



KFH Capital Monthly Monitor

Equity Market Updates

February 2025

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Equity Markets Update

Global Equities remain mixed and struggle to find course on a back of combination of policy uncertainty regarding tariffs, subdued macroeconomic data which includes elevated inflation risks

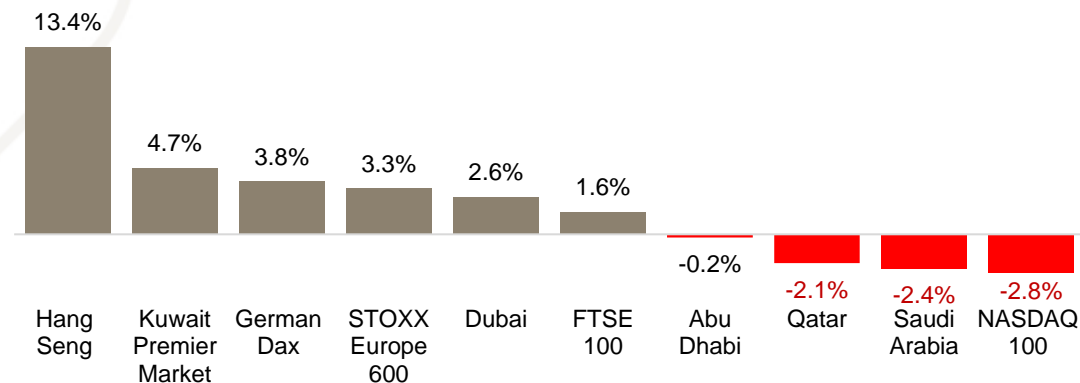
European and Mainland China Equities take lead:

- On a monthly basis the global market remained mixed with the US markets recording loss during the month of February 2025, while the European markets were up during the same period. In the case of European markets higher earnings during the fourth quarter, coupled with a decline in interest rates had a positive impact. Based on Refinitiv data, Q42024 earnings are expected to have increased 5.4% from the same period a year ago, while sales are forecast to have risen 4.7%, the highest quarterly growth rate since Q4 of 2022.
- The Hong Kong based Hang Seng Index was the top performer driven by fiscal stimulus coupled with loose monetary policy in Mainland China

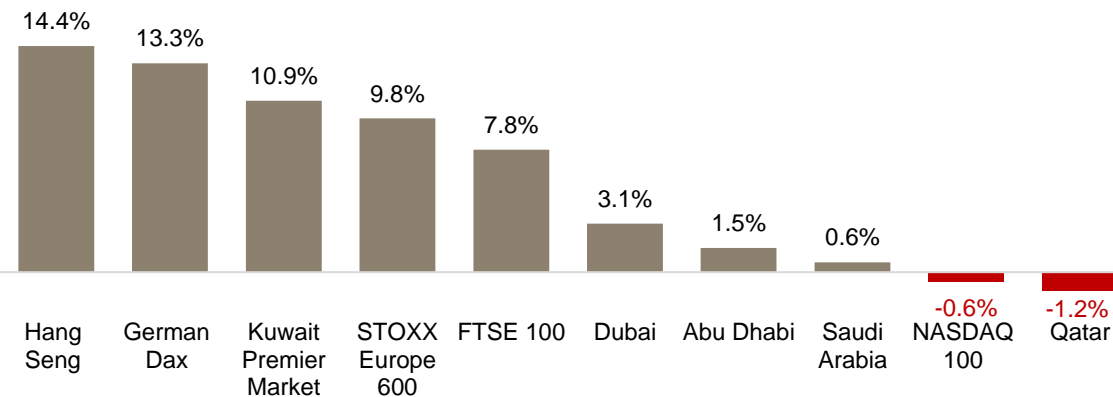
Among the GCC, the Saudi was the top loser:

- Key driver being Index heavyweight Saudi Arabian Oil Co (ARAMCO) which was down 4.28% on a YTD basis
- ARAMCO reported 13% decline in earnings for the FY2024, key earnings drivers being a muted 3% decline in revenues coupled with 3.9% increase in operating expenses. The total Dividends paid during 2024 reached USD 124.2 billion up 27% over previous year. The management has indicated USD 85 billion in dividends for 2025 which is a 30% decline over 2024 levels

Global Equity Markets Performance – Month to Date (MTD)



Global Equity Markets Performance – Year to Date (YTD)

