



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

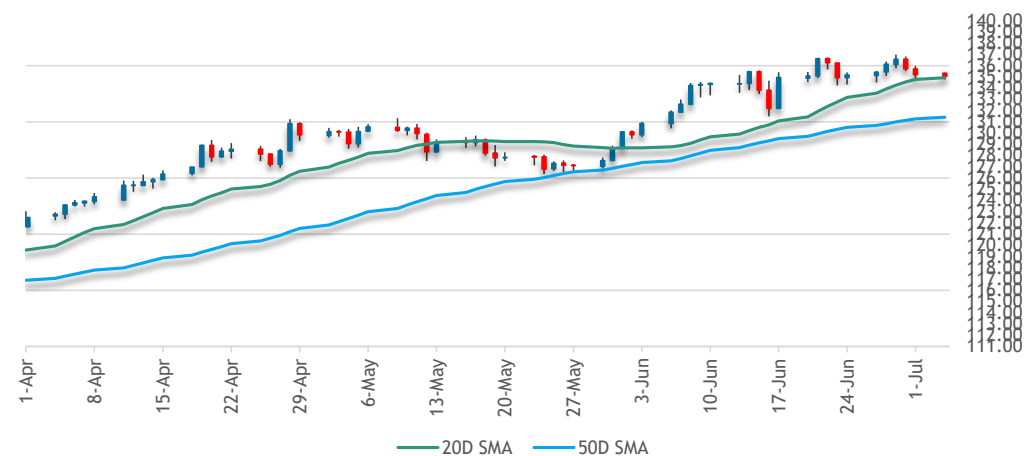
## KFH Treasury



*Report produced on*  
**Mon, 04/Jul/2022**

# Forex Market

## JAPANESE YEN



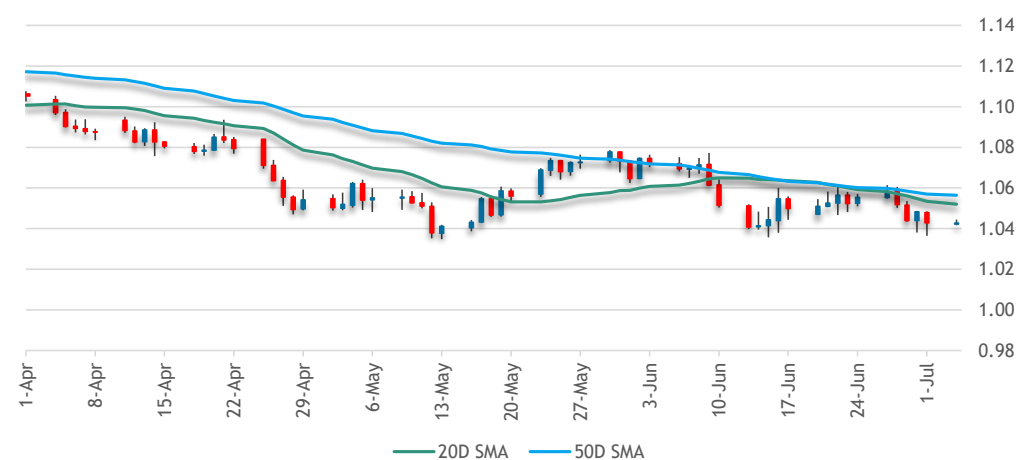
CLOSE **135.19** 1M %chg **3.90%** 3M %chg **10.37%**

### USD/JPY does little in Asia, still heavy, 134.80-135.35 - Reuters

04-Jul-2022 07:32:17 AM

- \* USD/JPY heavy in thin, Asia trade, 134.80-135.35 EBS
- \* Off Friday on growth concerns, lower US yields, narrowing rate diffs
- \* Downside limited however, 134.75 low Friday, 134.27 June 23
- \* Japanese importer bids on dips still, especially towards 134.00
- \* Offers 135.00+ now, Japanese exporters, other players tipped
- \* Some option expiries today 135.00-05, \$319 mln despite US holiday
- \* Tomorrow more massive 134.50-56 \$750 mln, 135.00 \$1.3 bln
- \* Tokyo risk on, Nikkei +0.6% @26,085, off elsewhere, E-Minis -0.6% @3802
- \* JPY crosses on hold above lows Friday, EUR/JPY 140.65-141.19 EBS

