



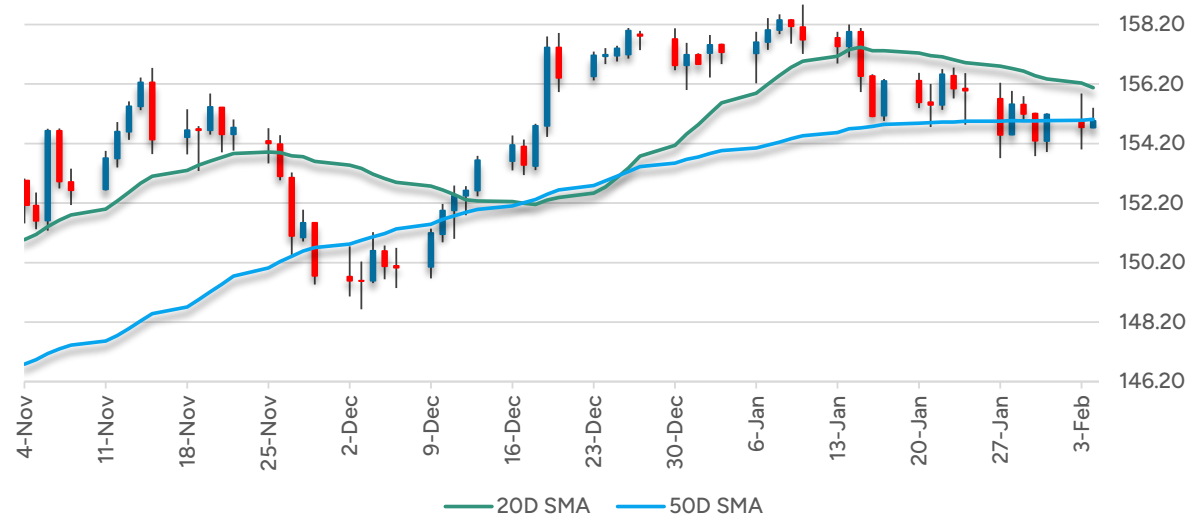
Market Commentary KFH Treasury

Report produced on
04-Feb-2025



Forex Market

JAPANESE YEN



CLOSE
154.75

1M %chg
-1.60%

3M %chg
1.16%

USD/JPY, JPY crosses tread water, consolidate

04 Feb 2025 07:39:27 AM

- * USD/JPY, JPY crosses mostly tread water, consolidate after to-do yesterday
- * Conditions thin and market choppy but USD/JPY in 154.75-155.40 EBS range
- * Pair skirting top of ascending daily Ichimoku cloud between 153.37-154.82
- * In area too of 55-DMA at 154.96, mostly between 154.87/155.25 100/200-HMAs
- * US Tsys mixed, 2s @4.260%, 10s @4.563%, JGBs firm, 2s 0.731% @, 10s @1.262%
- * Only large option expiries today \$813 mln 154.00, plenty this wk from 154.50
- * EUR/JPY 160.03-44 EBS, off post-Tokyo fix but well above 157.99 yesterday
- * Holding between descending 55 and 100-HMAs at 159.79 and 160.43

EURO



CLOSE
1.0344

1M %chg
0.35%

3M %chg
-4.52%

EUR/USD regains big chunk of losses yesterday but heavy

04 Feb 2025 04:49:48 AM

- * EUR/USD has regained a big chunk of losses yesterday to 1.0125 EBS
- * Asia so far 1.0318-53, easing back from high earlier
- * Holding for now between descending 55 and 100-HMAs at 1.0316, 1.0362
- * Flat hourly Ichimoku cloud 1.0267-96 below, more support eyed pre-1.0200
- * Massive option expiries on 1.02 today to help contain spot action
- * 1.0200 E587 mln, 1.0215 E612 mln, 1.0250 E1.1 bln, 1.0265-80 total E2.5 bln
- * Massive expiries above on 1.03 and 1.04 handles too, upside likely capped

