



Market Commentary KFH Treasury

Report produced on
09-Mar-2025



Forex Market



JAPANESE YEN



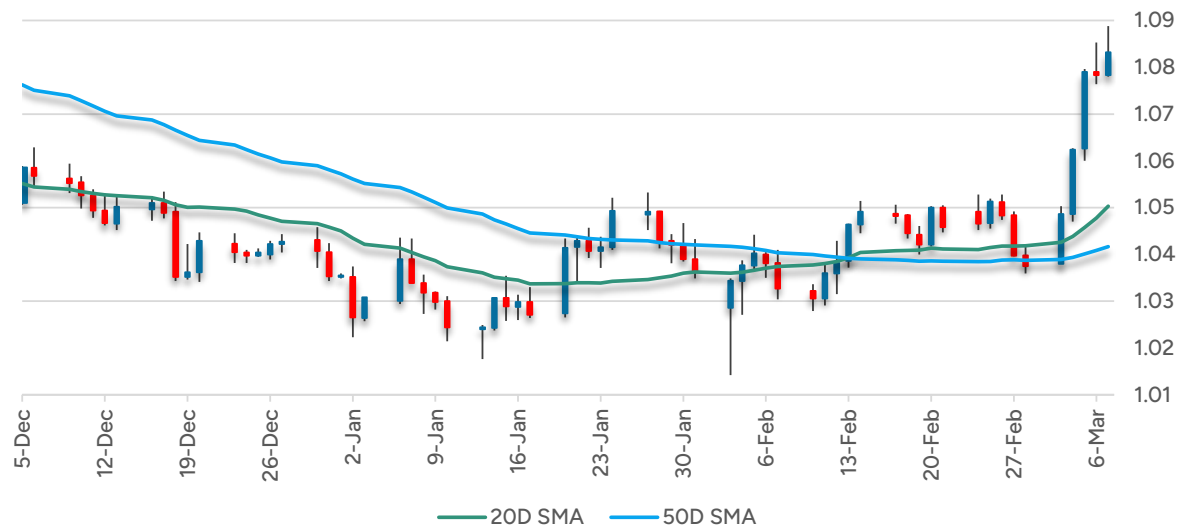
CLOSE **148.03** 1M %chg **-2.23%** 3M %chg **-1.33%**

COMMENT-Yen's March run finds new factors to lean on

07 Mar 2025 08:24:14 PM

A soft undertone to the U.S. jobs data has not significantly altered expectations for Fed rate cuts this year, keeping the dollar on the defensive and meaning that any rebound in USD/JPY is likely to be limited due to the broader downward trend of the greenback and the negative impact of tariff policy changes on U.S. stocks. So far this year, the yen has appreciated in stages, driven by its safe-haven appeal, rising JGB yields, and, most recently, the emergence of euro bulls after Germany proposed a massive spending program. Second, portfolio adjustments and hedging activities into Japanese fiscal year-end could lend support to the yen. Unless USD/JPY experiences a sharp bounce that is sustained, a decline towards the key 145 pivot level is likely.

EURO



CLOSE **1.0832** 1M %chg **4.89%** 3M %chg **2.50%**

COMMENT-Incremental economic divergence should support EUR/USD

07 Mar 2025 07:19:38 PM

March 7 (Reuters) - EUR/USD struck a fresh 4-month high Friday as investors responded to indications that the U.S. and euro zone economies are diverging to the benefit of the euro with risks that benefit may dramatically increase. Though there is still a high degree of uncertainty over President Donald Trump's and DOGE's reduction of the size of government, markets may be inclined to see this as a potential source of future economic weakness. Thus, any further signs of economic divergence between the U.S. and euro zone could allow EUR/USD to remain bid. EUR/USD's rally could extend above resistance in the 1.0930/50 area and trigger stop-loss buying.

