



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

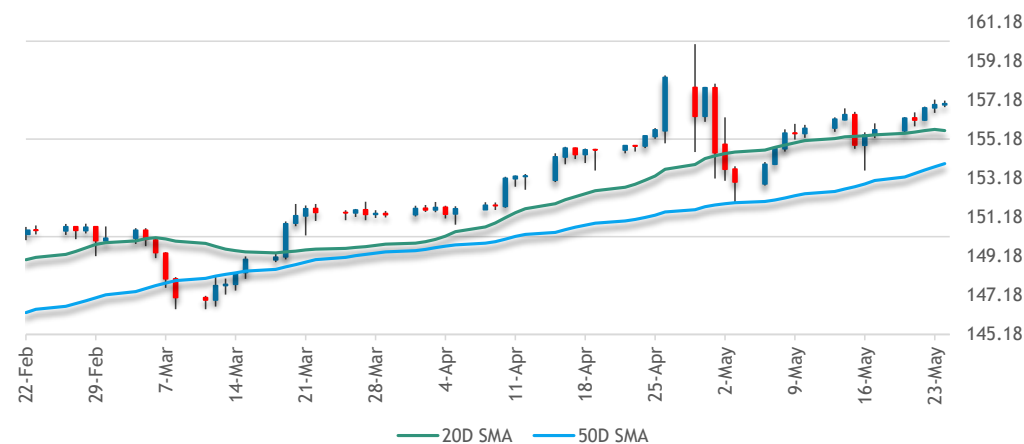
KFH Treasury



Report produced on
Sun, 26-May-2024

Forex Market

JAPANESE YEN

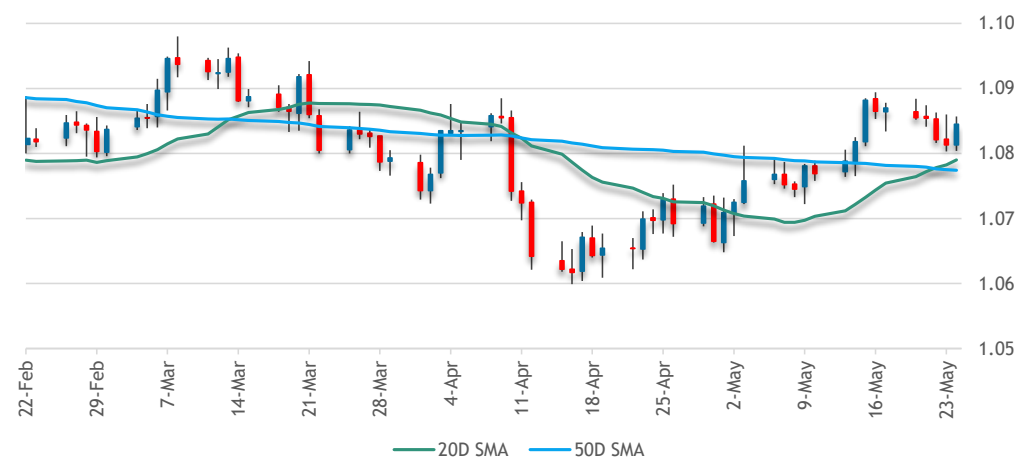


COMMENT-Dollar bulls take a breather vs yen as yields stall

24 May 2024 09:36:26 PM

May 24 (Reuters) - USD/JPY bulls took a breather during Friday's session as the pair retreated back below 157, with U.S. yields stalling and the benchmark 10-year capped at 4.5%, but there is little to suggest that the yen's struggles are over. Following a week that saw macro developments err on the hawkish side, prompting markets to scale back their expectations for policy easing among global central banks, upside in the Japanese yen is likely to remain limited going forward. The dollar and other currencies have a significant carry advantage over the yen, so it would take a meaningful drop in global bond yields to change the outlook for the Japanese currency. Elsewhere, following up on Thursday's hot U.S. services PMI data, 54.4 versus 51.1 forecast, it is noteworthy that the dollar has since retraced its initial gains, to trade back at pre-PMI levels.

