



Market Commentary

KFH Treasury



Report produced on

Tue, 07/Jan/2025

Forex Market







CLOSE

1M %chg

3M %chg

157.60

5.05%

5.98%

JPY under the gun in Asia despite verbal intervention

07 Jan 2025 07:34:02 AM

- * USD/IPY, IPY crosses all bid in Asia despite fresh verbal intervention
- * FinMin Kato-speak capping JPY pairs for now but impact relatively small
- * Market not as cautious on real intervention till maybe closer to 160, above
- * 161.96 EBS high on July 3 highest since 1986
- * Asia today 157.61 early to 158.42, through 158.00-10 heretofore resistance
- * Japanese importers, specs buyers into today's Tokyo fix, investor flows too
- * Some stops may have been tripped on the break above 158.00-10
- * Option expiries today non-factor, only some between/at 157.90-158.00, 158.35

CLOSE 1M %chg 3M %chg

1.0390

-1.68%

-5.34%

EUR/USD-Touch softer - Ukraine conflict rages pre-Trump

07 Jan 2025 06:44:49 AM

- * Off 0.05% in a tight 1.0376-1.0398 Asian range with the USD steady
- * Battle rages in western Russia as Moscow reports gains in Ukraine
- * Both sides are trying to gain an advantage ahead of US President Trump
- * Outcome will be a major factor economically for the Eurozone in 2025
- * Charts positive daily momentum studies, 21-day Bollinger bands contract
- * Neutral 5, 10 & 21-DMAs, weekly moving averages fall no strong daily bias
- * December 30th 1.0458 top then Dec 17 1.0535 high are initial resistance
- * 1.0224 January low then 1.0195 0.618% 2022/23 rise are the first supports

Forex Market







3M %chg **CLOSE** 1M %chg

1.2517

-1.77%

-4.57%

GBP/USD-Sustains Monday's gain - Q4 retail sales disappoint

07 Jan 2025 06:26:56 AM

- * Steady at the top of a tight but active 1.2505-1.2520 range on FX Matching
- * Black Friday spending lifted UK retail sales Dec 2024 Q4 disappointing
- * Retail sales appear to be another victim of the government's October budget
- * With no tier one UK data US ISM Services PMI, Jolts jobs lead event risk
- * Charts daily momentum studies base, rise, 21-day Bollinger bands contract
- * January 1.2352 low then the 1.2299 April, and 2024 base are initial supports
- * Monday's 1.2550 high, then last week's 1.2616 top are the first resistance
- * A close above 1.2616 would target a test of the 1.2810 December top

CLOSE 1M %chg 3M %chg

0.0283

-1.74%

-3.08%

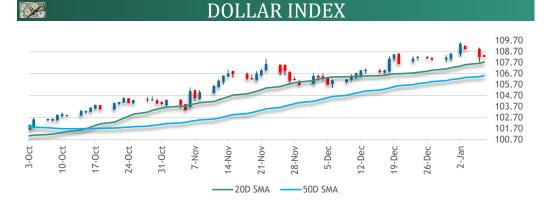
Turkey's Erdogan says price hikes driven by greed, calls for public boycott of overpricing 06 Jan 2025 08:15:04 PM

ANKARA, Jan 6 (Reuters) - Turkish President Tayyip Erdogan on Monday slammed "greedy" pricing behaviour in some sectors, attributing extraordinary price hikes to opportunism rather than economic necessity. Speaking at a press conference following a cabinet meeting, Erdogan said the government would increase pricing inspections in 2025, and called on citizens to boycott businesses imposing exorbitant prices.

