



# **Market Commentary**

KFH Treasury

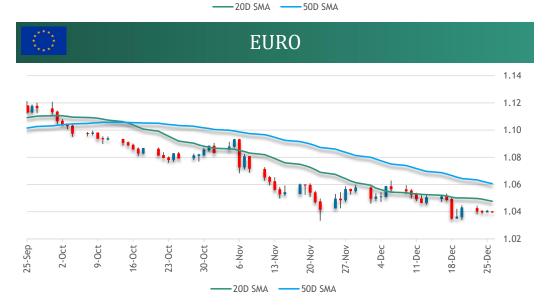


Report produced on

Thu, 26-Dec-2024

### **Forex Market**







CLOSE

1M %chg

3M %chg

**157.40** 

2.07%

8.74%

### USD/JPY better bid but range-bound, ditto for JPY crosses

26 Dec 2024 07:45:43 AM

- \* USD/JPY tad better bid in Asia, 157.09-47 EBS, still range-bound
- \* Plenty tech supports below 157.24/26 hourly Ichimoku kijun/tenkan
- \* Ascending 55/100-HMA below at 157.15/157.02, hourly cloud 156.69-157.10
- \* No major option expiries to speak of today, some in area tomorrow
- \* IGB-US Treasury interest rate differentials in stasis below recent wides
- \* Trading very thin, especially in crosses, USD/JPY volume not large either

CLOSE 1M %chg 3M %chg

1.0404

-0.86%

-6.54%

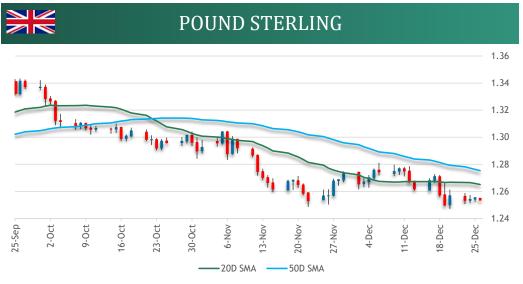
### $EUR/USD\ does\ little\ again,\ market\ thinner\ than\ usual$

26 Dec 2024 08:06:35 AM

- \* EUR/USD does little in still holiday-thinned Asia trading
- \* 1.0393-1.0404 range, holding above 1.0344 lows December 18, 20
- \* Hourly Ichi cloud between 1.0399-1.0414 providing some resistance
- \* EUR/GBP indicated at 0.8289, EUR/CHF 0.9355-60 EBS
- \* EUR/GBP downtrend intact below descending 55-DMA today at 0.8320
- \* EUR/CHF in area of descending daily Ichimoku cloud between 0.9351-93

### **Forex Market**







CLOSE 1M %chg 3M %chg

1.2553

-0.11%

-5.78%

### GBP/USD quiet in holiday-thinned trading, Boxing Day

26 Dec 2024 08:14:20 AM

- \* Cable did little in Asia, 1.2540-52 range, Boxing Day holiday in UK
- \* Trading may not pick up till tomorrow if even then
- \* Most players already done for calendar year
- \* GBP/USD holding for now above recent low at 1.2475 December 20
- \* Double bottom in area too along with 1.2475 low too on November 22
- \* Upside well-capped ahead of descending 200-HMA at 1.2606 today

CLOSE 1M %chg 3M %chg

0.0284

-1.73%

-3.07%

### Turkey raises monthly minimum wage by 30% for 2025

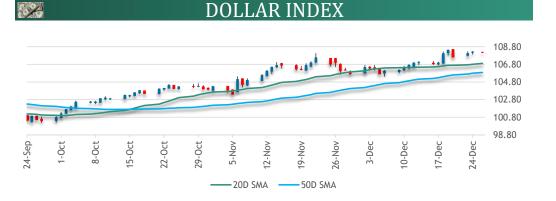
24 Dec 2024 09:52:33 PM

ISTANBUL, Dec 24 (Reuters) - Turkey's net monthly minimum wage will be 22,104 Turkish lira (\$630.36) in 2025, Turkish President Tayyip Erdogan said on Tuesday, marking a 30% increase from 2024. The minimum wage hike, which impacts some 9 million workers and is seen as a benchmark for the increase in private sector salaries, is expected to elevate inflation in the coming months, according to economists. According to Reuters calculations based on central bank studies, a 25% wage increase would raise annual inflation by between 1.5 and 5 percentage points. Turkish inflation declined to 47.09% in November from an annual high of 75% in May, mainly due to tight monetary and fiscal policies. However, the improvement in the print was slower than previously forecast according to the central bank.