EURO



COMMENT-EUR/USD technicians likely have the 1.1050 area targeted

24 May 2024 06:21:34 PM

May 24 (Reuters) - EUR/USD's fall from the May 16 high halted and reversed a bit Friday with help from improved risk sentiment, and traders who focus on technical signals may be expecting a much bigger rally. The pair's corrective pullback neared the 1.0790-1.0815 area where structural support sits, as do the daily cloud top and the converging 21-, 55- and 200-DMAs. Friday's rally has EUR/USD above the 10-daily moving averages but also helped keep in place the bull pennant on daily charts. Monthly RSI is rising and is nowhere near overbought and EUR/USD traded above the rising 12- and 21-month MAs. Should EUR/USD complete the bull flag pattern, another bullish signal will emerge suggesting January's 1.1047 monthly high could be tested.

Forex Market

POUND STERLING



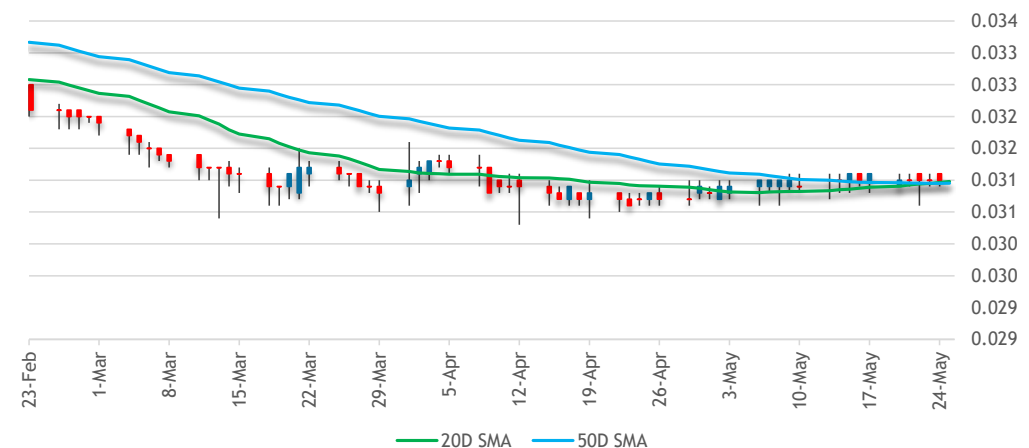
CLOSE **1.2740** 1M %chg **2.24%** 3M %chg **0.48%**

Sterling eyes trend highs as early BoE rate cut odds diminish

24 May 2024 08:25:06 PM

- * GBP\$ drifts higher into NY afternoon, +0.34% at 1.2742; NY range 1.2751-10
- * US durables revision lwr, falling UMich 1/5-yr inflation view sinks USD
- * Sterling bulls keep focus on 2024 high
- * Pair eyes Wed high 1.2761 as BoE rate cut expectations slip; see LSEG's IRPR
- * Hot UK CPI pushes cut view from Aug to Sept/Nov boosts GBP/USD
- * GBP\$ res 1.2761 May 22 high, 1.2764 upper 21-d Bolli, 1.2803 Mar 21 High
- * Supt 1.2712 Friday NorAm low, 1.2680 Friday low, 1.2634 100-DMA

