



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

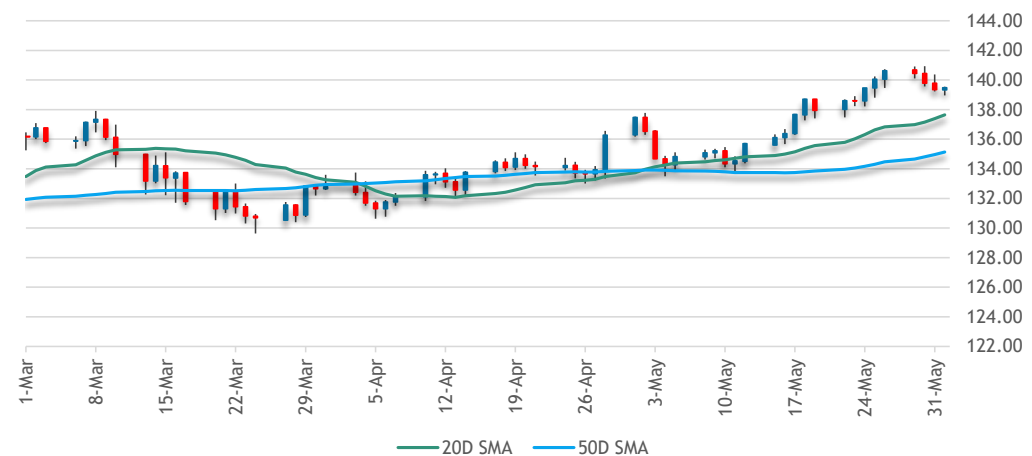
KFH Treasury



Report produced on
Thu, 01-Jun-2023

Forex Market

JAPANESE YEN



CLOSE
139.34

1M %chg
2.25%

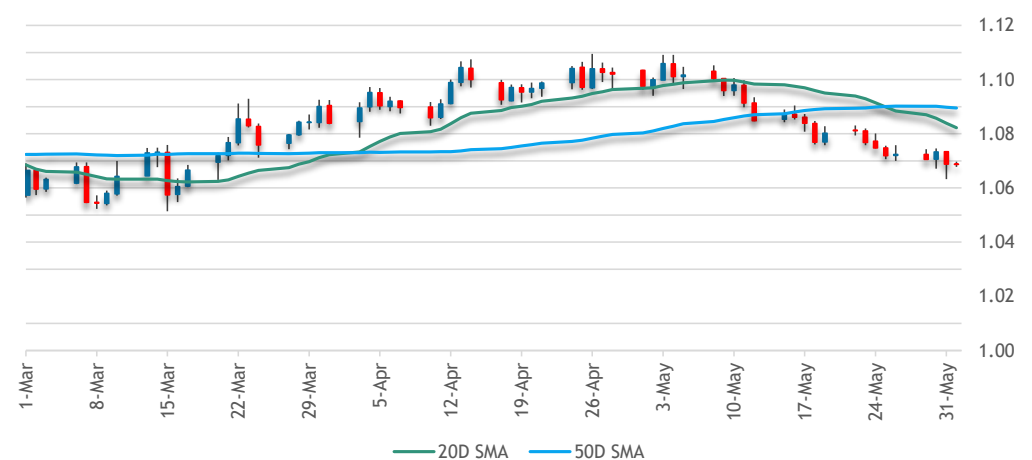
3M %chg
2.31%

USD/JPY legs up after early swoon, GBP/JPY best cross - Reuters

01 Jun 2023 07:29:36 AM

- * USD/JPY legs up in Asia after early swoon to 138.96 EBS, to 139.54
- * Feeling in Tokyo USD/JPY to trade core 139-141 range into US NFP tom
- * Upside capped on MOF Kanda FX warning, good bids from around 139.00
- * Spot holding for now around 200-HMA at 139.40, 55-HMA 139.81 above
- * US yields also bouncing from overnight lows, Tsy 2s @4.432%, 10s @3.663%
- * Option expiries today 139.00 \$601 mln, supportive, 140.00 \$590 mln
- * Nikkei up with USD/JPY bounce, +0.3% currently @30,976

