



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

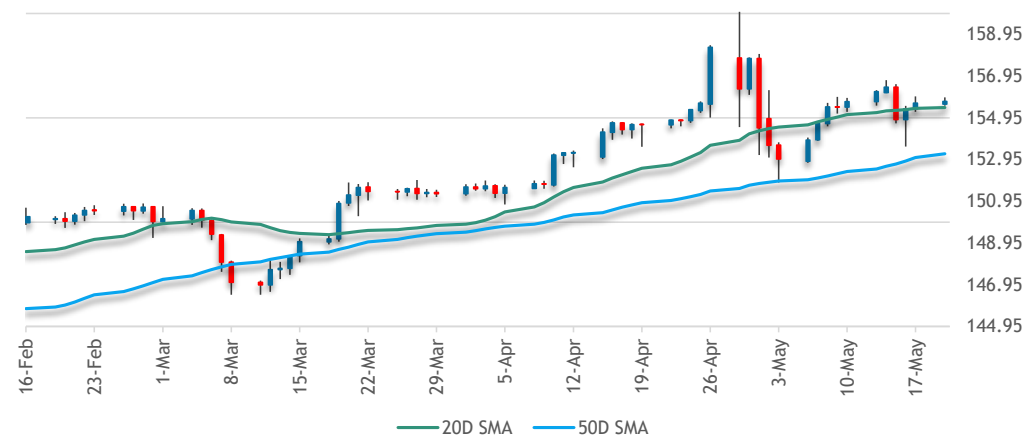
## KFH Treasury



*Report produced on*  
**Mon, 20-May-2024**

# Forex Market

## JAPANESE YEN



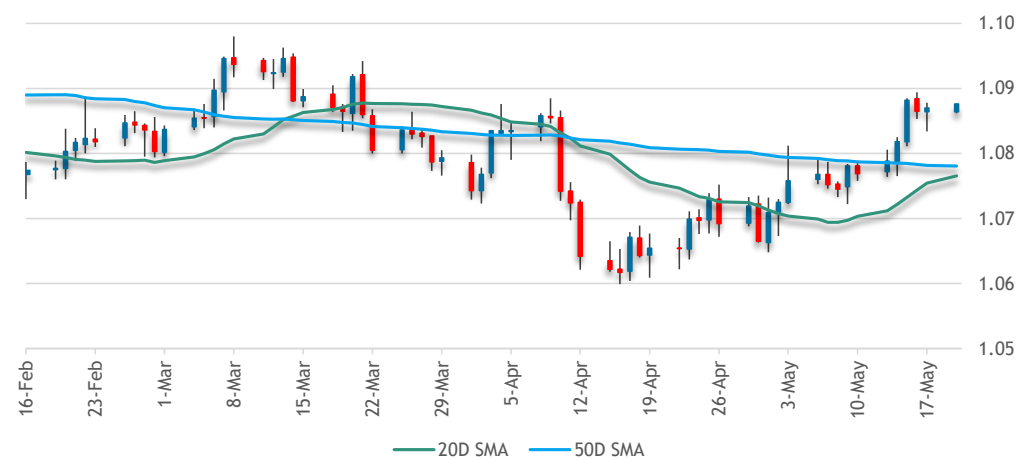
CLOSE **155.65** 1M %chg **0.82%** 3M %chg **3.62%**

### USD/JPY in stasis below 156.00, JPY crosses bid on carries

20 May 2024 05:37:48 AM

- \* USD/JPY in stasis just below 156.00, Asia 155.57-94 EBS, on quiet side
- \* Market obviously looking for fresh catalysts, direction
- \* Nearby option expiries this week below and above to help contain action
- \* Japanese importers, exporters, other digging in, battle lines drawn?
- \* Importers from well ahead of 155.00, exporter offers from @156.00
- \* Nikkei buoyant, back on 39k handle, +1.4% @39,346 as of TSE AM close
- \* JPY crosses bid on flourishing carry trades with BOJ still accommodative
- \* EUR/JPY 169.31-57 EBS, best since spike up to 171.60 on April 29
- \* GBP/JPY 197.33-198.08, best since spike up to 200.36 on April 29

