



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

## KFH Treasury



*Report produced on*  
**Tue, 07-Feb-2023**

# Forex Market

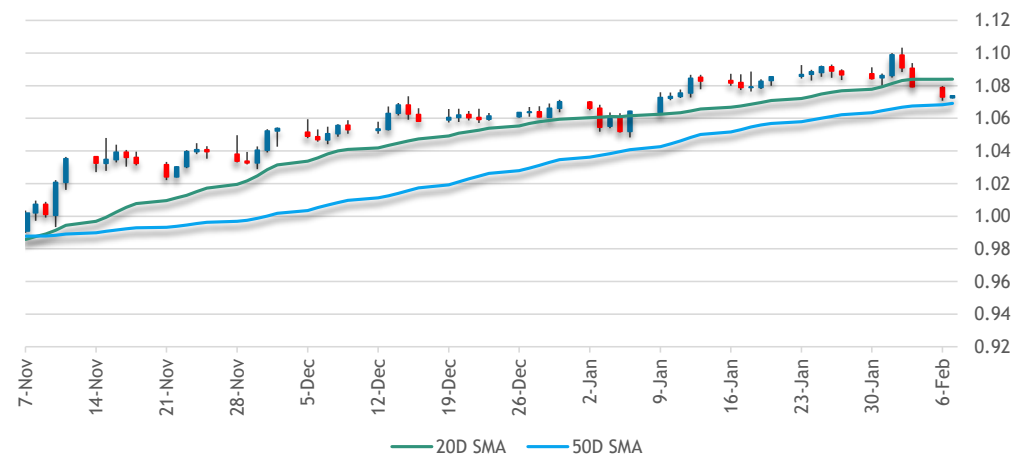
## JAPANESE YEN



CLOSE **132.65** 1M %chg **0.44%** 3M %chg **-9.51%**

**USD/JPY off after Tokyo fix, some exporter sales - Reuters**  
07-Feb-2023 06:34:24 AM  
 \* USD/JPY off a notch from 132.71 high earlier, to 132.23 EBS  
 \* Down to area of hourly Ichi kijun at 132.24 currently  
 \* Some Japanese exporter sales noted, 130.75 avge budgeted to end-Mar  
 \* Support eyed here and ahead of 132.00, more 131.20-52 gap  
 \* Upside capped for now ahead of 133.00, 132.90 high in NY o/n  
 \* US yields off o/n highs, Tsy 10s @3.623%, JGB 10s @0.497%

## EURO

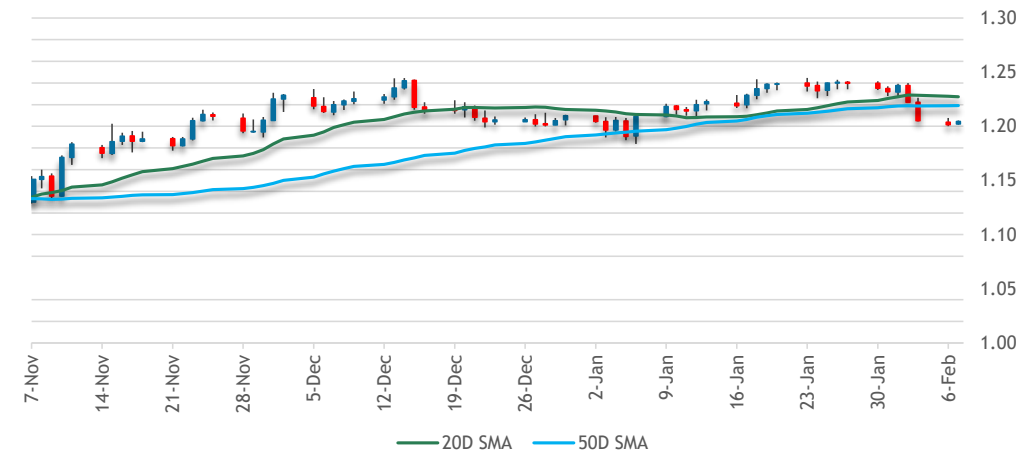


CLOSE **1.0730** 1M %chg **0.81%** 3M %chg **7.73%**

**EUR heavy but off lows vs most majors, EUR/JPY off highs - Reuters**  
07-Feb-2023 07:39:05 AM  
 \* EUR off hard yesterday against most majors but hold above lows  
 \* EUR/USD down to 1.0709 EBS overnight, Asia 1.0725-43, better bid  
 \* Option expiries today at 1.0845, more at 1.0800, 1.0700 into next wk  
 \* EZ yields relatively firm, Bund yields up yesterday, 10s @2.288%  
 \* But bias to remain down with EZ-US interest rate diffs again widening  
 \* EUR/JPY off from 142.95 EBS high yesterday, heavy in Asia, 142.01-30  
 \* Still in 141.13-142.58 descending daily Ichi cloud, above 141.94 55-DMA  
 \* EUR/GBP adds to o/n losses, Asia 0.8911-18, low yesterday 0.8916  
 \* EUR/CHF 0.9950-58 in Asia, still heavy, 0.9550 option expiries Thurs