EURO



CLOSE
1.0688

1M %chg
-3.01%

3M %chg
1.06%

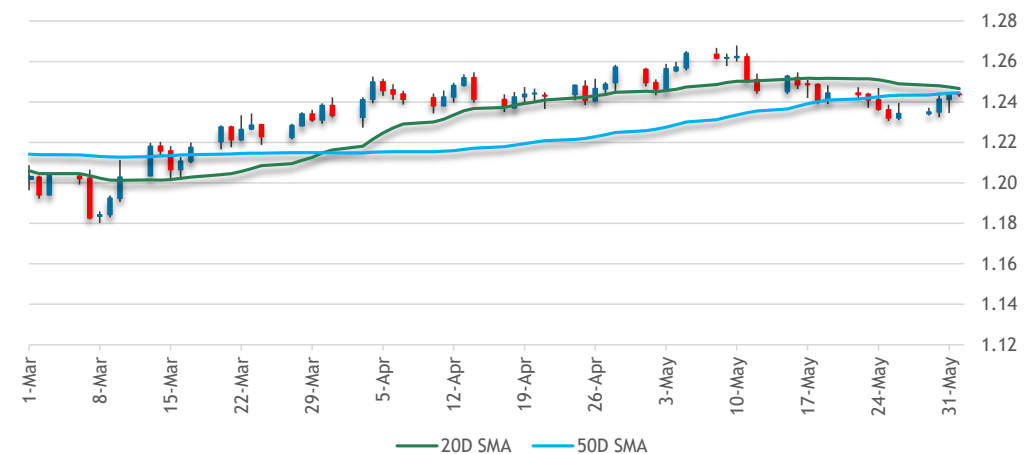
EUR/USD-Consolidates below 1.0700 in cautious Asia - Reuters News

01 Jun 2023 07:46:48 AM

- * EUR/USD opened -0.44% at 1.0688 after trading as low as 1.0635
- * Late NY bounce was due to dovish comments from Fed officials
- * EUR/USD traded up to 1.0697 when USD/JPY swooned and led to USD selling
- * Sellers at 1.0700 capped and it drifted back to 1.0685/90 into the afternoon
- * EUR/USD trending lower with the 5, 10 & 21-day MAs in a bearish alignment
- * A close below the 76.4 of 1.0516/1.1096 @ 1.0653 would put 1.0500 into focus
- * Resistance is at the 10-day MA at 1.0742 and break would ease the pressure

Forex Market

POUND STERLING



CLOSE
1.2437

1M %chg
-1.07%

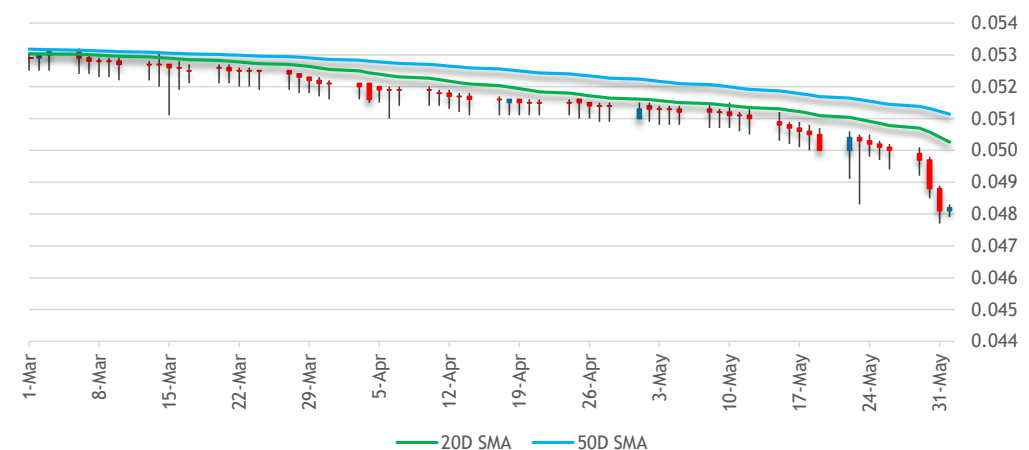
3M %chg
3.47%

Sterling slide versus USD tempered by high-for-longer UK rate outlook - Reuters

31 May 2023 09:27:16 PM

- * Sterling soft into NorAm close, -0.2% at 1.2385; NorAm range 1.2413-1.2358
- * Pair whipsawed on U.S. data Chicago PMI & JOLTS, bulk of USD gain vs EUR
- * Early GBP dip after weak China data too much to overcome
- * UK rates trajectory to outpace U.S tempers GBP/USD weakness IRPR
- * Sterling's slide may be fleeting as UK rate path remains high
- * Markets await UK Mfg PMI and U.S. Jobless claims Thursday, see EM on Eikon
- * GBP\$ res 1.2422 100-DMA, 1.2427 Wed high, 1.2476 30-DMA
- * Supt 1.2350 Wed low, 1.2295 100-DMA, 1.2242 50% Fib of 1.1805-1.2679
- * A close sub-1.2242 shifts momentum to bears, puts 200-DMA 1.1988 in focus