## EURO



CLOSE **1.0428** 1M %chg **-2.05%** 3M %chg **-5.65%**

### EUR/USD-Steady in Asia as US holiday limits flows - Reuters News

04-Jul-2022 07:46:11 AM

- \* EUR/USD opened 1.0430 after falling 0.57% on Friday
- \* It traded in a 1.0418/44 range and is unchanged at 1.0430 into the afternoon
- \* US holiday today likely impacted flows through the morning session
- \* Asia had a risk-off tone with E-minis falling 0.60%
- \* EUR/USD trending lower with the 5, 10 & 21-day MAs in a bearish alignment
- \* Resistance is at the 10-day MA at 1.0507 and break would ease pressure
- \* Major support is at 1.0440/60 with buyers ahead of that window
- \* EUR/USD will likely remain under pressure in the short-term

# Forex Market

## POUND STERLING



CLOSE  
**1.2094**

1M %chg  
**-3.11%**

3M %chg  
**-7.76%**

### COMMENT-Sterling dips below 1.20 as traders dial back hawkish moves in 2023 - Reuters

01-Jul-2022 05:58:43 PM

July 1 (Reuters) - The hits keep coming for GBP/USD. Sterling has moved progressively lower from its Asia open high by 1.2172, to down 1.4% by 1.20 in early NorAm. Friday's UK Mfg PMI came in below forecast adding to the pound's woes, as low rates and post-Brexit trade angst keep steady downward pressure on GBP/USD. Despite GBPOIS BOEWATCH indicating an 80% chance for a 50bp hike at the Aug 4 BoE MPC meeting, an increase from recent +25bp moves, traders foci have shifted as global recession fears mount, from the front-end of the curve, where inflation-fighting resolve remains intact, to the belly of the curve, where 3-month Sonia futures indicate UK rates begin falling in H2 2023. Global recession fears are not limited to the UK, and most developed economies are hinting at lower rates in 2023, but the problem for GBP/USD bulls is the peak in UK rates, at 2.86% in March 2023, remains well below the peak in U.S. rates, currently 3.64% in Dec 2022.

