



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

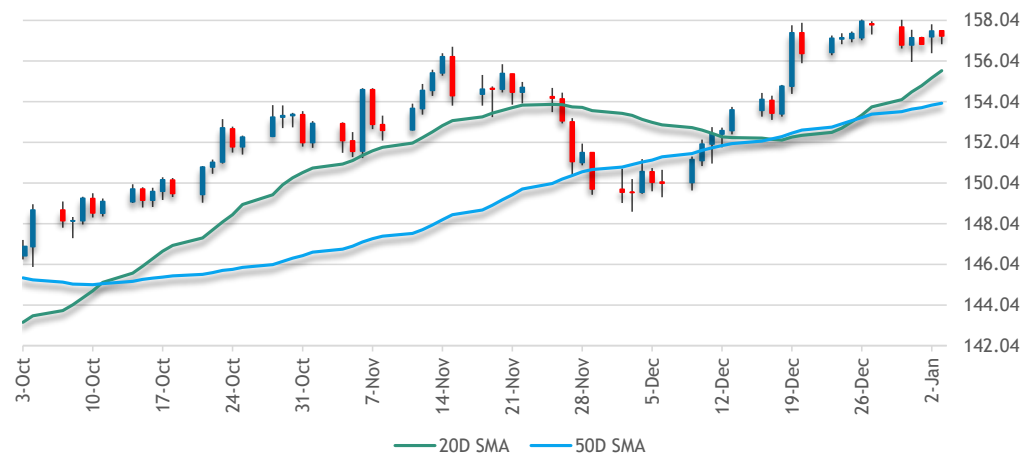
KFH Treasury



Report produced on
Sun, 05-Jan-2025

Forex Market

JAPANESE YEN



CLOSE **157.27**
 1M %chg **5.13%**
 3M %chg **7.04%**

COMMENT-ISM beat leaves USD/JPY wanting as New Year impetus awaited

03 Jan 2025 09:26:17 PM

Jan 3 (Reuters) - USD/JPY fell within its recent range as the dollar retreated against other currencies in the face of a U.S. stocks rally, while greenback bulls lacked conviction as they awaited the return of post-holiday liquidity. Though flows the last two days have leaned in the greenback's favor and against yuan proxies, speculative cash positioning in USD/JPY has been limited, leaving it to meander beneath the 158 level. Support is at the 156.94 9-day exponential moving average and 155.62 weekly cloud top. A move above the 158.09 December high and toward the 158.85 July 16 high may prompt a rise in volatility amid expectations that bullish momentum and intervention risks will rise in tandem.

EURO



CLOSE **1.0308**
 1M %chg **-1.91%**
 3M %chg **-6.55%**

COMMENT-Further EUR/USD downside will need a push from US data

03 Jan 2025 07:20:05 PM

Jan 3 (Reuters) - EUR/USD rallied Friday to recover some of Thursday's sharp fall but remains near its 26-month low as investors are positioned for further downside, though there is a risk they get squeezed hard if U.S. data releases next week don't cooperate. In a counter-intuitive move EUR/USD fell just over 2.7% in the Dec. 18 to Jan. 2 period despite German-U.S. 2-year tightening from -231bps to -210bps as the dollar's yield advantage over the euro deteriorated over the same time frame. EUR/USD downside, therefore, appears priced in, so a weaker outcome in U.S. jobs and inflation data could potentially drive EUR/USD higher if it forces investors to hedge their bets.

Forex Market

POUND STERLING



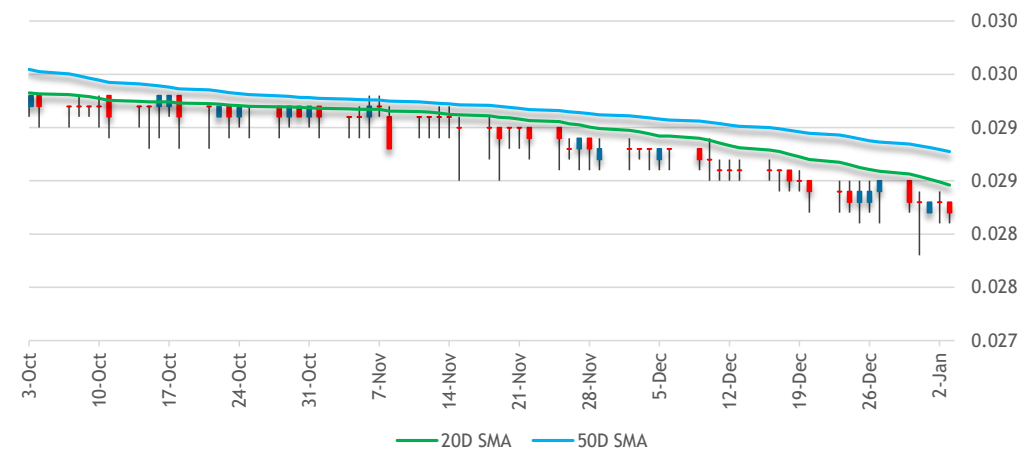
CLOSE **1.2420** 1M %chg **-1.97%** 3M %chg **-5.36%**