## EURO



CLOSE **1.0870** 1M %chg **1.86%** 3M %chg **0.89%**

### EUR/USD set for a fifth straight weekly gain

17 May 2024 01:57:31 AM

- \* Bearish close Thursday and weakness in early Europe Friday
- \* Still set for a fifth straight weekly gain
- \* Close above the weekly cloud could be significant: top at 1.0801
- \* Subdued risk appetite lending the USD support
- \* ECB's Isabel Schnabel calls for caution towards rate cuts beyond June
- \* Germany's econ grew more than expected in Q1 and inv moral at a 2-year high
- \* Cooling U.S. inflation and a softer econ raised the prospect of rate cuts
- \* Option sellers/hedgers help define EUR/USD range by 1.0850

# Forex Market

## POUND STERLING



CLOSE

**1.2699**

1M %chg

**2.03%**

3M %chg

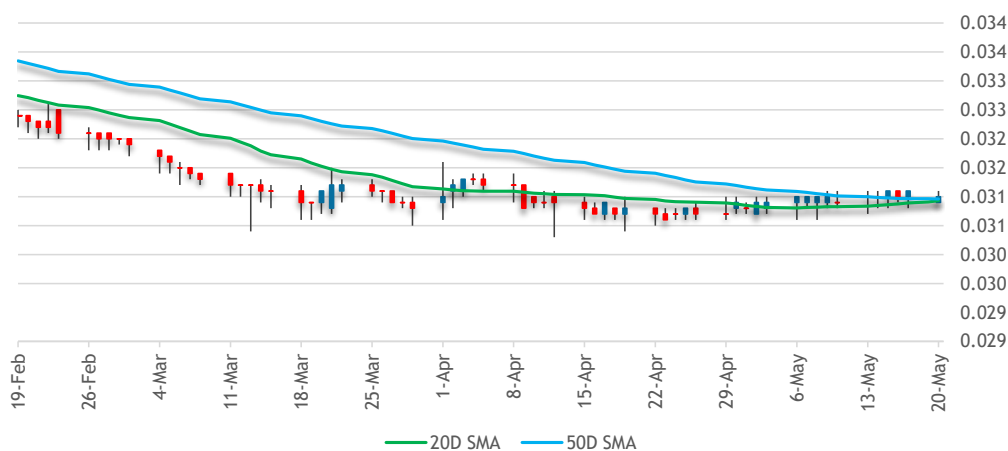
**0.80%**

### COMMENT-Transfixed by looming inflation test, sterling holds familiar ground

17 May 2024 06:08:42 PM

GBP/USD hovered near flat in Friday trading, capped near Thursday's 1.27 high, as traders cogitate over recent softer U.S. CPI and hot import prices while preparing for key UK inflation data next Wednesday that could decide whether the BoE pivots to a lower policy path in June, presenting a challenge for sterling. Sterling held most of Wednesday's U.S. CPI-related gains, which had lifted GBP/USD to its 5-week high at 1.27, though traders are wary of testing the April 9-10 peak at 1.2709 after the hot U.S. import price data tempered disinflation euphoria. Inflation data that supports such a shift could send GBP/USD to test minor support at the 100-DMA by 1.2632 and the 55-DMA at 1.2603 on its way down Wednesday's long candle to 1.2585 and perhaps the May 14 low at 1.2510.