# Forex Market

## POUND STERLING



CLOSE  
**1.2016**

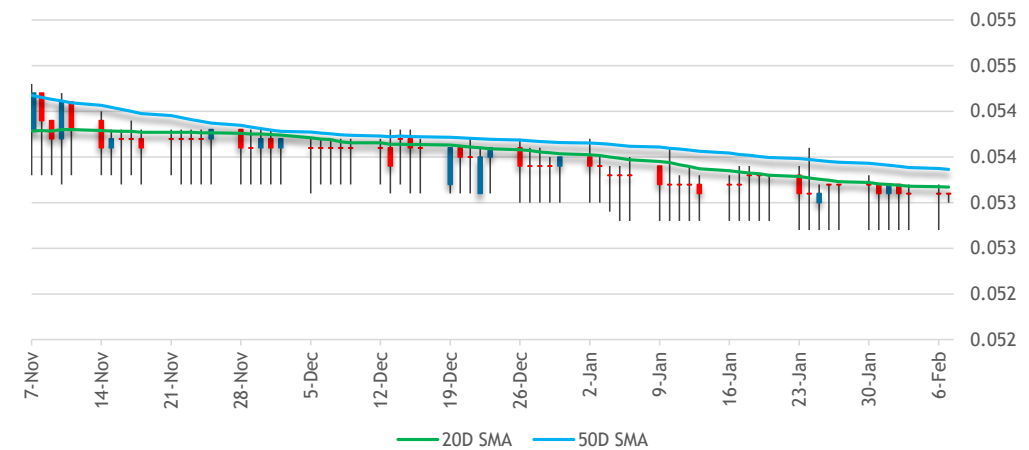
1M %chg  
**-0.63%**

3M %chg  
**5.64%**

**GBP/USD-Resilient on hawkish BOE comments, amid USD strength - Reuters**  
07-Feb-2023 03:27:54 AM

- \* Steady after falling 0.2% against a broadly stronger USD - EUR/GBP -0.4%
- \* Hawkish comments from BoE's Huw Pill and Catherine Mann supported sterling
- \* UK PM Sunak considering cabinet reshuffle- Times- replace party chair Zahawi
- \* Techs; 5, 10 & 21 day moving averages head lower, 21 day Bolli bands expand
- \* Negative momentum studies - dip leaves a bearish setup on daily charts
- \* 1.1984, 76.4% 2023 rise is first support, then the 1.1842 2023 base
- \* 1.2077 NY high then 1.2138 5 DMA are initial resistance