Forex Market



POUND STERLING



CLOSE

1.2450

1M %chg

0.24%

3M %chg

-3.68%

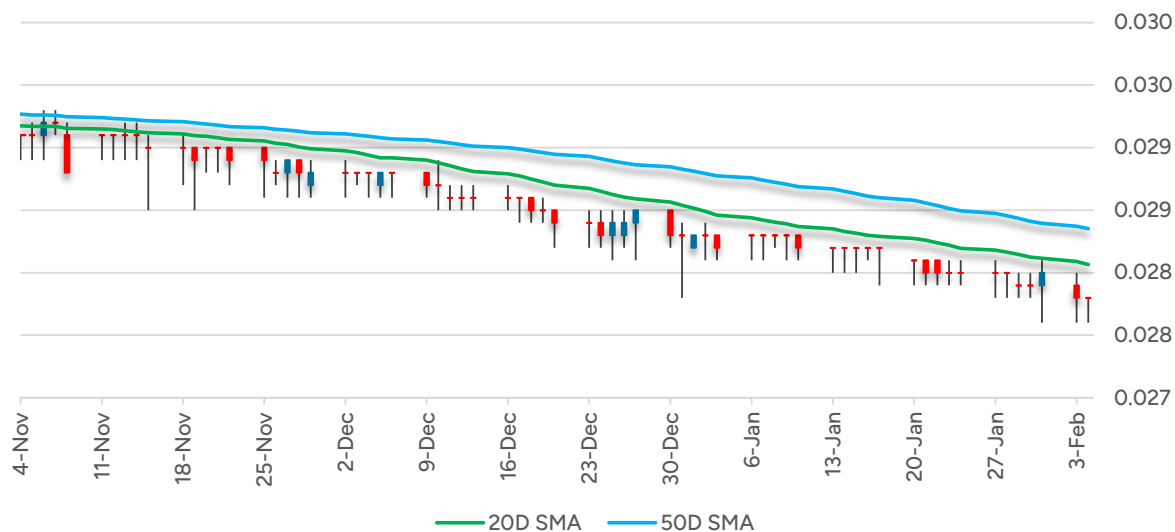
GBP/USD flops before key bullish threshold; looks fragile

04 Feb 2025 05:38:24 AM

- * GBP/USD reverts lower to 1.2410 from Mon close 1.2448
- * Deflecting away from Bollinger uptrend channel again
- * Needs a close above 1.2441 to restore upward potential
- * Failing which, will consolidate lower to 21 DMA 1.2348
- * Optimism for Trump toning down tariffs may soon fade
- * Negotiation possible but EU will still feel some pain



TURKISH LIRA



CLOSE

0.0278

1M %chg

-1.42%

3M %chg

-4.47%

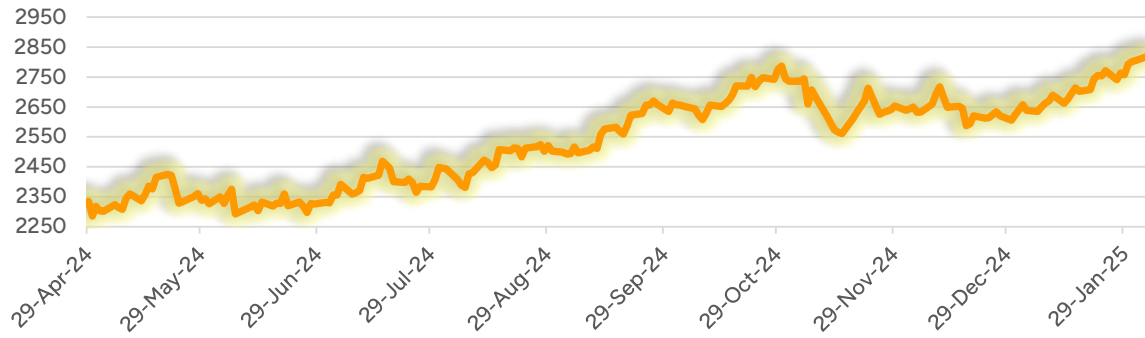
Turkish monthly inflation tops 5% after price adjustments