Forex Market



POUND STERLING



CLOSE

1.2920

1M %chg

4.12%

3M %chg

1.40%

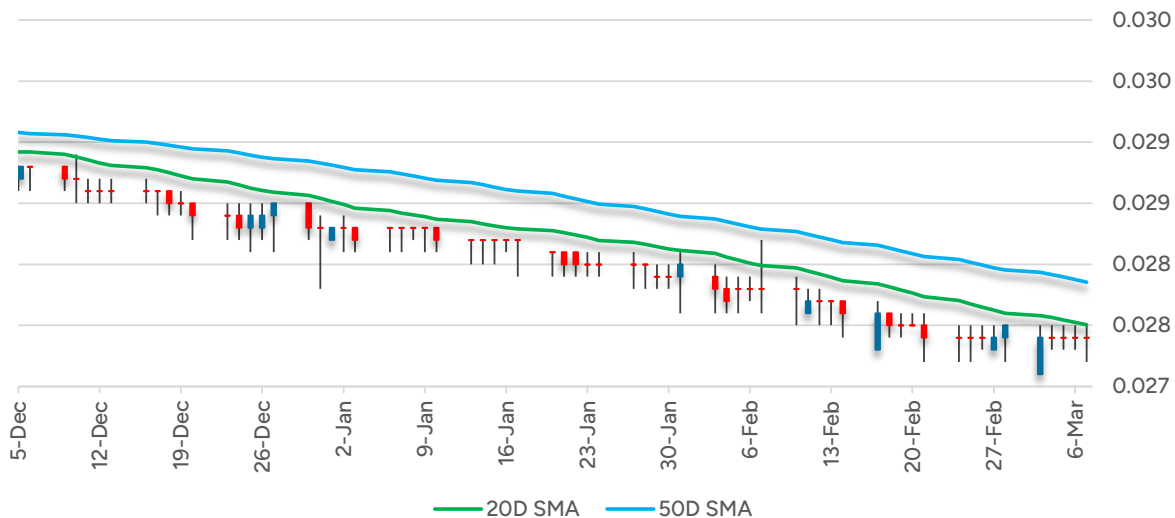
Sterling off early 2025 high 1.2942, remains anchored near 4-month highs

07 Mar 2025 10:50:26 PM

- * GBP\$ firm in NY afternoon, +0.15% at 1.2900; Friday range 1.2943-1.2877
- * Pair shows little reaction to Powell comments, hovers near 1.29
- * U.S. payroll data held little sway as sterling bulls remain invigorated
- * Positioning may be sterling's not-so-secret weapon
- * Focus shifts to U.S. CPI on Mar 12, Trump headline risk also a concern
- * GBP\$ res 1.2943 Friday 2025 high, 1.3046 Nov 6 2024 high
- * Supt 1.2874 upper 30-d Bolli (fmr res), 1.2788 flat 200-DMA, 1.2732 10-DMA



TURKISH LIRA



CLOSE

0.0274

1M %chg

-1.44%

3M %chg

-4.86%

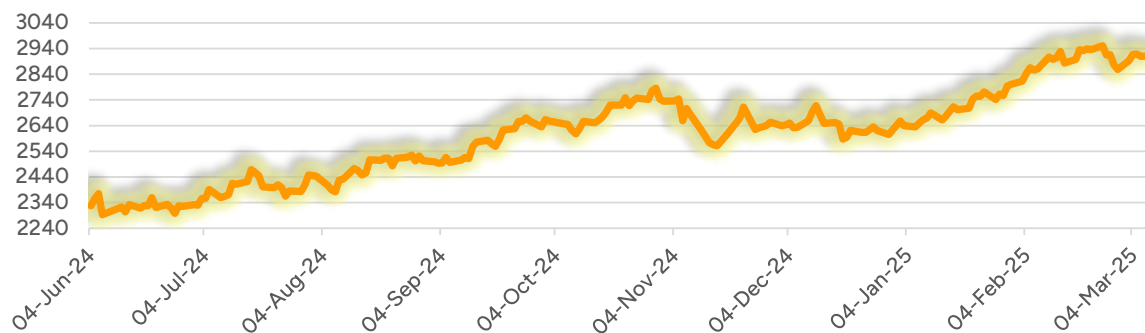
Turkish central bank cuts rate to 42.5%, notes cooling inflation

06 Mar 2025 03:23:07 PM

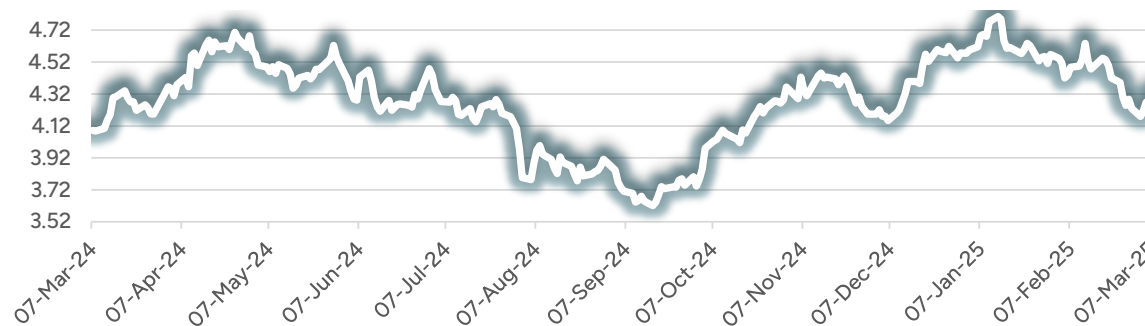
ISTANBUL, March 6 (Reuters) - Turkey's central bank cut its key interest rate by 250 basis points to 42.5% on Thursday as expected, sustaining an easing cycle that it launched in December as it noted a cooling in inflation last month. The central bank gave little indication of the policy path ahead after having cut by 250 basis points for the third straight time, and repeated it would set rates on a meeting-by-meeting basis "prudently" with a focus on the inflation outlook. In a Reuters poll, all respondents forecast the bank would slash its one-week repo rate to 42.5%. The rate is expected to hit 30% by year end, the poll showed. The lira firmed slightly to 36.4325 against the dollar after the announcement, from Wednesday's close of 36.4395.

