



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

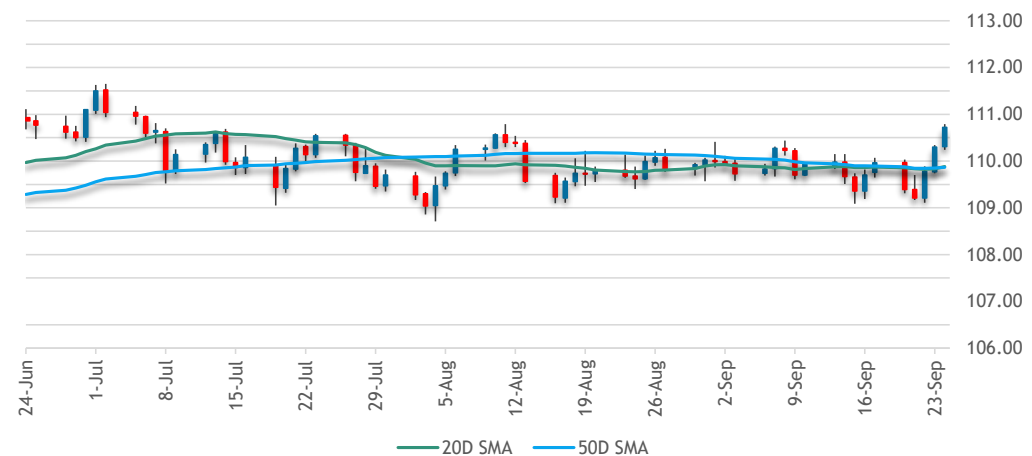
KFH Treasury



Report produced on
Sun, 26-Sep-2021

Forex Market

JAPANESE YEN



CLOSE **110.72** 1M %chg **1.00%** 3M %chg **-0.13%**

COMMENT-USD/JPY shorts could now be in serious trouble - Reuters

24-Sep-2021 04:01:26 PM

Sept 24 (Reuters) - FX traders had been selling USD/JPY for most of the week, but this came to an end on Thursday, according to EBS flow data. On Thursday USD/JPY rose to close above the daily cloud, which currently spans the 109.86-110.19 region, putting remaining USD/JPY shorts in a bind. Friday saw USD/JPY rise to 110.57 on the EBS for the first time since Aug. 11, as benchmark U.S. Treasury yields climbed as high as 1.452% in Tokyo, a level not seen since July 2. However a USD/JPY daily close back within the cloud will warn of another bull trap, set when a market breaks above a technical level but subsequently reverses. Wherever USD/JPY goes, EUR/JPY could move with it, as the 30/60-day log correlations between the two currency pairs are both well above +0.50. They tend to close in the same direction more often than not.

EURO



CLOSE **1.1714** 1M %chg **-0.33%** 3M %chg **-1.81%**

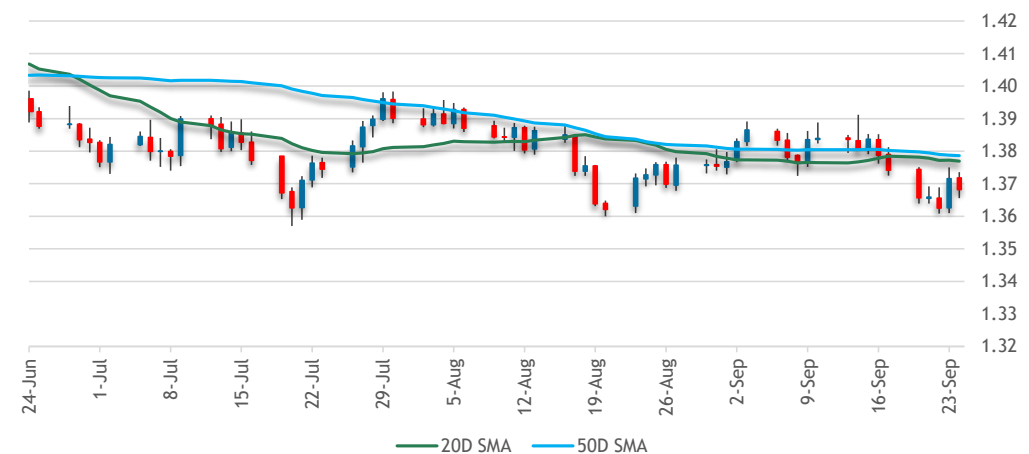
COMMENT-EUR/USD longs cannot shake that sinking feeling - Reuters