## TURKISH LIRA



CLOSE  
**0.0531**

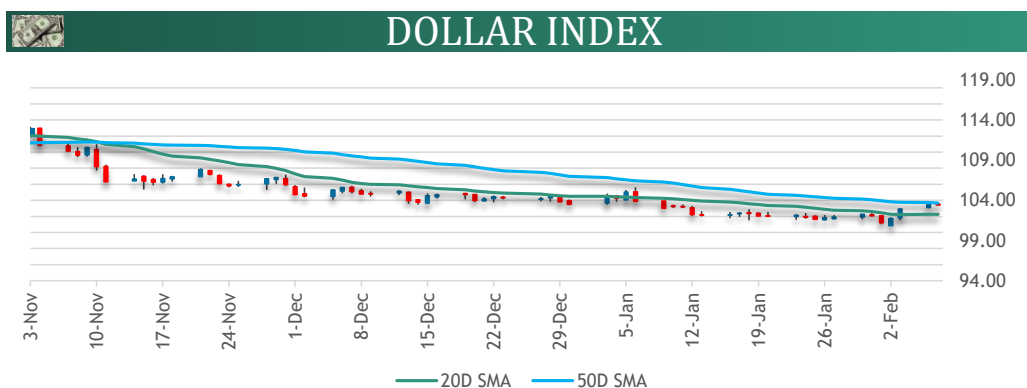
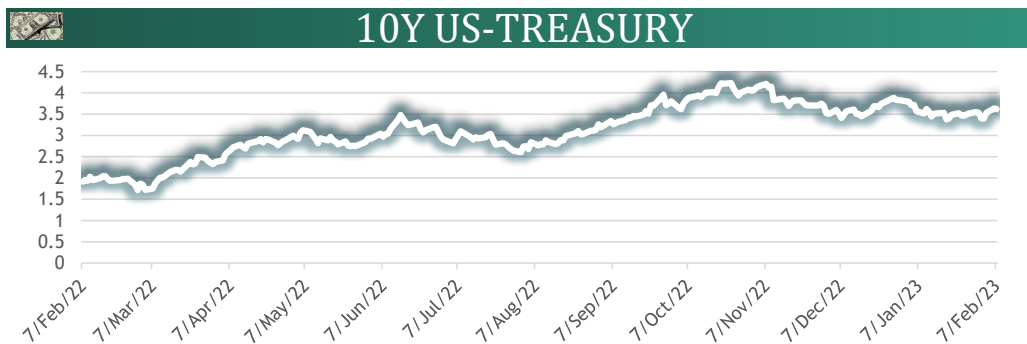
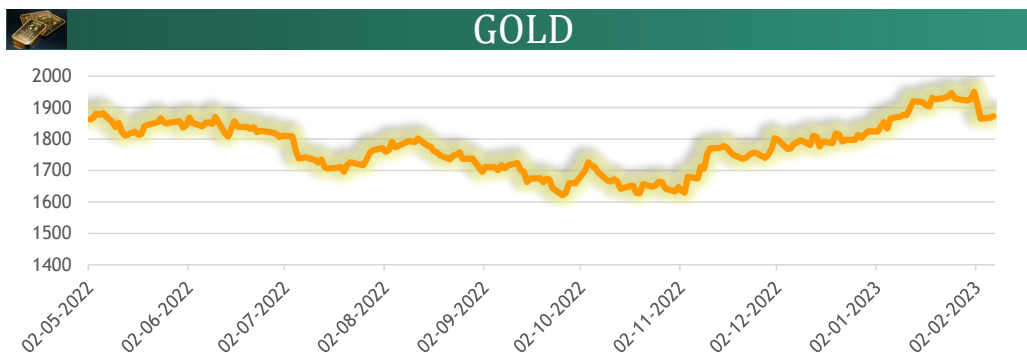
1M %chg  
**-0.38%**

3M %chg  
**-1.30%**

**Turkey's lira hits record low but rebounds after quake, stocks slip**  
06-Feb-2023 10:29:04 PM

Turkey's lira briefly dipped to a record low and its main stock market fell 1.35% on Monday as a major earthquake added to pressures from a strong dollar and the war in Ukraine, as well as a surprise inflation reading. The lira slipped to 18.85 TRY/TOM=D3, TRY= in early trade before retracing its losses to end the day flat. The main equities benchmark .XU100 at one point dropped as much as 5%, with banks .XBANK tumbling 5.5%, before recovering most of the losses. Yields on local 10-year government bonds TR10YT=RR hit their highest in nearly two months at 10.2%, while Turkey's credit default swaps, an insurance against sovereign default, jumped by 19 basis points from Friday's close to 545 bps.

# Gold, US Treasury & Dollar Index



US 10YT YIELD

**3.62**

1M %chg

**1.71%**

3M %chg

**-12.65%**

## PRECIOUS-Gold firms as dollar inches lower; Powell's speech in focus

07-Feb-2023 07:40:00 AM

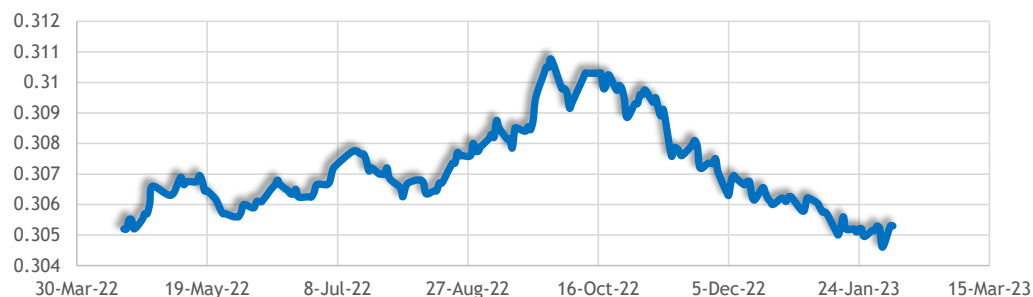
Feb 7 (Reuters) - Gold prices rose on Tuesday as the dollar pulled back slightly, with traders awaiting U.S. Federal Reserve Chair Jerome Powell's speech later in the day for hints about future rate hikes after last week's strong economic data. Spot gold was 0.4% higher at \$1,873.96 per ounce, after hitting its lowest since Jan. 6 in the previous session. U.S. gold futures rose 0.4% to \$1,886.60. The dollar index .DXY was down 0.2% after touching its highest level in nearly a month on Monday. Fed funds futures traders now see rates rising above 5% in May after a stronger-than-expected U.S. jobs report sparked worries that the U.S. central bank will likely keep interest rates higher for longer. Gold prices had shot over the \$1,900-an-ounce threshold in January on hopes of slower Fed rate hikes, but prices have since retreated. Spot silver rose 0.3% to \$22.33 per ounce, platinum eased 0.1% to \$970.94 and palladium edged 0.1% lower to \$1,596.74.

