



KFH Capital Monthly Monitor

Equity Market Updates

January 2025

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Equity Markets Update

Global Equities continue to record gains supported by strong earnings growth, however headwinds include tariffs, inflation and pace of interest rate cuts

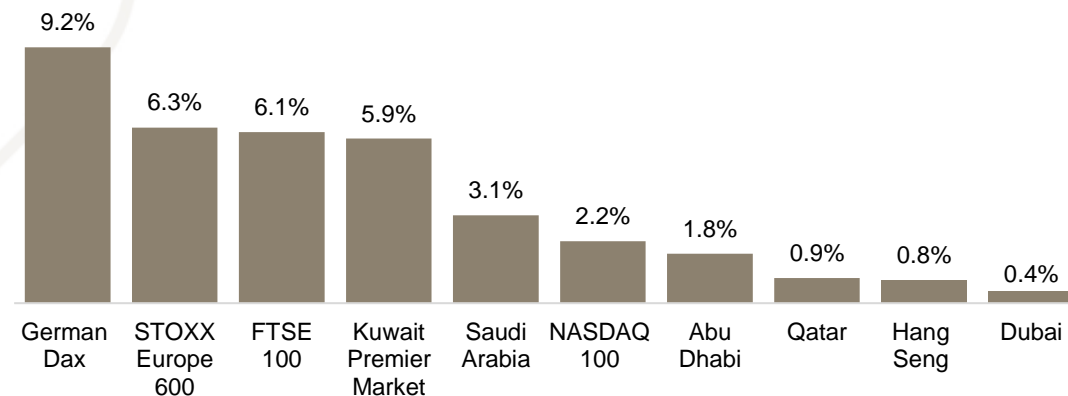
Corporate earnings for FY2024 have been above expectations so far:

- In the case of US Equities majority of the financial services sector companies have reported double digit growth in Full Year 2024 earnings. Major banks have reported a surge in profits driven by growth in income from trading fees, M&A transactions. Further, managements continue to remain optimistic for 2025 earnings, key driver being higher Investment Banking fees. While the Oil & Gas sector earnings were muted driven by lower refining margins, weak demand and increase in capacity. The outlook for 2025 will be inline with 2024

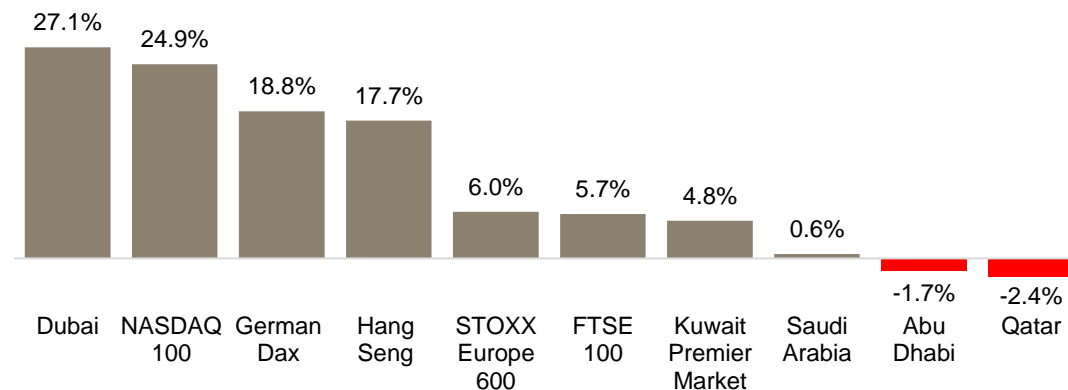
Among the GCC, the Kuwait Premier Market Index was the top performer with 5.9% gains:

- Among GCC equities the banking sector have announced earnings. Overall majority of the banks have reported growth in earnings for the Full Year 2024, key growth driver being double digit growth in Total Operating Income.
- Kuwait Finance House (KFH) recorded 2.96% growth in earnings as profits were impacted by higher monetary losses during FY2024. While National Bank recorded an increase of 7.05%. While Al Rajhi Bank (Saudi) recorded 18.66% growth in earnings during same period

