



KFH Capital Monthly Monitor

Capital Market Outlook & Updates

March 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

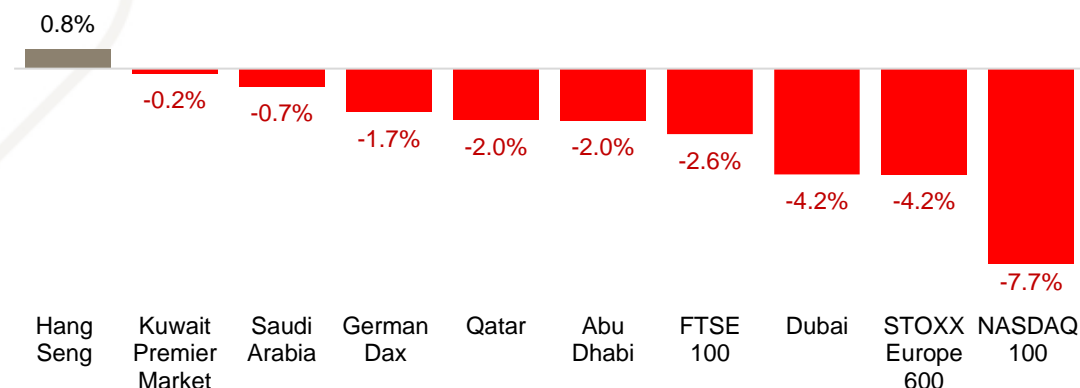
Equities face sharp declines amid recession fears:

- On a monthly basis, equities witnessed a selloff across global markets, with the Hong Kong based Hang Seng Index being the top performer for the second month in row, driven by fiscal stimulus measures. The Nasdaq 100, however, was the worst performer, falling by 7.7%, followed by the S&P 500, which declined by 5.8% by the end of March. These indices posted their worst monthly performance since December 2022. The downturn was largely attributed to renewed recession fears following the tariffs announced by President Trump.
- As we write, both S&P 500 and Nasdaq continue their sell-off, down 17.4% and 22.3% respectively from their peak on 19 February 2025, posting their largest decline since the pandemic sell-off in March 2020.

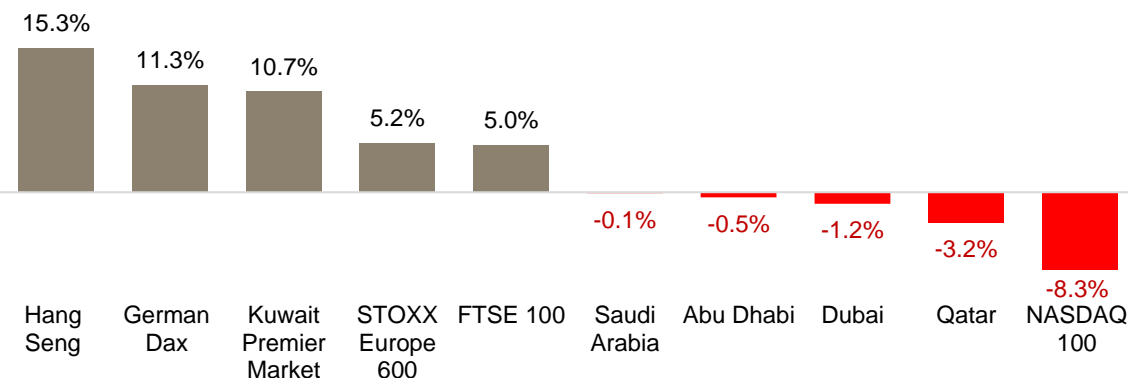
Among the GCC, the Dubai was the top loser:

- By march end, GCC markets all closed in red, with Dubai being the worst performer. Dubai Financial Market general index witnessed a monthly decline of 4.2%, mainly due to the decline in financial and real estate sectors.
- As we write, the GCC markets continue to follow suite with global markets, with Kuwait Premier Market declining 5.7% by the end of the trading session (as of April 6th)

Global Equity Markets Performance – Month to Date (MTD)



Global Equity Markets Performance – Year to Date (YTD)