TURKISH LIRA



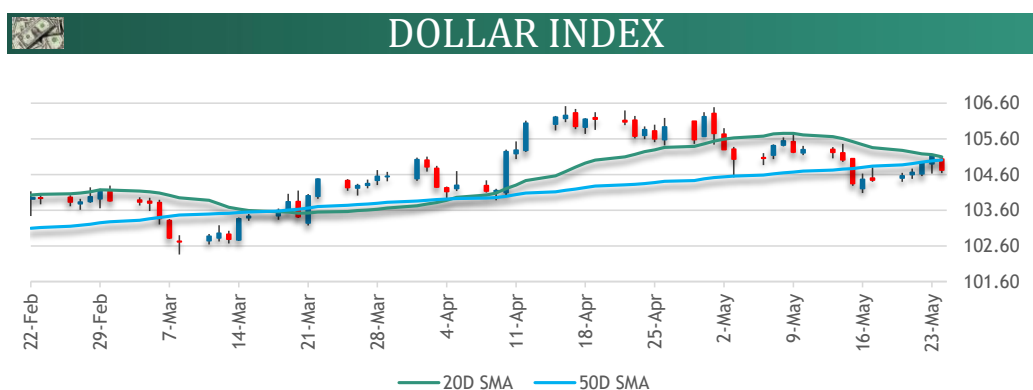
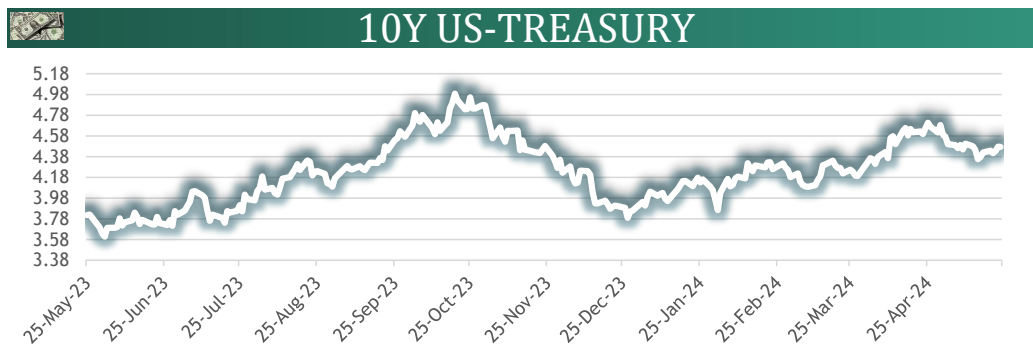
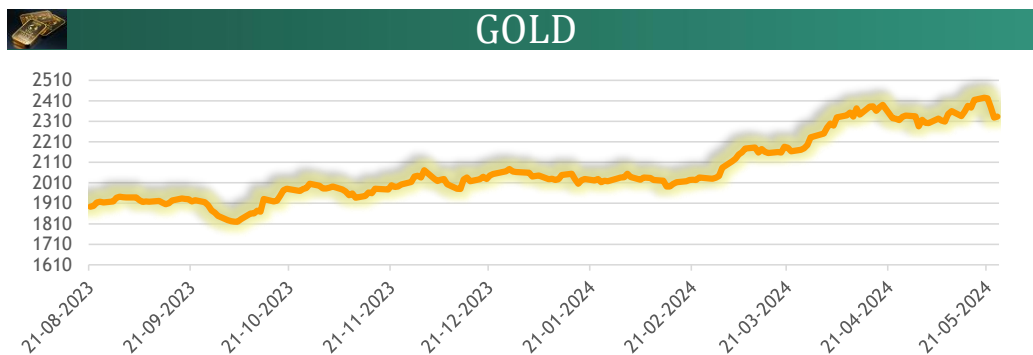
CLOSE **0.0310** 1M %chg **0.98%** 3M %chg **-3.43%**

Turkey's rising lira is far more attractive

23 May 2024 05:43:54 PM

- * Current conditions continue to favour carry trades
- * Turkish lira has gained 0.61% vs USD in May
- * Those short USD/TRY earn over 4% each month from interest rates
- * Today Turkish cenbank held its main interest rate at 50%
- * Rate cut not seen until near the end of 2024 or in first quarter 2025
- * If lira keeps rising, the lure of huge returns will draw foreign investors
- * 21-DMA is about to drop below 55-DMA - bearish signal
- * Initial target to correct this year's rise is 31.72, key low on Mar 21 31.75

