



# Market Commentary

## KFH Treasury

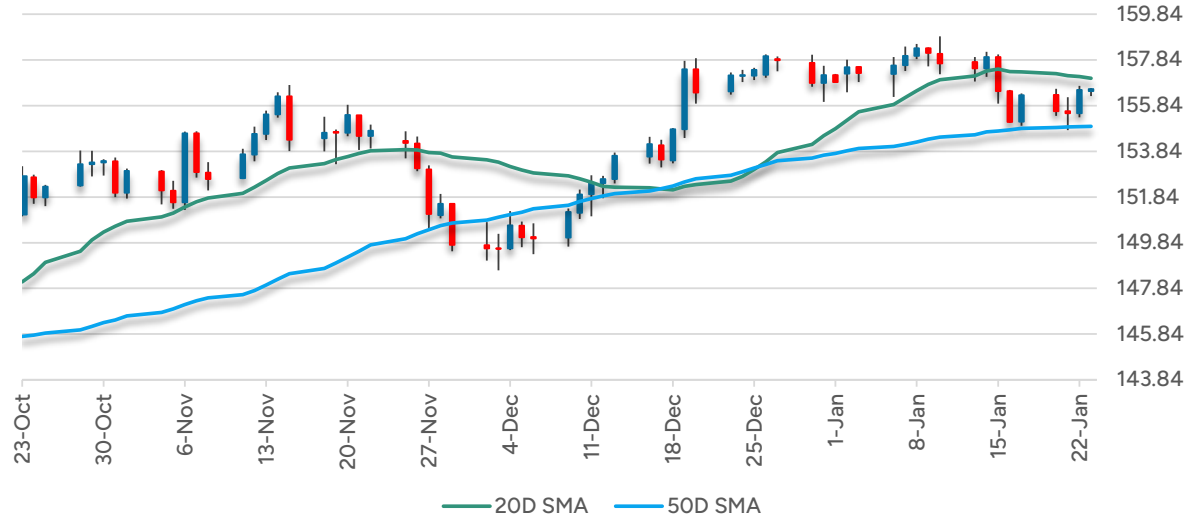
Report produced on  
23-Jan-2025



# Forex Market



## JAPANESE YEN



CLOSE **156.53**      1M %chg **0.08%**      3M %chg **3.62%**

### USD/JPY holds below 157, JPY crosses below overnight highs

- 23 Jan 2025 07:51:04 AM
- \* USD/JPY and the JPY crosses backed down a bit from highs seen overnight
  - \* USD/JPY to 156.71 in New York, Asia range 156.29-62 EBS
  - \* Market calm ahead of probable BOJ 25 bp rate hike tomorrow, discounted
  - \* US rates steady to firm and supportive, Treasury 2s @4.292%, 10s @4.606%
  - \* Large option expiries today at 156.00, 156.15, 156.50-60, 157.00
  - \* Help to contain spot action in lieu of fresh news, flows, spec action
  - \* Market heavy ahead of 157.00 still, base in place seen at 154.89 55-DMA
  - \* Most of the action today revolving around descending 200-HMA now at 156.45

## EURO



CLOSE **1.0407**      1M %chg **-0.21%**      3M %chg **-3.61%**

### EUR/USD-As Trump threatens tariffs, the ECB to cut next week

- 23 Jan 2025 03:33:56 AM
- \* Flat after closing -0.2% with the USD +0.1%, supported by firmer UST yields
  - \* Trump delivers fresh tariff threats against EU, China - but no time frame
  - \* ECB policymakers back rate cuts- EURIRPR prices 26.08pt Jan 30 ECB cuts
  - \* Cuts hope to end weak EZ growth and have little impact on falling inflation
  - \* Charts - positive daily momentum studies, neutral 21-day Bollinger bands
  - \* 5, 10 & 21-DMA's edge base/rise, weekly moving averages fall - no strong bias
  - \* 1.0457 2025 top yesterday - 1.0467 upper 21-day Bolli band first resistance
  - \* 1.0347 21-day moving average and Monday's 1.0266 low are initial supports