Global Equity Markets Performance – Month to Date (MTD) & YTD



Global Equity Markets Performance – 2024

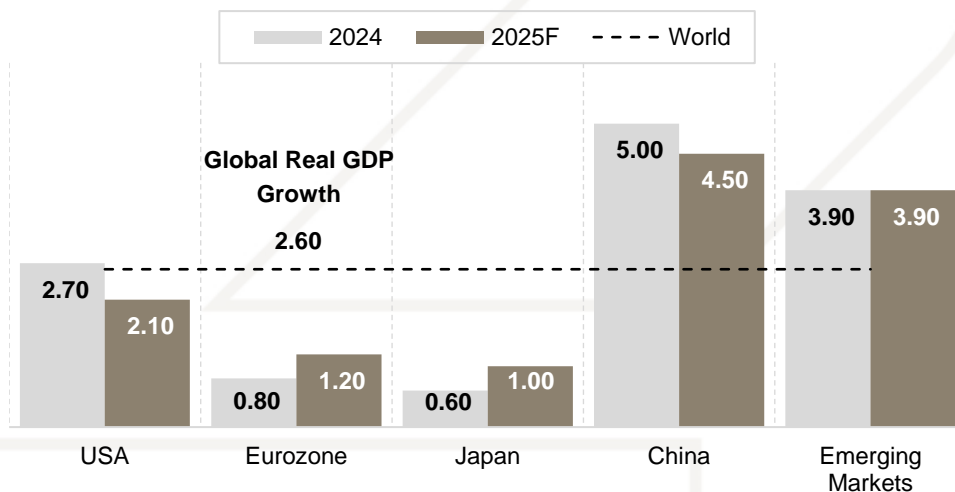


Source: Refinitiv; *Index Closing as of January 31, 2025, Valuations are on TTM basis

Macroeconomic Overview

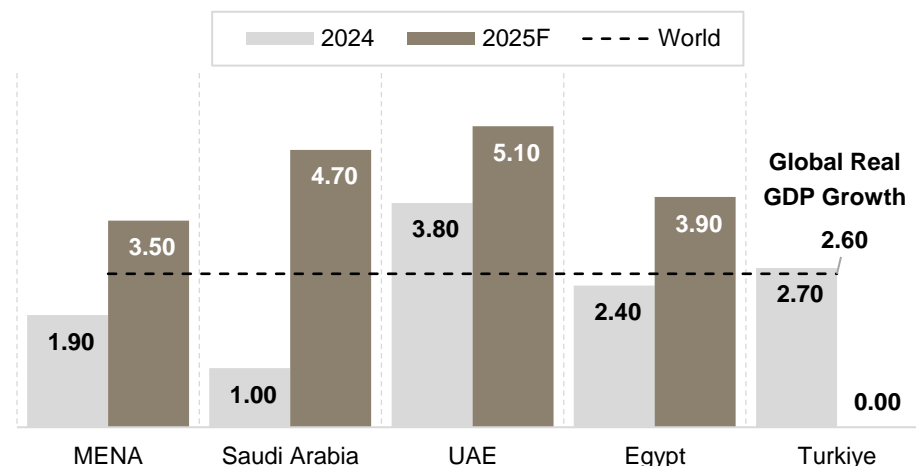
Global growth momentum to continue into 2025, however uncertainty due to new US trade policies (i.e., Trade Tariffs) pose a potential downside risk

Real GDP Growth (%) - Global



- The IMF in its latest World Economic Outlook forecasts global growth to be at 3.3% during 2025 which is higher when compared to Fitch forecasts of 2.6% for the same period.
- IMF expectations for GDP growth during 2025 in US are 2.7% while Euro area growth rates are expected to be at 1.0%. IMF forecasts for US are higher compared to the Fitch and the Fed Open Market Committee (FOMC) projections of 2.1%. In the case of Mainland China IMF forecasts a Real GDP growth of 4.5% for 2025 which is inline with the Fitch forecasts

Real GDP Growth (%) – MENA Region



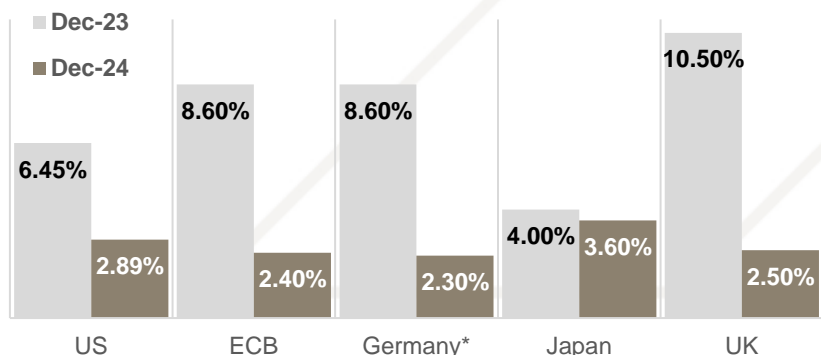
- The Fitch growth forecasts for MENA region are in line with IMF expectations of 3.5% for 2025. Key growth drivers are the probability of increased oil production coupled with a strong growth in the non-oil segment. Though the OPEC+ production cuts have been extended, expectations are that there would be a gradual decline in the cuts as we move further into 2025.
- IMF expectations for Saudi Arabia of 3.3% GDP growth 2025 are well below the Fitch and the Saudi Ministry of Finance growth rates of 4.7%

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

Consumer Price Inflation & Central Banks Rates Monitor

Though the process of disinflation continues as headline inflation descends towards central bank target of 2.0% it remains sticky

Consumer Price Index (CPI)



