaluates emerging risks and opportunities.

Indonesia lowers microloan interest rate to 8%

JAKARTA: The Indonesian government has lowered the interest rate on microbusiness loans from 22 percent to 8 percent to improve access to financing for micro-, small- and medium-sized enterprises (MSMEs), Finance Minister Purbaya Yudhi Sadewa said Thursday.

Purbaya said the measure was expected to strengthen the country's economic resilience amid global uncertainty and volatile market sentiment.

"The interest rate cut reflects the government's commitment to sustaining the growth of MSMEs as one of the main pillars of the national economy," he said.

The government expects the continued development of MSMEs to help support the stability of the rupiah by strengthening investor confidence in Indonesia's economic outlook. The policy is also expected to stimulate economic activity, help maintain social stability and enhance Indonesia's attractiveness as a long-term investment destination. — *XINHUA*

Nvidia's Huang says AI growth at 'beginning' despite tech rout

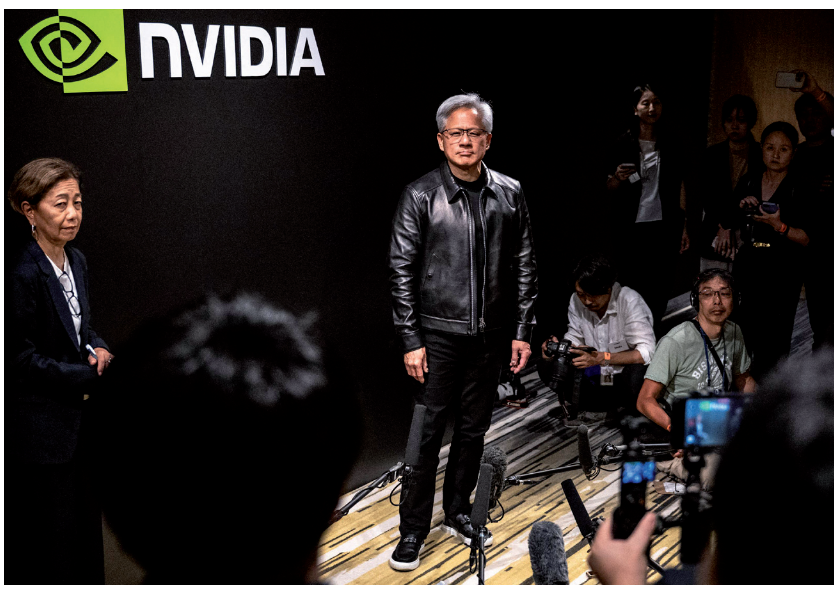
TOKYO: Nvidia chief Jensen Huang gave a confident projection of sustained demand for artificial intelligence Thursday as worries over how long the boom will last drag stocks down.

"Most technology cycles last anywhere from 10 to 15 years before it kind of plateaus. We are at the beginning of this one," the US chip giant's CEO told reporters in Tokyo.

"Is it going to flatten out? It will never go down, just as electricity never went down," he said, adding that semiconductors will be the world's largest industry, as part of its "social fabric".

Tech shares in Asia and Europe extended falls yesterday, as anxiety grows among traders that the AI rally has run its course.

Huang, CEO of California's Nvidia -- the world's most valuable company as governments and tech firms race to build AI data centres crammed with powerful silicon chips -- has struck several deals in Japan this week.



Nvidia CEO Jensen Huang attends the Q&A session with the media during Nvidia/ Japan AI Ecosystem Reception in Tokyo yesterday.

Nvidia and Kawasaki Heavy Industries will co-develop AI-powered robots for use in shipbuilding, the Japanese firm said yesterday.

The aim is to use the robots in welding, painting, inspection and material handling as part of a

Tech shares in Asia and Europe extended falls yesterday, as anxiety grows among traders that the AI rally has run its course.

"next-generation digital shipyard using physical AI and digital twin technology", Kawasaki said in a statement.

"Japan's shipbuilding industry currently faces serious challenges, including a declining number of skilled workers and labor shortages driven by the falling birthrate and ageing population," the company said.

"At the same time, global efforts to reduce environmental impact are driving worldwide demand for low- and zero-carbon vessels, making it an urgent priority for the shipbuilding industry as a whole to expand construction capacity and improve productivity."

Nvidia also said yesterday it would sell 27,500 AI chips from its cutting-edge Rubin series to Noetra, a new consortium of firms including SoftBank and Sony, for a government-supported project to develop a homemade AI model for robotics.

Other tie-ups announced included a collaboration on robotics with Japan's Fujitsu and others.

