



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

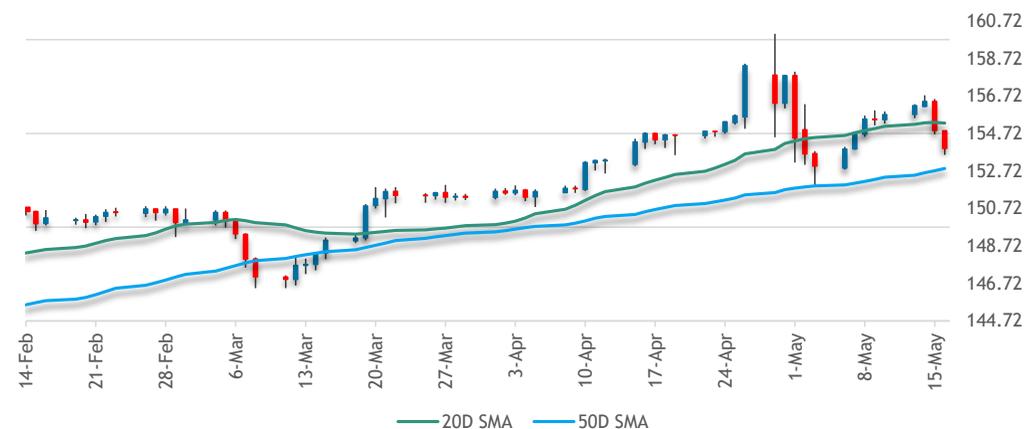
KFH Treasury



Report produced on
Thu, 16-May-2024

Forex Market

JAPANESE YEN



CLOSE **154.87** 1M %chg **0.39%** 3M %chg **3.31%**

USD/JPY off more in Asia with US yields, JPY crosses follow

16 May 2024 07:53:34 AM

- * USD/JPY off in Asia, 154.85 to 153.60 EBS, adds to losses from 156.80 Tues
- * Focus squarely on US yields, on back-foot now, Tsy 2s @4.711%, 10s @4.317%
- * Follows weak US CPI, retail sales housing data overnight
- * USD/JPY support from area of large option expiries, 153.45-60 \$978 mln
- * 153.00 also likely support and 152.75 low May 6, 55-DMA 152.57
- * Other option expiries today 153.80-90 \$1 bln, 154.00 \$770 mln
- * Some signs USD/JPY base in place but tad premature, eyes on US yields
- * Japan Q1 GDP weak, merely reinforces view BOJ accommodative stance to stay
- * Nikkei up regardless with Wall up to fresh records, +0.8% @38,707

EURO



CLOSE **1.0882** 1M %chg **2.45%** 3M %chg **1.03%**

EUR/USD-Fresh 1-month high hit ahead of US CPI, sales data reports

15 May 2024 03:22:29 PM

- * EUR/USD rallied 1.08135-1.08345 (EBS), a 1-month high; NY opened near 1.0825
- * US yield US10YT=RR, US2YT=RR slide weighed on US\$, lifted EUR/USD
- * Gold XAU= gains & USD/CNH drop to 7.2178 (D3) helped prop up EUR/USD
- * Pair rallied above 76.4% Fib 1.0885-1.0602 and the daily cloud base
- * Rally stalled near the cloud top, pair dipped, was up +0.07% in early NY
- * Rising RSIs, hold above slew of daily MAs are bullish signals
- * Remarks from Fed's Kashkari, Bowman also may impact risk Wednesday

