



Market Commentary

KFH Treasury

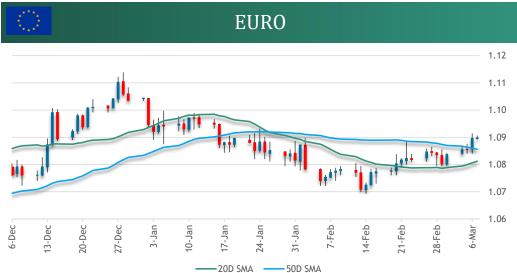


Report produced on

Thu, 07-Mar-2024

Forex Market







CLOSE 1M %chg 3M %chg

149.37

0.97%

1.40%

$USD/JPY, JPY\ cross\ sails\ clipped\ with\ Nikkei, on\ stops\ -\ Reuters$

07 Mar 2024 07:13:13 AM

- * USD/JPY, JPY crosses, Nikkei all off on long liquidation, pre-US jobs
- * USD/JPY already on back-foot on tad dovish Fed Powell, on lower US rates
- * Asia sees move down from 149.36 early to 148.56 EBS, stops hit sub-149.00
- * 149.93 also a low dating back to Feb 12, likely more stops sub-148.90
- * Market had been almost excessively short JPY for some time
- * Nikkei also reverses course after fresh record high, profit-takes here too
- * Offshore players among those selling, taking off currency hedges
- * Nikkei 40,472.11 new record high early to 39,680.73, at 39,731 -0.9% on day

CLOSE 1M %chg 3M %chg

1.0897

1.33%

1.25%

$EUR/USD\mbox{-Pivots}$ round 1.0900 ahead of ECB meeting - Reuters News

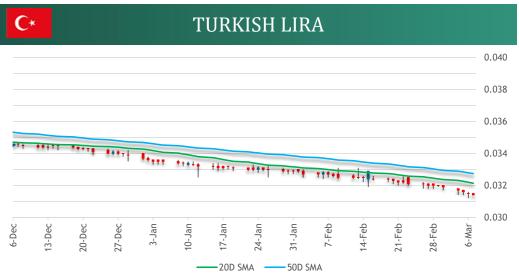
07 Mar 2024 07:03:41 AM

- * EUR/USD opened +0.38% at 1.0907 after USD eased after Powell testimony
- * It moved up to 1.0907 early Asia before settling back below 1.0900
- * EUR/JPY selling helped to cap the rally, as the EUR/JPY fell 0.45%
- * EUR/USD resistance is at the 50% of the Dec-Feb fall at 1.0917
- * A break above 1.0920 targets the 61.8 of that move at 1.0969
- * Support is at former resistance at the 55-day MA at 1.0875
- * EUR/USD trending higher with the 5, 10 & 21-day MAs in a bullish alignment
- * A break below the 10-day mA at 1.0850 would suggest momentum is waning

Forex Market









CLOSE 1M %chg 3M %chg

1.2729

1.05%

1.35%

GBP/USD remains above 1.27 as Powell remarks digested - Reuters 06 Mar 2024 05:55:12 PM

- * Cable holds above 1.2700 as market digests prepared remarks from Fed chair
- * Powell still expects rate cuts, but says inflation progress "not assured"
- * 1.2706 was GBP/USD low during Hunt's UK budget, vs 1.2731 pre-budget high
- * DMO to issue 265.3 billion of gilts in 2024/25 vs 258.4 billion forecast
- * US Feb ADP jobs data 140k vs 150k f/c. Jan JOLTS data due; 8.9M f/c

CLOSE 1M %chg 3M %chg

0.0315

-3.96%

-8.96%

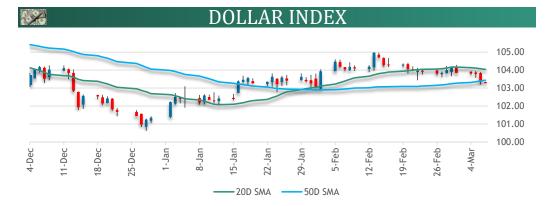
USD/TRY-Turkish c.bank tightens policy; lira slides anyway - Reuters News $06\,\mathrm{Mar}\,2024\,07{:}57{:}23\,\mathrm{AM}$