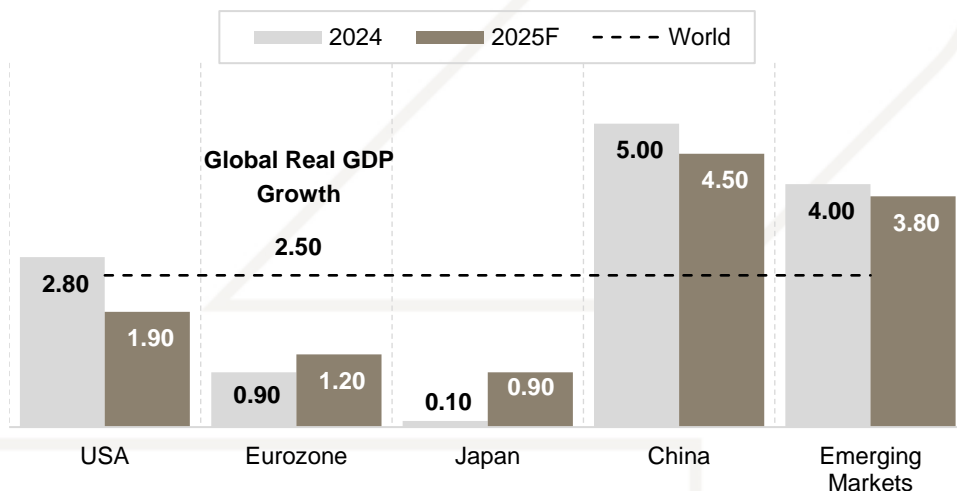


Source: Refinitiv; *Index Closing as of March 31, 2025

Macroeconomic Overview

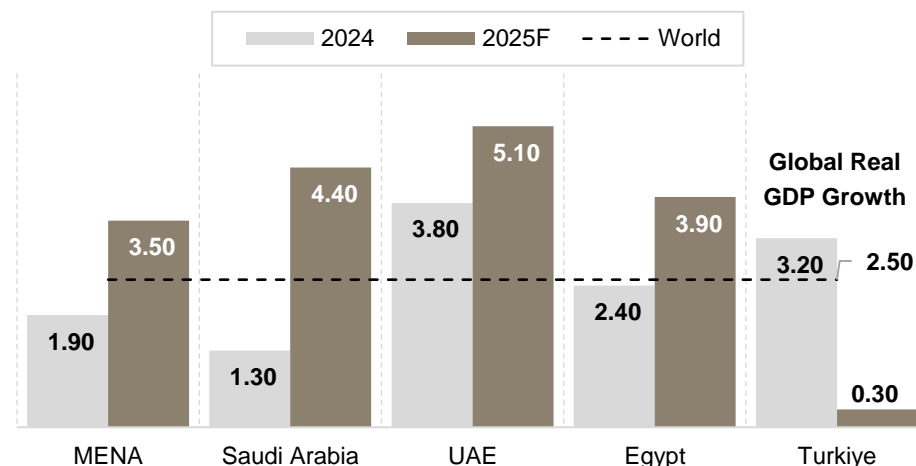
Marginal downward revision to Global GDP Growth as probability of downside risks which includes aggressive tariffs, rise in political risks increase

Real GDP Growth (%) - Global



- The recent Fitch global macro report has revised the overall global GDP growth down to 2.5% for 2025 from earlier forecasts of 2.6%. Key drivers being decline in US GDP growth, Mainland China growth to remain under pressure.
- The Fitch report forecasts a GDP growth of 1.9% for the US which is higher when compared to the Federal Open Committee (FOMC) economic projections report which forecasts a GDP growth of 1.7% for 2025 which is a significant decline from 2024 GDP growth of 2.8%

Real GDP Growth (%) – MENA Region



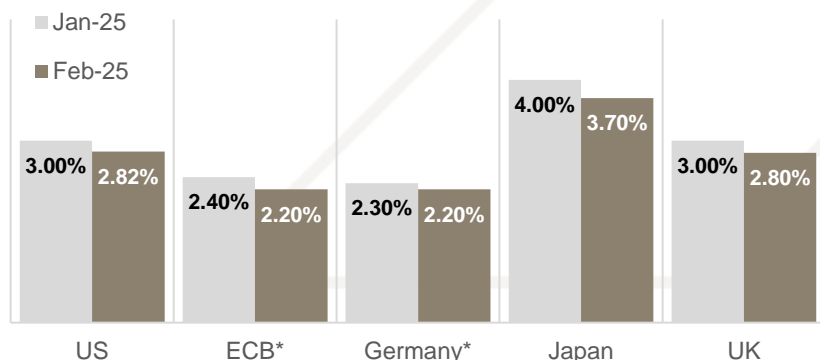
- In the case of MENA region, the growth forecasts remain unchanged at 3.5% however political risks continue to remain elevated. Key growth drivers for the region continue to be Saudi Arabia & UAE wherein growth is likely to be driven by non-oil economic sector.
- The oil sector is likely to support growth to the upside with rise in crude oil production given the OPEC+ start to unwind the production cuts starting April 2025. However, amid weak demand and new supply entering the market crude prices to remain under pressure

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

Consumer Price Inflation & Central Banks Rates Monitor

Disinflation process remains in progress however Inflation continues to remain elevated. While on Interest Rates several major central banks hold interest rate with some exceptions

Consumer Price Index (CPI)



* Inflation for the month of March

- The US CPI (Inflation) Index during the month of February was up 2.82% over same period last year, decline from previous month price increase of 3.0%. Key contributors to price index like Housing & Shelter, Transport etc. recorded a decline in prices
- In the case of UK, Inflation was also no different as it recorded an increase of 2.8% over Feb 2024, a decline from previous month price increase of 2.97%. The case for UK also remained similar to US wherein Key contributors to price increase continued to record decline in prices.
- China inflation was at -0.7% (i.e. deflation) as demand remained weak and savings rates remain higher due to economic uncertainties.
- Major Central Banks continued to hold Interest Rates with the exception of European Central Bank (ECB) which cut interest rates by 25bps in the March meeting.