Forex Market

POUND STERLING



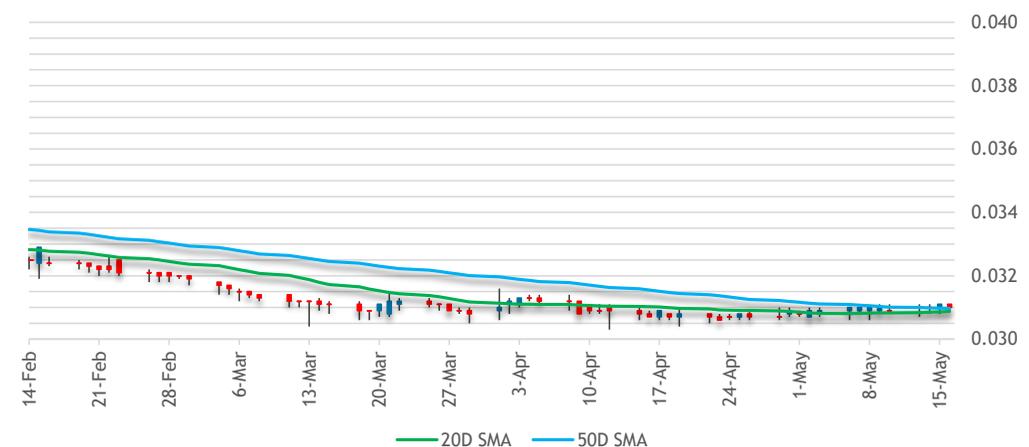
CLOSE **1.2685** 1M %chg **1.94%** 3M %chg **0.67%**

GBP/USD-Fresh trend high as offshore optimism extends in Asia

16 May 2024 08:07:42 AM

- * +0.05% near the base of a busy 1.2680-1.2700 D3 range - fresh trend high
- * Sterling was supported by risk appetite - Asian stocks and commodities climb
- * Treasury yields extended losses seen in the U.S. - 10yr UST -4bp to 4.316%
- * The opposition Labour Party will set out its priorities for government today
- * Charts; daily momentum studies, 5, 10 & 21-day moving averages climb
- * 21-day Bollinger bands expand - a strong positive trending setup
- * Resistance starts at the 1.2709 April high then 1.2766, 0.786% Mar/Apr fall
- * A close below the 1.2518 21-day moving average would end the topside bias

TURKISH LIRA



CLOSE **0.0311** 1M %chg **0.97%** 3M %chg **-5.47%**

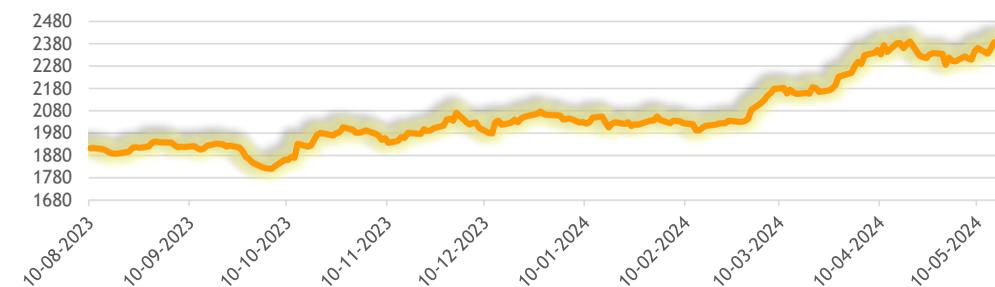
Turkish April budget deficit 177.8 billion lira, Treasury says

15 May 2024 12:12:36 PM

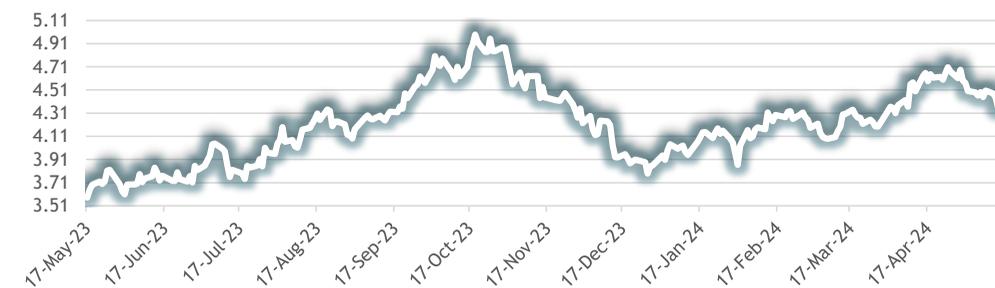
ANKARA, May 15 (Reuters) - The Turkish budget showed a deficit of 177.83 billion lira (\$5.51 billion) in April, the Treasury said on Wednesday, with the deficit in the first four months of the year amounting to 691.3 billion lira. The primary deficit, excluding interest payments, stood at 63.8 billion lira in April and 326.8 billion lira in the January-April period.

