



Market Commentary KFH Treasury

Report produced on
23-Mar-2025



Forex Market



JAPANESE YEN



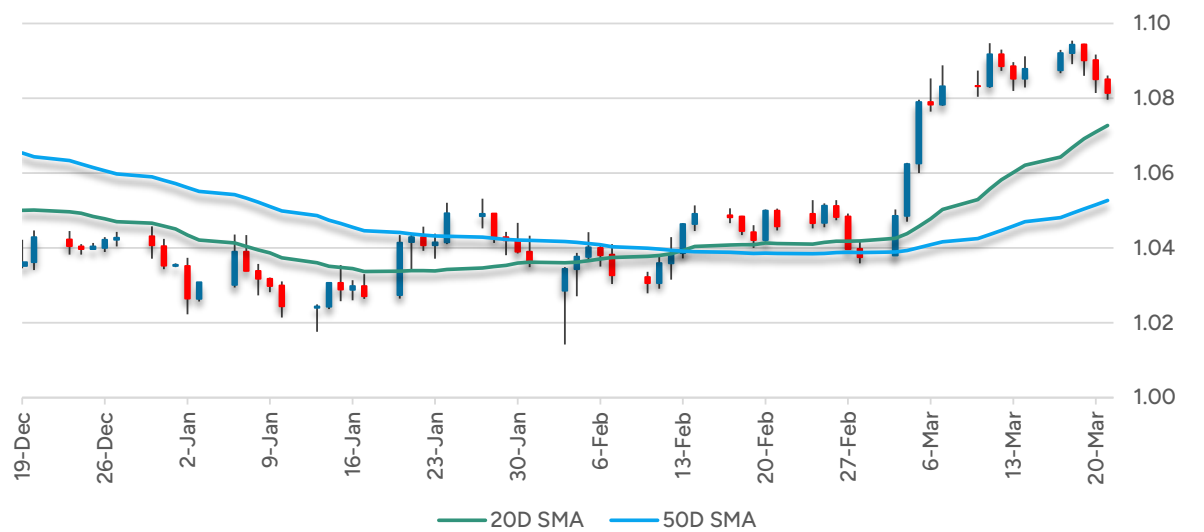
CLOSE **149.31** 1M %chg **0.01%** 3M %chg **-4.54%**

COMMENT-Yen looks set to firm as shares recoil

21 Mar 2025 06:04:18 PM

The yen is poised to strengthen as uncertainty weighs on investor sentiment. The Japanese currency is seeing broad gains as risk appetite diminishes following a series of central bank meetings this week. One-month yen volatility is only pricing in modest risk ahead of the U.S. reciprocal tariff deadline on April 2. Volatility is also subdued by USD/JPY being near the midpoint of its range since September and the possibility that future Fed cuts could restore investor confidence. USD/JPY is holding steady near a descending 21-day moving average at 148.88, following a series of bearish candles around the 150 level. Downside risks are expected to increase after significant 148 options expire on April 3. However, the medium-term direction will likely be determined by a close outside the 148-150 range.