24-Sep-2021 08:31:11 PM

Sept 24 (Reuters) - EUR/USD longs were riding high on Thursday as the post-Fed risk-on theme fueled gains, but that rally stalled, leaving longs to confront a familiar set of risks ranging from China to technicals. Investors' concerns about a potential default by China Evergrande group drove risk-off sentiment on Friday, which led to safe-having dollar buying, helping turn EUR/USD away from the 10-day moving average and negative on the session. China's crackdown on cryptocurrencies reinforced investors' anxiety, which drove them out of riskier plays. Cryptocurrencies dropped sharply on China's policy moves, which had a spillover effect on equity and commodity prices. EUR/USD shorts need a break and sustained hold below the 38.2% Fib of 1.0636-1.2349 and August monthly low to gain greater control and drive a test of key support near 1.1600.

Forex Market

POUND STERLING



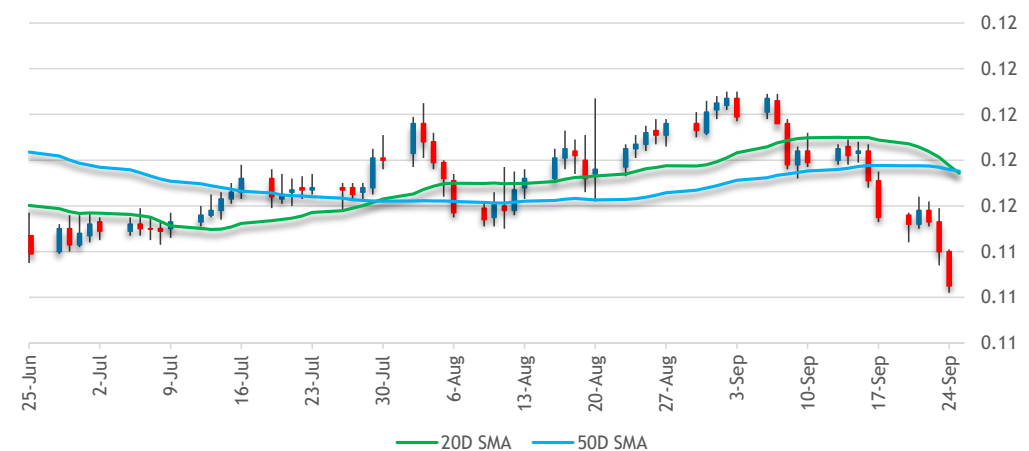
CLOSE **1.3682** 1M %chg **-0.33%** 3M %chg **-1.72%**

Sterling eyes retest of trend lows near 1.36, as hawkish BoE tones temper - Reuters

24-Sep-2021 11:11:02 PM

- * Sterling weak into NorAm close, -0.34% at 1.3675; NorAm range 1.3696-1.3660
- * Rising infl may prod BoE to hike early in 2022, but supply issues limit gain
- * Thursday hawkish BoE tones shrugged off, amid China crypto/Evergrande angst
- * Sterling resistance by 10DMA holds, recent lows by 1.36 in view
- * GBP/USD res abv 10-DMA at daily cloud base 1.3761, then 200-DMA at 1.3862
- * Supt at Fri low 1.3660, lower 30-d Bolli at 1.3615, Jul 20 low 1.3573
- * EUR/GBP gains 0.19% to 0.8570, traders wary above 30-WMA by 0.8587, for now