Taiwanese-born Huang, 63, visited a Tokyo arcade on Wednesday with Sega executives and thanked the Japanese video game maker for saving Nvidia with a $5m investment in the 1990s.

"If not for what Sega did for Nvidia and what Irimajiri-san did for Nvidia, Nvidia would not be here today," Huang said, referring to Sega's former president Shoichiro Irimajiri.

"To imagine that in 1995, Nvidia was nearly out of business, that we had chosen exactly the wrong technology, and that we will be here today, the largest company in the world, is unimaginable," he said. — *AFP*

SpaceX eyeing first Starship test flight since going public

NEW YORK: SpaceX is set for a test launch of its powerful Starship rocket today, the first since the company went public.

It will be Starship's 13th flight overall.

As with all launches, unfavorable weather or technical issues could cause delays.

The flight's aims will be similar to those of a mostly successful voyage carried out in May, which debuted the latest edition of the powerful Starship, its third generation model.

The goals of that test were essentially to demonstrate the new designs in flight.

It was not without a few glitches, however, including engine issues with the Super Heavy booster that necessitated a crash into the Gulf of Mexico rather than a precision return.

The company said "there have been several modifications to hardware and software to address issues seen on the previous flight."

SpaceX will aspire this time around to execute a launch, ascent, stage separation, boostback burn and landing burn of the booster offshore without hiccups.

The upper stage will deploy 20 Starlink V3 satellites, and the company will test out a relight of a Raptor engine in space, SpaceX said. — *AFP*

A file photo of the launch of test satellite by SpaceX.

China's XPeng looking at making cars in Germany, CEO says

MUNICH: Chinese carmaker XPeng's boss said yesterday that the manufacturer is looking at underused plants run by Germany's struggling auto giants as it plots an expansion in Europe.

"Many countries might potentially host a large number of factories in Europe," He Xiaopeng **(pictured)** told reporters in Munich.

"Of course, most are still in Germany."

Suffering from US tariffs, slimmer margins from electric cars and intense competition from China, Germany's carmakers have looked for ways to use up excess capacity in their plants in an effort to avoid costly and divisive closures.

Volkswagen CEO Oliver Blume -- who on Monday told staff that four German factories might need to close as it eyes mass job cuts -- in April floated the possibility of European VW plants making cars for the company's Chinese partners.

Volkswagen has a 4.99-percent stake in XPeng and in China works with the company to develop cars for the local market.

Localising production in Europe could help Chinese

carmakers avoid European Union tariffs on their electric cars.

It could also help keep local politicians onside as fears grow of a so-called "China Shock 2.0" -- used to describe Chinese firms shift into more high-tech manufacturing, which is threatening many traditional European industries.

Brands including BYD, Geely and Chery took almost 11 percent of the European car market in May, according to automotive intelligence firm Dataforce, up from just under three percent years ago.

XPeng itself almost doubled its vehicle deliveries in Europe to 31,000 in the first half of the year while almost tripling its deliveries in Germany.

Localising production in Europe could help Chinese carmakers avoid European Union tariffs on their electric cars. It could also help keep local politicians onside as fears grow of a so-called "China Shock 2.0".

Discussions about potential new collaborations in Europe were at an early stage, He stressed.

He added that XPeng -- which currently has a deal with Austrian contract manufacturer Magna Steyr to make cars on the continent -- wanted "to invest in Europe".

"We're happy to work with many companies, including Volkswagen, jointly," He said.

"We hope that in the future there will be not just one, but even multiple different factories in Europe, plus different R&D opportunities -- some for cars, some for robots -- covering all kinds of work." — *AFP*

Venezuela oil output 'not affected' by earthquakes

CARACAS: Venezuela's acting president Delcy Rodriguez said that the country's oil production was "not affected" by the double earthquakes that killed more than 4,500 people last month.

Rodriguez said that Venezuela, which has the world's largest proven reserves of crude, was pumping 1.2 million barrels per day -- up around 10 percent in a year -- and that the government remained confident of strong growth this year.

Crude oil production, the country's main source of revenue, is concentrated in Lake Maracaibo in the northwest and the Orinoco Belt in the east.

The area worst-hit on June 24 by the 7.2 and 7.5 magnitude quakes -- the northern coastal state of La Guaira and nearby capital of Caracas -- are situated between the two regions.

Venezuela's oil production tanked over the last two decades, falling from over 3 million barrels per day in the early 2000s to a low of 350,000 in 2020 on the back of years of corruption and mismanagement. — *AFP*