



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

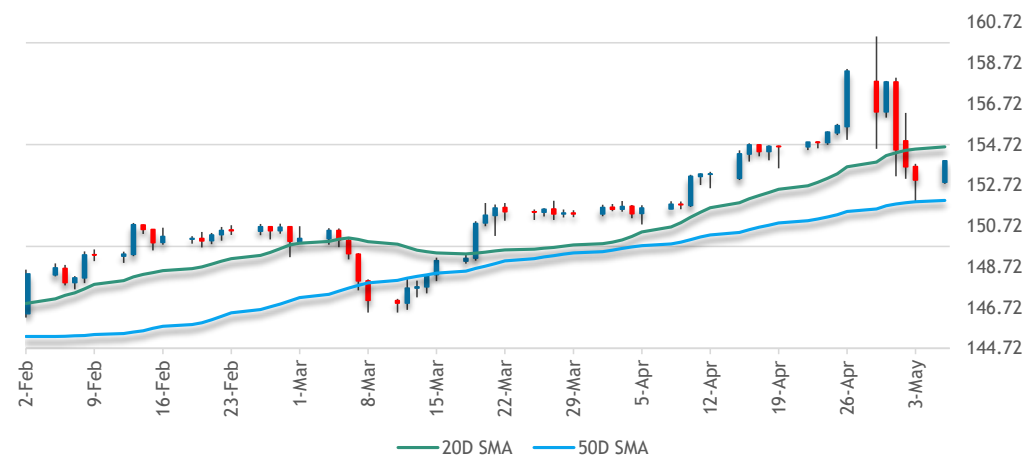
KFH Treasury



Report produced on
Mon, 06-May-2024

Forex Market

JAPANESE YEN



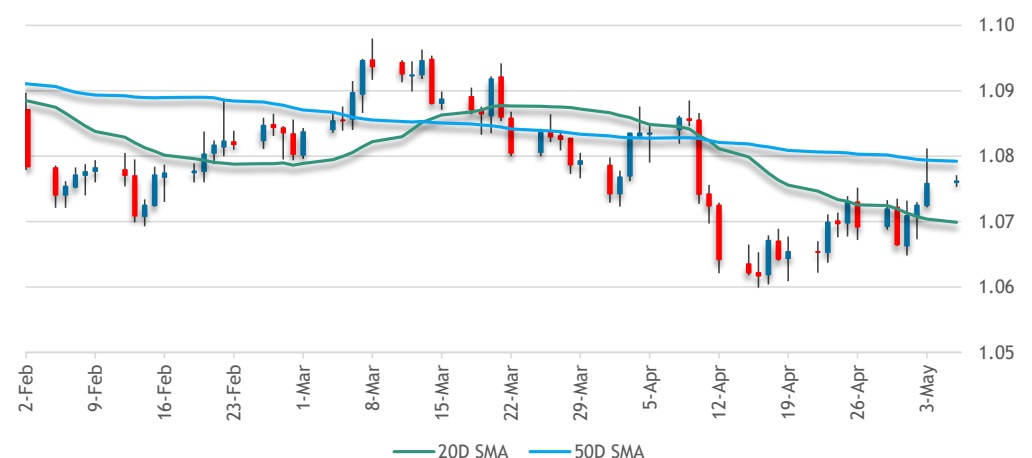
CLOSE **152.98** 1M %chg **0.86%** 3M %chg **3.11%**

USD/JPY-Pares some losses as markets settle after wild swings - Reuters News

06 May 2024 07:39:46 AM

- * USD/JPY +0.5% in Asia as bargain hunters step in after large drop last week
- * Technical buying cited after 61.8% Fibo of Dec-March drop at 151.74 held Fri
- * Traders wary as Japan's Suzuki Fri said may need to smooth excessive moves
- * Yellen counsels caution on currency intervention after yen surge-Bloomberg
- * Japan off Mon, traders watchful as MOF intervened in thin markets last week
- * Upside limited, softer-than-expected jobs data revives Fed rate expectations
- * Resistance 154.00-10, 154.40-50, support 153.30-35, 152.80-90

EURO



CLOSE **1.0758** 1M %chg **-0.71%** 3M %chg **-0.24%**

EUR/USD-Rate cut case builds - Euro is resilient - Reuters

06 May 2024 07:54:37 AM

- * Steady after trading in a tight low-key 1.0750-1.0770 range on EBS
- * The case for an ECB June rate cut is getting stronger - Chief Economist Lane
- * Both April inflation and Q1 GDP suggest inflation is heading towards 2%
- * ECBWATCH prices a 25pt June cut at 89.68% - would be a shock if no cut
- * 21-day Bollinger bands contract - the daily techs show mixed signals
- * 1.0835/36, 0.618% of Mar/Apr fall, and upper 21-day Bolli is key resistance
- * Friday's 1.0724 European low and Thursday's 1.0675 base support
- * 1.0750 1.335BLN and 1.0800 826mln are the close strikes for May 6