## UPCOMING KEY ECONOMIC INDICATOR RELEASES

| INDICATOR                | Ctry / Regn | Time         | For | Prior     | Consensus |
|--------------------------|-------------|--------------|-----|-----------|-----------|
| Consumer Credit*         | US          | 07-Feb 01:30 | Dec | 27.96     | 25.00     |
| Bank Lending YY          | JP          | 07-Feb 05:20 | Jan | 2.7       |           |
| Bank Lending YY          | JP          | 07-Feb 05:20 | Jan | 2.7       |           |
| Current Account Bal SA*  | JP          | 07-Feb 05:20 | Dec | 19185     |           |
| Current Account, Goods*  | JP          | 07-Feb 05:20 | Dec | -1537.823 |           |
| Current Account NSA JPY  | JP          | 07-Feb 05:20 | Dec | 1803.6    | 98.4      |
| Trade Bal Cust Basis SA* | JP          | 07-Feb 05:20 | Dec | -13954    |           |
| BRC Retail Sales YY      | GB          | 07-Feb 05:31 | Jan | 6.5       |           |
| Coincident Index*        | JP          | 07-Feb 10:30 | Dec | -0.5      |           |
| Leading Indicator*       | JP          | 07-Feb 10:30 | Dec | -1.2      |           |
| Halifax House Prices MM* | GB          | 07-Feb 12:30 | Jan | -1.5      |           |

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

| INSTRUMENT | OPEN    | HIGH    | LOW     | CLOSE   | %CHG 1D |
|------------|---------|---------|---------|---------|---------|
| EUR        | 1.0789  | 1.0798  | 1.0708  | 1.073   | -0.58%  |
| GBP        | 1.2038  | 1.2077  | 1.2002  | 1.2016  | -0.29%  |
| JPY        | 132.18  | 132.9   | 131.5   | 132.65  | 1.13%   |
| TRY        | 0.0531  | 0.0532  | 0.0527  | 0.0531  | 0.00%   |
| Dollar Idx | 103.101 | 103.765 | 103.008 | 103.621 | 0.69%   |
| Brent      | 79.61   | 81.43   | 79.1    | 80.99   | 1.31%   |
| WTC        | -       | -       | -       | 74.11   | 0.07%   |
| Gold       | 1864.91 | 1881.26 | 1860    | 1867.36 | 0.10%   |
| KWSE Index | 7332.85 | 7402.52 | 7321.2  | 7402.32 | 0.89%   |

## KIBOR RATES

| Tenor | Value | Tenor | Value |
|-------|-------|-------|-------|
| ON    | 2.50  | 3M    | 4.19  |
| SW    | 3.75  | 6M    | 4.44  |
| 1M    | 3.94  | 1Y    | 4.69  |

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

**0.30530**

**-1.31%**

| POLICY RATES INDICATOR | As of      | Value | Prior | Change |
|------------------------|------------|-------|-------|--------|
| ON Repo Rate           | 26-Jan-'23 | 3.63  | 3.13  | 0.50   |
| 1W Repo Rate           | 26-Jan-'23 | 3.88  | 3.38  | 0.50   |
| 1M Repo Rate           | 26-Jan-'23 | 4.38  | 3.88  | 0.50   |
| KWD ON Rate            | 26-Jan-'23 | 10.00 | 10.00 | 0.00   |
| Discount Rate          | 26-Jan-'23 | 4.00  | 3.50  | 0.50   |

## LIBOR RATES

| Tenor | Value | Tenor | Value |
|-------|-------|-------|-------|
| ON    | 4.55  | 3M    | 4.83  |
| SW    | 0.00  | 6M    | 5.06  |
| 1M    | 4.57  | 1Y    | 5.25  |
| 2M    | 0.00  |       |       |