# Forex Market



## POUND STERLING



CLOSE

**1.2316**

1M %chg

**-2.01%**

3M %chg

**-5.14%**

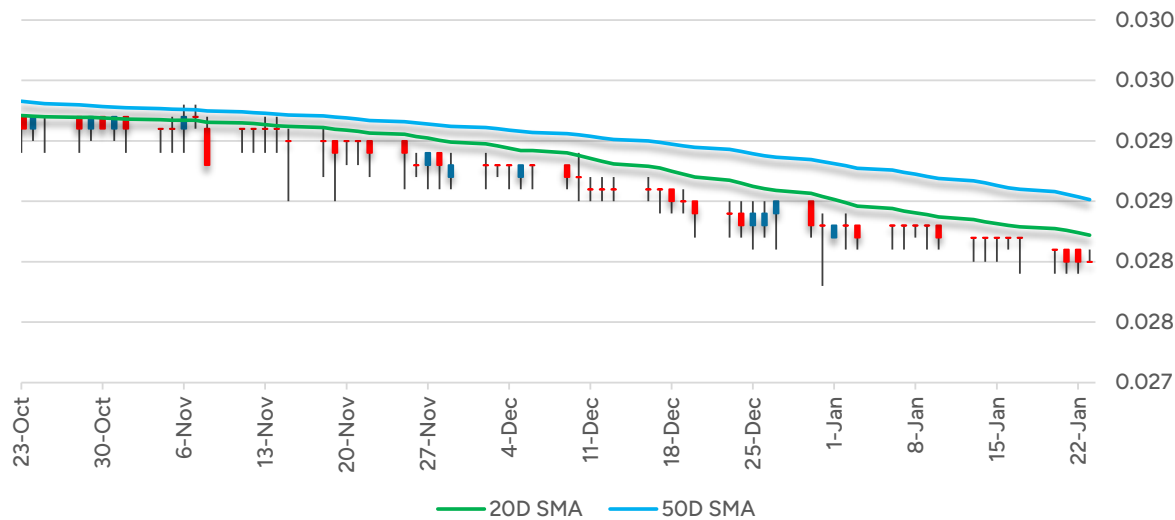
### GBP/USD-Eases in Asia - gov't to free up infrastructure rules

23 Jan 2025 06:53:02 AM

- \* Off 0.15% in a 1.2302-1.2322 range - flurries of interest on FX Matching
- \* Low-key in Asia, as Trump concentrated on domestic issues - USD up 0.05%
- \* UK to tackle infrastructure 'blockers' by cutting legal challenge options
- \* Growth underpins policy - efficient planning rules key for implementation
- \* There is no tier-one UK data - risk appetite, USD, and Trump policies lead
- \* Monday's 1.2160 low, then the 1.2100 2025 base are initial major supports
- \* A close above the 1.2368 21-DMA, which capped Wednesday, would be positive
- \* Close above 1.2370 would target 1.2575/1.2616 range top in early 2025