## TURKISH LIRA



CLOSE  
**0.0596**

1M %chg  
**-2.13%**

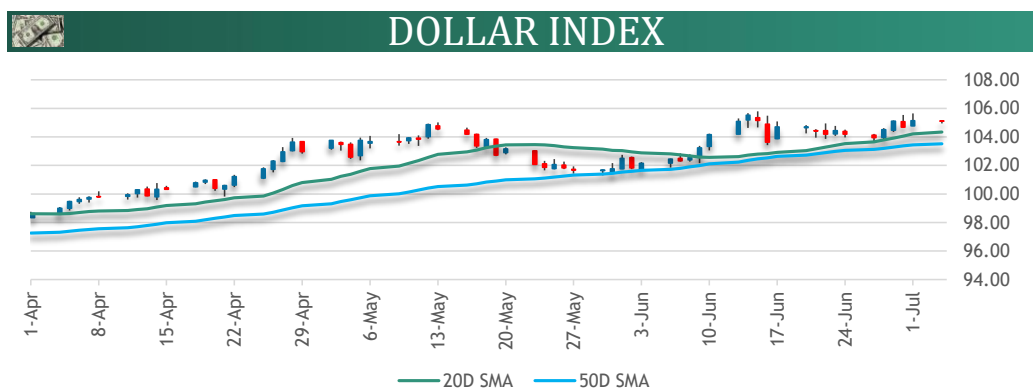
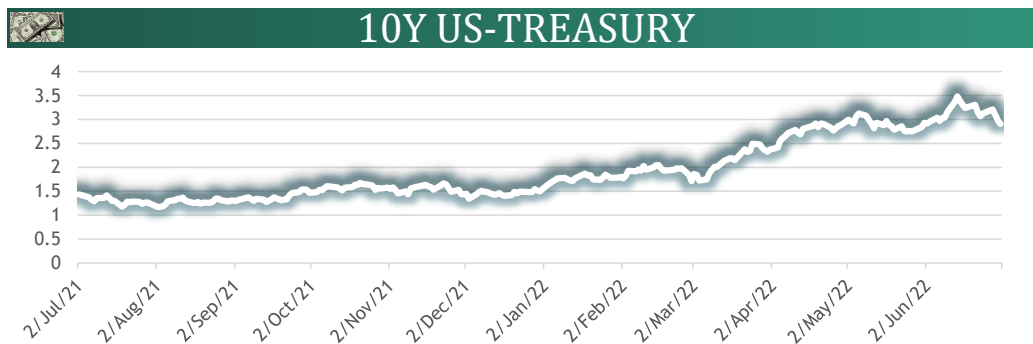
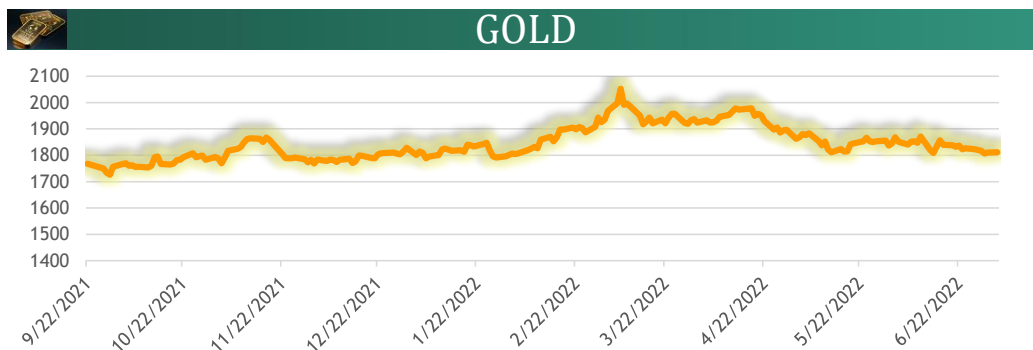
3M %chg  
**-12.48%**

### Turkish inflation seen above 78% in June, just below 70% at end-2022

04-Jul-2022 08:46:11 AM

ISTANBUL, June 28 (Reuters) - Turkey's inflation is expected to rise above 78% in June and it was seen declining to just below 70% by end-2022, a Reuters poll showed on Tuesday, as pricing behaviour deteriorates across the board due to a weak currency and a loose monetary policy. Inflation has surged since last autumn, when the lira slumped after the central bank gradually cut its policy rate by 500 basis-points to 14%, in an easing cycle sought by President Tayyip Erdogan. It has been further stoked this year by the economic fallout from Russia's invasion of Ukraine, as well as the lira's continued decline. The currency shed 44% against the dollar last year, and was down 24% this year before recovering some losses in recent days. The median estimate of 12 economists who participated in the Reuters poll for annual inflation in June was 78.35%, with forecasts ranging between 72.30% and 81.80%.