TURKISH LIRA



CLOSE
0.0481

1M %chg
-6.42%

3M %chg
-9.07%

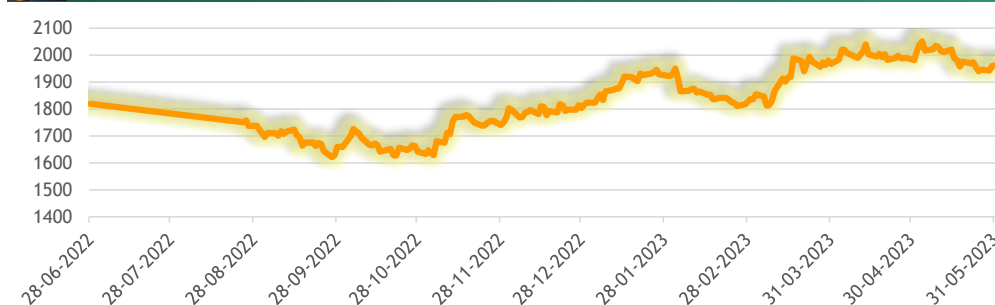
Turkish central bank signals to banks it may soften measures -bankers

31 May 2023 06:27:16 PM

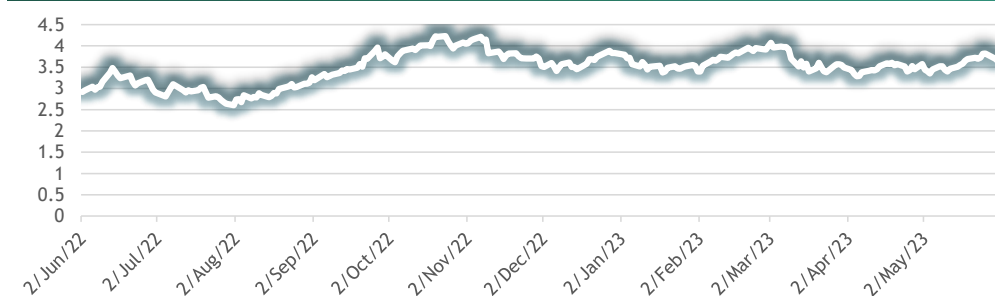
ANKARA, May 31 (Reuters) - Turkey's central bank signalled at a meeting with senior bankers that it would respond positively to the banks' requests to soften some measures which it has taken recently, three participants in the meeting said on Wednesday. The lira TRY/TOM=D3 has weakened sharply since President Tayyip Erdogan won re-election on Sunday and as he prepares to appoint a new cabinet. Its losses against the dollar this year have reached nearly 10%. Under a measure published in Turkey's Official Gazette on May 17, the central bank required lenders to convert an extra 10% of foreign currency deposits to lira or hold more government bonds equivalent to the amount they failed to convert. A key role for Simsek, who is highly regarded by financial markets, could signal a departure from years of unorthodox policy underpinned by low interest rates despite high inflation, and by heavy state control of markets.

Gold, US Treasury & Dollar Index

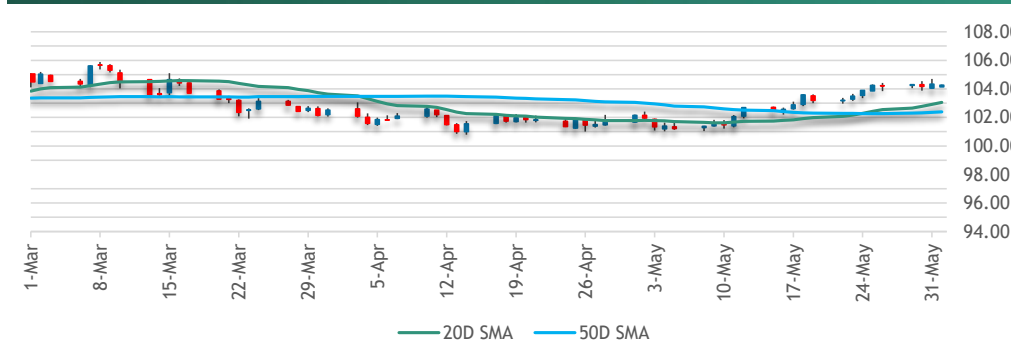
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