03 Feb 2025 01:12:28 PM

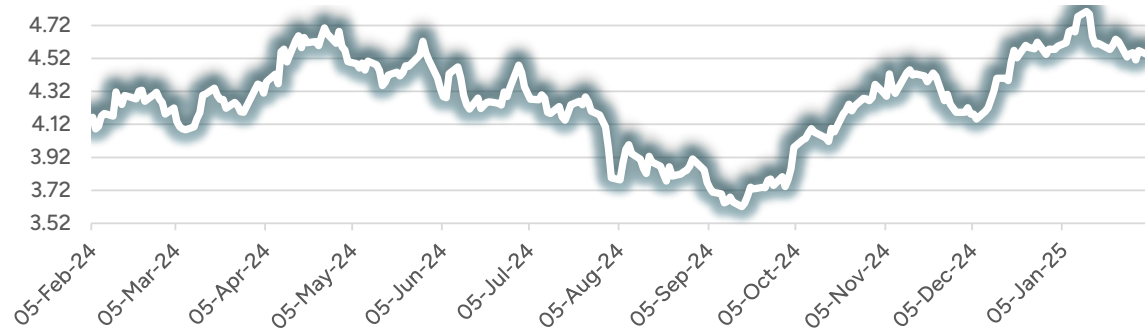
ANKARA, Feb 3 (Reuters) - Turkey's monthly inflation rate climbed more than expected to 5.03% in January due to a minimum wage hike and several new-year price updates, while annual inflation fell to 42.12%, data showed on Monday. The monthly rise in the consumer price index (CPI) was above the 4.35% forecast in a Reuters poll, and up sharply from 1.03% in December. The central bank, which launched an easing cycle in December, had warned of the expected temporary jump. Turks' contribution fee for receiving health services in public and private hospitals rose by 233% and 543% respectively, driving the 23.6% monthly increase in health prices. Annual inflation has been falling since May, when it exceeded 75%, as tighter monetary and fiscal policies curbed overheating domestic demand.

Gold, US Treasury & Dollar Index

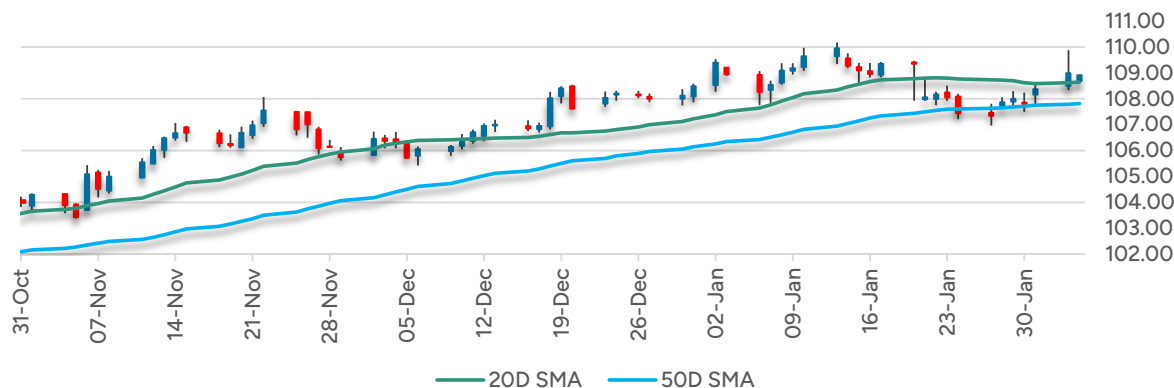
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.56