## TURKISH LIRA



CLOSE

**0.0280**

1M %chg

**-1.41%**

3M %chg

**-4.11%**

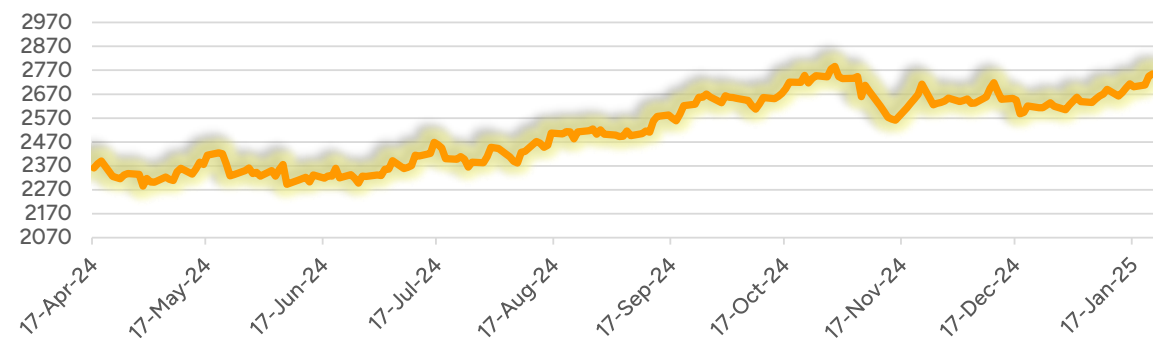
### Turkey - Factors To Watch

23 Jan 2025 08:25:07 AM

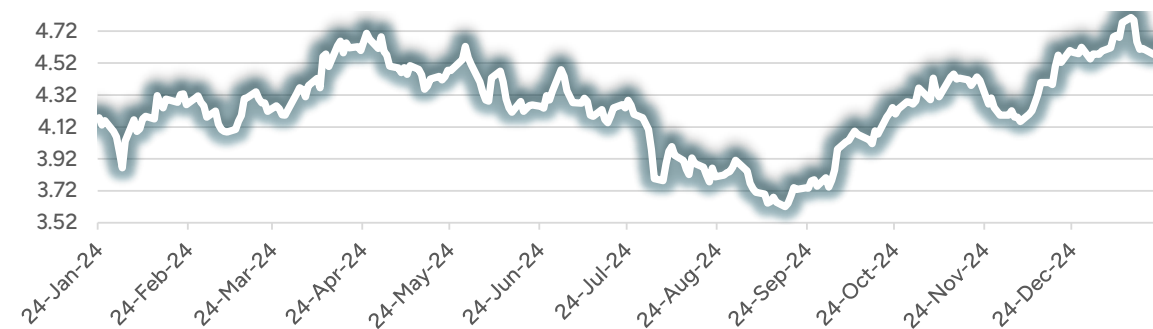
ISTANBUL, Jan 23 (Reuters) - The lira was quoted at 35.6590 against the U.S. dollar, after closing at 35.65 on Wednesday. The main BIST 100 share index .XU100 closed 1.06% higher at 10,105.37 points on Wednesday. Turkish central bank will announce its monetary policy rate decision TRINT=ECI. According to a Reuters poll, the central bank is expected to continue cutting rates with a 250 basis point policy rate cut to 45%.

# Gold, US Treasury & Dollar Index

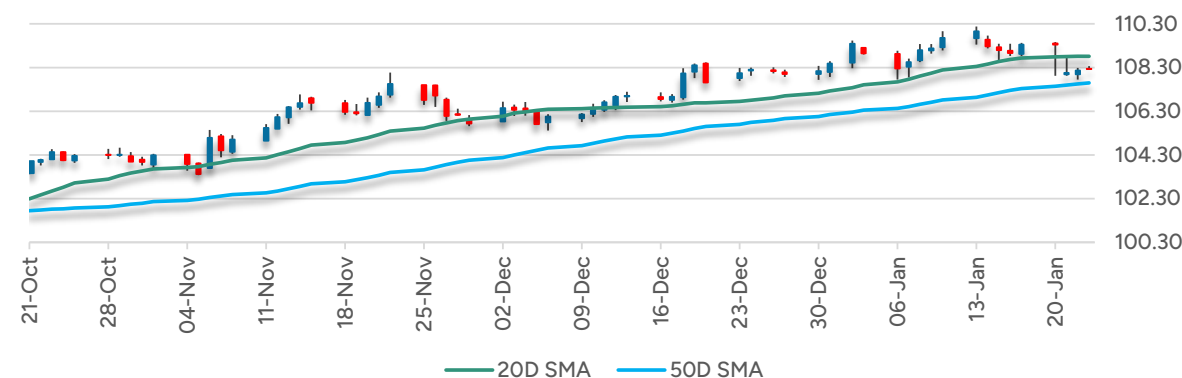
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