TURKISH LIRA



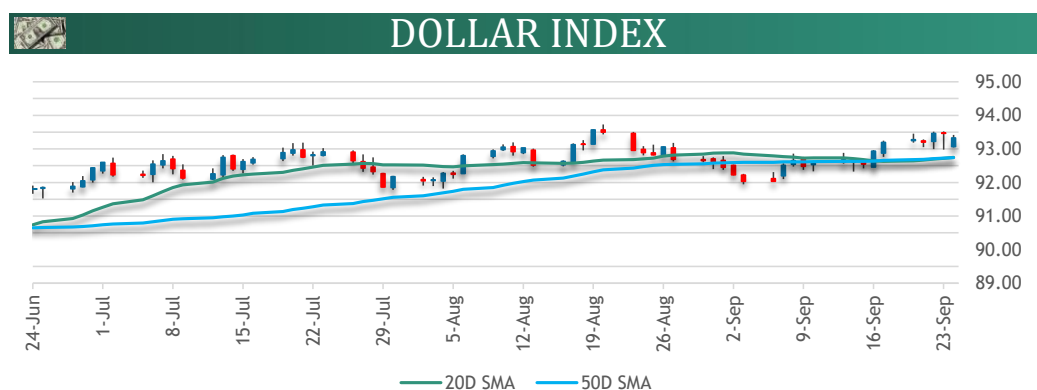
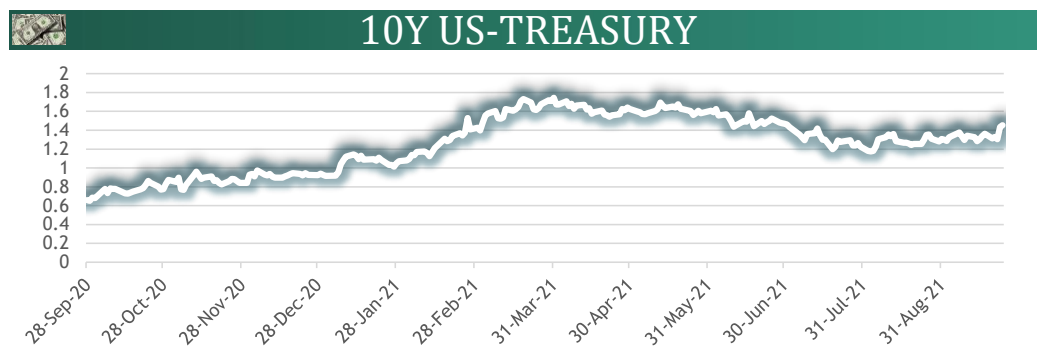
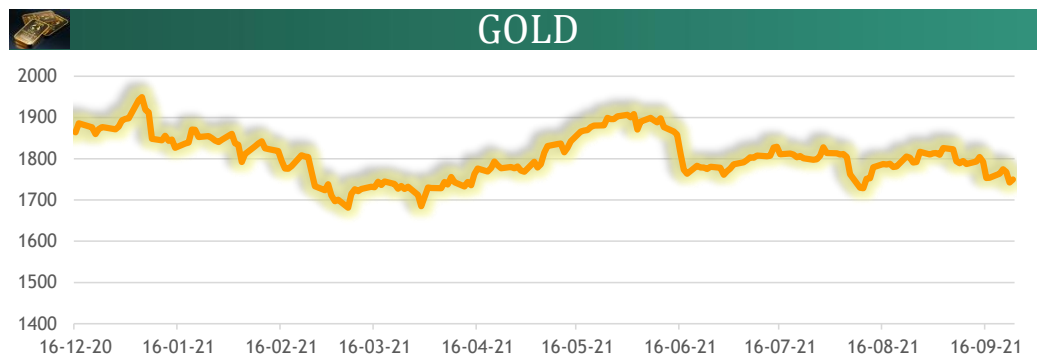
CLOSE **0.1125** 1M %chg **-5.22%** 3M %chg **-1.92%**

Lira hits record lows as rate cut sets Turkey on uncertain path - Reuters

25-Sep-2021 03:16:10 AM

ANKARA, Sept 24 (Reuters) - Turkey's lira hit an all-time low against the dollar on Friday, a day after the central bank unexpectedly cut interest rates, reinforcing growing concern over President Tayyip Erdogan's influence over monetary policy. The currency TRYTOM=D3, prone to abrupt depreciations and an emerging-markets laggard for several years, closed at a session low of 8.8995 per dollar, compared to its previous record low close of 8.775 in late June and intraday low of 8.88 from early June. The central bank's abrupt move on Thursday to ease monetary policy as Erdogan has sought, despite a run-up in inflation, sparked an almost 3% drop in the currency this week. This month's drop is 6.5% so far. On Thursday, the lira dove in volatile trading when the central bank slashed its key interest rate by 100 basis points to 18%, despite headline inflation of 19.25% last month, well above a 5% target.