## TURKISH LIRA



CLOSE

**0.0311**

1M %chg

**0.65%**

3M %chg

**-4.01%**

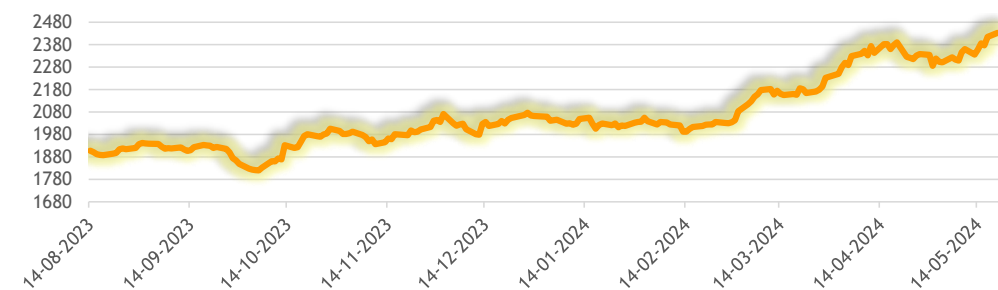
### Turkey cenbank expected to hold policy rate steady in May

17 May 2024 04:16:18 PM

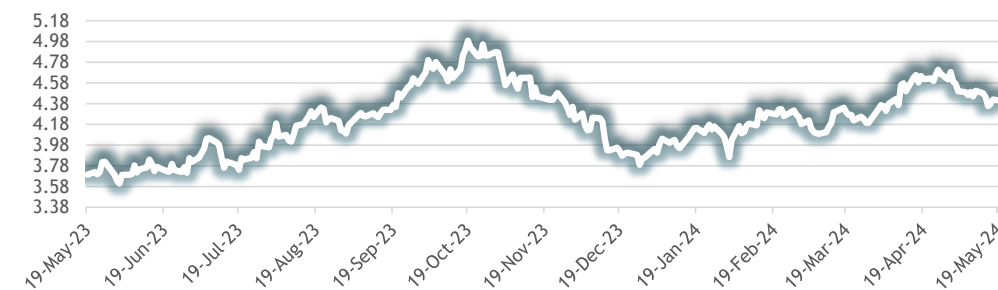
ISTANBUL, May 17 (Reuters) - Turkey's central bank is expected to leave its key interest rate unchanged at 50% next week as inflation peaks, a Reuters poll showed on Friday. The central bank raised its policy rate by 500 basis points to 50% in March, citing deterioration in the inflation outlook. It kept the benchmark rate steady in April and vowed to act if inflation outlook worsens. In total, the bank has raised its policy rate by 4,150 basis points in a tightening cycle since June, reversing a previous low-rates policy championed by President Tayyip Erdogan to boost economic growth. Last week, Central Bank Governor Fatih Karahan said annual inflation - which climbed to 69.8% in April - will peak this month at 75-76% after which a disinflation trend would take hold alongside cooling domestic demand.

# Gold, US Treasury & Dollar Index

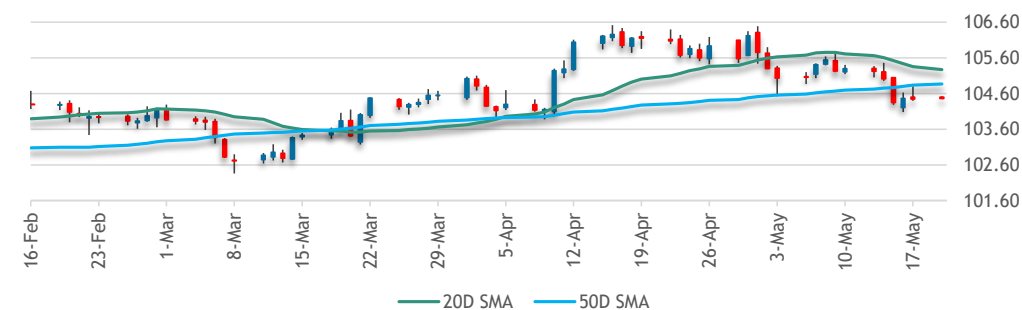
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

