



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

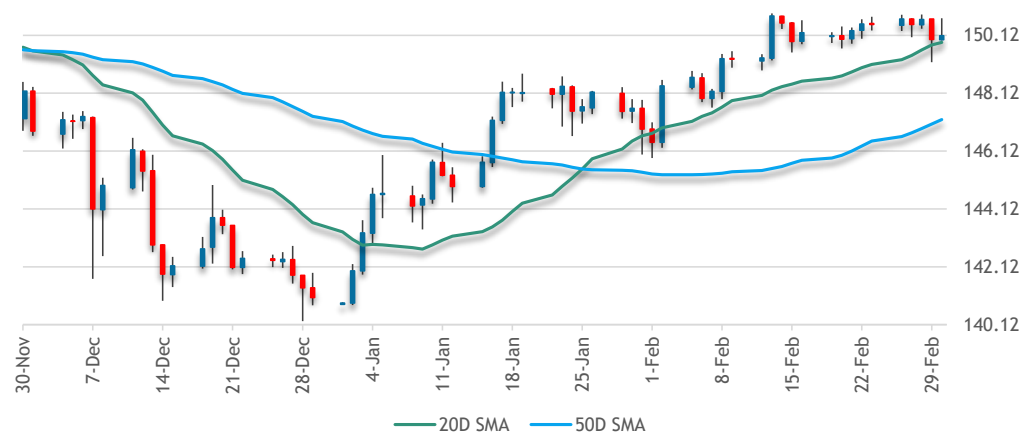
## KFH Treasury



*Report produced on*  
**Sun, 03-Mar-2024**

# Forex Market

## JAPANESE YEN



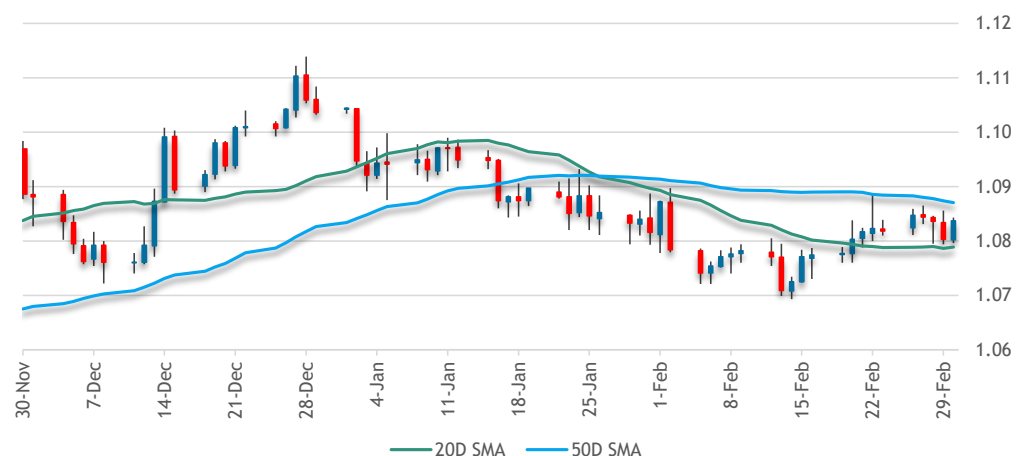
CLOSE **150.11**  
 1M %chg **2.52%**  
 3M %chg **2.25%**

**COMMENT-Dollar's big rebound vs yen capped by 2024 high, US data misses - Reuters**

01 Mar 2024 07:49:07 PM

March 1 (Reuters) - USD/JPY's sharp rebound from Thursday's dive was rejected shy of 2024's 150.88 trend highs and by much weaker than forecast ISM manufacturing and Michigan sentiment data that yanked Treasury yields lower, upping the ante for bulls ahead of ISM services and key employment data next week. Thursday's month-end profit-taking on the third largest net spec long since 2017 was intensified by yen supportive comments from BoJ and MoF speakers, before bottoming by Feb. 13's key 149.23-50.88 trend high session range. But two-year Treasury-JGB yield spreads have fallen 18bp from 2024's highs, 2-year Treasury yields have slid 10bp today and USD/JPY has retreated from Friday's high shy of the 2024 uptrend line broken below on Thursday.

