



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

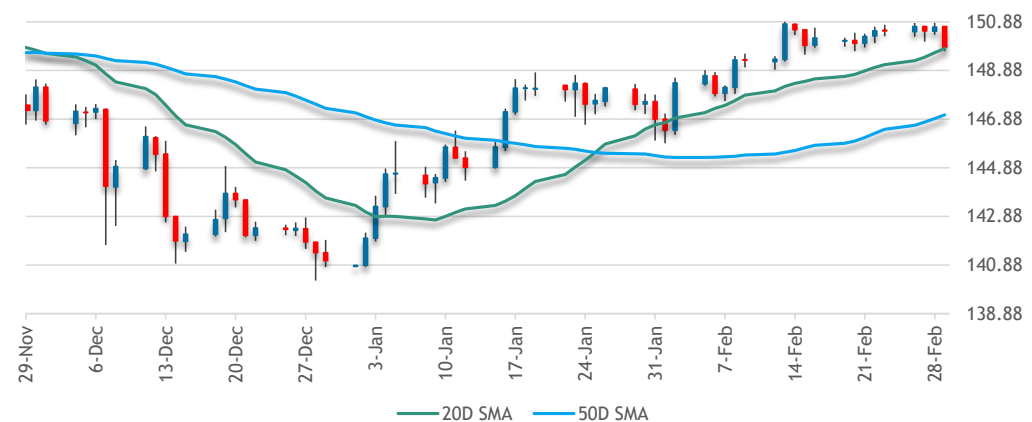
## KFH Treasury



*Report produced on*  
**Thu, 29-Feb-2024**

# Forex Market

## JAPANESE YEN



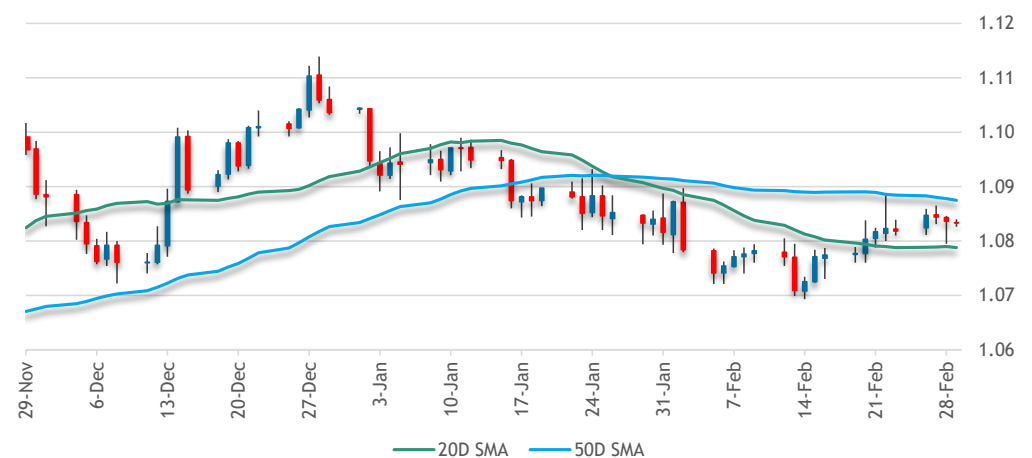
CLOSE **150.67** 1M %chg **1.69%** 3M %chg **2.16%**

### USD/JPY off hard on BOJ Takata-speak, for policy change - Reuters

29 Feb 2024 06:38:02 AM

- \* BOJ Policy Board's Takata veered away from Gov Ueda's even-keel stance
- \* Seems Takata maybe in favour of more early policy shift
- \* USD/JPY affected almost immediately as headlines hit the wires
- \* From an early, open high of 150.68, USD/JPY down to 149.86 EBS
- \* Bias still down, month-end position-squaring adding to down move
- \* Further moves down to 149.70 low on the 20th, 149.51 on 15th possible
- \* 149.23 on the 13th low before recent pop up above 150.00