**4.41**

1M %chg

**-3.60%**

3M %chg

**2.91%**

### PRECIOUS-Gold hits record peak as rate cut bets burnish appeal, silver jumps

20 May 2024 08:08:43 AM

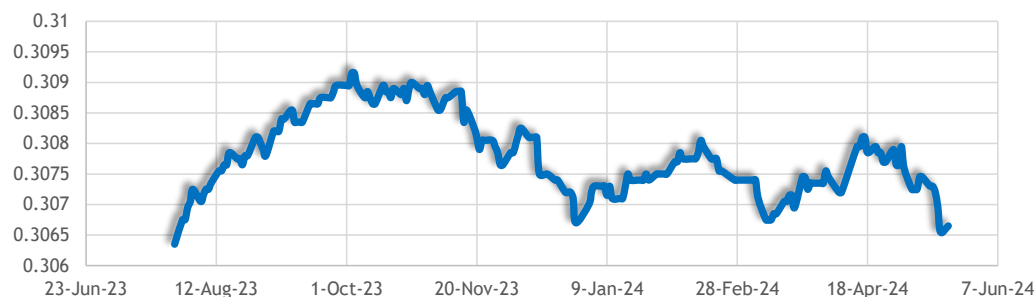
May 20 (Reuters) - Gold prices hit an all-time high on Monday as a slowing U.S. inflation trend boosted expectations that the Federal Reserve could deliver its first interest rate cut soon, while silver scaled a more than 11-year peak. Spot gold was up 0.9% at \$2,436.76 per ounce, after hitting a record high of \$2440.49 earlier in the session. U.S. gold futures GCcv1 rose 1% at \$2,440.60. Bullion is known as an inflation hedge, but higher rates increase the opportunity cost of holding non-yielding gold. "Gold prices sneaked in a cheeky record high ahead of China's (market) open on Monday. Yet as the move has not been confirmed with by a weaker U.S. dollar, it seems to have been caught a tailwind from higher metals futures on China's exchanges," said City Index senior analyst Matt Simpson. Spot silver rose 2.5% to \$32.28 after hitting an over 11-year high. Platinum rose 0.7% to \$1,088.75, after hitting its highest since May 12, 2023. Palladium dropped 0.5% to \$1,013.56.

### UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Tertiary Ind Act NSA*	JP	20-May 10:00	Mar	0.6	
Reuters Tankan N-Man Idx	JP	21-May 04:30	May	25	
Reuters Tankan Man'f Idx	JP	21-May 04:30	May	9	
Exports YY	JP	21-May 05:20	Apr	7.3	11.1
Imports YY	JP	21-May 05:20	Apr	-5.1	9.0
Machinery Orders MM *	JP	21-May 05:20	Mar	7.7	-2.2
Machinery Orders YY *	JP	21-May 05:20	Mar	-1.8	2.3
Trade Balance Total Yen	JP	21-May 05:20	Apr	387.0	-339.5
Current Account NSA, EUR*	EU	21-May 13:30	Mar	31.64	
Current Account SA, EUR*	EU	21-May 13:30	Mar	29.450	
Construction Output MM*	EU	21-May 14:30	Mar	1.83	

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0864	1.0878	1.0834	1.087	0.05%
GBP	1.267	1.2711	1.2642	1.2699	0.26%
JPY	155.38	155.98	155.23	155.65	0.17%
TRY	0.031	0.0311	0.0308	0.0311	0.32%
Dollar Idx	104.5	104.798	104.392	104.445	-0.02%
Brent	83.43	84.04	83.08	83.98	0.85%
WTC	81.06	81.68	80.7	81.66	1.00%
Gold	2376.4446	2422.68	2373.78	2414.89	1.62%
KWSE Index	7171.65	7187.59	7169.49	7178.19	0.21%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.38	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

**0.30665**

**-0.45%**

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	5.71
1M	5.43	1Y	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	11-Apr-'24	4.50	4.50	0.00
BOE Bank Rate	09-May-'24	5.25	5.25	0.00
BOJ Prime Rate	10-May-'24	1.70	1.60	0.10
TRY ON Lending Rate	21-Mar-'24	53.00	46.50	6.50

## KEY INTERNATIONAL STORIES

### US labor market fairly tight, broader economy losing steam

WASHINGTON, May 16 (Reuters) - The number of Americans filing new claims for jobless benefits fell last week, unwinding nearly half of the jump at the start of the month, indicating that labor market conditions remain fairly tight even as job growth is cooling. Initial claims for state unemployment benefits dropped 10,000 to a seasonally adjusted 222,000 for the week ended May 11, the Labor Department said. Economists polled by Reuters had forecast 220,000 claims in the latest week. Claims raced to an eight-month high in the prior week. Unadjusted claims decreased 13,325 to 196,725.