1M %chg

-1.13%

3M %chg

4.13%

PRECIOUS-Gold prices steady near record highs as China tariff concerns linger

04 Feb 2025 08:57:44 AM

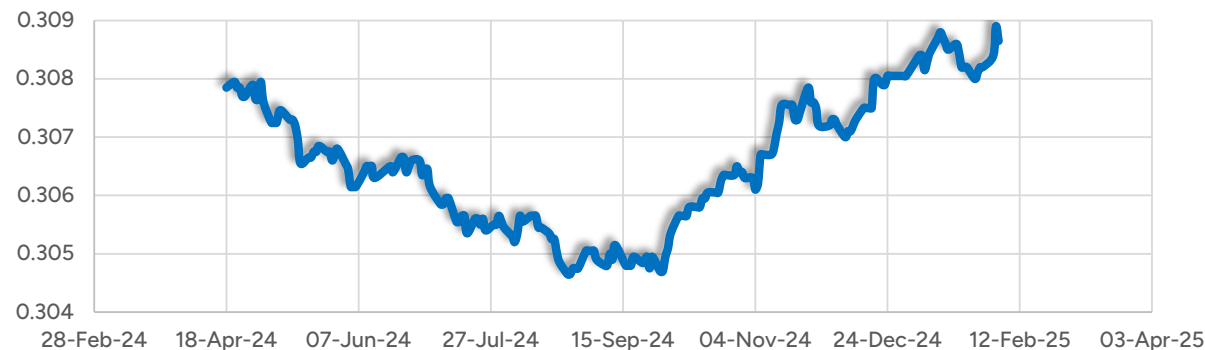
Feb 4 (Reuters) - Gold prices firmed on Tuesday, holding near a record peak hit in the previous session, as lingering U.S. tariffs on China and inflation concerns boosted safe-haven demand, while attention also turned to key jobs data set to be released this week. Spot gold was up 0.3% at \$2,820.94 per ounce, after hitting a record high of \$2,830.49 on Monday. U.S. gold futures fell 0.2% to \$2,851.40 on Tuesday. U.S. President Donald Trump suspended tariffs on Mexico and Canada on Monday, agreeing to a 30-day pause in return for concessions on border and crime enforcement with the two countries, while levies on Chinese goods are due to start soon. The market perceives Trump's tariff policies as inflationary. Bullion is traditionally considered a hedge against both inflation and geopolitical uncertainty. Among other metals, spot silver edged higher 0.2% to \$31.48 per ounce, platinum added 0.4% to \$967.93, and palladium gained 1.3% to \$1,022.09.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Overtime Pay*	JP	04/Feb 05:00	Dec	1.6	
Redbook YY *	US	04/Feb 19:25	w/e	4.9	
Foreign Bond Investment	JP	05/Feb 05:20	w/e	178.0	
Foreign Invest JP Bonds*	JP	05/Feb 05:20	w/e	127.2	
Foreign Stock Investment*	JP	05/Feb 05:20	w/e	217.2	
Foreign Invest JP Stock	JP	05/Feb 05:20	w/e	753.0	
JibunBK Comp Op Final SA	JP	05/Feb 06:00	Jan	51.1	
JibunBK SVC PMI Final SA *	JP	05/Feb 06:00	Jan	52.7	
HCOB - Composite Final PMI	EU	05/Feb 14:30	Jan	50.2	50.2
HCOB Services Final PMI	EU	05/Feb 14:30	Jan	51.4	51.4
S&P GLOBAL PMI: COMPOSITE - OUTP	GB	05/Feb 15:00	Jan	50.9	50.9

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0286	1.0349	1.021	1.0344	-0.17%
GBP	1.239	1.2454	1.2246	1.245	0.48%
JPY	154.93	155.88	154	154.75	-0.28%
TRY	0.0279	0.028	0.0276	0.0278	-0.71%
Dollar Idx	108.501	109.881	108.337	108.99	0.57%
Brent	76.79	77.34	75.04	75.96	-1.04%
WTC	74.46	75.13	72.4	73.52	0.93%
Gold	2800.65	2830.49	2771.29	2813.49	0.45%
KWSE Index	7819.04	7856.85	7781.26	7854.96	0.40%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.13	3M	3.94
SW	3.44	6M	4.19
1M	3.69	1Y	4.38