GBP/USD rebounds to close out week but hurdles should cap

03 Jan 2025 10:10:06 PM

- * Cable (+0.3%) grinds higher to close out week, range = 1.2376-1.2429
- * Though shallow bounce highlights preference to stay long USD
- * Resistance = 1.2500, previously support, further hurdle at 1.2522 (200HMA)
- * Support sits at 1.2300 (Apr 2024 low)
- * Dollar leg likely to drive cable action with UK newsflow remaining light
- * U.S. NFP due Jan 10. Key focus on tariff updates leading into inauguration

TURKISH LIRA



CLOSE **0.0282** 1M %chg **-2.08%** 3M %chg **-3.75%**

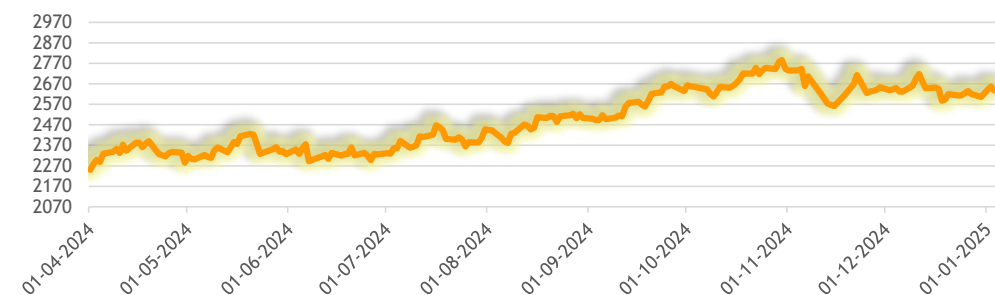
Turkish inflation seen at 45.2% in December, down to 26.5% at end-2025

03 Jan 2025 09:30:00 AM

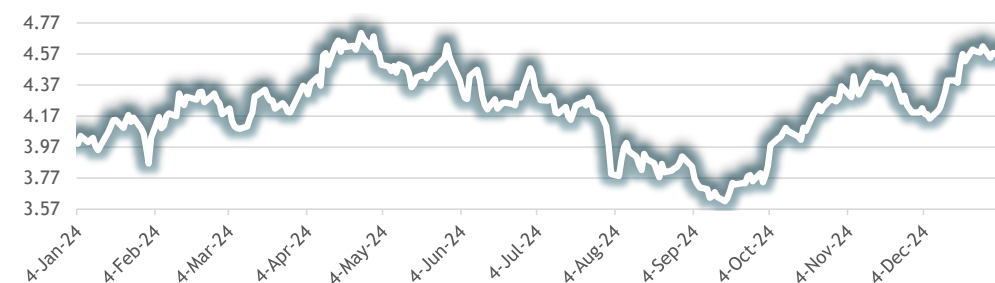
ISTANBUL, Dec 27 (Reuters) - Turkey's inflation rate is expected to rise by 1.61% in December from the previous month and stand at 45.2% year-on-year, with the annual rate seen falling to 26.5% by the end of 2025, a Reuters poll showed on Friday. The median estimate of 10 economists saw annual inflation falling to 45.2% in December from 47.09% in November, standing closer to the upper end of central bank's year-end prediction range. Forecasts ranged from 44.9% to 45.54%. Monthly inflation is expected to slow from previous readings due to easing food price rises and a limited rise in energy, economists said. Forecasts ranged between 1.4% and 1.84%.