Gold, US Treasury & Dollar Index



US 10YT YIELD

4.47

1M %chg

-3.89%

3M %chg

5.00%

PRECIOUS-Gold loses momentum on ebbing rate cut speculation

24 May 2024 10:09:00 PM

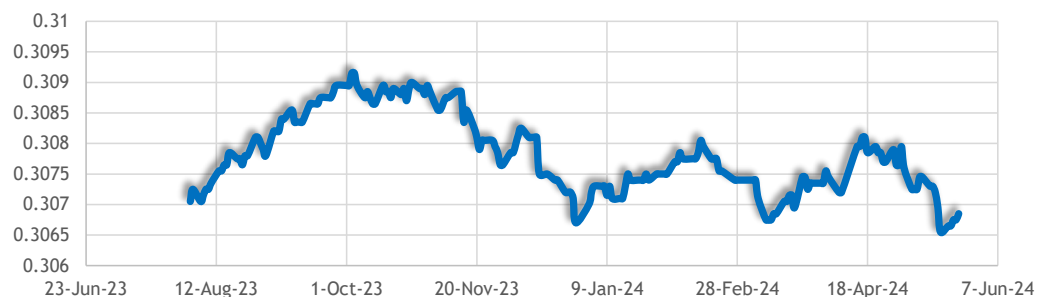
May 24 (Reuters) - Gold prices rose on Friday as the dollar slipped, but were headed for their worst week in five and a half months as hopes of interest rate cuts by the U.S. central bank tamed. Spot gold XAU= rose 0.2% to \$2,332.77 per ounce as the U.S. dollar index =USD slipped 0.4%, making gold relatively less expensive for other currency holders. U.S. gold futures GCcv1 settled 0.1% lower to \$2,334.50. Bullion hit a record high of \$2,449.89 on Monday, but has shed more than \$100 since then and is on track for a 3% drop this week, its worst weekly dip since early December. Despite uncertainty around U.S. rate outlook, gold prices managed to gain 13% so far this year, largely on the back of strong Chinese demand and ongoing geopolitical uncertainties, analysts have noted. Spot silver rose 0.5% to \$30.25. It hit an 11-year high on Monday. Platinum rose 0.8% to \$1,027.25, while palladium fell 0.7% to \$962.50. All three metals were headed for weekly losses.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Service PPI*	JP	27-May 05:20	Apr	2.30	
Leading Indicator Revised*	JP	27-May 10:30	Mar	-0.7	
CBI Distributive Trades	GB	28-May 15:30	May	-44	
Monthly Home Price Index*	US	28-May 18:30	Mar	423.0	
Monthly Home Price MM*	US	28-May 18:30	Mar	1.2	
Monthly Home Price YY*	US	28-May 18:30	Mar	7.0	
CaseShiller 20 MM NSA	US	28-May 18:30	Mar	0.9	
CaseShiller 20 MM SA	US	28-May 18:30	Mar	0.6	0.3
CaseShiller 20 YY NSA	US	28-May 18:30	Mar	7.3	7.3
Consumer Confidence *	US	28-May 19:30	May	97.0	96.0
Dallas Fed Mfg Bus Idx*	US	28-May 20:00	May	-14.5	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0822	1.086	1.0803	1.0845	-0.07%
GBP	1.2715	1.2746	1.2682	1.274	0.34%
JPY	156.77	157.19	156.52	156.99	0.04%
TRY	0.031	0.0311	0.0309	0.031	0.00%
Dollar Idx	104.902	105.113	104.625	104.724	-0.37%
Brent	81.59	82.97	80.93	82.12	0.93%
WTC	78.83	79.26	77.03	78.48	1.30%
Gold	2378.1001	2383.69	2326.79	2333.7642	0.23%
KWSE Index	7148.65	7155.45	7133.06	7134.67	-0.11%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.38	3M	4.25
SW	3.75	6M	4.50
1M	4.06	1Y	4.69

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30685

-0.23%

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	5.60
SW	0.00	6M	5.74
1M	5.44	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 remains strong; housing market losing momentum

WASHINGTON, May 23 (Reuters) - The number of Americans filing new claims for unemployment benefits fell last week, pointing to underlying strength in the labor market that should continue to support the economy. The second straight weekly decline in claims reported by the Labor Department unwound most of the jump at the start of the month, which had lifted applications to a level last seen at the end of August. Though job growth is slowing as a result of hefty Fed Reserve interest rate hikes in 2022 and 2023, layoffs remain very low. The Fed has kept its benchmark overnight interest rate in a 5.25%-5.50% range since July.