Gold, US Treasury & Dollar Index

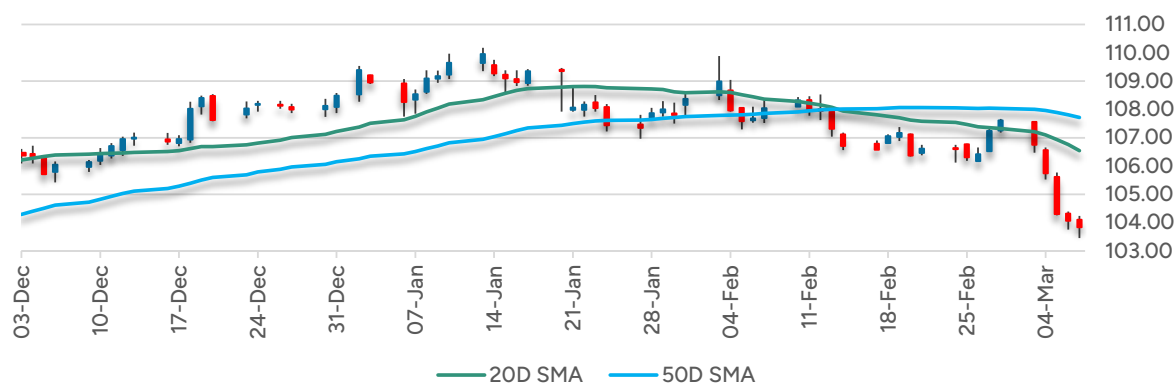
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.32

1M %chg

-3.77%

3M %chg

3.97%

PRECIOUS-Gold heads for weekly gain on safe-haven demand, slow US job growth

07 Mar 2025 11:25:00 PM

March 7 (Reuters) - Gold prices eased on Friday but were poised for a weekly gain due to safe-haven inflows and a U.S. jobs report revealing lower-than-expected job growth in February, suggesting that the Federal Reserve is on track to cut interest rates this year. Spot gold fell 0.1% to \$2,906.04 an ounce. Bullion has gained about 1.7% so far this week, as U.S. President Donald Trump's ever-shifting tariff policies fanned uncertainty. U.S. gold futures settled 0.4% lower at \$2,914.10. The U.S. dollar index =USD tumbled to a four-month low and is heading for its steepest weekly decline since November 2022, making greenback-priced bullion less expensive for foreign buyers. Despite being an inflation hedge, higher interest rates may dampen non-yielding gold's appeal. Spot silver fell 0.8% to \$32.35 an ounce and platinum shed 0.6% to \$960.70, while palladium edged 0.4% up to \$946.15.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Overtime Pay*	JP	09-Mar 05:00	Jan	1.3	
Bank Lending YY	JP	09-Mar 05:20	Feb	3.0	
Bank Lending YY	JP	09-Mar 05:20	Feb	3.0	
Current Account Bal SA*	JP	09-Mar 05:20	Jan	27316	
Current Account NSA JPY	JP	09-Mar 05:20	Jan	1077.3	-230.5
Trade Bal Cust Basis SA*	JP	09-Mar 05:20	Jan	2140.57	
All Household Spending MM*	JP	10-Mar 05:00	Jan	2.3	-1.9
All Household Spending YY*	JP	10-Mar 05:00	Jan	2.7	3.6
Broad Money*	JP	10-Mar 05:20	Feb	2205.2	
GDP Deflator YY Final*	JP	10-Mar 05:20	Q4	2.8	
GDP Cap Ex Rev QQ	JP	10-Mar 05:20	Q4	0.5	0.3

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.08	1.09	1.08	1.08	-0.06%
GBP	1.29	1.29	1.29	1.29	0.29%
JPY	148.88	149.33	147.30	148.03	0.05%
TRY	0.03	0.03	0.03	0.03	0.00%
Dollar Idx	104.32	104.39	103.76	103.84	-0.22%
Brent	69.43	69.90	68.74	70.36	1.30%
WTC	66.73	67.34	65.84	67.29	1.01%
Gold	2918.83	2926.64	2891.01	2910.79	0.03%
KWSE Index	8167.05	8187.78	8098.47	8119.35	-0.57%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.13	3M	3.94
SW	3.44	6M	4.13
1M	3.69	1Y	4.38

