



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

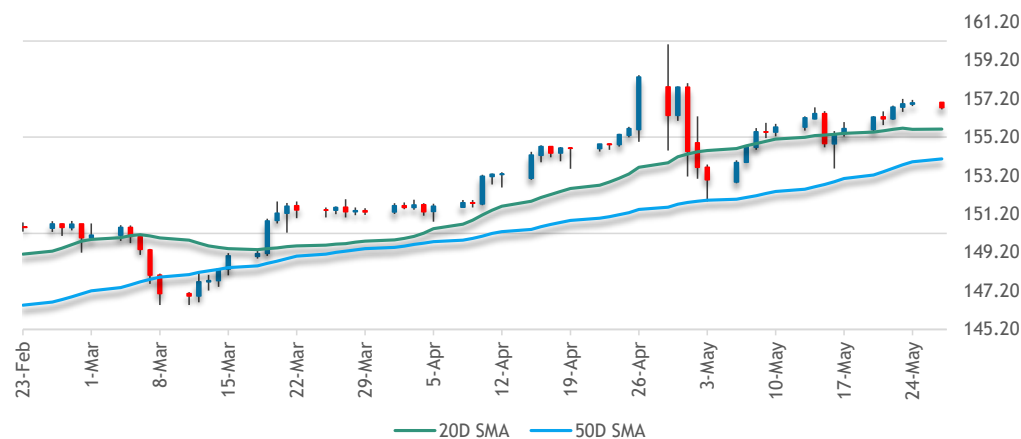
## KFH Treasury



*Report produced on*  
**Mon, 27-May-2024**

# Forex Market

## JAPANESE YEN



CLOSE  
**156.99**

1M %chg  
**1.06%**

3M %chg  
**4.31%**

### USD/JPY backs off a bit, JPY crosses mostly at recent highs

27 May 2024 07:46:15 AM

- \* USD/JPY backs off on sales, as US yields fell back from Friday highs
- \* Japanese exporters busy selling from @157.00, profit-takes from longs too
- \* Japanese importers buying dips, has helped limit moves down
- \* USD/JPY 157.01 early to 156.67 EBS, bounces from hourly Ichi cloud base
- \* Hourly Ichi cloud base currently 156.67, 100-HMA below at 156.65
- \* 200-HMA 156.10 and daily Ichi kijun 156.05 - underlying support
- \* 157.00 likely cap on massive \$1.5 bln in option expiries today at strike

## EURO



CLOSE  
**1.0845**

1M %chg  
**1.38%**

3M %chg  
**0.25%**

### EUR/USD-Spreads, better risk put bears on defense

24 May 2024 03:39:23 PM

- \* EUR/USD hit 1.08058 on EBS overnight, buyers emerged, 1.0844 hit in Europe
- \* NY opened near 1.0840, pair traded up +0.20% in early NY hours
- \* Rally aided by tighter German-US yield spreads US2DE2=RR
- \* Gains in equities ESv1 and gold XAU= helped weigh on US\$, buoy EUR/USD
- \* EUR/USD traded above the 21- & 10-DMA's and RSIs are rising
- \* Bull flag on daily chart reinforces those other bullish signals
- \* US April durable goods, May U of Michigan (final) are data risks in NY
- \* Remarks from Fed Governor Waller may impact risk in NY's morning

# Forex Market

## POUND STERLING



CLOSE  
**1.2740**

1M %chg  
**2.24%**

3M %chg  
**0.48%**

### COMMENT-Sterling bulls keep focus on 2024 high

24 May 2024 05:18:41 PM

Sterling bulls have shrugged off Friday's soft UK retail sales data and Thursday's upbeat U.S. flash PMI data and traders appear comfortable keeping the pound within striking distance of this year's high of 1.2894 as they focus on relative Fed-BoE rate expectations that are traveling a similar path. GBP/USD remained near its trend high of 1.2761 on Friday as traders prepared for the long U.S. and UK holiday weekend. LSEG's IRPR page indicates BoE rate cut odds are moving steadily lower aided by UK CPI data that did not meet dovish consensus forecasts, pushing back expected BoE cuts much later in 2024. IRPR is currently pricing 60% odds for a September UK rate cut and a total of 28bp of cuts by year-end, a much more hawkish path from early May after the dovish BoE rate hold had a August cut nearly fully priced in.

