

The global economy is set to face severe oil shock: Expert

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DOHA

THE global economy is set to face a severe oil shock due to the Ukraine crisis, with major implications for the macroeconomic outlook this year, Bank of Singapore's Senior Investment Counsellor Karim Aita said.

"The situation in Ukraine continues to deteriorate to the detriment of the global economic outlook. The next few months will see greater uncertainty and soaring energy prices," he said in an investment outlook debate hosted by Doha Bank and Bank of Singapore recently.

The debate was broadcast live on virtual channels on March 15.

The debate was sponsored by the Doha Bank's private banking division, aiming to raise local market awareness not only about international market trends but also on current market dynamics resulting from the commodity shock and the conflict in Ukraine.

Karim Aita said, "As more investors recognize the materiality of ESG risks and seek to influence social and environmental outcomes, impact investing has seen significant Assets Under Management

(AUM) growth in the last 5 years. Most investors in private impact funds have not compromised on returns either; funds predominantly went towards private equity and venture capital funds, which suggest that most impact funds target market rate and hence potentially attractive returns.

"While opportunities related to the Metaverse are indeed in focus, we also believe that it would be important for investors to continue monitoring challenges and risks in the space. These include areas such as interoperability across different Metaverses, data security and privacy, regulatory risks, and the potential for an acceleration of the demographic divide. Increasing resolution and attention on these would be important for healthy and sustainable longer-term growth in this area."

Doha Bank Group CEO R Seetharaman gave insight on Global economy. "Growth forecast of major advanced economies are being reviewed. Emerging and low-income economies will suffer from global turmoil and the impact of rising commodity prices. Qatar, a major LNG exporter, and the rest of the GCC, will temporarily benefit from a budget surplus. GCC bonds

will hence gain momentum from performing local markets." Consequently, rate hikes, geopolitical conflicts and increasing commodity prices are driving changes in asset allocations for private banking clients."

Rohit Rupani, Head of Investment Advisory at Bank of Singapore, spoke about challenges and opportunities in the current market conditions as well as adjustments in asset allocations said "With potentially protracted geopolitical risk and imminent reopening of economies, we expect markets to seesaw. With that backdrop, the deep value is in Chinese Equities."

Slim Bouker Head of Private Banking, Doha Bank, said, "While this past week was filled with macro-economic data: China activity data, FOMC, BOE and BOJ making rate decisions, the panel focused on current global events impacting financial markets. Current debates among asset managers are mainly on stagflation, the conflict in Ukraine, high market volatility, Asian equity valuations under pressure could lead to opportunities; and the commodity shock of the recent weeks made LNG a winner, a sector where Qatar is a global player."