**4.60**

1M %chg

**1.66%**

3M %chg

**9.34%**

### PRECIOUS-Gold eases on dollar strength amid Trump policy concerns

23 Jan 2025 07:58:32 AM

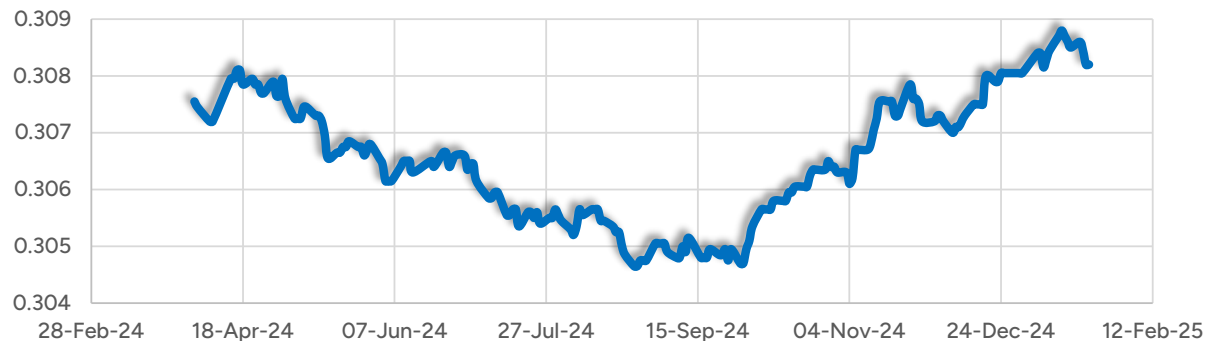
Jan 23 (Reuters) - Gold prices eased on Thursday from a near three-month peak, as the dollar gained, while investors awaited further direction from U.S. President Donald Trump's administration regarding trade policies. Spot gold eased 0.1% to \$2,751.87 per ounce. Prices rose to \$2,763.43 on Wednesday, their highest since Oct. 31 when they hit a record high of \$2,790.15. U.S. gold futures shed 0.3% to \$2,761.70. The Federal Reserve is meeting next week against a backdrop of continued economic growth and declining inflation, but faces uncertainties from Trump's proposed policies that analysts see as inflationary. Higher interest rates dampen the appeal of non-yielding gold. According to Reuters technical analyst Wang Tao, gold might have to face resistance at \$2,759, which could trigger a correction. Spot silver dropped 0.5% to \$30.63 per ounce, while platinum shed 0.5% to \$941.50. Palladium steadied at \$977.34.

### UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
CPI, Core Nationwide YY	JP	23-Jan 05:00	Dec	2.7	3.0
CPI, Overall Nationwide	JP	23-Jan 05:00	Dec	2.9	
Chain Store Sales YY*	JP	23-Jan 10:30	Dec	3.5	
CBI Trends - Orders	GB	23-Jan 16:30	Jan	-40	-35
CBI Business Optimism	GB	23-Jan 16:30	Q1	-24	
Initial Jobless Clm*	US	23-Jan 19:00	w/e	217	220
Jobless Clm 4Wk Avg*	US	23-Jan 19:00	w/e	212.75	
Cont Jobless Clm*	US	23-Jan 19:00	w/e	1.859	1.862
Consumer Confid. Flash *	EU	23-Jan 20:30	Jan	-14.5	-14.2
Nat Gas-EIA Implied Flow*	US	23-Jan 21:00	w/e	-258	
EIA-Nat Gas Chg Bcf*	US	23-Jan 21:00	w/e	-258	-244

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0429	1.0457	1.0392	1.0407	-0.21%
GBP	1.2354	1.2376	1.2304	1.2316	-0.31%
JPY	155.5	156.7	155.33	156.53	0.66%
TRY	0.0281	0.0281	0.0279	0.028	0.00%
Dollar Idx	107.986	108.277	107.749	108.167	0.10%
Brent	79.39	79.9	78.81	79	-0.37%
WTC	76.36	76.87	76.02	76.12	-0.87%
Gold	2744.88	2763.43	2741.29	2755.0225	0.39%
KWSE Index	7625.66	7692.32	7625.62	7691.01	0.90%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.13	3M	3.94
SW	3.50	6M	4.19
1M	3.75	1Y	4.38