Gold, US Treasury & Dollar Index

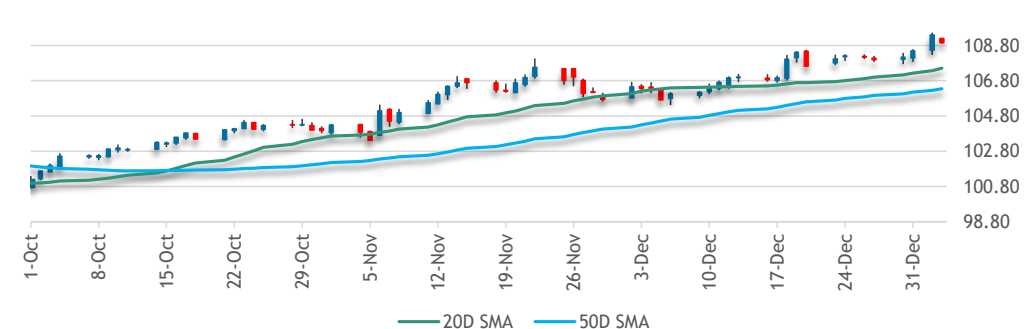
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.60

1M %chg

8.86%

3M %chg

19.35%

PRECIOUS-Gold slips from three-week high as strong dollar weighs

04 Jan 2025 11:40:00 PM

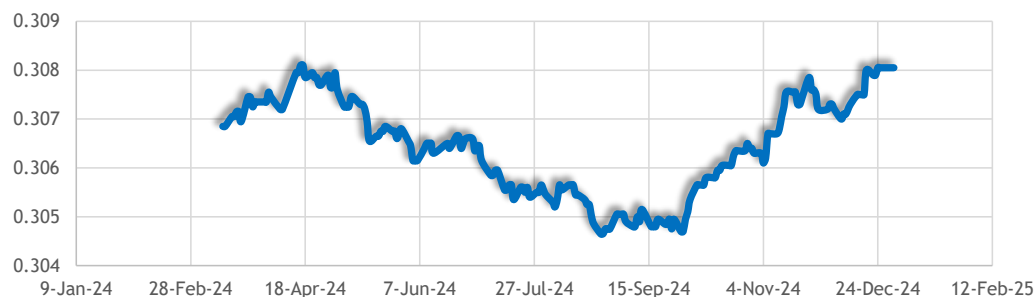
Jan 3 (Reuters) - Gold prices retreated from a three-week high on Friday, pressured by a robust dollar, while markets braced for potential economic and trade shifts under U.S. President-elect Donald Trump. Spot gold XAU= eased 0.6% to \$2,641.52 an ounce, after hitting its highest level since Dec. 13 earlier in the session. Bullion is up about 0.8% for the week so far. U.S. gold futures GCcv1 settled 0.5% lower at \$2,654.70. The dollar index .DXY was set for its strongest weekly performance since mid-November, making gold pricier for overseas buyers. This could slow the U.S. Federal Reserve's interest rate cuts, limiting gold's upside. After three rate cuts in 2024, the Fed projects only two reductions in 2025 due to persistent inflation. Gold, which thrives in low-rate environments, is currently benefiting from seasonal demand. Spot silver XAG= rose 0.2% to \$29.63 per ounce, platinum XPT= added 1.9% to \$940.80, and palladium XPD= gained 1.7% to \$926.51.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Monetary Base YY*	JP	06-Jan 05:20	Dec	-0.13	
JibunBK Comp Op Final SA	JP	06-Jan 06:00	Dec	50.8	
JibunBK SVC PMI Final SA *	JP	06-Jan 06:00	Dec	51.4	
HCOB - Composite Final PMI	EU	06-Jan 14:30	Dec	49.5	49.5
HCOB Services Final PMI	EU	06-Jan 14:30	Dec	51.4	51.4
Sentix Index*	EU	06-Jan 15:00	Jan	-17.5	-18.0
S&P GLOBAL PMI: COMPOSITE - OUTP	GB	06-Jan 15:00	Dec	50.5	50.5
S&P GLOBAL SERVICE PMI	GB	06-Jan 15:00	Dec	51.4	51.4
Reserve Assets Total*	GB	06-Jan 15:00	Dec	188257.88	
BRC Retail Sales YY	GB	07-Jan 05:31	Dec	-3.4	
Halifax House Prices MM*	GB	07-Jan 12:30	Dec	1.3	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0352	1.0374	1.0223	1.0308	-0.87%
GBP	1.2511	1.254	1.2349	1.242	0.32%
JPY	157.24	157.85	156.42	157.27	-0.16%
TRY	0.0283	0.0284	0.0281	0.0282	-0.35%
Dollar Idx	108.526	109.533	108.267	108.952	-0.40%
Brent	74.93	76.55	74.72	76.51	0.76%
WTC	73.32	74.43	73.27	74.64	1.15%
Gold	2626.23	2660.43	2620.99	2639.12	-0.68%
KWSE Index	7384.41	7402.22	7360.77	7362.54	-0.19%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.06	3M	3.94
SW	3.38	6M	4.13
1M	3.69	1Y	4.31