EURO



CLOSE **1.0814** 1M %chg **3.40%** 3M %chg **3.69%**

COMMENT-U.S. February PCE could determine EUR/USD's next move

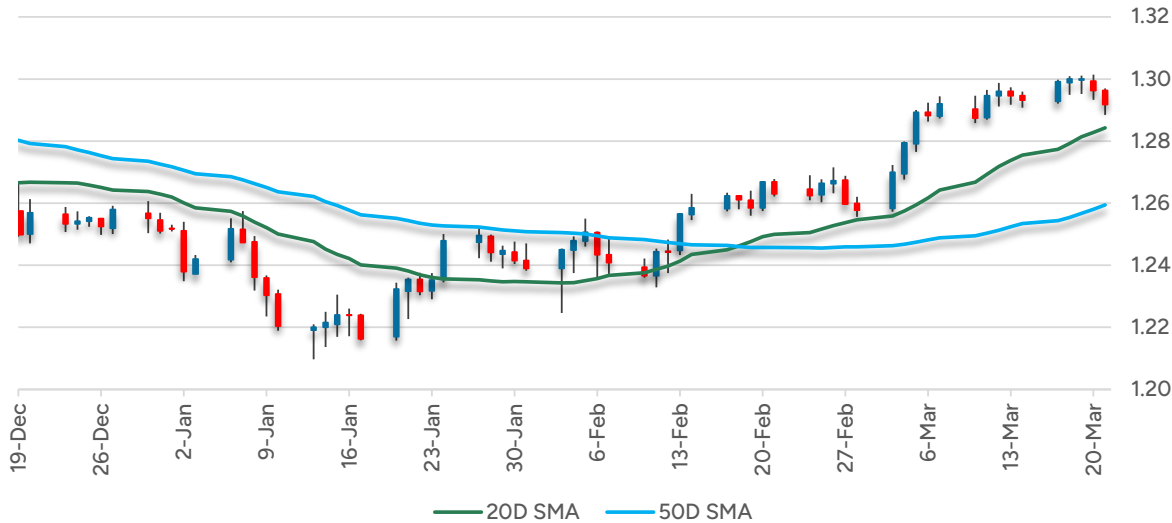
21 Mar 2025 06:31:13 PM

March 21 (Reuters) - EUR/USD traded lower Friday but remained within its recent consolidation range and above key support near the 200-DMA and 1.0760/70 zone as investors awaited a catalyst, with U.S. February PCE inflation due on March 28 a potential candidate to spark a move. Particular attention could be placed on U.S. inflation data after the Fed's SEP lowered GDP projections but increased 2025 projections for price growth. EUR/USD may end its consolidation phase and resume the broader up trend.

Forex Market



POUND STERLING



CLOSE

1.2918

1M %chg

2.28%

3M %chg

2.78%

Bears have grip of sterling as door opens for 200DMA test

21 Mar 2025 09:35:37 PM

* GBP\$ -0.4%, slips to 1.29, door open for 200DMA test (1.2790-1.2800)

* Euro topside stalls adds to bearish drift in GBP

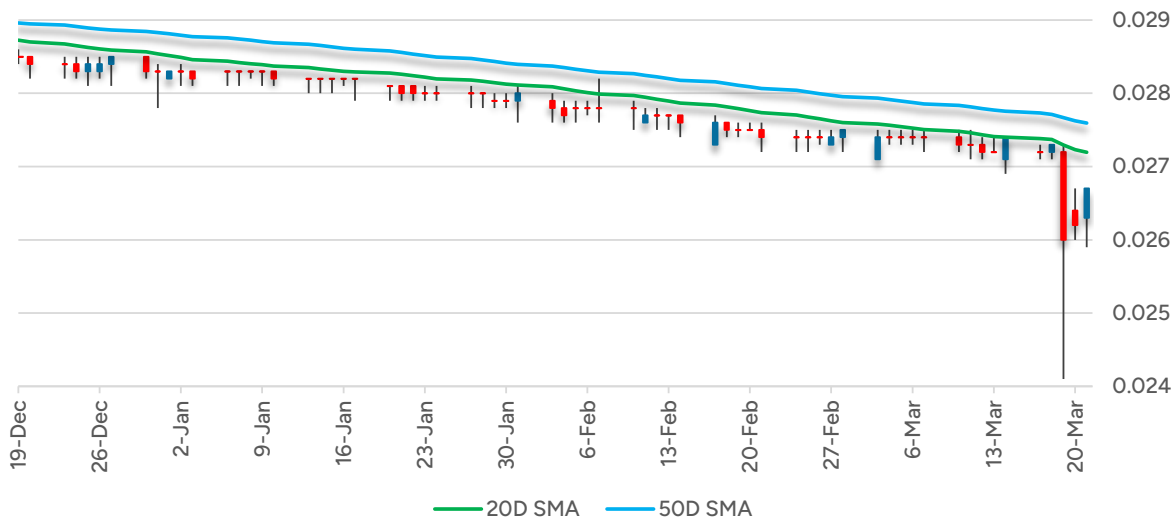
* Jump in government borrowing underlines fiscal headwinds ahead