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

**0.30820**

3M% CHG

**0.64%**

## 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-Jan-'25	2.00	1.90	0.10
TRY ON Lending Rate	26-Dec-'24	49.00	53.00	-4.00

## KEY INTERNATIONAL STORIES

### US 30-year fixed-rate mortgage rate seen averaging 6.7% in Q1

WASHINGTON, Jan 22 (Reuters) - U.S. mortgage rates are likely to remain elevated through at least the first half of the year, keeping homebuilding and sales of previously owned homes subdued, a survey showed. Mortgage finance agency Fannie Mae's Economic and Strategic Research Group estimated the popular 30-year fixed-rate mortgage averaging 6.7% in the first quarter, unchanged from the final three months of 2024. It was forecast edging down to an average rate of 6.6% in the second quarter. The 30-year fixed-rate mortgage rose to an eight-month high of 7.04% last week.

### UK watchdog seeks clarity on acceptable failures in push for growth

LONDON, Jan 22 (Reuters) - Britain's government should set out what failures would be acceptable if regulations are eased in the push for economic growth, the bosses of the Financial Conduct Authority said. Chief Executive Nikhil Rathi told a committee of lawmakers that Finance Minister Rachel Reeves was the first minister he had known to put in writing that she would stand behind the regulatory system even if cutting red tape led to failures. But he told the House of Lords financial services regulation committee that the regulator needed an informed discussion about risk metrics.

### ECB policymakers line up behind rate cuts

FRANKFURT, Jan 22 (Reuters) - European Central Bank policymakers lined up behind further interest rate cuts on Wednesday, indicating that next week's reduction is all but a done deal and further moves will also come even if the U.S. Federal Reserve remains cautious. Having cut rates four times already in response to weak growth and falling inflation, the ECB is expected to keep moving quickly in 2025 with traders even increasing rate cut bets this week after U.S. President Donald Trump did not announce much feared trade tariffs against the bloc.

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### Japan December export growth beats forecast amid tariff jitters

TOKYO, Jan 23 (Reuters) - Japanese exports rose for a third successive month in December as a weak yen boosted the value of shipments, data showed on Thursday, though a decline in volume underscored doubt about an outlook clouded by the unpredictability of U.S. trade policy. Japan's December exports rose 2.8% from the same month a year earlier, government data showed, exceeding a median market forecast of 2.3% but slowing from November's 3.8%. Demand for chipmaking equipment in Taiwan led exports by type, while the yen's 3.8% drop versus the U.S. dollar boosted the total value.

### Mexico headline inflation likely fell below 4% in first half of January

MEXICO CITY, Jan 22 (Reuters) - Mexico's annual inflation rate likely dipped to its lowest level in four years in the first half of January to settle under 4%, a Reuters poll of analysts predicted on Wednesday, bolstering bets the central bank will continue to lower borrowing costs. The median estimate from 13 analysts indicated the annual headline inflation rate likely dropped to 3.78% in the period, which would mark its fifth consecutive two-week decline and land within the central bank's 3% target, plus or minus one percentage point. In 2022, the rate of rising consumer prices in Mexico hit a more than two-decade high at 8.77%.

### Oil prices extend losses on uncertainty over Trump tariff impact

SINGAPORE, Jan 23 (Reuters) - Oil prices dipped in Asian trade on Thursday, extending losses amid uncertainty over how U.S. President Donald Trump's proposed tariffs and energy policies would impact global economic growth and energy demand. Brent crude futures fell 26 cents, or 0.3%, to \$78.74 a barrel, while U.S. West Texas Intermediate crude eased 23 cents, or 0.3%, to \$75.21. In the prior session, Brent futures settled at \$79.00 in a fifth straight day of losses and WTI futures settled at \$75.44 in a fourth consecutive day of declines. Gasoline inventories rose by 3.23 million barrels, and distillate stocks climbed by 1.88 million barrels, they said.