## TURKISH LIRA



CLOSE  
**0.0310**

1M %chg  
**0.98%**

3M %chg  
**-3.43%**

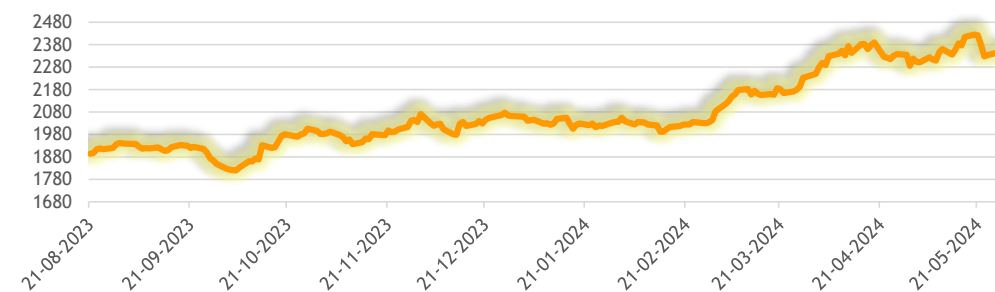
### Turkey central bank holds rate at 50%, eyeing inflation risk

23 May 2024 04:39:45 PM

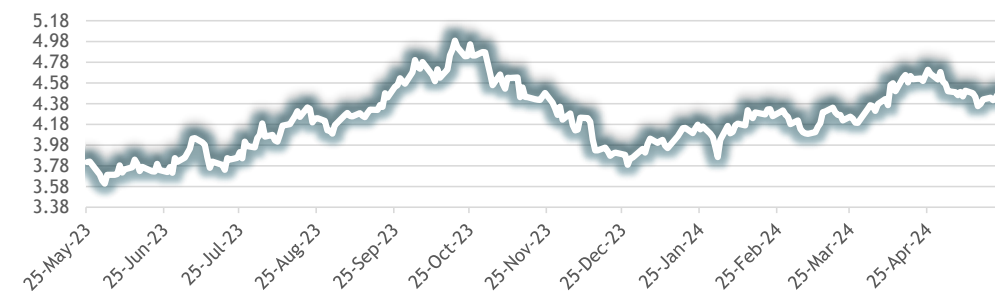
ISTANBUL, May 23 (Reuters) - Turkey's central bank held its main interest rate at 50% on Thursday as expected and said it remains wary of inflation risks even as some progress has been seen, setting the stage for a likely period of several months with no policy shift. The bank last raised rates in March, by 500 basis points, citing a worsening inflation outlook. It then held steady in April but this month again vowed to tighten more if there is "a significant and persistent deterioration" in the outlook. The annual inflation rate climbed to 69.8% in April and Central Bank Governor Fatih Karahan said earlier this month that it will peak in May at 75-76%, after which a disinflation trend would take hold alongside cooling domestic demand.

# Gold, US Treasury & Dollar Index

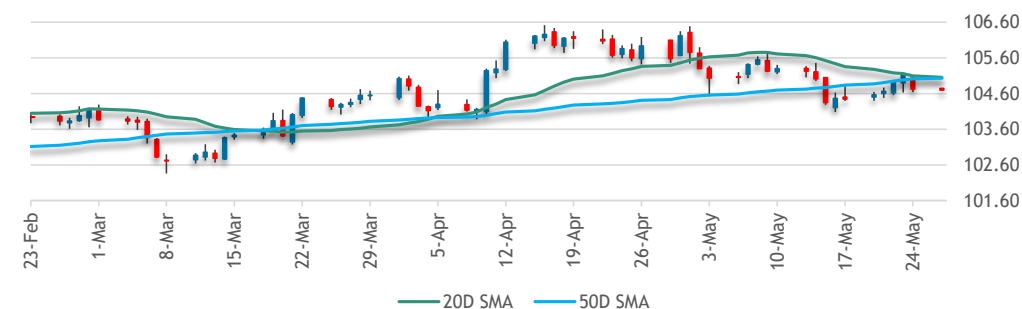
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

**4.47**

1M %chg

**-3.89%**

3M %chg

**5.00%**

### PRECIOUS-Gold recoups from 2-week low as traders eye US inflation data

27 May 2024 07:57:31 AM

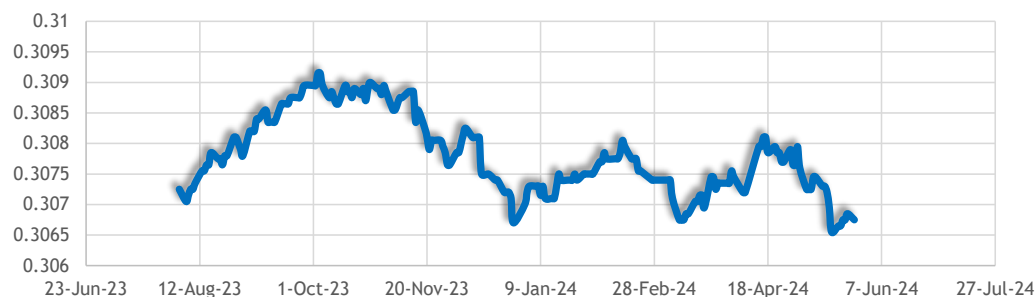
May 27 (Reuters) - Gold prices on Monday drifted higher from a two-week low hit in the previous session as traders gauged fading hopes of U.S. interest rate cuts ahead of a key inflation report due later this week. Spot gold XAU= was up 0.5% at \$2,346.31 per ounce, having touched its lowest since May 9 at \$2,325.19 on Friday. U.S. gold futures GCcv1 rose 0.6% to \$2,347.60. Bullion hit a record high of \$2,449.89 earlier last week, but has shed more than \$100 since then. "I suspect gold can manage a small bounce from current levels before retesting the \$2,280-\$2,300 zone, which could see losses extended if U.S. data continues to outperform," said City Index senior analyst Matt Simpson. Minutes from the Federal Reserve's meeting published last week showed the central bank's path to 2% inflation could take longer than expected. Spot silver XAG= rose 1.6% to \$30.81, platinum XPT= climbed 1.3% to \$1,039.20 and palladium XPD= gained 1.7% to \$980.00.