## EURO



CLOSE **1.0836** 1M %chg **-0.15%** 3M %chg **-1.40%**

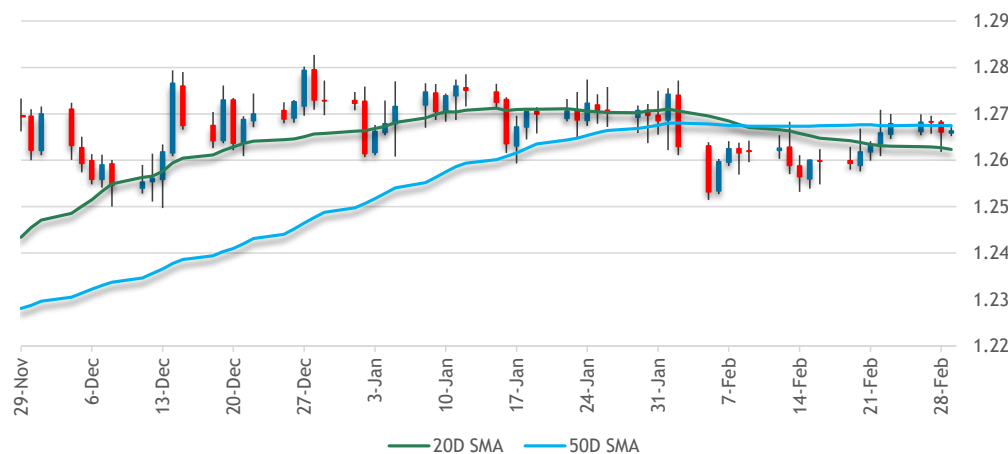
### EUR/USD-Idles in Asia ahead of US inflation data - Reuters News

29 Feb 2024 07:13:56 AM

- \* EUR/USD opened -0.06% at 1.0838 after recovering from 1.0796
- \* In a quiet Asian session it traded in a 1.0828/40 range
- \* Heading into the afternoon it was unchanged at 1.0835/40
- \* Support is at the 21-day MA at 1.0793 and break shifts pressure to downside
- \* Resistance is at the 55-day MA at 1.0883 and last week's 1.0890 high
- \* A break above 1.0900 would re-ignite short-term trend higher
- \* Key event later today will be US PCE index and bond market reaction

# Forex Market

## POUND STERLING



CLOSE  
**1.2661**

1M %chg  
**-0.32%**

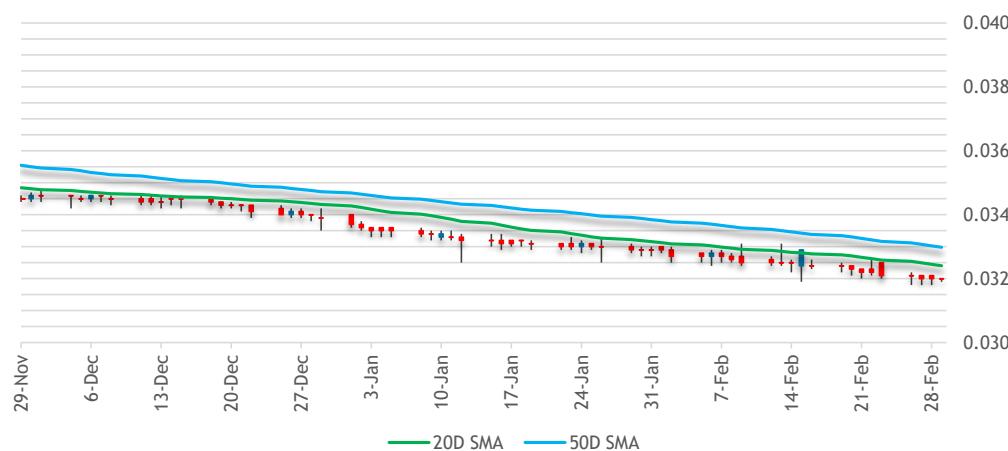
3M %chg  
**-0.25%**

### GBP/USD-Steady into major US event risk - UK budget next week - Reuters

29 Feb 2024 03:26:17 AM

- \* Steady after closing -0.2% with the USD +0.1%, both at familiar levels
- \* March 6th budget key for yields and the pound as the gov't hunts for voters
- \* Fin Min Hunt will struggle to keep voters and markets happy with tax cuts
- \* Charts; 5, 10 & 21-DMA's conflict as the 21-day Bollinger bands contract
- \* Daily momentum studies show no bias - GBP resilient but charts are neutral
- \* 1.2631 21-day moving average, then London's 1.2621 low are initial supports
- \* New York's 1.2673 high then last week's 1.2710 high are the first resistance
- \* Choppy consolidation looks set to extend, unless US Core CPI shock tonight