## EURO



CLOSE **1.0837**  
 1M %chg **-0.32%**  
 3M %chg **-0.40%**

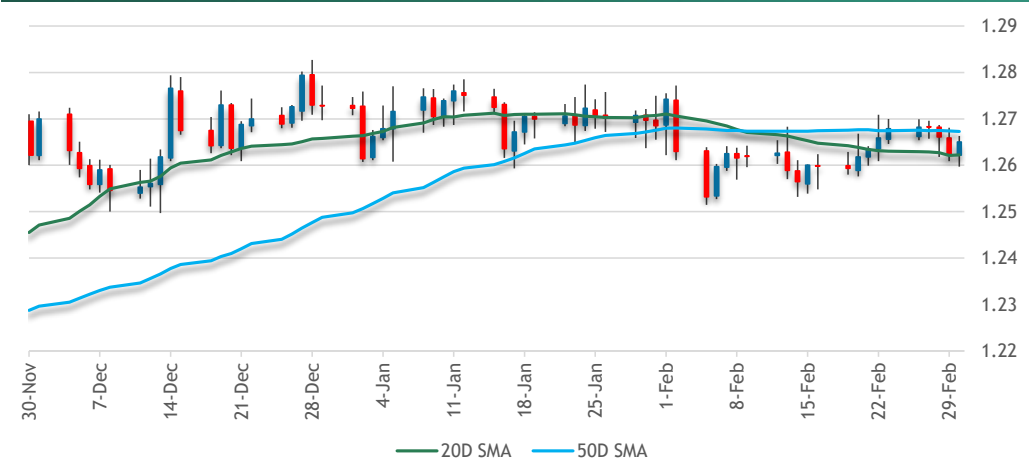
**COMMENT-Breakout awaits as EUR/USD records tightest range since 2019 - Reuters**

01 Mar 2024 09:37:46 PM

Mar 1 (Reuters) - Anyone wondering just how subdued FX markets have become lately can make good use of this statistic: EUR/USD is set to record its tightest weekly range since November 2019 at 70pips. Euro zone inflation slightly surprised on the upside, though, the disinflation process remains intact. That said, services CPI is still a cause for concern, having posted its largely monthly increase since April. Meanwhile, the firm U.S core PCE print was in line with expectations. For EUR/USD, given the extremely narrow range, the same parameters apply, with resistance at 1.0880-97, marking the 55-DMA and February peak keeping a lid on gains. Support at 1.0790-1.0800 puts a limit on pullbacks.

# Forex Market

## POUND STERLING



CLOSE  
**1.2650**

1M %chg  
**-0.72%**

3M %chg  
**-0.39%**

### Sterling bulls charge higher after soft US ISM data sinks UST yields - Reuters

01 Mar 2024 10:01:03 PM

- \* GBP\$ firm in NY afternoon trading, +0.26% at 1.2655; Fri range 1.2659-1.26
- \* Pair bounced off session low 1.256 after soft ISM data sank UST yields
- \* Despite rise into weekend, pair traded muted 1.27-1.26 range this week
- \* Rates views to keep sterling in a bind
- \* LSEG's IRPR shows little shift in Fed cut odds 80% for June; Dec seen -82bp
- \* Res 1.2659 Friday high, 1.2676 the 55-DMA, 1.2710 daily high Feb 22
- \* UK retail sales Monday; U.S. JOLTS on Mar 6, U.S. NFP on the 8th in focus