# Gold, US Treasury & Dollar Index



US 10YT YIELD

**2.90**

1M %chg

**-0.92%**

3M %chg

**22.27%**

## PRECIOUS-Gold teeters above \$1,800 as lower yields counter dollar strength

04-Jul-2022 07:45:11 AM

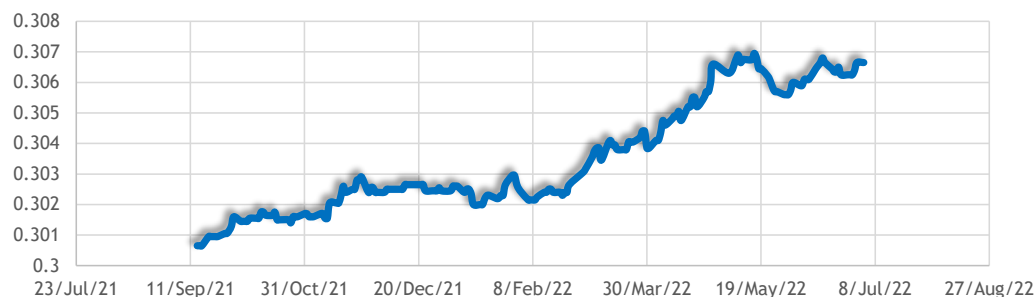
July 4 (Reuters) - Gold inched higher in choppy trade on Monday, as weakness in Treasury yields kept prices above the \$1,800-mark and marginally outweighed pressure stemming from elevated U.S. dollar levels. Spot gold XAU= was up 0.1% at \$1,811.99 per ounce, by 0319 GMT. U.S. gold futures GCv1 rose 0.6% to \$1,812.10. Bullion prices hit a five-month low of \$1,783.50 on Friday, but recovered to end the session nearly steady. The dollar =USD hovered close to recent two-decade highs, continuing to make greenback-priced gold less attractive for buyers holding other currencies, after playing a significant part in bullion's worst quarterly showing in over a year. U.S. Federal government offices, stock and bond markets, and the Federal Reserve will be closed on Monday for the Independence Day holiday. Spot silver XAG= eased 0.2% to \$19.84 per ounce, platinum XPT= fell 0.5% to \$884.49, and palladium XPD= dropped 1.3% to \$1,934.40.

## UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Overall Lab Cash Earnings	JP	04/Jul 05:00	May	1.7	
Sentix Index*	EU	04/Jul 14:00	Jul	-15.8	-19.9
Producer Prices MM	EU	04/Jul 14:30	May	1.2	1.0
Producer Prices YY	EU	04/Jul 14:30	May	37.2	36.7
S&P Global Comp Final PMI	EU	05/Jul 13:30	Jun	51.9	51.9
S&P Global Serv Final PMI	EU	05/Jul 13:30	Jun	52.8	52.8
Composite PMI Final	GB	05/Jul 14:00	Jun	53.1	53.1
S&P GLBL/CIPS SVC PMI FNL	GB	05/Jul 14:00	Jun	53.4	53.4
Reserve Assets Total*	GB	05/Jul 14:00	Jun	187988.30	
Factory Orders MM *	US	05/Jul 19:30	May	0.3	0.5
Foreign Reserves	JP	06/Jul 05:20	Jun	1329.7	

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0479	1.0485	1.0365	1.0428	-0.52%
GBP	1.2176	1.2181	1.1973	1.2094	-0.67%
JPY	135.71	135.98	134.74	135.19	-0.40%
TRY	0.0599	0.06	0.0592	0.0596	-0.50%
Dollar Idx	104.775	105.635	104.742	105.138	0.43%
Brent	109.49	112.45	108.03	111.63	-2.77%
WTC	-	-	-	110.3	2.36%
Gold	1806.7791	1811.29	1783.5	1810.18	0.18%
KWSE Index	7470.46	7493.83	7450.42	7467.92	0.80%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	1.06	3M	2.19
SW	1.56	6M	2.44
1M	1.81	1Y	2.75

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

**0.30665**

3M% CHG

**0.92%**

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	16/Jun/'22	1.63	1.38	0.25
1W Repo Rate	16/Jun/'22	1.88	1.63	0.25
1M Repo Rate	16/Jun/'22	2.38	2.13	0.25
KWD ON Rate	16/Jun/'22	10.00	10.00	0.00
Discount Rate	16/Jun/'22	2.25	2.00	0.25

## LIBOR RATES

Tenor	Value	Tenor	Value
ON	1.57	3M	2.29
SW	0.00	6M	2.90
1M	1.80	1Y	3.56
2M	0.00		

## OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	15/Jun/'22	1.75	0.00	1.75
ECB Refinancing Rate	10/Mar/'16	0.00	0.05	-0.05
BOE Bank Rate	16/Jun/'22	1.25	1.00	0.25
BOJ Prime Rate	10/Jun/'22	1.20	1.10	0.10
TRY ON Lending Rate	17/Feb/'22	15.50	15.50	0.00