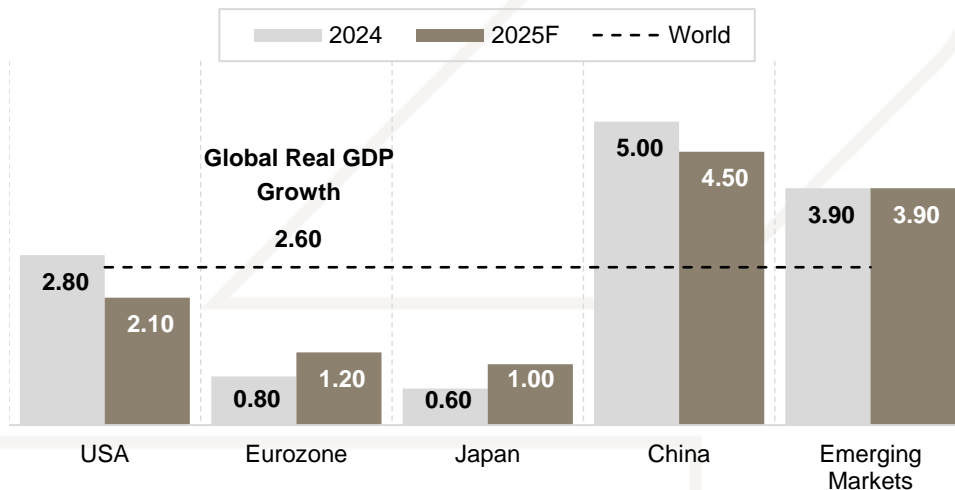


Source: Refinitiv; *Index Closing as of February 28, 2025,

Macroeconomic Overview

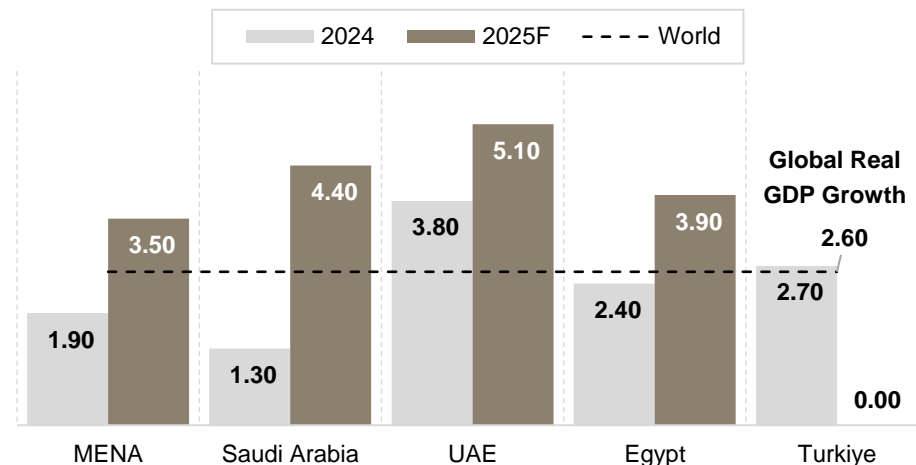
Despite increased uncertainty on international trade and geopolitics, global growth forecasts of 2.6% for 2025 continue to hold, nonetheless increased tariffs pose downside risks

Real GDP Growth (%) - Global



- The Fitch Macro report indicates average tariff rates will rise to around 8-11% from current levels of 3-5%. Increased tariff will have a negative impact on global growth.
- The impact of tariffs on regional GDP growth is varied, in the case of Eurozone which has substantial links to US the downside risks are higher. Apart from impact on demand for goods, increase in tariffs can be inflationary resulting deceleration of the interest rate cuts. Impacting consumer spending and corporate investments

Real GDP Growth (%) – MENA Region



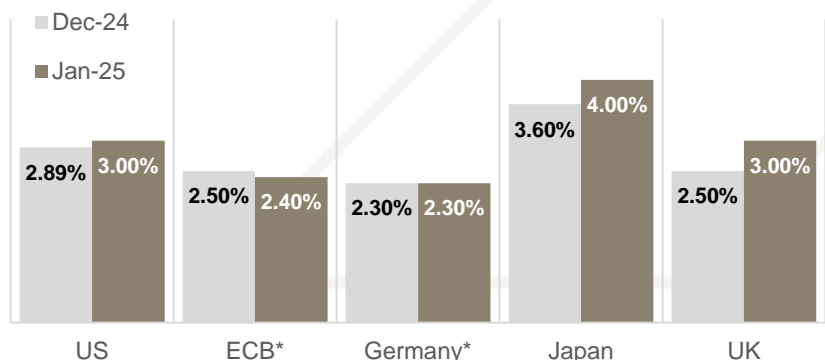
- Regional economies are likely to be impacted by the recent tariff uncertainty given the trade balance in favor of US as it runs trade surpluses with most of them
- As we write OPEC+ has announced that they would continue with the unwinding of the production cuts during April 2025. Positive for GCC economies as increase oil production will boost growth. Downside risks to MENA growth include deceleration in the monetary policy easing, slowdown in global growth and demand and strong US Dollar

Source: Fitch Solutions, f=forecasted, e=expected

Consumer Price Inflation & Central Banks Rates Monitor

Inflation continues to remain elevated. Key upward contributions was from Recreational, Transportation and Food prices on a year-on-year basis

Consumer Price Index (CPI)