## TURKISH LIRA



CLOSE  
**0.0319**

1M %chg  
**-3.04%**

3M %chg  
**-7.80%**

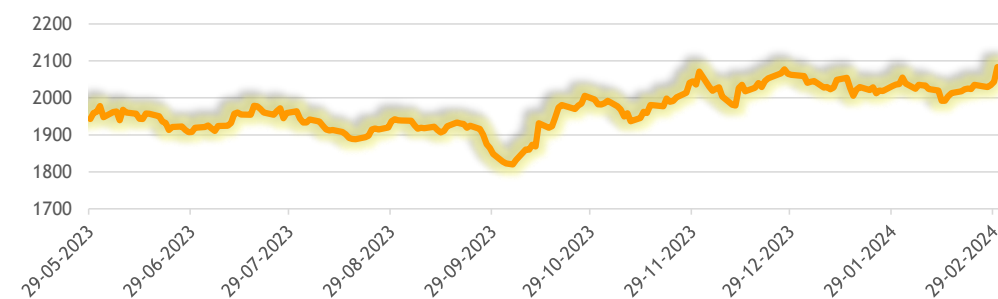
### COMMENT-Investors may be drawn to Turkey's slowly falling lira - Reuters

29 Feb 2024 06:32:32 PM

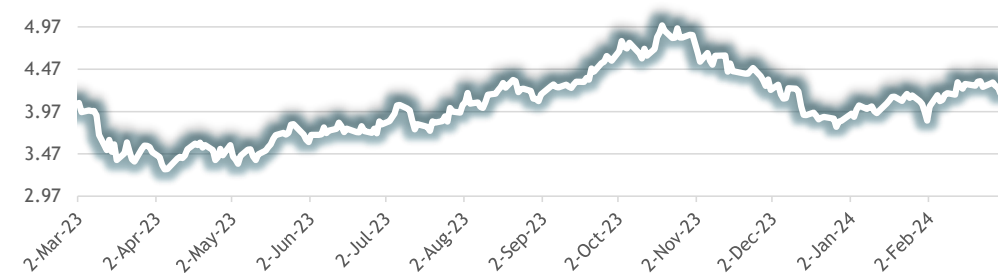
Feb 29 (Reuters) - Investors may be drawn to the Turkish lira while it drops slowly with the lure of huge rewards thanks to an extremely high interest rate, potentially outweighing the losses that may result from the lira's slide. USD/TRY has risen from 29.65 at the start of 2024 to a new record high at 31.23 this month but with Turkey's interest rate jacked up to 45% on January 25, losses due to lira's slide this year could be less - probably much less - than returns from interest rates. Turkey's economy grew 4.5% last year and 4.0% in the last quarter. While growth is expected to slow due to aggressive monetary tightening the economy is still expected to grow by 2.96% this year.

# Gold, US Treasury & Dollar Index

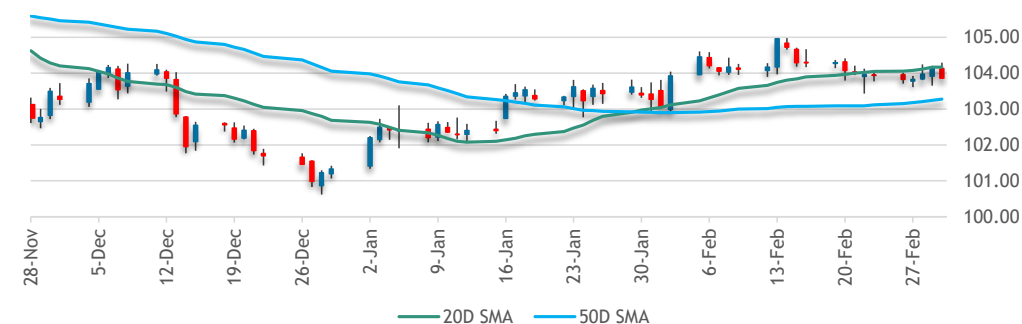
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

