

Daily Market Commentary

Gulf Bank Treasury Sales Desk

**CBK USD/KWD****0.30785****0.30795****December 3, 2023**

Foreign Exchange Development

The dollar index fell on Friday, after two days of gains, as Jerome Powell struck a cautious tone on further interest rate moves, saying that the risk of under- or over-tightening is now more balanced. The market viewed his comments as dovish, with investors pricing in expectations that the Fed is likely done raising rates.

The U.S. dollar index ended November on Thursday with its weakest monthly performance in a year. The euro was last down 0.1% at \$1.0884, cutting losses and benefiting from a sell-off in the dollar following Powell's comments.

Sterling rose 0.5% to \$1.2699. Against the yen, the dollar dropped 0.9% to 146.85 yen.

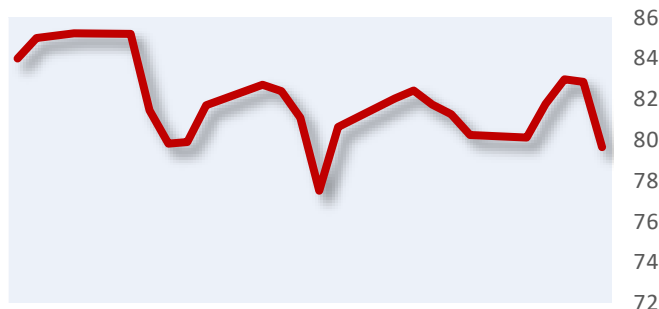
Oil prices slumped more than 2% on Friday on investor skepticism about the depth of OPEC+ supply cuts and concern about sluggish global manufacturing activity. OPEC+ producers agreed on Thursday to remove around 2.2 million barrels per day (bpd) of oil from the global market in the first quarter of next year.

Gold climbed 1.6% to \$2,069.10 per ounce.

Currencies & Commodities

Currency	Price	MTD %	3M%	YTD%
EUR/USD	1.0885	-0.05	1.00	1.67
GBP/USD	1.2704	0.62	0.89	4.98
USD/CHF	0.8697	-0.66	-1.84	-5.96
USD/JPY	146.84	-0.93	0.40	11.97
AUD/USD	0.6674	1.01	3.44	-2.07
USD/CAD	1.3501	-0.48	-0.71	-0.38
USD INDEX	103.19	-0.29	-1.00	-0.32
Gold	Silver	KWT OSP	Brent	WTI
2071.59	25.46	85.41	79.64	73.80

Brent - 1 Month



Economic Updates

Noting that a key measure of inflation averaged 2.5% over the six months ending in October, near the Fed's 2% target, Powell said it was clear that U.S. monetary policy was slowing the economy as expected with a benchmark overnight interest rate "well into restrictive territory." Powell noted, however, that the Fed is prepared to tighten policy further if deemed appropriate. Following Powell's remarks, U.S. rate futures priced in a 64% chance of a rate cut by the March meeting.

U.S. manufacturing sector remained weak in November, affirming his comments that Fed rate hikes have started to slow the economy. Manufacturing PMI was unchanged at 46.7 last month. It was the 13th consecutive month that the PMI stayed below 50, which indicates contraction in manufacturing.

Saudi Arabia NEOM Investment Fund will hold 6% of Technogym share capital after an 111-million-euro investment.

Global Markets

Index	Price	Change	MTD%	YTD%
DOWJONES	36,245.50	294.61	0.82	9.35
FTSE 100	7,529.35	75.60	1.01	1.04
KUWAIT ALL	6,653.84	50.38	1.87	-8.75
Benchmark	1 Month	3 Month	6 Month	12 Month
TERM SOFR	5.34587	5.37523	5.34090	5.11841
EURIBOR	3.8690	3.9600	4.0040	3.9020
KIBOR	4.0625	4.3125	4.5625	4.7500
SAIBOR	5.80791	6.35016	6.16682	6.16998
Benchmark	1 Year	3 Year	5 Year	10 Year
US TRSY	5.009	4.308	4.137	4.207
Benchmark	-	3 Month	6 Month	12 Month
CBK BOND		4.375	4.500	4.625
Country	KWT	US	EURO	UK
INT. RATES	4.250	5.25-5.50	4.00	5.250

Upcoming Indicators / Events

Date	Country	Indicator Name	Prior	Forecast
04Dec	United States	Factory Orders MM	2.8	-2.95
04Dec	Japan	CPI, Overall Tokyo	3.3	
05Dec	United Kingdom	Composite PMI Final	50.1	49.79
05Dec	United States	ISM N-Mfg PMI	51.8	52.17
06Dec	Germany	Industrial Orders MM	0.2	-0.2
06Dec	United Kingdom	All-Sector PMI	48.4	
07Dec	Germany	Industrial Prod YY	-3.9	

Source: Reuters and Bloomberg

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