Growth across UK business dips in May, in early blow to Sunak, PMI survey shows

LONDON, May 23 (Reuters) - Growth across British businesses has cooled noticeably this month and by more than any economist polled by Reuters had predicted, a survey showed on Thursday, in an early blow for Prime Minister Rishi Sunak's election campaign. The S&P Global UK Composite Purchasing Managers' Index for the services and manufacturing sectors fell to 52.8 in May from 54.1 in April, undercutting the median poll forecast for a much more modest dip to 54.0. Readings above 50 denote an expansion in activity. New orders expanded at the weakest pace so far this year.

Key euro zone wage indicator picks up, bolstering case for ECB caution

FRANKFURT, May 23 (Reuters) - Negotiated pay growth in the euro zone picked up slightly in the first quarter of 2024, ECB figures showed, bolstering the case for caution in cutting interest rates from record highs. Negotiated wages in the 20 nation currency bloc rose by 4.69% in the first quarter after a 4.45% rise in the previous three months, as unions continued to demand compensation for real incomes lost to years of rapid inflation. The ECB expects compensation per employee in the euro zone to grow by 4.5% this year, 3.6% the next and 3.0% in 2026. This is more than the 3% the ECB sees as consistent with its own 2% inflation target.

DISCLAIMER: This document and its contents do not reflect the opinions, views, policies or positions of London Stock Exchange Group plc ("LSEG") or its affiliates and they are prepared for Kuwait Finance House (KFH)'s and their clients internal consumption only and do not constitute an offer, or the solicitation of an offer, or advice to buy or sell a security or to make a particular investment or follow a particular strategy or enter into any agreement. The information and any views expressed are given as of the date of writing and are subject to change. While the information has been obtained from sources believed to be reliable, LSEG does not warrant that it is accurate or complete and it should not be relied on as such. Responsibility for any decisions taken by KFH (including but not limited to its affiliates and subsidiaries) on the basis of information contained herein solely rest with the end user i.e. KFH's clients. Market Data and News Source is LSEG Eikon. LSEG its affiliates, subsidiaries, employees, and contractors accept no liability for any direct or indirect loss arising out of the use of this document or its contents.

Japan's inflation slows further, keeping BOJ cautious on further rate hikes

TOKYO, May 24 (Reuters) - Japan's core inflation slowed for a second straight month in April, likely signalling that the BOJ will be patient in raising interest rates as consumption remains fragile. While inflation is tracking comfortably above the central bank's 2% target, policymakers are keen to see Japan's price impulse bears the stamp of sustainable domestic demand. The nationwide core CPI, which excludes fresh food items, rose 2.2% from a year earlier after gaining 2.6% in March, government data showed. It matched the median market forecast. The BOJ has said a virtuous cycle of sustained, stable achievement of its 2% price target and strong wage growth is crucial for normalising policy.

Brazil posts wider-than-expected current account deficit in April

BRASILIA, May 24 (Reuters) - Brazil posted a wider-than-expected current account deficit of \$2.5 billion in April, the central bank said on Friday, primarily affected by an increase in the factor payments imbalance. The deficit was significantly higher than the \$1.05 billion forecast in a Reuters poll of economists and far exceeded the \$247 million deficit recorded in the same month of 2023. The central bank highlighted that on a year-over-year comparison, all major components of the external accounts contributed to the deterioration. The factor payments deficit increased by \$1.1 billion, while the services account deficit rose by \$844 million.

Oil posts weekly loss as interest rate policy spurs fuel demand worries

HOUSTON, May 24 (Reuters) - Oil prices rose about 1% on Friday, but fell for the week on worries that strong U.S. economic data would keep interest rates elevated for a longer period, curbing fuel demand. The Brent crude July contract LCOc1 rose 76 cents to \$82.12 a barrel. The more-active August contract LCOc2 closed up 73 cents at \$81.84. U.S. West Texas Intermediate (WTI) crude futures CLc1 settled 85 cents, or 1.1%, higher to \$77.72. On Thursday, Brent closed at its weakest since Feb. 7 and U.S. WTI futures at their lowest since Feb. 23. Brent closed down 2.1% for the week. It declined for four straight sessions this week, its longest losing streak since Jan 2.