Gold, US Treasury & Dollar Index



US 10YT YIELD

1.45

1M %chg

12.01%

3M %chg

-3.08%

PRECIOUS-Gold climbs on weaker dollar, lingering Evergrande risks

25-Sep-2021 12:12:00 AM

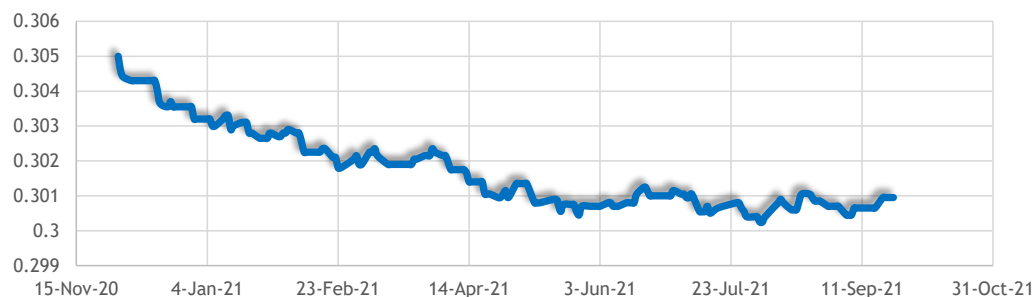
Sept 24 (Reuters) - Gold prices rose on Friday due to a subdued dollar and as investors avoided riskier assets because of China's Evergrande saga, but looming interest rate hikes slowed bullion's advance. Spot gold XAU= was 0.4% higher at \$1,750 per ounce by 1:50 pm EDT (1750 GMT) but still on course for a third consecutive week of falls. U.S. gold futures GCv1 settled up 0.1% to \$1,751.7. Gold slid to a one-month low on Thursday on expectations the U.S. Federal Reserve could hike rates. But a weakening dollar index .DXY on Friday offered support, making bullion cheaper for holders of other currencies. A Fed rate hike would increase the opportunity cost of holding gold, which pays no interest. Elsewhere, palladium XPD= fell 0.9% to \$1,965.54 per ounce, and was on track for a third straight weekly decline. Platinum XPT= slipped 1.2% to \$976.85 per ounce, although the metal was set to rise on the week after two weekly falls. Silver XAG= fell 0.6% to \$22.35.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Money-M3 Annual Grwth*	EU	27-Sep 13:30	Aug	7.6	7.8
Durable Goods *	US	27-Sep 18:00	Aug	-0.1	0.7
Durables Ex-Defense MM *	US	27-Sep 18:00	Aug	-1.1	
Durables Ex-Transport *	US	27-Sep 18:00	Aug	0.8	0.5
Nondefe Cap Ex-Air *	US	27-Sep 18:00	Aug	0.1	0.4
Monthly Home Price Index*	US	28-Sep 18:30	Jul	343.3	
Monthly Home Price MM*	US	28-Sep 18:30	Jul	1.6	
CaseShiller 20 MM SA	US	28-Sep 18:30	Jul	1.8	1.6
CaseShiller 20 YY	US	28-Sep 18:30	Jul	19.1	20.0
Consumer Confidence *	US	28-Sep 19:30	Sep	113.8	114.5
Rich Fed Comp. Index*	US	28-Sep 19:30	Sep	9	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1684	1.1749	1.1682	1.1714	0.43%
GBP	1.3626	1.375	1.361	1.3682	-0.25%
JPY	109.77	110.34	109.74	110.72	0.38%
TRY	0.1153	0.1159	0.1134	0.1125	-1.32%
Dollar Idx	93.48	93.524	92.981	93.327	-0.14%
Brent	75.9	77.35	75.6	78.09	1.09%
WTC	-	-	-	74.18	1.02%
Gold	1768.1234	1776.21	1737.46	1749.863	0.42%
KWSE Index	6852.95	6876.27	6852.95	6876	0.45%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	0.56	3M	1.50
SW	0.88	6M	1.75
1M	1.25	1Y	2.00

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30095

-0.02%

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	28-Oct-'20	0.88	1.00	-0.13
1W Repo Rate	28-Oct-'20	1.13	1.25	-0.13
1M Repo Rate	28-Oct-'20	1.63	1.75	-0.13
KWD ON Rate	28-Oct-'20	10.00	10.00	0.00
Discount Rate	28-Oct-'20	1.50	1.50	0.00