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

0.30805

3M% CHG

0.88%

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	--	1Y	--
2M	--		

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	18-Dec-'24	4.50	3.75	0.75
ECB Refinancing Rate	12-Dec-'24	3.15	3.40	-0.25
BOE Bank Rate	19-Dec-'24	4.75	4.75	0.00
BOJ Prime Rate	10-Dec-'24	1.90	1.90	0.00
TRY ON Lending Rate	26-Dec-'24	49.00	53.00	-4.00

KEY INTERNATIONAL STORIES

US weekly jobless claims hit eight-month low as labor market remains resilient

WASHINGTON, Jan 2 (Reuters) - The number of Americans filing new applications for unemployment benefits dropped to an eight-month low last week, pointing to low layoffs at the end of 2024 and consistent with a healthy labor market. Initial claims for state unemployment benefits dropped 9,000 to a seasonally adjusted 211,000 for the week ended Dec. 28, the lowest level since April. Economists polled by Reuters had forecast 222,000 claims for the latest week. The four-week moving average of claims, which strips out seasonal fluctuations from the data, fell 3,500 to 223,250.

UK factories report sharpest contraction in nearly a year, PMI shows

LONDON, Jan 2 (Reuters) - British factory activity shrank at the fastest pace in 11 months in December and manufacturers cut staffing levels due to higher taxes and weak foreign demand, a survey showed on Thursday, the latest in a string of weak readings on the economy. The S&P Global UK Manufacturing Purchasing Managers' Index sank to 47.0 from 48.0 in November and was below a preliminary reading for December of 47.3. Weak economic growth outside Britain pushed exports into their sharpest fall in 10 months and overall new orders fell by the most since October 2023, the PMI found.

Euro zone bank lending is stuck in low gear, ECB data shows

FRANKFURT, Jan 2 (Reuters) - Lending to euro zone companies and households grew at a modest pace in November, pointing to a lacklustre end of the year for the bloc's economy, ECB data showed. Credit growth to businesses slowed to 1.0% in November from 1.2% in October. While the increase in loans to households was the biggest since August 2023, it was still paltry in historical terms at 0.9%, compared to 0.8% a month earlier. On the upside, the more volatile M3 measure of money supply, sometimes an indicator of future economic growth, expanded by 3.8%, the brisk pace in two years, and exceeded all expectations in a poll.

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China's central bank says it will cut banks reserves, rates at proper time

BEIJING, Jan 3 (Reuters) - China's central bank said it will cut banks' reserve requirement ratio and interest rates at "proper time" during a quarterly meeting of its monetary policy committee held last week, according to a statement published on Friday. The committee of the People's Bank of China (PBOC), suggested strengthening monetary policy adjustments and adopting a more forward-looking, targeted and effective approach, according to the fourth quarter meeting held on Dec. 27. The remarks echoed a Financial Times report on Friday, which cited the central bank as saying that the PBOC is likely to cut interest rates from the current level of 1.5% "at an appropriate time" in 2025.

Thai economic uncertainty has increased, central bank minutes say

BANGKOK, Jan 2 (Reuters) - Uncertainty around the Thai economy has significantly increased primarily due to the unclear impact of possible U.S. economic policies, minutes of the Bank of Thailand's Dec. 18 monetary policy meeting showed. At the meeting, the BOT's monetary policy committee unanimously voted to leave the one-day repurchase rate unchanged at 2.25%, after a surprise cut at the previous review in October. At the December policy review, the central bank maintained its forecast for economic growth at 2.7% in 2024 and 2.9% in 2025, and the minutes showed the committee felt the overall economy was expanding despite a decline in credit growth.

Oil heads for weekly gains on colder weather, Chinese policy support

HOUSTON, Jan 3 (Reuters) - Oil prices rose, closing the week higher on the back of cold weather in Europe and the U.S. as well as additional economic stimulus flagged by China. Brent crude futures settled 58 cents, or 0.8%, higher at \$76.51 a barrel, the highest level since Oct 14. U.S. West Texas Intermediate crude settled 83 cents, or 1.13%, to \$73.96, the highest level since Oct 11. Brent notched a 2.4% weekly gain, while WTI climbed nearly 5%. U.S. crude stockpiles dropped by 1.2 million barrels to 415.6 million barrels last week, EIA data showed. Meanwhile U.S. gasoline and distillate inventories jumped as refineries ramped up output, though fuel demand hit a two-year low.