* Unwind of sterling exposure likely in lead up to UK budget

* Stage set for a dollar rebound



TURKISH LIRA



CLOSE

0.0267

1M %chg

-2.55%

3M %chg

-5.99%

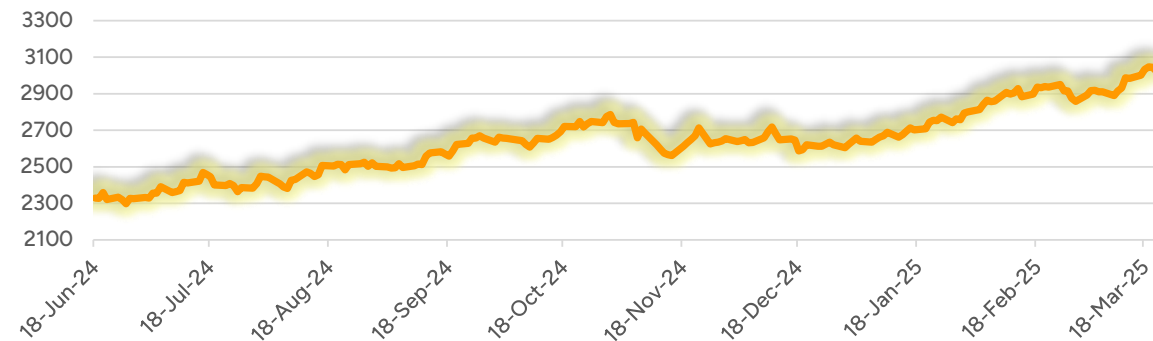
Turkish cenbank suspends policy funding, hikes overnight lending rate to 46%

20 Mar 2025 09:02:00 PM

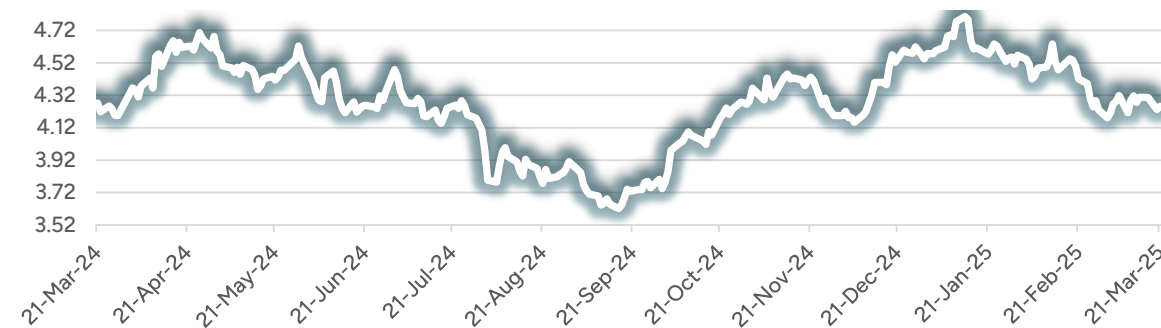
ISTANBUL, March 20 (Reuters) - Turkey's central bank said on Thursday that it suspended one-week repo auctions and hiked its overnight lending rate to 46%, in a move that economists say amounts to a tighter policy stance. Traders and analysts said overnight market interest rates could be 350 to 400 basis points higher after the move, as the central bank will fund the market from rates higher than its current policy rate of 42.5%. The overnight lending rate was raised by 200 basis points from 44% in an interim monetary policy committee meeting, as the central bank convened on Thursday to discuss recent developments that may pose risks to the inflation outlook.

Gold, US Treasury & Dollar Index

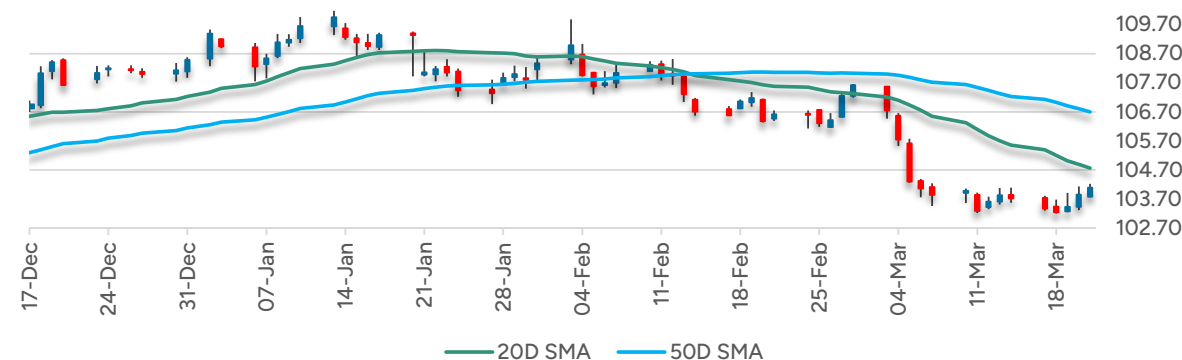
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.25