Gold, US Treasury & Dollar Index

GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.33

1M %chg

-5.88%

3M %chg

2.74%

PRECIOUS-Gold drifts higher as rising Fed rate cut expectations boost appeal

16 May 2024 08:15:00 AM

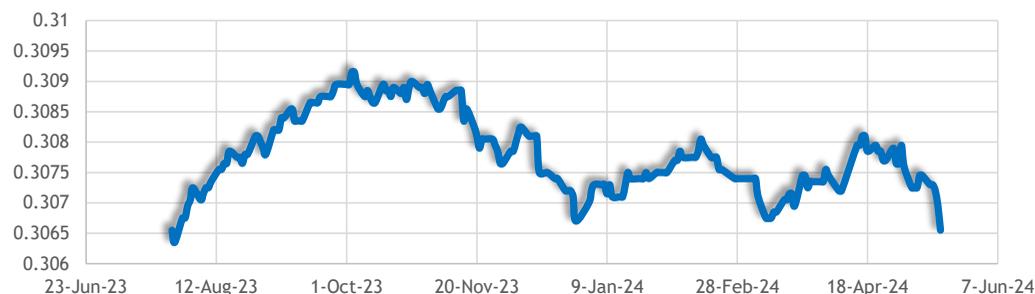
May 16 (Reuters) - Gold prices inched up on Thursday following a sharp rise in the last session as the dollar and bond yields weakened on the increasing likelihood of rate cuts by the U.S. Federal Reserve as early as September. Spot gold XAU= rose 0.1% at \$2,388.10 per ounce, after gaining more than 1% to its highest since April 19 on Wednesday. U.S. gold futures GCcv1 rose 0.1% to \$2,393.20. The dollar .DXY fell 0.2% against a basket of other major currencies, making the greenback-priced bullion less expensive for other currency holders. The benchmark 10-year US10YT=RR Treasury yield hit its lowest in more than one month. Bullion is known as an inflation hedge, but higher rates increase the opportunity cost of holding non-yielding gold. Spot silver XAG= fell 0.5% to \$29.56 per ounce and palladium XPD= gained 0.3% to \$1,012.93. Platinum XPT= rose 0.7% to \$1,071.00, hitting its highest since May 22 last year.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Capacity Utilization MM SA*	JP	16-May 10:00	Mar	-0.5	
Industrial O/P Rev MM SA *	JP	16-May 10:00	Mar	3.8	
Industrial O/P Rev YY SA*	JP	16-May 10:00	Mar	-3.6	
Building Permits: Number *	US	16-May 18:00	Apr	1.467	1.485
Build Permits: Change MM *	US	16-May 18:00	Apr	-3.7	
Export Prices MM*	US	16-May 18:00	Apr	0.3	0.4
Housing Starts Number *	US	16-May 18:00	Apr	1.321	1.420
House Starts MM: Change *	US	16-May 18:00	Apr	-14.7	
Import Prices MM*	US	16-May 18:00	Apr	0.4	0.3
Import Prices YY*	US	16-May 18:00	Apr	0.4	
Initial Jobless Clm*	US	16-May 18:00	w/e	231	220

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0818	1.0885	1.0811	1.0882	0.59%
GBP	1.2591	1.2686	1.258	1.2685	0.77%
JPY	156.42	156.56	154.68	154.87	-0.99%
TRY	0.031	0.0311	0.0308	0.0311	0.32%
Dollar Idx	105.047	105.063	104.283	104.345	-0.64%
Brent	82.76	83.07	81.05	82.75	0.45%
WTC	79.35	80.4	78.3	80.23	0.77%
Gold	2357.82	2390.16	2351.59	2386.0425	1.19%
KWSE Index	7201.95	7220.32	7171.38	7175.51	-0.28%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.31	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