3.67

1M %chg

5.36%

3M %chg

-7.08%

PRECIOUS-Gold prices range-bound as traders measure Fed policy path

01 Jun 2023 07:46:48 AM

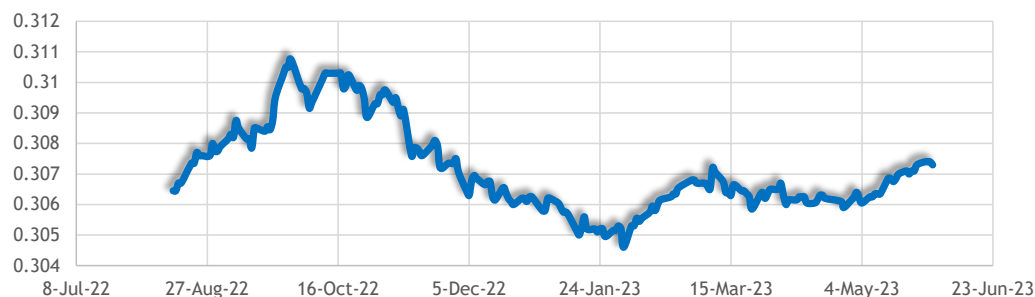
June 1 (Reuters) - Gold prices held steady on Thursday, supported by a pullback in the dollar, although prices moved in a tight range as investors gauged the Federal Reserve's interest rate outlook following a critical vote on the U.S. debt ceiling. Spot gold held its ground at \$1,963.99 per ounce. U.S. gold futures were flat at \$1,963.90. Bullion registered a monthly fall in May. The dollar index eased from its highest in more than two months, making bullion less expensive for overseas buyers. In the short term, gold could trade higher near the \$1,980 level, but don't expect an extreme move upside because markets are still speculating more rate hikes by the Fed, said Brian Lan, of Singapore dealer GoldSilver Central. On the downside, it has support at \$1,955, and remains influenced by the movement of the dollar, he added. Among other precious metals, spot silver rose 0.3% to \$23.5401 per ounce, platinum gained 0.6% to \$999.17, and palladium advanced 1.2% to \$1,379.04.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Monetary Base YY*	JP	01-Jun 05:20	May	-1.91	
JibunBK Mfg PMI Final SA	JP	01-Jun 06:00	May	50.8	
Nationwide house price yy*	GB	01-Jun 11:30	May	-2.7	-3.7
Nationwide house price mm*	GB	01-Jun 11:30	May	0.5	0.1
HCOB Mfg Final PMI	EU	01-Jun 13:30	May	44.6	44.6
BOE Consumer Credit*	GB	01-Jun 14:00	Apr	1.574	1.500
M4 Money Supply*	GB	01-Jun 14:00	Apr	-0.6	
Broad Money*	GB	01-Jun 14:00	Apr	3041708	
Mortgage Lending*	GB	01-Jun 14:00	Apr	0.018	0.300
Mortgage Approvals*	GB	01-Jun 14:00	Apr	52.011	53.000
S&P GLBL/CIPS Mfg PMI FNL	GB	01-Jun 14:00	May	46.9	46.9

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0734	1.0736	1.0633	1.0688	-0.42%
GBP	1.2412	1.2443	1.2345	1.2437	0.19%
JPY	139.79	140.37	139.22	139.34	-0.32%
TRY	0.0488	0.0489	0.0477	0.0481	-1.43%
Dollar Idx	104.054	104.699	104.013	104.326	0.15%
Brent	73.6	73.81	71.39	72.66	-1.20%
WTC	-	-	-	68.11	-1.93%
Gold	1958.795	1974.69	1953.4329	1962.3011	0.16%
KWSE Index	6841.27	6845.13	6793.76	6796.79	-0.63%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.38	3M	4.25
SW	3.69	6M	4.44
1M	3.94	1Y	4.69