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

0.30810

3M% CHG

0.29%

POLICY RATES INDICATOR

As of	Value	Prior	Change
ON Repo Rate	3.63	3.88	-0.25
1W Repo Rate	3.88	4.13	-0.25
1M Repo Rate	4.13	4.38	-0.25
KWD ON Rate	10.00	10.00	0.00
Discount Rate	4.00	4.25	-0.25

SOFR RATES

Tenor	Value	Tenor	Value
ON	4.34	3M	4.41
1W	4.36	6M	4.66
1M	4.35	1Y	5.10
2M	4.35		

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	06-Mar-'25	2.65	2.90	-0.25
BOE Bank Rate	06-Feb-'25	4.50	4.50	0.00
BOJ Prime Rate	12-Feb-'25	2.20	2.00	0.20
TRY ON Lending Rate	06-Mar-'25	44.00	46.50	-2.50

KEY INTERNATIONAL STORIES

US trade deficit hits record high in January on imports surge

WASHINGTON, March 6 (Reuters) - The U.S. trade deficit widened to a record high in January amid front-loading of imports ahead of tariffs, suggesting that trade could be a drag on economic growth in the first quarter. The trade gap surged 34.0% to an all-time high of \$131.4 billion from a revised \$98.1 billion in December, the Commerce Department's Bureau of Economic Analysis (BEA) said on Thursday. The percentage change was the largest since March 2015. Economists polled by Reuters had forecast the trade deficit soaring to \$127.4 billion from the previously reported \$98.4 billion in December.

UK construction PMI falls to lowest since 2020 as house-building plummets

LONDON, March 6 (Reuters) - Britain's construction sector contracted sharply in February, with residential house-building declining at one the fastest rates since 2009 due to weak demand and high borrowing costs, according to a survey published. The preliminary reading of the S&P Global/CIPS UK Construction Purchasing Managers' Index fell to 44.6 last month from January's 48.1, its weakest level since May 2020 and below all forecasts in poll of economists. The all-sector PMI, combines the services, manufacturing and construction sectors, fell to a 16-month low of 50.0 in February from 50.3 in January.

Euro zone economy grew faster than initially thought in Q4

FRANKFURT, March 7 (Reuters) - The euro zone economy grew faster in the final quarter of 2024 than first estimated but nearly all of the revision is due to Ireland, where a large multinational sector often distorts data, figures from Eurostat showed on Friday. GDP in the 20 nations sharing the euro currency grew by 0.2% on the quarter, above the 0.1% estimated earlier but figures for most countries were unchanged from preliminary data, including for Germany and France, which both contracted. The Irish economy was initially thought to have contracted by 1.3% but is now estimated to have grown 3.6%.

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Inflation risks may stir BOJ discussion of rate hike in May, sources say

TOKYO, March 7 (Reuters) - Inflationary pressure from wage gains and prolonged rises in food costs could prompt Bank of Japan board members to discuss another interest rate hike as soon as in May, said three sources familiar with its thinking. The BOJ is widely expected to keep policy steady at the March 18-19 meeting, having just raised interest rates to 0.5% from 0.25% at their previous January meeting, with markets largely tipping the next hike in the third quarter. Japan's largest labour union group Rengo said on Thursday its member unions are seeking an average wage hike of 6.09% for this year, outpacing last year's demand.

Thai headline inflation slows in February, stays within central bank's target

BANGKOK, March 7 (Reuters) - Thailand's inflation rate in February slowed from the previous month, as expected, and remained inside the central bank's target range for a third straight month, commerce ministry data showed on Friday. The headline consumer price index THCPI=ECI rose 1.08% in February from a year earlier, within the central bank's target range of 1% to 3%, after January's rise of 1.32%, the ministry said. That was in line with a forecast rise of 1.10% in a Reuters poll. The core CPI THCPPIX=ECI was up 0.99% in February year over year, a little above a forecast increase of 0.90%.

Oil up, but off highs as Trump warns new Russia sanctions possible

HOUSTON, March 7 (Reuters) - Oil prices gained on Friday but retreated from session highs after U.S. President Donald Trump threatened sanctions on Russia if it fails to reach a cease-fire with Ukraine. Brent crude futures LCOc1 settled at \$70.36 a barrel, up 90 cents, or 1.3%. West Texas Intermediate futures CLc1 finished at \$67.04, up 68 cents, or 1.02%. In early trade, Brent jumped as high as \$71.40, while WTI hit \$68.22 after Russia's Deputy Prime Minister Alexander Novak told reporters that the OPEC+ producer group will go ahead with its April increase but may then consider other steps, including reducing production.