LIBOR RATES

Tenor	Value	Tenor	Value
ON	0.07	3M	0.13
SW	0.07	6M	0.16
1M	0.09	1Y	0.23
2M	0.11		

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	15-Mar-'20	0.25	0.25	0.00
ECB Refinancing Rate	10-Mar-'16	0.00	0.05	-0.05
BOE Bank Rate	19-Mar-'20	0.10	0.25	-0.15
BOJ Prime Rate	12-Aug-'20	1.00	1.05	-0.05
TRY ON Lending Rate	18-Mar-'21	20.50	18.50	2.00

KEY INTERNATIONAL STORIES

U.S. House set to debate \$1 trillion infrastructure bill Monday -Pelosi

WASHINGTON, Sept 24 (Reuters) - House Democratic leaders said on Friday they intended to forge ahead next week with U.S. President Joe Biden's \$3.5 trillion social agenda as well as a \$1 trillion bipartisan infrastructure bill. But with Democrats continuing to squabble over details of the social spending, it was unclear when votes would actually occur. "The bill will come up on Monday," Pelosi told reporters, referring to the smaller of the two measures that would help spark road, bridge, airport, school and other construction projects. The Senate passed that bill with bipartisan support on Aug. 10.

UK consumer morale wilts under cost-of-living crisis

LONDON, Sept 24 (Reuters) - Growing worries over energy bills, food costs and tax hikes prompted a hefty drop in British consumer confidence this month as people became more downbeat about the economic outlook, and retail sales slowed, surveys showed on Friday. The GfK Consumer Confidence Index fell to -13 in September from -8 in August, the lowest reading since April and the biggest monthly drop since October 2020, when a surge in COVID-19 cases led to renewed lockdown restrictions. Consumer prices rose last month by 3.2% in annual terms - the highest such rate in more than nine years.

ECB's Lagarde says many causes of inflation spike are temporary

FRANKFURT, Sept 24 (Reuters) - Many of the drivers of a recent spike in euro zone inflation are temporary and due to fade in the next year, European Central Bank President Christine Lagarde said. Euro zone prices have been rebounding faster than expected as the economy reopened after pandemic-induced lockdowns, and several ECB policymakers think inflation will be close to, or even above, the ECB's target of 2% next year. Speaking to Italian broadcaster Rai, Bank of Italy governor Ignazio Visco said he saw "no underlying driver" for inflation to persist beyond this temporary spike and that wages were not being increased.

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Japan's Sept manufacturing activity growth slows - flash PMI

TOKYO, Sept 24 (Reuters) - Japan's factory activity grew at the slowest pace in eight months in September as output and orders contracted, while that of the services sector remained in its downturn, underscoring the protracted impact of the coronavirus pandemic. The au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index (PMI) slipped to a seasonally adjusted 51.2 in September from a final 52.7 in the previous month, marking the slowest growth since January. Factory activity has faced headwinds from disruptions of parts supplies due to the rapid spread of the highly contagious Delta variant as well as a global semiconductor chip shortage.

Brazil consumer prices rise above 10% in 12 months for first time in five years

SAO PAULO, Sept 24 (Reuters) - Brazil consumer prices were above 10% for 12 months for the first time in five years, after data released on Friday showed a steep rise in September. The official inflation target followed by Brazil's central bank is 3.75%, with a 1.5 point tolerance margin. Rising inflation well above target has been pushing the central bank to increase interest rates with the benchmark Selic raised to 6.25% this week after a second 100 basis-point rise. Electricity climbed 3.61%, as tariffs were raised after drought affected hydroelectric dams. Food prices rose 1.5% in September.

Oil hits highest in almost 3 years as supply tightens

NEW YORK, Sept 24 (Reuters) - Oil prices rose for a third week in a row to a near three-year high on Friday as global output disruptions have forced energy companies to pull large amounts of crude out of inventories. The rally was slightly dampened by China's first public sale of state crude reserves. Brent LCOc1 futures rose 84 cents, or 1.1%, to settle at \$78.09 a barrel, while U.S. West Texas Intermediate (WTI) crude CLc1 rose 68 cents, or 0.9%, to settle at \$73.98. Brent could hit \$80 by the end of September due to stock draws, lower OPEC production and stronger Middle East demand, UBS analysts wrote.