## OTHER C-BANK RATES

| INDICATOR            | As of      | Value | Prior | Change |
|----------------------|------------|-------|-------|--------|
| FED Target Rate      | 01-Feb-'23 | 4.75  | 3.50  | 1.25   |
| ECB Refinancing Rate | 02-Feb-'23 | 3.00  | 2.50  | 0.50   |
| BOE Bank Rate        | 02-Feb-'23 | 4.00  | 3.50  | 0.50   |
| BOJ Prime Rate       | 11-Jan-'23 | 1.40  | 1.25  | 0.15   |
| TRY ON Lending Rate  | 25-Nov-'22 | 10.50 | 12.00 | -1.50  |

## KEY INTERNATIONAL STORIES

### Fed may need to push rates higher, Bostic tells Bloomberg

Feb 6 (Reuters) - The U.S. Federal Reserve may need to lift borrowing costs higher than previously anticipated given the unexpectedly strong reading on jobs gains in January, Atlanta Federal Reserve Bank President Raphael Bostic said on Monday. Bostic had previously said he expects the Fed to need to push its benchmark rate, now in the 4.5%-to-4.75% range, to the 5%-to-5.25% range in order to get policy sufficiently restrictive to bring inflation back down to the Fed's 2% target. As of December, most of his colleagues agreed. U.S. job growth accelerated sharply in January while the unemployment rate fell to 3.4%.

### UK retailers struggle but consumers spend on films and holidays

LONDON, Feb 7 (Reuters) - Spending by shoppers at British retailers grew less quickly in January but the overall picture looked a bit brighter as consumers treated themselves to cinema trips and booked holidays, surveys showed on Tuesday. The British Retail Consortium said spending in store chains rose by 4.2% in annual terms in January, weaker than December's 6.9% rise and lagging behind inflation which signified a fall in sales volumes. The Bank of England last week raised interest rates for the 10th time in a row to 4%, their highest since 2008, as it sought to counter risks from an inflation rate above 10%.

### Russia c.bank to adopt hawkish tone, keep rate at 7.5% this week

MOSCOW, Feb 6 (Reuters) - The Russian central bank is expected to hold its key interest rate at 7.5% on Friday but may give a more hawkish signal to the market as inflationary risks become more pronounced, a Reuters poll showed on Monday. The key rate has stayed at 7.5% since the last cut in September, with stubbornly high inflation stymieing the Bank of Russia's efforts to soften monetary policy further. All 25 analysts and economists polled by Reuters on Monday predicted that Russia would keep its benchmark rate unchanged RUCBIR=ECI again on Friday.

### Australia central bank raises rates by 25bps to 3.35%

SYDNEY, Feb 7 (Reuters) - Australia's central bank raised its cash rate 25 basis points to a decade-high of 3.35% on Tuesday and reiterated that further increases would be needed, while dropping previous guidance that they were not on a pre-set path. Wrapping up its February policy meeting, the Reserve Bank of Australia (RBA) said core inflation had been higher than expected and higher rates would be needed to ensure that inflation returns to its target of 2-3%. Markets had expected a quarter-point move, with some risk of a bigger rise given recent inflation data had surprised on the high side. This was the ninth hike since last May, lifting rates by a total of 325 basis points.

### Philippine inflation beats expectations, lifts chance of bigger rate hike

MANILA, Feb 7 (Reuters) - Philippine annual inflation blew past expectations in January to reach a fresh 14-year high on surging food prices, raising the chance of the central bank delivering a bigger interest rate hike to tame prices when it meets this month. The consumer price index (CPI) rose 8.7% in January, the statistics agency said on Tuesday, well above the 7.7% forecast in a Reuters poll and topping the 8.1% rate in December, when the central bank had expected prices to peak. Core inflation, which strips out volatile food and fuel items, also increased to a more than two-decade high of 7.4%, from December's 6.9%, suggesting price pressures remain broad.

### Oil rises on China outlook, supply worries after Turkey earthquake

Feb 7 (Reuters) - Oil prices rose for a second straight session on Tuesday, driven by optimism about recovering demand in China, and concerns over supply shortages following the shutdown of a major export terminal after an earthquake in Turkey. Brent crude futures LCOc1 rose 82 cents, or 1.01%, to \$81.81 per barrel by 0300 GMT, while West Texas Intermediate futures CLc1 rose 82 cents, or 1.11%, to \$74.93 per barrel. The International Energy Agency (IEA) expects half of this year's global oil demand growth to come from China, the agency's chief said on Sunday, adding that jet fuel demand was surging.

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