Gold, US Treasury & Dollar Index









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

4.62

11.15%

15.95%

PRECIOUS-Gold edges higher with market focus on US economic data

07 Jan 2025 07:06:50 AM

Jan 7 (Reuters) - Gold prices nudged higher on Tuesday, as market participants awaited further U.S. economic data to gauge the Federal Reserve's interest rate trajectory for the year. Spot gold was up 0.1% at \$2,638.09 per ounce. U.S. gold futures were little changed at \$2,648.60. "Gold prices have managed to stabilise amid some cooling off in the U.S. dollar overnight, but higher U.S. Treasury yields may remain a key overhang for further gains," IG market strategist Yeap Jun Rong said. The benchmark 10-year Treasury yield hit the highest since May 2024 on Monday after conflicting reports about how aggressive U.S. President-elect Donald Trump's tariff plans could be when he takes office. The Fed can be cautious about any further rate cuts given a solid economy and inflation proving stickier than previously expected, Fed Governor Lisa Cook said. Bullion is considered a hedge against inflation, but high rates reduce the non-yielding asset's appeal. Spot silver gained 0.1% to \$29.98 per ounce, platinum fell 0.2% to \$931.63 and palladium shed 0.1% to \$919.44.

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UPCOMING KEY ECONOMIC INDICATOR RELEASES								
INDICATOR	Ctry / Regn	Time	For	Prior	Consensus			
BRC Retail Sales YY	GB	07/Jan 05:31	Dec	-3.4				
Halifax House Prices MM*	GB	07/Jan 12:30	Dec	1.3	0.4			
Halifax House Prices YY*	GB	07/Jan 12:30	Dec	4.80	4.20			
HCOB Construction PMI	EU	07/Jan 14:00	Dec	42.7				
S&P GLOBAL PMI: MSC COMPOSITE -	GB	07/Jan 15:00	Dec	50.9				
S&P Global CONSTRUCTON PMI	GB	07/Jan 15:00	Dec	55.2	54.4			
HICP-X F,E,A&T Flash YY	EU	07/Jan 15:30	Dec	2.7	2.7			
HICP-X F, E, A, T Flash MM*	EU	07/Jan 15:30	Dec	-0.6				
HICP Flash YY	EU	07/Jan 15:30	Dec	2.2	2.4			
HICP-X F&E Flash YY	EU	07/Jan 15:30	Dec	2.7	2.7			
Unemployment Rate	EU	07/Jan 15:30	Nov	6.3	6.3			

Daily Market Report



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.306		V		A 82	-		
.305					M		

MARKET SUMMARY					
INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0301	1.0436	1.0294	1.039	0.80%
GBP	1.2418	1.2551	1.241	1.2517	0.78%
JPY	157.23	157.96	156.22	157.6	0.21%
TRY	0.0283	0.0283	0.0281	0.0283	0.35%
Dollar Idx	108.922	109.069	107.75	108.257	-0.64%
Brent	76.58	77.5	75.94	76.3	-0.27%
WTC	75.08	75.69	73.9	74.31	-0.44%
Gold	2640.85	2649.24	2613.9	2635.3257	-0.14%
KWSE Index	7423.86	7446.31	7423.86	7430.29	0.19%

KWSE Index	7423.86	7446.31	7423.86	7430.29	0.19%
KIBOR RATES					
Tenor	Value	Tenor		Value	
ON	2.06	3M		4.00	
SW	3.50	6M		4.19	
1M	3.69	1 Y		4.38	

CENTRAL BANK OF KUWAIT	
KWD (CBK FIX) CLOSE	3M% CHG

0.30840

0.90%

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POLICY RATES	INDICATOR	As of	Value	Prior	Change	
ON Repo Rate 1W Repo Rate 1M Repo Rate KWD ON Rate Discount Rate		19/Sep/'24	3.63	3.88	-0.25	
		19/Sep/'24	3.88	4.13	-0.25	
		19/Sep/'24	4.13	4.38	-0.25	
		19/Sep/'24	10.00	10.00	0.00	
		19/Sep/'24	4.00	4.25	-0.25	
LIBOR RATES						
Tenor	Value	ן	Гenor	Va	lue	
ON		3	3M		· -	
SW		(6 M			
1M	М		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			

Global Top News



KEY INTERNATIONAL STORIES

Weak demand for aircraft weighs down US factory orders in November

WASHINGTON, Jan 6 (Reuters) - New orders for U.S.-manufactured goods fell in November amid weakness in demand for commercial aircraft while business spending on equipment appeared to have slowed in the fourth quarter, government data showed on Monday. Factory orders dropped 0.4% after an upwardly revised 0.5% gain in October, the Commerce Department's Census Bureau said. Economists polled by Reuters had forecast factory orders slipping 0.3% after a previously reported 0.2% rise in October. Factory orders edged up 0.1% year-on-year in November. Manufacturing, has struggled in the aftermath of the Federal Reserve's aggressive monetary policy tightening in 2022 and 2023 to curb inflation.