4.18

1M %chg

8.26%

3M %chg

-0.99%

### PRECIOUS-Gold advances to 2-month peak as US rate cuts expected soon - Reuters News

01 Mar 2024 11:31:10 PM

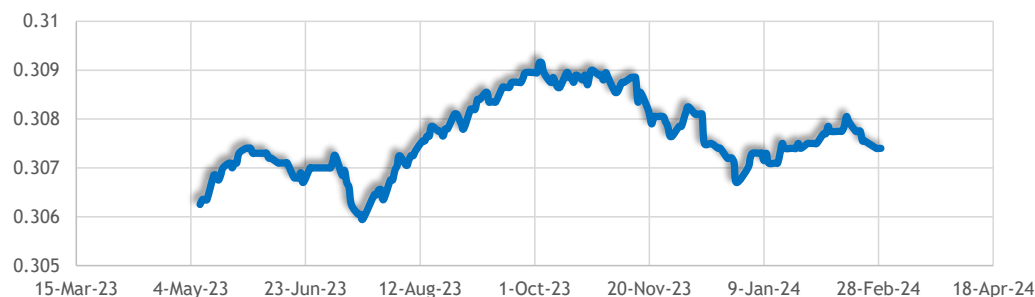
March 1 (Reuters) - Gold started March on a positive note, with prices rising to a two-month high on Friday after muted economic data hardened expectations of a U.S. interest rate cut by June. Spot gold XAU= rose 2.1% to \$2,086.21 per ounce, the highest since late December, and was on track for a second straight weekly rise. U.S. gold futures GCcv1 settled about 2% higher at \$2,095.7. Benchmark U.S. 10-year Treasury yields US10YT=RR and the dollar index .DXY retreated after the data, making gold more attractive. "In three-four months, prices will hit a record if we see poor economic data and the market is convinced that (the) Fed is ready to cut," he said, adding that strong central bank buying is also supporting the market currently. Lower interest rates tend to boost demand for non-yielding gold. Spot silver rose 2.6% to \$23.26. Spot platinum rose 1.2% to \$886.15, while palladium was up 1.4% at \$955.50. Both eased on a weekly basis.

### UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Business Capex (MOF) YY*	JP	03-Mar 05:20	Q4	3.4	
Monetary Base YY*	JP	03-Mar 05:20	Feb	4.73	
CPI Tokyo Excl Food & Energy M/	JP	04-Mar 05:00	Feb	-0.4	
CPI Tokyo Excl Food & Energy Y/	JP	04-Mar 05:00	Feb	2.2	
CPI Tokyo Ex fresh food YY	JP	04-Mar 05:00	Feb	1.6	2.5
CPI, Overall Tokyo	JP	04-Mar 05:00	Feb	1.6	
Sentix Index*	EU	04-Mar 15:00	Mar	-12.9	-11
BRC Retail Sales YY	GB	05-Mar 05:31	Feb	1.4	
JibunBK SVC PMI Final SA *	JP	05-Mar 06:00	Feb	52.5	
HCOB - Composite Final PMI	EU	05-Mar 14:30	Feb	48.9	48.9
HCOB Services Final PMI	EU	05-Mar 14:30	Feb	50.0	50.0

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0834	1.0856	1.0794	1.0837	-0.30%
GBP	1.2659	1.2681	1.2609	1.265	0.21%
JPY	150.69	150.69	149.19	150.11	0.09%
TRY	0.032	0.032	0.0319	0.0319	-0.31%
Dollar Idx	103.92	104.201	103.656	103.861	-0.28%
Brent	83.23	83.9	83.05	83.55	-0.08%
WTC	79.51	80.23	79.05	80.9	2.12%
Gold	2034.62	2050.59	2027.2	2083.39	1.96%
KWSE Index	7423.87	7445.27	7408.55	7440.58	0.27%

## 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**

**-0.08%**

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	5.59
SW	0.00	6M	5.70
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 construction spending unexpectedly falls in January - Reuters News

WASHINGTON, March 1 (Reuters) - U.S. construction spending unexpectedly fell in January as weakness in outlays on public projects more than offset a moderate increase in private homebuilding. The Commerce Department said on Friday that construction spending dropped 0.2%. Data for December was revised higher to show construction spending increasing 1.1% instead of 0.9% as previously reported. Spending on private construction projects gained 0.1% in January after rising 0.8% in December. Investment in residential construction rose 0.2% after surging 1.4% in the prior month.