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

0.30890

3M% CHG

0.85%

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	30/Jan/'25	2.90	3.15	-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	23/Jan/'25	46.50	49.00	-2.50

KEY INTERNATIONAL STORIES

US manufacturing rebounds in January; inputs prices paid measure surges

WASHINGTON, Feb 3 (Reuters) - U.S. manufacturing grew for the first time in more than two years in January amid strong orders, but a measure of prices paid by factories for raw materials rose solidly, and more increases are likely after President Donald Trump imposed tariffs on goods from Canada and Mexico at the weekend. The Institute for Supply Management (ISM) said on Monday that its manufacturing PMI increased to 50.9 last month, the highest reading since September 2022, from 49.2 in December. Manufacturing contracted 0.4% from the fourth quarter of 2023 through the fourth quarter of 2024.

UK factory activity contracts for fourth straight month in January, PMI shows

LONDON, Feb 3 (Reuters) - British factories reported another tough month in January as output, new orders and employment all fell, with companies hit by higher costs even before payroll taxes and the minimum wage go up in April, a survey showed on Monday. In a latest sign of an economic slowdown ahead of Thursday's expected interest rate cut by the Bank of England, the S&P Global Purchasing Managers' Index for UK manufacturing remained below the 50-mark that divides growth from contraction for a fourth month in a row. The BoE looks set to lower its economic growth forecast for 2025 on Thursday.

Euro zone inflation rises but March rate cut still likely

FRANKFURT, Feb 3 (Reuters) - Euro zone inflation accelerated last month but remained on an anticipated course that could let the European Central Bank cut interest rates further, even if a surging dollar, a looming trade war and higher gas prices raise uncertainty. Consumer price inflation in the 20 nations sharing the euro accelerated to 2.5% in January from 2.4% in December, just above expectations for 2.4% in a Reuters poll, as sharply higher energy costs added to price pressures. The ECB earlier estimated that for every 1% euro depreciation, inflation rises by 0.04% in one year.

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Japan's factory activity extends decline, optimism weakens, PMI shows

TOKYO, Feb 3 (Reuters) - Japan's factory activity fell at the fastest pace in 10 months on sluggish demand, a private-sector survey showed on Monday, with business confidence hitting a more than two-year low in a sign that the manufacturing sector is under heavy pressure. The final au Jibun Bank Japan manufacturing purchasing managers' index (PMI) slumped to 48.7 in January, lower than the 48.8 in the flash reading and 49.6 in December. The PMI has remained below the 50.0 threshold that separates growth from contraction for seven consecutive months, suggesting persistent weakness in the sector.

Brazil's tax revenue service strike threatens government's fiscal plans, union says

BRASILIA, Feb 3 (Reuters) - A strike by Brazil's federal tax agency over wage demands is undermining government efforts to raise revenue through tax settlements, the workers' union said, with nearly 15 billion reais (\$2.6 billion) pending last year due to the dispute. The union has been pressing for a wage adjustment to account for inflation since 2016, with cumulative inflation exceeding 50% over that period. However, the Management Ministry said that it had already engaged in talks with the workers early last year, when it introduced a bonus scheme that boosted total monthly compensation for senior career positions to up to 42,700 reais.

Oil falls amid U.S. tariff pause on Mexico, Canada

Feb 4 (Reuters) - Oil prices retreated on Tuesday as U.S. President Donald Trump paused for a month a decision on steep tariffs on Mexico and Canada, the United States' biggest foreign oil suppliers, while prospects of higher OPEC+ supplies from April also weighed. Brent futures fell 50 cents, or 0.7%, to \$75.46 a barrel, while U.S. West Texas Intermediate (WTI) crude declined 89 cents, or 1.2%, to trade at \$72.27. US crude inventories are expected to be up 10.8 million barrels for the week ending January 31, while gasoline inventory builds are likely at 500,000 barrels, said Macquarie energy strategist Walt Chancellor.