0.30695

-0.32%

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	5.59
SW	0.00	6M	5.72
1M	5.43	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 consumer inflation resumes downward trend as domestic demand cools

WASHINGTON, May 15 (Reuters) - U.S. consumer prices increased less than expected in April, suggesting that inflation resumed its downward trend at the start of the second quarter in a boost to financial market expectations for a September interest rate cut. The consumer price index rose 0.3% last month after advancing 0.4% in March and February, the Labor Department's Bureau of Labor Statistics said. The cost of shelter, which includes rents, increased 0.4% for the third straight month. Gasoline prices shot up 2.8%. These two categories contributed over 70% of the increase in the CPI. Food prices were unchanged.

BoE might consider rate cut during the summer, chief economist says

LONDON, May 14 (Reuters) - The Bank of England might be able to consider cutting interest rates over the summer although Britain's labour market remains tight by historical standards, the central bank's chief economist Huw Pill said on Tuesday. Pill voted with the majority of the BoE's Monetary Policy Committee last week to keep interest rates at a 16-year high of 5.25% after which he said betting too heavily on at the BoE's June rate meeting would be a bad idea. Interest rate futures showed a 52% chance of rate cut in June, up slightly from earlier, and a first cut fully priced in for the BoE's August meeting.

Euro zone economy, employment expands by 0.3% in first quarter

FRANKFURT, May 15 (Reuters) - The euro zone economy grew by 0.3% in the first quarter of the year, suggesting a slow recovery is now underway after six straight quarters of stagnant or negative growth, Eurostat said, confirming a preliminary estimate. In the previous quarter, however, growth was confirmed at minus 0.1%, indicating that the bloc was in recession, as many economists had long predicted. The economy shrank by 0.1% in both the third and fourth quarters, meeting the traditional definition of a recession of two consecutive quarters of negative growth. Employment meanwhile grew by 0.3% in the first quarter.

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Japan's economy skids, complicating BOJ's rate hike plans

TOKYO, May 16 (Reuters) - Japan's economy contracted in the first quarter, squeezed by weaker consumption and external demand and throwing a fresh challenge to policymakers as the central bank looks to lift interest rates away from near-zero levels. Preliminary gross domestic product (GDP) data from the Cabinet Office on Thursday showed Japan's economy shrank 2.0% annualised in January-March from the prior quarter, faster than the 1.5% drop seen in a Reuters poll of economists. Downwardly revised data showed GDP barely grew in the fourth quarter. The reading translates into a quarterly contraction of 0.5%, versus a 0.4% decline expected by economists.

Brazil's central bank fully committed to 3% inflation target, board members say

BRASILIA, May 15 (Reuters) - Brazil's central bank is firmly committed to pursuing its 3% inflation target, board members said on Wednesday, noting that they share concerns about rising price expectations despite disagreements about lowering interest rates at last week's monetary policy meeting. Their remarks reinforced the bank's hawkish tone after its split decision last week to cut interest rates by 25 basis points to 10.50% after six consecutive cuts twice that size. All four appointees of President Luiz Inacio Lula da Silva to the nine-member board voted for a 50-basis-point cut, adhering to a March guidance.

Oil prices rise on slower US inflation, strong demand

May 16 (Reuters) - Oil prices extended gains from the previous session on Thursday on signs of stronger demand in the U.S. where data showed slower inflation than markets expected, bolstering the argument for an interest rate cut which could drive even greater consumption. Brent futures LCOc1 rose 35 cents, or 0.4%, to \$83.10 a barrel, while U.S. West Texas Intermediate crude (WTI) CLc1 gained 40 cents, or 0.5%, to \$79.03. Global oil demand this year will grow by 1.1 million barrels per day (bpd), IEA said, down 140,000 bpd from its previous forecast, largely due to weak demand in developed nations of the Organisation for Economic Co-operation and Development.