1M %chg

-3.80%

3M %chg

-6.01%

PRECIOUS-Gold dips on higher dollar, still eyes third weekly gain

21 Mar 2025 10:04:00 PM

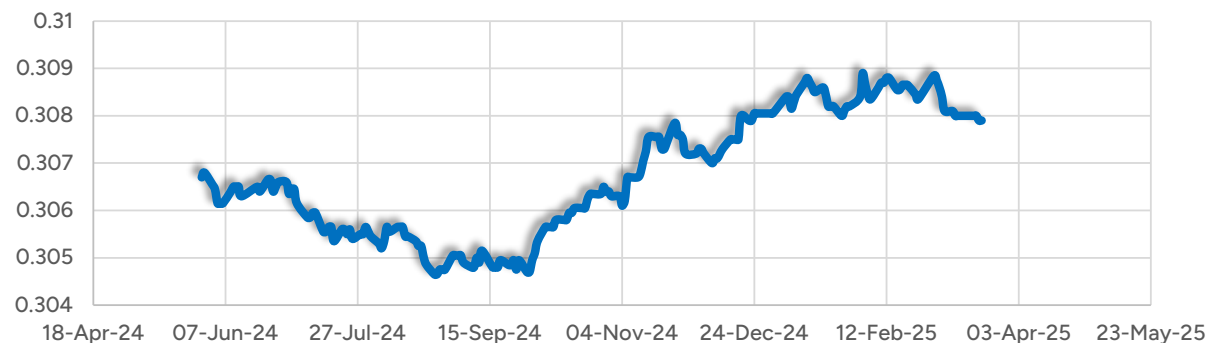
March 21 (Reuters) - Gold fell 1% on Friday due to a stronger dollar and profit-taking, although lingering geopolitical and economic uncertainties, and U.S. Federal Reserve rate cut prospects kept bullion on track for a third consecutive weekly rise. Spot gold was down 1% at \$3,015.43 an ounce. U.S. gold futures settled 0.7% lower at \$3,021.40. Bullion has gained 1% so far this week. Gold, traditionally viewed as a safe-haven investment during times of geopolitical and economic uncertainty, and typically thriving in a low-interest-rate environment, has hit 16 record highs this year, reaching an all-time peak of \$3,057.21 per ounce on Thursday. The Fed held its benchmark interest rate steady on Wednesday as widely expected, but indicated two quarter-percentage-point cuts before the end of the year. Spot silver slid 1.7% to \$32.97 an ounce, platinum XPT= lost 1.1% to \$973.45 and palladium XPD= rose 0.1% to \$953.14.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
JibunBK SVC PMI Flash SA *	JP	24-Mar 06:00	Mar	53.7	
JibunBK Comp Op Flash SA *	JP	24-Mar 06:00	Mar	52.0	
JibunBK Mfg PMI Flash SA	JP	24-Mar 06:00	Mar	49.0	
HCOB Composite Flash PMI	EU	24-Mar 14:30	Mar	50.2	50.8
HCOB Mfg Flash PMI	EU	24-Mar 14:30	Mar	47.6	48.2
HCOB Services Flash PMI	EU	24-Mar 14:30	Mar	50.6	51.0
Flash Composite PMI	GB	24-Mar 15:00	Mar	50.5	50.3
Flash Manufacturing PMI	GB	24-Mar 15:00	Mar	46.9	46.4
Flash Services PMI	GB	24-Mar 15:00	Mar	51.0	50.9
National Activity Index*	US	24-Mar 18:00	Feb	-0.03	
S&P Global Mfg PMI Flash	US	24-Mar 19:15	Mar	52.7	51.8

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.09	1.09	1.08	1.08	-0.46%
GBP	1.30	1.30	1.29	1.29	-0.35%
JPY	148.71	148.96	148.16	149.31	0.36%
TRY	0.03	0.03	0.03	0.03	1.91%
Dollar Idx	103.43	104.13	103.32	104.09	0.23%
Brent	70.95	72.30	70.53	72.16	0.22%
WTC	67.64	68.72	67.13	68.52	-0.04%
Gold	3045.93	3057.21	3025.34	3023.63	-0.68%
KWSE Index	7946.43	7989.91	7938.21	7988.41	0.66%

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

0.30790

3M% CHG

-0.03%

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

SOFR RATES

Tenor	Value	Tenor	Value
ON	4.29	3M	4.36
1W	4.30	6M	4.58
1M	4.34	1Y	5.06
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	20-Mar-'25	4.50	4.50	0.00
BOJ Prime Rate	11-Mar-'25	2.35	2.20	0.15
TRY ON Lending Rate	20-Mar-'25	46.00	--	--

KEY INTERNATIONAL STORIES

US labor market holding steady, but job opportunities dwindling

WASHINGTON, March 20 (Reuters) - The number of Americans filing new applications for unemployment benefits increased slightly last week, suggesting labor market remained stable in March, though the outlook is darkening amid rising trade tensions and deep cuts in government spending. Initial claims for state unemployment benefits rose 2,000 to a seasonally adjusted 223,000 for week ended March 15. Economists polled had forecast 224,000 claims for latest week. Claims have been bouncing in middle of the 203,000-242,000 range this year, with layoffs generally staying low and hiring cooling off.