### 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	1.0813	1.0857	1.0804	1.0845	0.30%
GBP	1.269	1.275	1.2676	1.274	0.34%
JPY	156.92	157.14	156.81	156.99	0.04%
TRY	0.0311	0.0311	0.0309	0.031	0.00%
Dollar Idx	105.035	105.119	104.638	104.724	-0.37%
Brent	81.4	82.46	80.65	82.12	0.93%
WTC	77.51	78.85	77.15	78.48	1.30%
Gold	2327.95	2347.32	2325.19	2333.7642	0.23%
KWSE Index	7143.23	7151.79	7116.26	7129.22	-0.08%

## 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

**0.30675**

**-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 core capital goods orders rise, inflation expectations improve

WASHINGTON, May 24 (Reuters) - New orders for key U.S.-manufactured capital goods rebounded more than expected in April and shipments of those goods also increased, suggesting a moderate improvement in business spending on equipment early in the second quarter. Nonetheless, business investment on equipment continues to be hamstrung by higher borrowing costs. That, together with a strong dollar and weak global demand, is keeping manufacturing, which accounts for 10.4% of the economy, on the ropes. Core capital goods orders jumped 1.2% on a year-on-year basis in April.

### German economy grew 0.2% in Q1, stats office confirms

BERLIN, May 24 (Reuters) - The German economy grew by 0.2% in the first three months of 2024, the statistics office reported, confirming preliminary data. Despite declining inflation, household consumption did not recover in the first quarter, falling 0.4% on the previous quarter. Government expenditure was also 0.4% lower than in the previous quarter, the data showed. Following a weak second half of 2023, investment in construction rose significantly by 2.7% on the quarter, while investment in machinery and equipment fell by 0.2%. In the first quarter, exports of goods and services were up 1.1% compared with the previous quarter.

### Canada March retail sales down 0.2% as spending falls across sectors

OTTAWA, May 24 (Reuters) - Canada's retail sales contracted for a third consecutive month, missing expectations, data showed on Friday, underscoring the softness in economic growth and impact of high interest rates on consumer spending. Retail sales in March dropped by 0.2% as consumers curtailed purchases of furniture, home furnishings, electronics and appliances, Statistics Canada said, adding that for the quarter that ended March 31, sales were down 0.2%. Sales were down to C\$66.4 billion (\$48.41 billion), impacted by a drop in sales in seven out of nine subsectors, Statscan said.

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### China's industrial profits swing back to growth in April

BEIJING, May 27 (Reuters) - China's industrial profits swung back into positive territory in April while gains over the first four months period held steady at first-quarter levels, official data showed, suggesting steps to prop up the economy had partially worked. Profits at China's industrial firms rose 4.3% in the January-April period from the same period a year earlier, data from the National Bureau of Statistics showed, unchanged from a 4.3% increase in the first quarter. For April alone, profits were up 4.0%, versus a 3.5% slide in March. Industrial profit numbers cover firms with annual revenue of at least 20 million yuan (\$2.76 million) from their main operations.

### Thailand's employment dips 0.1% y/y in Q1 on lower farm jobs

BANGKOK, May 27 (Reuters) - Thailand's employment dropped 0.1% in the first quarter from a year earlier due to lower farm jobs, after a 1.7% year-on-year increase in the previous quarter, the state planning agency said on Monday. Agricultural employment dropped by more than 5.7% in the first quarter year-on-year during the off-season, while non-farm jobs grew 2.2% driven by tourism, the National Economic and Social Development Council (NESDC) said in a statement. Jobs in the hotel and restaurant sector rose 10.6% year-on-year in the March quarter, driven by more than 9.3 million foreign tourist arrivals, the agency said.

### Oil prices steady as markets turn focus to OPEC+ meeting

NEW DELHI, May 27 (Reuters) - Oil prices steadied in Asian trading on Monday as markets awaited an OPEC+ meeting on June 2 where producers are expected to discuss maintaining voluntary output cuts for the rest of the year. The Brent crude July contract was up 18 cents to \$82.30 a barrel. The more-active August contract rose 25 cents to \$82.09. U.S. West Texas Intermediate (WTI) crude futures rose 24 cents to \$77.96. Brent ended last week about 2% lower and WTI lost nearly 3% after Federal Reserve minutes showed some officials would be willing to tighten interest rates further if they believed it was necessary to control persistent inflation.