# **Gold, US Treasury & Dollar Index**









US 10YT YIELD 1M %chg 3M %chg

4.60

7.60%

21.32%

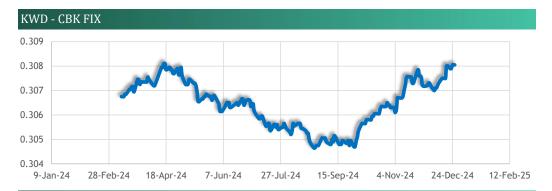
## PRECIOUS-Gold gains on weak dollar, geopolitical turmoil; Fed, Trump's 2025 policies in focus 26 Dec 2024 07:08:01 AM

Dec 26 (Reuters) - Gold gained on Thursday in light holiday trading, boosted by slight weakness in U.S. dollar and geopolitical tensions, as investors eyed Federal Reserve's 2025 rate strategy and Trump's tariff policies, which could shape the metal's trajectory next year. Spot gold rose 0.5% to \$2,626.10 per ounce. Bullion has risen 27% this year and is on track for its best performance since 2010, driven by major Fed cuts and heightened geopolitical uncertainties. Gold is considered a safe investment option during geopolitical turmoil and thrives in low interest rate environment. U.S. gold futures GCv1 added 0.3% to \$2,643.70. The dollar index fell 0.1%, making greenback-priced bullion more affordable for holders of other currencies. The usual positive trends in gold during the last week of December is contributing to the current rise in gold prices, Yeap Jun Rong added. Spot silver was flat at \$29.6 per ounce, platinum fell 0.8% to \$936.41 and palladium shed 1.2% to \$942.52.

UPCOMING KEY ECONOMIC INDICATOR RELEASES					
INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
CPI Tokyo Ex fresh food YY	JP	26-Dec 05:00	Dec	2.2	2.5
CPI, Overall Tokyo	JP	26-Dec 05:00	Dec	2.6	
Jobs/Applicants Ratio*	JP	26-Dec 05:00	Nov	1.25	1.25
Unemployment Rate*	JP	26-Dec 05:00	Nov	2.5	2.5
Industrial O/P Prelim MM SA*	JP	26-Dec 05:20	Nov	2.8	-3.4
IP Forecast 1 Mth Ahead	JP	26-Dec 05:20	Dec	-2.2	
IP Forecast 2 Mth Ahead	JP	26-Dec 05:20	Jan	-0.5	
Large Scale Retail Sales YY*	JP	26-Dec 05:20	Nov	-1	
Retail Sales YY	JP	26-Dec 05:20	Nov	1.6	1.7
Construction Orders YY*	JP	26-Dec 10:30	Nov	44.6	
Housing Starts YY*	JP	26-Dec 10:30	Nov	-2.9	-0.4

# **Daily Market Report**





MARKET SUMMARY					
INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0397	1.0413	1.0395	1.0404	0.07%
GBP	1.2542	1.2558	1.2524	1.2553	0.09%
JPY	157.15	157.49	156.96	157.4	0.14%
TRY	0.0283	0.0285	0.0281	0.0284	0.35%
Dollar Idx	108.158	108.3	107.922	108.2	0.00%
Brent	72.96	73.81	72.79	73.58	0.00%
WTC	70.49	71.13	70.45	70.87	0.00%
Gold	2612.95	2621.42	2609.5334	2613.2	0.00%
KWSE Index	7333.25	7352.01	7326.77	7345.66	0.22%

KIBOR RATES				
Tenor	Value	Tenor	Value	
ON	2.06	3M	3.94	
SW	3.44	6M	4.19	
1M	3.69	<b>1</b> Y	4.38	

CENTRAL BANK OF KUWAIT				
KWD (CRK FIX) CLOSE				

3M% CHG

0.30805

1.08%

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	19-Sep-'24	3.63	3.88	-0.25
1W Repo Rate	19-Sep-'24	3.88	4.13	-0.25
1M Repo Rate	19-Sep-'24	4.13	4.38	-0.25
KWD ON Rate	19-Sep-'24	10.00	10.00	0.00
Discount Rate	19-Sep-'24	4.00	4.25	-0.25