- * USD/TRY hits record 31.7510 high Weds as lira sentiment deteriorates
- * Rising inflation, dwindling foreign exchange reserves undermine TRY
- * Investors fear further TRY decline after March 31 local elections
- * Central bank cuts monthly growth limit for loans to tighten policy
- * Likely to be deemed inadequate; annual inflation rose to 67% in Feb
- * JPMorgan forecastsfurther 500 bps Turkey interest rate hike to 50%
- * Powell testimony Weds, Fitch credit rating on Turkey Mar 8 awaited

Gold, US Treasury & Dollar Index









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

4.12

0.29%

-0.41%

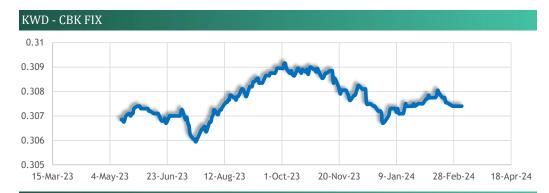
PRECIOUS-Gold at record levels as Powell says Fed cuts likely this year - Reuters News $07\,\mathrm{Mar}\,2024\,06{:}20{:}22\,\mathrm{AM}$

March 7 (Reuters) - Gold prices on Thursday hovered near a record peak hit in the previous session after U.S. Federal Reserve Chair Jerome Powell said interest rate cuts are still likely in the coming months if inflation continues to ease. Spot gold ticked 0.1% lower to \$2,146.29 per ounce. U.S. gold futures fell 0.2% to \$2,153.60. Spot prices hit a record peak of \$2,152.09 per ounce overnight on Wednesday, rallying for a sixth straight session. The U.S. dollar index fell to a one-month low after Powell's remarks. A softer dollar makes bullion less expensive for other currency holders. The median forecast of Fed officials in December was three rate cuts this year, which would take the Fed policy rate to a range of 4.5%-4.75%, from its current 5.25%-5.5% range. Spot platinum XPT= fell 0.2% to \$905.70 per ounce, and palladium rose 0.3% to \$1045.09. Autocatalyst palladium popped back above the \$1,000 mark in the previous session for the first time since Jan. 12. Spot silver dropped 0.4% to \$24.06.

UPCOMING KEY ECONOMIC INDICATOR RELEASES					
INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Consumer Credit*	US	07-Mar 01:30	Jan	1.56	9.25
All Household Spending MM*	JP	07-Mar 05:00	Jan	-0.9	0.4
Bank Lending YY	JP	07-Mar 05:20	Feb	3.1	
Bank Lending YY	JP	07-Mar 05:20	Feb	3.1	
Current Account Bal SA*	JP	07-Mar 05:20	Jan	18100	
Current Account, Goods*	JP	07-Mar 05:20	Jan	115.509	
Current Account NSA JPY	JP	07-Mar 05:20	Jan	744.3	-330.4
Trade Bal Cust Basis SA*	JP	07-Mar 05:20	Jan	-3652	
Halifax House Prices MM*	GB	07-Mar 12:30	Feb	1.3	
Halifax House Prices YY*	GB	07-Mar 12:30	Feb	2.50	
Challenger Layoffs	US	07-Mar 18:00	Feb	82.307	

Daily Market Report





MARKET SUMMARY					
INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0857	1.0915	1.084	1.0897	0.39%
GBP	1.2705	1.2761	1.2687	1.2729	0.20%
JPY	150.02	150.08	149.08	149.37	-0.45%
TRY	0.0315	0.0316	0.0312	0.0315	-0.32%
Dollar Idx	103.814	103.893	103.201	103.369	-0.41%
Brent	82.01	84.05	81.85	82.96	1.12%
WTC	80.04	81.62	79.93	80.08	1.23%
Gold	2127.79	2152.09	2123.4	2148.29	0.98%
KWSE Index	7423.48	7425.73	7382.13	7400.47	-0.38%

KIBOR RATES				
Tenor	Value	Tenor	Value	
ON	2.50	3M	4.31	
SW	3.81	6M	4.50	
1M	4.06	1Y	4.69	

CENTRAL BANK OF KUWAIT
KWD (CBK FIX) CLOSE

3M% CHG

0.30740

-0.24%

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	27-Jul-'23	3.88	3.63	0.25
1W Repo Rate	27-Jul-'23	4.13	3.88	0.25
1M Repo Rate	27-Jul-'23	4.38	4.38	0.00
KWD ON Rate	27-Jul-'23	10.00	10.00	0.00
Discount Rate	27-Jul-'23	4.25	4.00	0.25