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

0.30730

3M% CHG

0.16%

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	5.07	3M	5.50
SW	0.00	6M	5.62
1M	5.17	1Y	5.73
2M	0.00		

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	03-May-'23	5.25	4.00	1.25
ECB Refinancing Rate	04-May-'23	3.75	3.50	0.25
BOE Bank Rate	11-May-'23	4.50	4.25	0.25
BOJ Prime Rate	11-Apr-'23	1.40	1.45	-0.05
TRY ON Lending Rate	20-Mar-'23	10.00	10.50	-0.50

KEY INTERNATIONAL STORIES

US labor market remains resilient as job openings climb, layoffs drop

WASHINGTON, May 31 (Reuters) - U.S. job openings unexpectedly rose in April and data for the prior month was revised higher, pointing to persistent strength in the labor market that could compel the Federal Reserve to raise interest rates again in June. The Job Openings and Labor Turnover Survey, or JOLTS report, from the Labor Department on Wednesday also showed layoffs declined significantly last month. There were 1.8 job openings for every unemployed person in April, up from 1.7 in March, and well above the 1.0-1.2 range that is considered consistent with a jobs market that is not generating too much inflation.

Bank of England to take Bank Rate to 5.00% next quarter as inflation proves sticky

LONDON, May 31 (Reuters) - The Bank of England will be far more aggressive in policy tightening than previously thought as it battles to contain stubbornly-high inflation running at the joint-highest rate among Group of Seven advanced economies, a Reuters poll found. Consumer prices rose 8.7% in annual terms last month, down from 10.1% in March but faster than the 8.2% predicted in a Reuters poll, while a closely-watched measure of core price rises surged to a 31-year high, official data showed before the poll was conducted. Bank Rate was seen sitting at 5.00% until early next year.

German inflation drops to lowest level in more than a year

BERLIN, May 31 (Reuters) - Germany on Wednesday joined a list of major euro zone economies reporting a bigger than expected drop in inflation, suggesting that price growth may be falling more quickly than expected, adding to arguments for caution on rate hikes. Euro zone inflation data is due on Thursday. Economists polled by Reuters expect inflation to fall to 6.3% in May from 7.0% in April. In Germany, for the first time this year, prices actually dropped compared with the previous month. Consumer prices in harmonised terms fell 0.2% on the month.

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Japan's factory activity expands first time in 7 months - PMI

TOKYO, June 1 - Japan's factory activity expanded in May for the first time in seven months thanks to increases in output and new orders and buoyed by a positive outlook for the year ahead, a private sector survey showed on Thursday. The final au Jibun Bank Japan manufacturing purchasing managers' index stood at 50.6, its first reading above the 50.0 threshold since October last year and marking the fastest rate of expansion in a year. Output and new orders hit their highest in 12 and 13 months, respectively, as business and consumer confidence lifted demand. A survey of manufacturers forecast a 1.9% increase in May,

Brazil's economy likely surged back in Q1 powered by record crops

BUENOS AIRES, May 31 (Reuters) - Brazil's economy likely surged back to growth in the first quarter of the year, powered by record-breaking crops and solid crude oil output that more than offset the drag of subdued manufacturing activity, a Reuters poll of economists showed. GDP is forecast to increase 1.3% in January-March over the fourth quarter, after a 0.2% contraction in the last three months of 2022, according to the median estimate of 18 forecasts taken between May 24 and 30. The data is due on Thursday. Improving sentiment is leading to upgrades in growth estimates for this year and 2024. Last week, JPMorgan raised its 2023 GDP growth forecast to 1.7% from 0.9%.

Oil falls after large surprise build in US crude stocks

June 1 (Reuters) - Oil prices dipped in early trade on Thursday for the third straight session after data showed an unexpected, large build in U.S. crude stocks last week, triggering fears of an oversupply amid signs of weaker Chinese demand, too. Brent crude futures for August delivery fell 40 cents, or 0.6% to \$72.20 a barrel, while U.S. West Texas Intermediate crude (WTI) eased 39 cents, or 0.6%, to \$67.70 a barrel. U.S. crude oil inventories rose by about 5.2 million barrels last week, according to market sources citing American Petroleum Institute figures on Wednesday. That compared with estimates in a Reuters poll for a drawdown of 1.4 million barrels.