## TURKISH LIRA



CLOSE  
**0.0320**

1M %chg  
**-3.03%**

3M %chg  
**-7.25%**

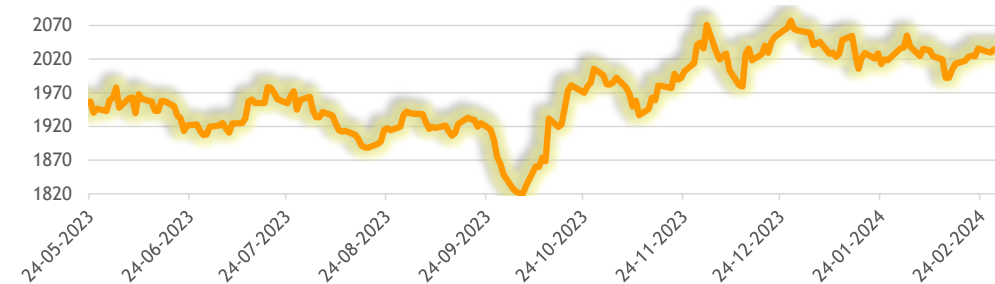
### Turkish inflation seen at 65.7% in February, falling to 42.7% at end-2024 - Reuters News

28 Feb 2024 04:04:16 PM

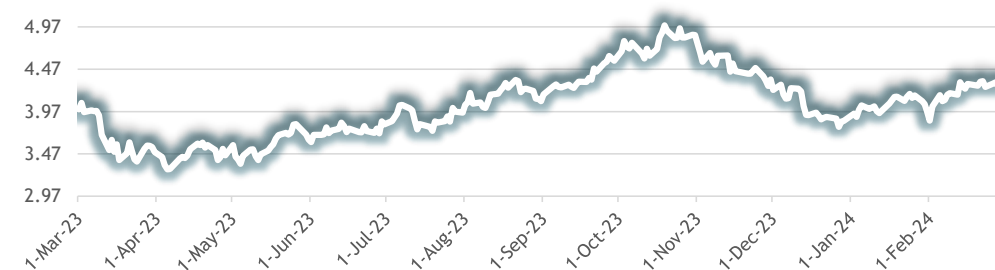
ISTANBUL, Feb 28 (Reuters) - Turkey's annual inflation is expected to climb to 65.7% in February, a monthly rise of 3.7%, on the back of food and services sector prices, with the annual rate seen falling to 42.7% by the end of 2024, a Reuters poll showed on Wednesday. The median estimate of 14 economists for annual inflation was 65.7%, with forecasts ranging from 65.1% to 67.4%. Monthly, prices were expected to rise 3.7%, with forecasts ranging from 3.3% to 4.1%. In January, inflation climbed 6.7% partly due to a big minimum wage jump and an array of new-year price updates. The Turkish currency lost more than 36% of its value last year and 5.3% so far this year.

# Gold, US Treasury & Dollar Index

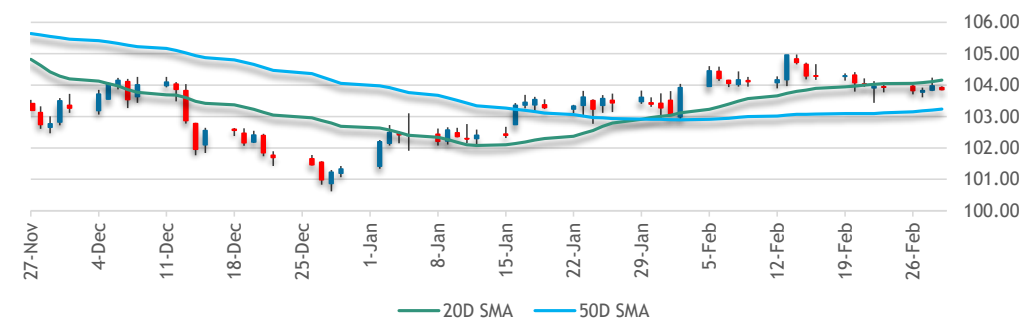
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