LIBOR RATES			
Tenor	Value	Tenor	Value
ON	0.00	3M	5.59
SW	0.00	6M	5.68
1M	5.44	1 Y	0.00
2M	0.00		

OTHER C-BANK RATES				
INDICATOR	As of	Value	Prior	Change
FED Target Rate	26-Jul-'23	5.50	4.25	1.25
ECB Refinancing Rate	25-Jan-'24	4.50	4.50	0.00
BOE Bank Rate	01-Feb-'24	5.25	5.25	0.00
BOJ Prime Rate	09-Feb-'24	1.50	1.40	0.10
TRY ON Lending Rate	22-Feb-'24	46.50	46.50	0.00

Global Top News



KEY INTERNATIONAL STORIES

US labor market steadily easing as job openings, resignations decline

WASHINGTON, March 6 (Reuters) - U.S. job openings fell marginally in January, while the number of workers quitting their jobs dropped to a three-year low, indicating that labor market conditions were gradually easing. The decline in resignations, which pushed the quits rate to the lowest level in 3-1/2 years, over time bodes well for slower wage inflation and overall price pressures in the economy. There were 1.45 jobs for every unemployed person in January up from 1.42 in December, indicating the labor market remains strong. This is well above the average of 1.2 during the year before the COVID-19 pandemic.

Sunak government bets on tax cuts to revive UK election chances

LONDON, March 6 (Reuters) - Britain's Conservative government announced a 10-billion-pound (\$13 billion) cut in labour taxes, paring emergency reserves to pay for it, in what could be the last budget ahead of an election it looks doomed to lose. Finance Minister Jeremy Hunt cut the rate of social security contributions by two percentage points for the second time in just over three months, in a move worth several hundred pounds a year to some 27 million workers. Wednesday's changes would still leave the overall tax burden rising every year of the forecast period to hit 37.1% of output by 2028-29, which would be the highest level since 1948.

ECB to hold rates and take baby steps towards first cut

FRANKFURT, March 7 (Reuters) - The European Central Bank is set to keep interest rates at record highs on Thursday and take baby steps towards cutting them in the coming months as inflation continues to fall. It is universally expected to keep its policy rate at a record 4.0%, and ECB policymakers are likely to repeat that they need more evidence inflation is under control and that ongoing wage increases will not give it another leg up. Investors have pencilled in three or probably four reductions by the end of the year, which would take the rate the ECB pays on bank deposits to 3.25% or 3.0%.

China's 5% growth target for 2024 achievable, state planner says

BEIJING, March 6 (Reuters) - The head of China's state planner said that the government's 5% economic growth target this year, which many analysts say is ambitious, is achievable and that he expects the world's second-largest economy to have a good first quarter. Premier Li Qiang announced the growth goal of around 5% in his maiden work report to the National People's Congress and promised to transform the country's development model to offset the drag from a prolonged property crisis, high local government debts and weak consumer demand. Economists recently polled expected outbound shipments in the first two months grew just 1.9% year-on-year, slowing from December.

Brazil posts smaller-than-expected current account deficit in January

BRASILIA, March 6 (Reuters) - Brazil's current account deficit was smaller than expected in January, driven by a robust trade surplus, while foreign investments surpassed estimates, central bank data showed on Wednesday. Latin America's largest economy reported a \$5.1 billion current account deficit for January, compared with economists' expectations of a \$5.6 billion shortfall in a Reuters poll. The result was primarily supported by the trade balance, with exports outpacing imports by \$4.4 billion, significantly higher than the \$884 million trade surplus recorded in the same month last year. The factor payments deficit decreased by \$1.2 billion compared to a year ago.

Oil prices hold gains on upbeat China trade data - Reuters News

SINGAPORE, March 7 (Reuters) - Oil prices held steady on Thursday, holding onto overnight gains after upbeat Chinese trade data and after U.S. data showed a smaller-than-expected rise in crude inventories and large draws in fuel stocks. Brent crude futures LCOc1slipped 4 cents to \$82.92 a barrel, while U.S. West Texas Intermediate crude futures CLc1inched down 1 cent to \$79.12 a barrel despite China's import and export growth beating estimates. Brent and WTI edged up about 1% on Wednesday after crude inventories rose for a sixth week in a row, building by 1.4 million barrels, about two-thirds of the 2.1 million-barrel rise analysts had forecast in a Reuters poll.

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