* Inflation for the month of January

- On the Monetary Policy rates, the US Fed continued to hold its interest rates at 4.50-4.25% range. While the European Central Bank (ECB) decided to lower key interest rates by 25bps. The Deposit Facility Rate through which the ECB steers the monetary policy is now at 2.75% down from previous level of 3.00%
- Key highlights of the US Fed press release includes that future rates cuts will be driven by incoming macroeconomic data. Further the Fed indicated that there is increased uncertainty in the economic outlook
- In the case of ECB, the committee believes that the disinflation process is well on track and inline with the ECB projections. The committee believes the eurozone economy continues to face headwinds and gradual easing of monetary policy should impact demand positively through increased investments and consumer spending

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	2.75%	3.00%	(25.0)
Bank of England	4.75%	4.75%	-
People's Bank of China	3.10%	3.10%	-
Central Bank of the Republic of Turkey	45.00%	47.50%	(250.0)

Economic Calendar

February 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	1

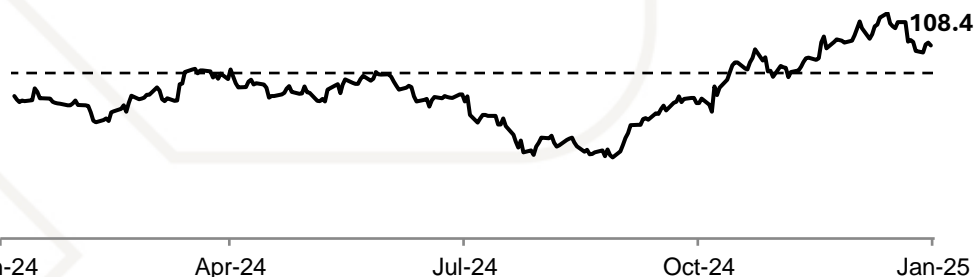
- February 03:** Turkey CPI data
- February 03:** Eurozone CPI data
- February 06:** Bank of England meeting
- February 09:** China CPI data
- February 12:** US CPI data
- February 19:** UK CPI data
- February 20:** Turkey Central Bank meeting
- February 20:** People's Bank of China meeting
- February 21:** Japan CPI data

Commodities and Forex Overview

Commodities had a mixed start to the year, the Crude complex recorded gains, Base Metals remained mixed; Precious Metals record gains. While the USD remains steady

- The Brent Crude closed at USD 76.76 per barrel after recording a monthly high of USD 82.63. The rise in prices were driven by announcements of tighter sanctions on Russian oil. However, US policy to boost domestic consumption resulted in the decline during the second half January 2025. At current levels it has strong support at USD 75 which is currently under test. While immediate resistance stands at USD 78-80
- Among precious metals Silver recorded prices were up by 11.02% on a monthly basis as trading closed at USD 32.13 per Oz. Gold was up 6.97% during the same period as it closed at USD 2,812.50 per Oz. Key price driver being concerns related to trade policy announcements which resulted in higher demand for gold.
- US Dollar Index an Index representing USD relative to a basket of currencies remained range bound as it closed at 108.4. However technical indicators point to potential upside in the index. On fundamentals, key drivers being elevated inflation levels and the recent trade tariffs.

The US Dollar Index is down 0.11% on a Monthly basis



Oil & Gas	Last	MTD	3M	YTD
NYMEX (USD Per Barrel)	72.53	1.13%	4.72%	1.13%
Brent Crude (USD Per Barrel)	76.76	2.84%	4.92%	2.84%
DME Oman Crude (USD Per Barrel)	83.51	7.77%	12.61%	7.77%
Natural Gas (USD MMBTU)	3.04	-16.21%	12.45%	-16.21%
LNG - ASIA (USD MMBTU)	13.80	-2.13%	0.00%	-2.13%
Precious Metals	Last	MTD	3M	YTD
Gold (USD Ozs)	2,812.50	6.97%	2.71%	6.97%
Silver (USD Ozs)	32.13	11.02%	-1.61%	11.02%
Base Metals	Last	MTD	3M	YTD
Aluminum (USD/Tonne)	2,626.5	2.94%	0.34%	2.94%
Alu Alloy (USD/Tonne)	2,050.0	-9.09%	-9.09%	-9.09%
Copper (USD/Tonne)	9,128.5	4.11%	-3.97%	4.11%
Tin (USD/Tonne)	30,269.0	4.08%	-3.02%	4.08%
Zinc (USD/Tonne)	2,793.5	-6.21%	-7.77%	-6.21%
Lead (USD/Tonne)	1,967.5	0.79%	-2.57%	0.79%
Nickel (USD/Tonne)	15,394.0	0.43%	-2.06%	0.43%
Rolled Steel (CNY/Tonne)	3,146.1	-0.87%	-4.68%	-0.87%

Source: Refinitiv, YTD as of January 31, 2024



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