* Inflation for the month of February

- The US CPI (Inflation) Jan 2025 recorded an increase of 3.0% over Jan 2024, when compared to December 2024 levels Inflation continues to remain sticky with upward movement. During December 2024, the Index was up 2.89% compared to same period last year. Key drivers being 8.05% increase in Transportation costs during
- In the case of UK CPI (Inflation) recorded an increase of 2.97% over Jan 2024. The Index moved up compared to December 2024 levels of 2.57%. Transportation Index which constitutes 13.28% to the overall CPI was up 1.76% during Jan 2025. The Food & Non-Alcoholic Index another key contributor to the CPI (11.15%) recorded an increase of 3.27% during the same period.
- As we write the Eurozone reported annual Inflation for the month of February 2025 which was at 2.40% down from January annual inflation of 2.50%

Source: Refinitiv; CPI: Consumer Price Inflation

Central Banks Rates

Central Bank	Current Rate	Prior Rate	Change (bps)
US Federal Reserve System	4.50%	4.50%	-
European Central Bank	2.50%	2.75%	(25.0)
Bank of England	4.50%	4.75%	(25.0)
People's Bank of China	3.10%	3.10%	-
Central Bank of the Republic of Turkey	42.50%	45.00%	(250.0)

Economic Calendar

March 2025						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

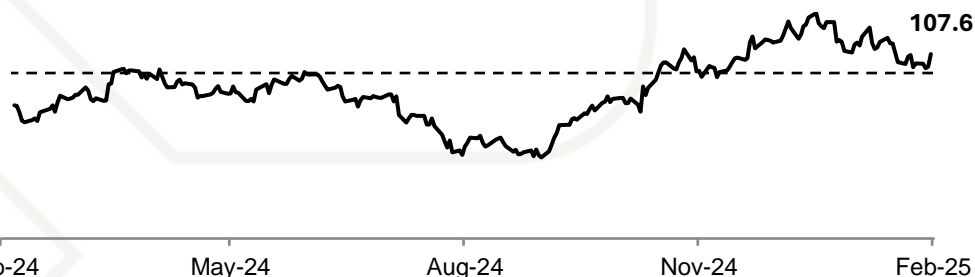
- March 03:** Turkey & Eurozone CPI data
- March 06:** European Central Bank meeting
- March 09:** China CPI data
- March 12:** US CPI data
- March 19:** US Federal Reserve Meeting
- March 19:** Japan Central Bank Meeting
- March 20:** Turkey Central Bank meeting
- March 20:** People's Bank of China meeting
- March 20:** Bank of England meeting
- March 21:** Japan CPI data
- March 26:** UK CPI data

Commodities and Forex Overview

Commodities remain mixed with the Industrial Metals recording gains on a monthly basis as China announces economic stimulus, while oil continued to remain weak amid demand supply equilibrium

- The average price for Brent Crude during the month of February was at USD 75.01 per barrel down 4.29% compared to previous month average price of USD 78.37 per barrel. As we write the Brent trades at USD 71.76 per barrel, there is potential downside risks to oil prices given weak demand coupled with increase supply. OPEC+ announced that the organization would start to unwind its productions cuts starting April 2025
- As per Refinitiv forecasts, demand by end of Q12025 is expected to reach 103.88 million barrel per day (mbpd) which is an increase of 0.45% over Q42024 demand, while supply to move up by 0.1% to 103.85mbpd. However, the Q22025 forecasts indicate a decline in demand of 0.12% to 103.76mbpd while supply is to increase by 0.57% during the same period resulting in excess supply to demand.
- US Dollar Index an Index representing USD relative to a basket of currencies remained range bound as it closed at 107.6. We foresee potential upside in the US Dollar along with increased volatility as tariff risks continue to loom.

The US Dollar Index is down 0.70% on a Monthly basis



Oil & Gas	Last	MTD	3M	YTD
NYMEX (USD Per Barrel)	69.76	-3.82%	2.59%	-2.73%
Brent Crude (USD Per Barrel)	73.18	-4.66%	0.33%	-1.96%
DME Oman Crude (USD Per Barrel)	76.34	-8.59%	4.32%	-1.48%
Natural Gas (USD MMBTU)	3.83	25.95%	14.01%	5.53%
LNG - ASIA (USD MMBTU)	13.50	-2.17%	-10.60%	-4.26%
Precious Metals	Last	MTD	3M	YTD
Gold (USD Ozs)	2,836.80	0.86%	6.77%	7.90%
Silver (USD Ozs)	31.22	-2.83%	1.74%	7.87%
Base Metals	Last	MTD	3M	YTD
Aluminum (USD/Tonne)	2,632.5	1.48%	1.48%	3.17%
Alu Alloy (USD/Tonne)	2,295.0	11.95%	1.77%	1.77%
Copper (USD/Tonne)	9,389.5	3.77%	4.21%	7.09%
Tin (USD/Tonne)	31,704.0	5.32%	9.65%	9.01%
Zinc (USD/Tonne)	2,809.0	2.44%	-9.47%	-5.69%
Lead (USD/Tonne)	2,007.0	2.95%	-3.16%	2.82%
Nickel (USD/Tonne)	15,832.0	4.09%	-0.45%	3.29%
Rolled Steel (CNY/Tonne)	3,084.4	-2.02%	-4.81%	-2.82%

Source: Refinitiv, YTD as of February 28, 2025



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