### UK factories struggle in February as job cuts accelerate, PMI shows - Reuters News

LONDON, March 1 (Reuters) - British manufacturers marked a year of falling output in February as factories shed workers at the fastest rate since the onset of the COVID-19 pandemic, a survey showed on Friday. While the S&P Global/CIPS UK Manufacturing Purchasing Managers' Index rose last month to 47.5 from 47.0 in January - revised up from a preliminary reading of 47.1 - it has been stuck below the 50 threshold for growth since August 2022. The survey's gauge of output, while improving in February, signalled a 12th successive monthly downturn. The manufacturing PMI's employment index sank to its lowest level since June 2020.

### Euro zone inflation dips less than expected, core prices stubbornly high

FRANKFURT, March 1 (Reuters) - Euro zone inflation dipped last month but underlying price growth remained stubbornly high, adding to the case for the European Central Bank to hold interest rates at record highs a bit longer before starting to ease policy towards mid-year. Inflation across the 20-nation euro zone fell to 2.6% in February from 2.8% a month earlier, just shy of expectations for 2.5%, data from Eurostat, the EU's statistics agency showed. But crucial core figures, which strip out volatile food and fuel prices, declined to 3.1% from 3.3%, missing expectations for 2.9% and holding uncomfortably above the ECB's 2% target.

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### China's factory activity shrinks for 5th month, raises pressure for more stimulus

BEIJING, March 1 (Reuters) - China's manufacturing activity in February shrank for a fifth straight month, an official survey showed, raising pressure on Beijing to roll out more stimulus measures as the parliament prepares for a key annual meeting next week. The official manufacturing purchasing managers' index, compiled by the National Bureau of Statistics, fell to 49.1 in February from 49.2 in January with a sizeable drop in the output component. It was below the 50-mark separating growth from contraction and in line with a median forecast of 49.1 in a poll. With the exception of September last year, China's official manufacturing PMI has remained in contraction since March 2023.

### Brazil's economy up 2.9% in 2023 but stagnates in Q4

SAO PAULO, March 1 (Reuters) - Brazil ended 2023 with economic growth of 2.9%, official data showed, way above what economists expected for most of last year but maintaining in fourth quarter a slowing trend that should cripple its expansion in 2024. In the fourth quarter of 2023, according to statistics agency IBGE, Brazil's GDP was flat, in line with the previous quarter but slightly missing the 0.1% growth expected by economists polled by Reuters. On an annual basis, growth in October - December quarter came in at 2.1%, also below the 2.2% rise economists had expected. The central bank's benchmark interest rate now at 11.25% even after a total 250 basis points of cuts since August.

### Oil climbs 2%, notches weekly gains ahead of OPEC+ decision

NEW YORK, March 1 (Reuters) - Oil prices rose 2% on Friday and posted weekly gains as traders awaited an OPEC+ decision on supply agreements for the second quarter while also weighing fresh U.S., European and Chinese economic data. Brent LCOc1 futures for May settled \$1.64 higher, or 2%, at \$83.55 a barrel. The April Brent futures contract expired on Feb. 29 at \$83.62 a barrel. U.S. West Texas Intermediate (WTI) for April rose \$1.71, or 2.19%, to \$79.97 a barrel. For the week, Brent added around 2.4% following the switch in contract months, while WTI gained more than 4.5%. The oil rig count, an early indication of future output, rose by three to 506 this week.



Market data & Reuters News  
is sourced from LSEG Eikon.