**4.28**

1M %chg

**2.74%**

3M %chg

**-1.43%**

### PRECIOUS-Gold prices steady as traders await key US inflation report - Reuters News

29 Feb 2024 08:46:07 AM

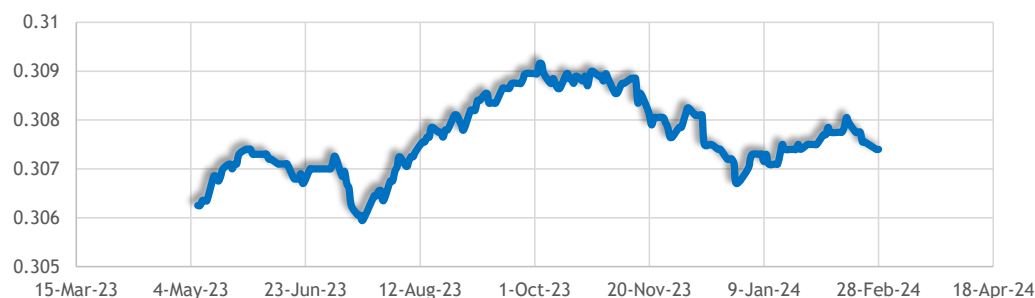
Feb 29 (Reuters) - Gold prices remained steady on Thursday, and have held ground so far this month, despite bleak hopes for swift and deeper rate cuts in the United States as traders await a key U.S. inflation reading due later in the day. Spot gold was steady at \$2,035.78 per ounce. U.S. gold futures edged 0.1% higher to \$2,044.20. Gold is holding firm on a month-on-month basis despite traders trimming bets to three quarter-point rate cuts in the U.S. for 2024, from bets of five cuts a month ago. Hopes of the first cut arriving in May have receded this month, and a cut is now expected in June. The U.S. dollar index .DXY climbed 0.6% and benchmark 10-year Treasury yields gained over 30 basis points (bps), so far in February. Lower interest rates boost the appeal of holding non-yielding bullion. Spot silver XAG= edged 0.1% higher to \$22.48 per ounce, platinum XPT= climbed 0.4% to \$882.24, and palladium XPD= jumped 1% to \$937.56.

### UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Jobs/Applicants Ratio*	JP	29-Feb 05:00	Jan	1.27	1.27
Unemployment Rate*	JP	29-Feb 05:00	Jan	2.4	2.4
Construction Orders YY*	JP	29-Feb 10:30		0.4	
Housing Starts YY*	JP	29-Feb 10:30	Jan	-4	-7.7
BOE Consumer Credit*	GB	29-Feb 15:00	Jan	1.197	1.600
M4 Money Supply*	GB	29-Feb 15:00	Jan	0.5	
Broad Money*	GB	29-Feb 15:00	Jan	2998207	
Mortgage Lending*	GB	29-Feb 15:00	Jan	-0.83	0.200
Mortgage Approvals*	GB	29-Feb 15:00	Jan	50.459	52.000
Personal Consump Real MM*	US	29-Feb 19:00	Jan	0.5	
Consumption, Adjusted MM*	US	29-Feb 19:00	Jan	0.7	0.2

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0843	1.0846	1.0795	1.0836	-0.07%
GBP	1.2682	1.2687	1.2618	1.2661	-0.17%
JPY	150.49	150.84	150.35	150.67	0.11%
TRY	0.0321	0.0321	0.0318	0.032	0.00%
Dollar Idx	103.843	104.242	103.807	103.975	0.14%
Brent	83.3	84.31	82.6	83.68	0.04%
WTC	79.66	80.57	78.98	79.44	-0.45%
Gold	2029.89	2037.79	2024.32	2034.62	0.25%
KWSE Index	7439.3	7442.01	7413.32	7420.57	-0.17%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.44	3M	4.31
SW	3.88	6M	4.50
1M	4.06	1Y	4.69

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

**0.30740**

**-0.15%**

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	27-Jul-'23	3.88	3.63	0.25
1W Repo Rate	27-Jul-'23	4.13	3.88	0.25
1M Repo Rate	27-Jul-'23	4.38	4.38	0.00
KWD ON Rate	27-Jul-'23	10.00	10.00	0.00
Discount Rate	27-Jul-'23	4.25	4.00	0.25