LIBOR RATES			
Tenor	Value	Tenor	Value
ON		3M	
SW		6M	
1M		<b>1</b> Y	
2M			

OTHER C-BANK RATES					
INDICATOR	As of	Value	Prior	Change	
FED Target Rate	18-Dec-'24	4.50	3.75	0.75	
<b>ECB Refinancing Rate</b>	12-Dec-'24	3.15	3.40	-0.25	
<b>BOE Bank Rate</b>	19-Dec-'24	4.75	4.75	0.00	
<b>BOJ Prime Rate</b>	10-Dec-'24	1.90	1.90	0.00	
TRY ON Lending Rate	21-Mar-'24	53.00	46.50	6.50	

# **Global Top News**



### KEY INTERNATIONAL STORIES

## US core capital goods orders rebound; consumer confidence deteriorates amid tariff worries

WASHINGTON, Dec 23 (Reuters) - New orders for key U.S.-manufactured capital goods surged in November amid strong demand for machinery, while new home sales rebounded after being weighed down by hurricanes, offering more signs that the economy is on solid footing as the year ends. Non-defense capital goods orders excluding aircraft, a closely watched proxy for business spending plans, rebounded 0.7% after dipping 0.1% in October, the Commerce Department's Census Bureau said. Economists polled had forecast these so-called core capital goods orders gaining 0.1%. Core capital goods orders increased 0.4% year on year.

### UK economy flat-lined in Q3 in new setback for government

LONDON, Dec 23 (Reuters) - Britain's economy failed to grow in the third quarter, official figures showed on Monday, adding to the signs of a slowdown that has cast a shadow over Prime Minister Keir Starmer's new government. The Office for National Statistics lowered its estimate for the change in gross domestic product output to 0.0% in the July-to-September period from a previous estimate of 0.1% growth. The ONS also cut its estimate for growth in the second quarter to 0.4% from a previous 0.5%. The ONS said there was no growth in the services sector in the third quarter. A 0.7% increase in construction was offset by a 0.4% fall in production.

### Russia's inflation reaches 9.5% this year, weekly data shows

MOSCOW, Dec 25 (Reuters) - Russia's inflation has reached 9.5% this year, according to new weekly data showing that the consumer price index rose by 0.33% in the week leading up to Dec. 23, the statistical agency Rosstat reported. This data follows the central bank's unexpected decision last week to maintain its key interest rate at 21%. The regulator said recent tightening has created conditions conducive to reducing inflation towards its target of 4%. The central bank's monetary policy department's head Andrei Gangan told the Interfax news agency on Dec. 24 that full-year inflation will be between 9.6% and 9.8%.

### Japan corporate service inflation rises, bolsters BOJ rate-hike odds

TOKYO, Dec 25 (Reuters) - A leading indicator of Japan's service-sector inflation rose to 3.0% in November, accelerating for a second straight month, data showed on Wednesday, backing up the central bank's view that rising wages are prodding more firms to pass on higher costs. Service-sector inflation is being closely watched by the Bank of Japan, which compiled Wednesday's data, for clues on whether demand-driven price gains are broadening enough to justify raising interest rates further. The November year-on-year gain in the services producer price index, which measures the price companies charge each other for services, accelerated from a 2.9% gain in October.

### Mexico central bank could weigh rate cut of 25 or 50 bps in February, deputy governor says

MEXICO CITY, Dec 24 (Reuters) - Mexico's central bank board could discuss a rate cut of either 25 basis points or 50 basis points in its next decision in February, Deputy Governor Jonathan Heath told Reuters, even as he warned of growing uncertainty regarding U.S. trade. The monetary authority has been cutting rates by 25 basis points since kicking off an easing cycle earlier this year, but said last week it was open to larger cuts as inflation continues to slow. Analysts polled by the central bank expect the Mexican economy to grow just 1.12% next year, from around 1.6% this year. They see headline inflation closing 2025 at 3.8%, slowing from 4.37% at end-2024.

### Oil prices edge higher on hopes for more China stimulus

TOKYO, Dec 26 (Reuters) - Oil prices edged higher on Thursday in thin holiday trading, driven by hopes for additional fiscal stimulus in China, the world's biggest oil importer, while an anticipated decline in U.S. crude inventories also provided support. Brent crude futures rose 11 cents, or 0.2%, to \$73.69 a barrel. U.S. West Texas Intermediate crude was at \$70.25 a barrel, up 15 cents, or 0.2%, from Tuesday's pre-Christmas settlement. An extended Reuters poll showed on Tuesday that crude inventories are expected to have fallen by about 1.9 million barrels in the week to Dec. 20. Gasoline and distillate inventories are seen falling by 1.1 million barrels and 0.3 million barrels, respectively.

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