## KEY INTERNATIONAL STORIES

### U.S. construction spending unexpectedly falls in May

WASHINGTON, July 1 (Reuters) - U.S. construction spending unexpectedly fell in May as single-family homebuilding stalled, more evidence that the Federal Reserve's aggressive monetary policy tightening was slowing the economy. The Commerce Department said on Friday that construction spending slipped 0.1% in May after increasing 0.8% in April. Economists polled by Reuters had forecast construction spending would rise 0.4%. Construction spending increased 9.7% on a year-on-year basis in May. The average contract rate on a 30-year fixed-rate mortgage has jumped close to 6% as the Fed raises interest rates to tame inflation.

### UK manufacturing loses more steam in June -PMI

LONDON, July 1 (Reuters) - British manufacturing lost more momentum in June than first estimated as new orders contracted at the fastest rate in two years, according to a survey that adds to signs of a stalling economy. The S&P Global UK manufacturing purchasing managers' index fell (PMI) to 52.8 from 54.6 in May, downwardly revised from a preliminary "flash" reading for June of 53.4. The survey showed factory output barely grew and manufacturers were their gloomiest about the outlook since May 2020. Manufacturing output in April remained 2% below its pre-pandemic level, according to the latest official data.

### Australia job ads up 1.4% in June as labour market tightens

SYDNEY, July 4 (Reuters) - Australian job advertisements rose to their highest since 2008 in June as demand for labour showed no sign of stalling, suggesting unemployment is likely to fall to fresh lows in coming months. Monday's figures from Australia and New Zealand Banking Group Ltd ANZ.AX showed total job ads rose 1.4% in June from May. Ads were up 18.4% on a year earlier at 243,523 and 59% higher than January 2020 before the pandemic first struck. The jobless rate has surprised by falling sharply over the past year to reach a 48-year low of 3.9% and a further drop is expected in coming months.

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### Japan FY2021/22 tax revenue seen revised up to record amount -draft

TOKYO, July 4 (Reuters) - Japan's government has revised up its estimates of national tax revenue from the last fiscal year ended in March, as a weak yen and economic recovery from the pandemic helped boost big firms' profits, a draft seen by Reuters showed on Monday. The fiscal 2021 tax revenue was likely to come to 67.0 trillion yen (\$496.15 billion), a record for a second straight year, with the three major tax revenues from the sales tax, corporate tax and income tax, all revised up from earlier estimates. Bigger-than-expected tax revenues tend to prompt lawmakers to call for more spending to support a fragile economic recovery, as they would likely result in more unused budget.

### Malaysia central bank to hike rates again in July and September

BENGALURU, July 4 (Reuters) - Malaysia's central bank will raise rates by 25 basis points on Wednesday, its first consecutive rise in more than a decade, to rein in inflation stemming in part from a weaker ringgit as the U.S. Federal Reserve hikes aggressively, a Reuters poll found. Bank Negara Malaysia (BNM), although dealing with low inflation compared with many other economies, unexpectedly raised its key overnight policy rate by 25 basis points to 2.00% at its May meeting. All 22 economists in the June 27-July 1 poll forecast rates to rise by another 25 basis points to 2.25% at the July 6 meeting. The central bank last raised rates twice in a row in mid-2010.

### Oil prices slip as recession fears rumble on, tight supply stems losses

MELBOURNE, July 4 (Reuters) - Oil prices fell on Monday, paring gains from the previous session, as fears of a global recession weighed on the market even as supply remains tight amid lower OPEC output, unrest in Libya and sanctions on Russia. Brent crude LCOc1 futures for September slipped 36 cents, or 0.3%, to \$111.27 a barrel at 0300 GMT, having jumped 2.4% on Friday. U.S. West Texas Intermediate (WTI) crude CLc1 futures for August delivery dropped 34 cents, or 0.3%, to \$108.09 a barrel, after climbing 2.5% on Friday. Oil supply concerns still remain, preventing steeper price falls.