### Asking prices for UK homes hit record high, Rightmove says

LONDON, May 20 (Reuters) - Prices of homes being put up for sale in Britain have hit record highs despite still expensive mortgage costs, but the pace of gains has slowed, according to data from property website Rightmove. The average asking price for residential properties touched 375,131 pounds (\$474,578.23) in the four weeks to mid-May, Rightmove said. However, the 0.8% increase in month-on-month terms represented the weakest rise so far in 2024. Prices were only 0.6% higher when compared with the same period last year. Rightmove said asking prices rose by the most - up 1.3% in annual terms - in the high end of the market.

### Russia's Q1 GDP grows 5.4% - stats service

MOSCOW, May 17 (Reuters) - Russia's gross domestic product (GDP) rose by 5.4% year-on-year in the first quarter after growing 4.9% in the fourth quarter of 2023, the state statistics service said on Friday. In the first quarter 2023 Russia's GDP contracted by 1.6%. The economy ministry earlier estimated first quarter GDP growth at 5.4%, the central bank - at 4.6%. Analysts polled by Reuters had expected a year-on-year increase of 5.3%. The Bank of Russia sees Russian GDP growth slowing down to 4.4% in the second quarter compared to the same period a year ago as a result of tight monetary policy.

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### China new home prices fall at fastest pace in over 9 years

BEIJING, May 17 (Reuters) - China's new home prices fell at the fastest monthly pace in over nine years in April, keeping pressure on authorities as intensified efforts to prop up the ailing property sector show few signs of paying off. Prices were down 0.6% month-on-month in April, worse than a 0.3% fall in March, the fastest pace since November 2014, according to Reuters calculations based on National Bureau of Statistics (NBS) data released on Friday. Prices have fallen for a tenth consecutive month, the data showed. In annual terms, new home prices fell at the steepest pace since July 2015, down 3.1% last month versus a 2.2% drop in March.

### Thai Q1 GDP grows 1.5% y/y, above forecast

BANGKOK, May 20 (Reuters) - Thailand's economy expanded 1.5% in the first quarter from a year earlier, official data showed, beating analysts' expectations. On a quarterly basis, Southeast Asia's second-largest economy grew a seasonally adjusted 1.1% in the January-March quarter, data from the National Economic and Social Development Council (NESDC) showed. The quarterly growth meant the economy avoided a technical recession, after it had contracted by a revised 0.4% in the final quarter of 2023. The state planning agency NESDC now expects 2024 GDP growth of between 2.0% to 3.0%, slightly lower than its previous forecast of 2.2% to 3.2%. Last year's growth was 1.9%.

### Brent oil gains after Iran's President dies, Saudi flags issue with King's health

SINGAPORE, May 20 (Reuters) - Brent crude futures extended gains on Monday, inching up amid political uncertainty in major producing countries after Iran's president died in a helicopter crash and the Saudi crown prince cancelled a Japan trip, citing health issues with the king. Brent LC0c1 gained 10 cents, or 0.1%, to \$84.08 a barrel by 0454GMT, after rising to \$84.30 earlier, its highest since May 10. U.S. West Texas Intermediate (WTI) crude for June CLc1 edged down 5 cents to \$80.01 a barrel, after hitting \$80.23 earlier, the highest since May 1. The June contract expires on Tuesday and the more-active July contract was at \$83.75, up 12 cents, or 0.1%.