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%	4.50%	-
People's Bank of China	3.10%	3.10%	-
Central Bank of the Republic of Turkey	42.50%	45.00%	(250.0)

Economic Calendar

April 2025						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
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	1	2	3

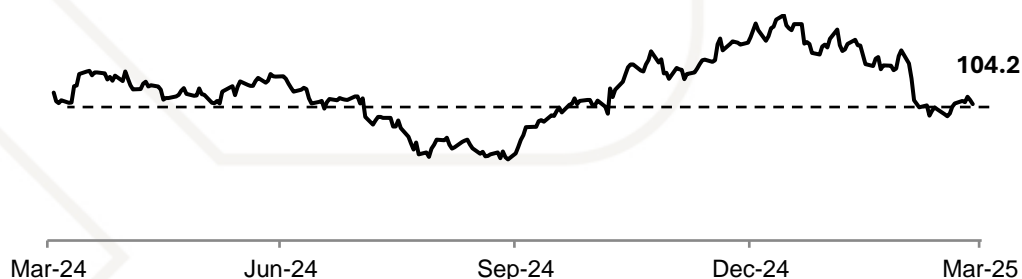
- April 01:** Eurozone CPI data
- April 03:** Turkey CPI data
- April 10:** China CPI data
- April 10:** US CPI data
- April 16:** UK CPI data
- April 17:** European Central Bank meeting
- April 17:** Central Bank of Turkey meeting
- April 18:** Japan CPI data
- April 21:** People's Bank of China meeting

Commodities and Forex Overview

Commodities remained mixed by the end of first quarter, outlook remains to the downside key headwinds include weak demand and deceleration in economic activity

- The average price for Brent during Q12025 stood at USD 75.0 per barrel, a decline of 8.39% compared to Q12024 average price of USD 81.87 per barrel. Weak demand coupled with steady supply resulted in the downside in price
- In the case of Crude prices there is potential downside risks given weak demand from China coupled with the unexpected increase in supply. As we write, OPEC+ members in the recently concluded meeting have announced that they would accelerate unwinding the production cuts starting April 2025.
- In the case of Crude oil, as per Refinitiv data the expected global demand for Q2-2025 is 103.8 million barrels per day (mbpd) a decline of 0.1% over Q1-2025. While the global supply is expected to increase by 0.2% to 104.1 mbpd during the same period
- Among precious metals, Gold recorded gains to the tune of 18.77% on a Year-to-Date basis, as it recorded new highs driven by increased market uncertainty and its inherent nature of safe haven. Steel continues to record price decline among Industrial Metals

The US Dollar Index is down 3.16% on a Monthly basis



Oil & Gas	Last	MTD	3M	YTD
NYMEX (USD Per Barrel)	71.48	2.47%	-0.33%	-0.33%
Brent Crude (USD Per Barrel)	74.74	2.13%	0.13%	0.13%
DME Oman Crude (USD Per Barrel)	75.93	-0.54%	-2.01%	-2.01%
Natural Gas (USD MMBTU)	4.12	7.43%	13.38%	13.38%
LNG - ASIA (USD MMBTU)	13.00	-3.70%	-7.80%	-7.80%
Precious Metals	Last	MTD	3M	YTD
Gold (USD Ozs)	3,122.80	10.08%	18.77%	18.77%
Silver (USD Ozs)	34.46	10.37%	19.06%	19.06%
Base Metals	Last	MTD	3M	YTD
Aluminum (USD/Tonne)	2,533.0	-2.78%	-0.73%	-0.73%
Alu Alloy (USD/Tonne)	2,559.0	11.50%	13.48%	13.48%
Copper (USD/Tonne)	9,710.0	3.76%	10.74%	10.74%
Tin (USD/Tonne)	36,645.0	17.03%	26.00%	26.00%
Zinc (USD/Tonne)	2,852.5	2.13%	-4.23%	-4.23%
Lead (USD/Tonne)	2,012.0	0.98%	3.07%	3.07%
Nickel (USD/Tonne)	15,918.0	3.14%	3.85%	3.85%
Rolled Steel (CNY/Tonne)	3,024.5	-1.94%	-4.70%	-4.70%

Source: Refinitiv, YTD as of March 31, 2025



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