Black Friday spending lifts UK retail sales at end of 2024

LONDON, Jan 7 (Reuters) - Black Friday spending helped lift retail sales in late 2024 but overall sales in the final quarter of last year proved disappointing, the British Retail Consortium said on Tuesday. Total retail spending rose 3.2% year-on-year in the four weeks to Dec. 28 after a 3.3% drop the month before. Last month's rise was the biggest since March, but Black Friday fell in the BRC's December period in 2024 and in November in 2023, distorting year-on-year comparisons. Looking at the fourth quarter as a whole, spending increased just 0.4% in annual terms - in effect a fall in sales volumes once higher prices are taken into account. The BRC said total retail sales in 2024 as a whole rose by 0.7%.

Euro zone investor morale falls in January to lowest in more than a year

FRANKFURT, Jan 6 (Reuters) - Investor morale in the euro zone fell in January to its lowest in more than a year, a survey showed on Monday, with Germany remaining a continued drag on the bloc. The Sentix index for the euro zone dropped to -17.7 in January from -17.5 in December. That is the lowest level since November 2023, though it was not as bad as the -18.0 forecast by analysts polled by Reuters. The survey of 1,121 investors from Jan. 2 to Jan. 4 showed expectations slightly improved to -5.0 in January from -5.8 points last month. But that gain was outweighed by the worsening view of the current situation, which sagged to -29.5 in January.

China services activity hits 7-month high but US trade fears dent optimism, Caixin PMI shows

BEIJING, Jan 6 (Reuters) - China's services activity expanded at the fastest pace in seven months in December, driven by a surge in domestic demand, but orders from abroad declined, reflecting growing trade risks to the economy, a private sector survey showed on Monday. The Caixin/S&P Global services purchasing managers' index (PMI) rose to 52.2 in December from 51.5 the previous month. The growth pace was the fastest since May 2024, surpassing the 50-mark that separates expansion from contraction on a monthly basis. The findings broadly align with China's official PMI released last week, which indicated non-manufacturing activity recovered to 52.2 from 50.0 in November. The survey showed the new business sub-index rose to 52.7 in December from 51.8 in November.

Brazil's trade surplus shrinks by nearly a quarter in 2024 on rising imports

BRASILIA, Jan 6 (Reuters) - Brazil's trade surplus shrank by nearly 25% in 2024 compared to the previous year, to \$74.6 billion, official data showed on Monday, driven by higher imports as Latin America's largest economy outpaced initial growth expectations. The annual result followed a \$4.8 billion surplus in December, which exceeded a \$3.9 billion forecast in a Reuters poll of economists. Despite the 24.6% drop from 2023, the 2024 trade surplus was the second-largest since records began in 1989, trailing only the \$98.9 billion surplus achieved the previous year. For 2025, the trade surplus is projected to range between \$60 billion and \$80 billion, according to the Ministry of Development, Industry, Trade, and Services.

Oil prices extend losses, firmer dollar and supply outlook weigh

BEIJING, Jan 7 (Reuters) - Oil prices extended losses into a second straight session on Tuesday on technical correction after last week's rally, while forecasts for ample supply and a firm dollar also weighed. Brent futures fell 28 cents, or 0.37%, to \$76.02 a barrel, while U.S. West Texas Intermediate (WTI) crude fell 33 cents, or 0.45%, to settle at \$73.23. Both benchmarks rose for five days in a row last week and settled at their highest levels since October on Friday, partly due to expectations of more fiscal stimulus to revitalise China's faltering economy. A stronger dollar makes oil more expensive for holders of other currencies.

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