UK manufacturers are subdued about outlook as costs mount, CBI says

LONDON, March 21 (Reuters) - British factories have reported a downturn this month with April's increases in tax and wages weighing on the mood but some firms are seeing a boost from an expected rise in defence spending in Europe, the Confederation of British Industry said. The CBI's monthly balance for manufacturers' output expectations over the next three months dipped back into negative territory at -2 in March after climbing to a three-month high of +8 in February. The CBI's headline industrial orders index slipped to -29 from -28 in February, well below its long-run average of -13.

Euro zone adjusted current account surplus narrows in Jan

FRANKFURT, March 21 (Reuters) - The euro zone's adjusted current account surplus narrowed in January, mostly on a lower surplus in the trade of services, European Central Bank data showed on Friday. The adjusted current account surplus of the 20 nations sharing the euro declined to 35.4 billion euros (\$38.35 billion) in January from 38.4 billion a month earlier while unadjusted data showed a drop to 13.2 billion euros from 50.5 billion euros. In the 12 months to January, the surplus equalled 2.7% of gross domestic product, up from 1.7% in the preceding 12 months.

DISCLAIMER: This document and its contents do not reflect the opinions, views, policies or positions of London Stock Exchange Group plc ("LSEG") or its affiliates and they are prepared for Kuwait Finance House (KFH)'s and their clients internal consumption only and do not constitute an offer, or the solicitation of an offer, or advice to buy or sell a security or to make a particular investment or follow a particular strategy or enter into any agreement. The information and any views expressed are given as of the date of writing and are subject to change. While the information has been obtained from sources believed to be reliable, LSEG does not warrant that it is accurate or complete and it should not be relied on as such. Responsibility for any decisions taken by KFH (including but not limited to its affiliates and subsidiaries) on the basis of information contained herein solely rest with the end user i.e. KFH's clients. Market Data and News Source is LSEG Eikon. LSEG its affiliates, subsidiaries, employees, and contractors accept no liability for any direct or indirect loss arising out of the use of this document or its contents.

Japan's core inflation hits 3% in February, keeps alive BOJ rate-hike bets

TOKYO, March 21 (Reuters) - Japan's core inflation hit 3.0% in February and an index stripping away the effect of fuel rose at the fastest pace in nearly a year, a sign of broadening price pressure that reinforces market expectations of further interest rate hikes. The increase in the core consumer price index (CPI), which strips away the effect of volatile fresh food costs, compared with a median market forecast of a 2.9% gain. That kept core inflation above the BOJ's 2% target for the 35th straight month. It slowed from the previous month's 3.2% rise due largely to the resumption of subsidies to curb fuel costs, government data showed on Friday.

Thai exports beat forecast in February but U.S. trade uncertainty clouds outlook

BANGKOK, March 21 (Reuters) - Thailand's exports rose for an eighth consecutive month in February and more than expected, the commerce ministry said on Friday, although uncertainty over U.S. trade policy is clouding the outlook for the remainder of the year. Exports THCEX=ECI, a key driver of Southeast Asia's second-largest economy, jumped 14.0% in February from a year earlier, above a forecast rise of 9.7% in a Reuters poll and following January's 13.6% increase. In 2024, Thai exports rose 5.4% to a record \$301 billion. The ministry has forecast a rise of 2% to 3% this year.

Oil prices rise for second consecutive week on expected tighter supply

NEW YORK, March 21 (Reuters) - Oil prices settled higher on Friday and recorded a second consecutive weekly gain as fresh U.S. sanctions on Iran and the latest output plan from the OPEC+ producer group raised expectations of tighter supply. Brent crude futures rose 16 cents, or 0.2%, to settle at \$72.16 a barrel. U.S. West Texas Intermediate crude futures rose 21 cents, or 0.3%, to \$68.28. On a weekly basis, Brent rose 2.1% and WTI about 1.6%, their biggest gains since the first week of the year. Oil prices were also supported by the new OPEC+ plan for seven members to cut output further to compensate for producing more than agreed levels.