## LIBOR RATES

Tenor	Value	Tenor	Value
ON	0.00	3M	5.60
SW	0.00	6M	5.72
1M	5.44	1Y	0.00
2M	0.00		

## OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	26-Jul-'23	5.50	4.25	1.25
ECB Refinancing Rate	25-Jan-'24	4.50	4.50	0.00
BOE Bank Rate	01-Feb-'24	5.25	5.25	0.00
BOJ Prime Rate	09-Feb-'24	1.50	1.40	0.10
TRY ON Lending Rate	22-Feb-'24	46.50	46.50	0.00

## KEY INTERNATIONAL STORIES

### US economy on firmer footing heading into first quarter

WASHINGTON, Feb 28 (Reuters) - U.S. economic growth in the fourth quarter was lowered slightly, but its composition was much stronger than initially thought, which bodes well for the near-term outlook even as activity got off to a weak start because of freezing temperatures. GDP increased at a 3.2% annualized rate last quarter, revised slightly down from the previously reported 3.3% pace, the Commerce Department's Bureau of Economic Analysis said in its second estimate of fourth-quarter GDP growth. Private inventory investment is now estimated to have increased at a \$66.3 billion rate instead of the previously reported \$82.7 billion pace.

### BoE's Mann says rich consumers are making it harder to curb inflation

LONDON, Feb 28 (Reuters) - The spending habits of wealthy Britons who are immune to the pressure of higher interest rates is making it harder to curb inflation, Bank of England policymaker Catherine Mann said, according to the Financial Times. That meant services inflation was not falling fast enough to bring inflation back to the BoE's 2% target even though energy prices were easing and goods prices were largely flat. The BoE forecasts inflation on a year-over-year basis will fall from 4% last month to its 2% target in the second quarter of this year, but then will rise towards 3% at the end of 2024.

### Russia's real wages climb 7.8% in 2023 as unemployment hits record low

MOSCOW, Feb 28 (Reuters) - Real wages in Russia grew by 7.8% in 2023 and the economy grew 4.6% in the year to January as unemployment hit a record low, according to the last big set of economic data before President Vladimir Putin stands for re-election next month. Retail sales, a key gauge of consumer demand, increased by 9.1% year on year in January, above analysts' expectations for a 7.8% rise. The central bank on Tuesday had said that consumer demand remained high and had only just started reacting to tight monetary policy. Annual consumer price inflation was 7.58% as of Feb. 26, compared with 7.57% a week earlier.

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### Japan factory output falls at the fastest pace in nearly 4 years

TOKYO, Feb 29 (Reuters) - Japan's January factory output fell at the fastest pace since May 2020, government data showed on Thursday, as a production downturn in motor vehicles adds to concerns about the fragility of an economy that slipped into recession late last year. Industrial output fell 7.5% in January from the previous month, data from the Ministry of Economy, Trade and Industry (METI) showed. It was slightly worse than the median market forecast for a 7.3% drop, with output sliding in 14 of the 15 industries surveyed by METI. Manufacturers surveyed by the industry ministry expect seasonally adjusted output to increase 4.8% in February and rise 2.0% in March.

### Mexico central bank signals possible rate cut but urges caution

MEXICO CITY, Feb 28 (Reuters) - Members of the Bank of Mexico's governing board recognized Mexico's progress bringing down inflation but called for caution as markets anticipate a coming cut to Mexico's benchmark rate. The bank's five-member board has held Mexico's benchmark rate at a record 11.25% since halting a historic monetary tightening cycle in March 2023. Mexico's most recent inflation data showed consumer prices falling 0.10% in the first half of February, although the annual rate of 4.45% remained above Banxico's target of 3%, plus or minus a percentage point. Banxico kept its 2025 growth forecast unchanged at 1.5%, according to the bank's quarterly report.

### Oil slips further on US demand, interest rate fears - Reuters News

SINGAPORE, Feb 29 (Reuters) - Oil prices on Thursday extended declines from the previous session after a larger-than-expected build in U.S. crude stockpiles stoked worries about slow demand, while signs that U.S. interest rates could remain elevated added to pressure. Brent crude futures LCOc1 fell 14 cents, or 0.2%, to \$83.54 a barrel. U.S. West Texas Intermediate crude futures CLc1 were down 4 cents, or 0.1%, to \$78.50 a barrel. Crude inventories rose for the fifth consecutive week, increasing by 4.2 million barrels to 447.2 million barrels in the week ended Feb. 23, the EIA said, compared with analysts' expectations in a Reuters poll for a 2.7 million-barrel rise.