Forex Market

POUND STERLING



CLOSE

1.2544

1M %chg

-0.85%

3M %chg

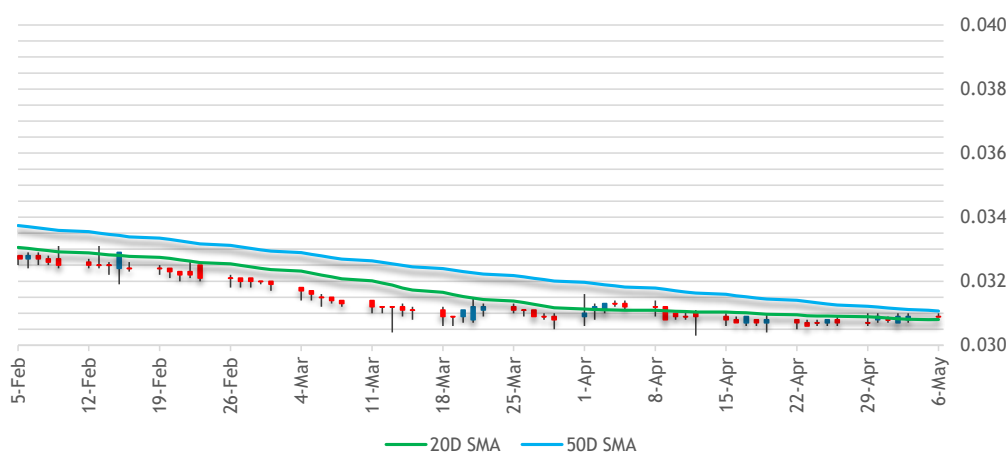
-0.68%

COMMENT-Sterling bulls feast after soft payroll data affirms dovish Fed tack - Reuters

03 May 2024 06:14:30 PM

GBP/USD rallied on Friday to a flash intra-day high at 1.2634 after unexpectedly soft U.S. payrolls data shifted Fed rate-cut expectations back to September, which could put cable's early April peak of 1.2709 on the agenda. The surprisingly large fall in payrolls growth highlighted Fed Chair Jerome Powell's comment on Wednesday that it is unlikely the next policy move would be a hike, which could leave traders inclined to buy sterling and unwind recent shorts. However, it also puts the BoE's rate announcement on May 9 in focus as well as Monday's UK retail sales.

TURKISH LIRA



CLOSE

0.0309

1M %chg

-1.28%

3M %chg

-5.50%

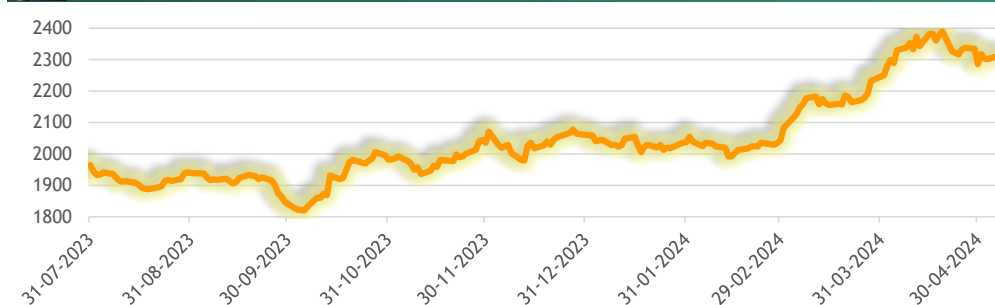
Turkey inflation up near 70%, highest since 2022 - Reuters

03 May 2024 12:41:06 PM

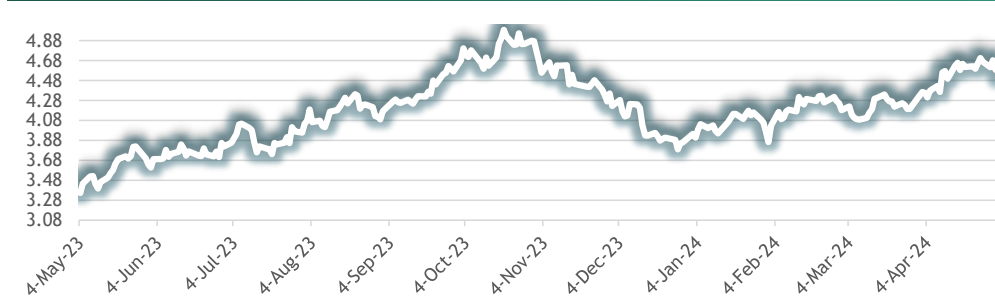
ISTANBUL, May 3 (Reuters) - Turkish annual consumer price inflation climbed to 69.8% in April, official data showed on Friday, a bit below expectations but the highest since late-2022 on strong rises in education, restaurants and hotels prices. Commenting on the figures, Finance Minister Mehmet Simsek said April's month-on-month inflation, which was 3.18%, was in line with expectations. In March it stood at 3.16%. According to the Turkish Statistical Institute, the biggest annual consumer price rise was in education, for which prices rose 103.86%, followed by restaurants and hotels at 95.82%. Food and non-alcoholic drinks prices were up 68.50%. The central bank has hiked rates by 3,650 basis points since June including a 500 basis-point rise in March due to deterioration in the inflation outlook.

Gold, US Treasury & Dollar Index

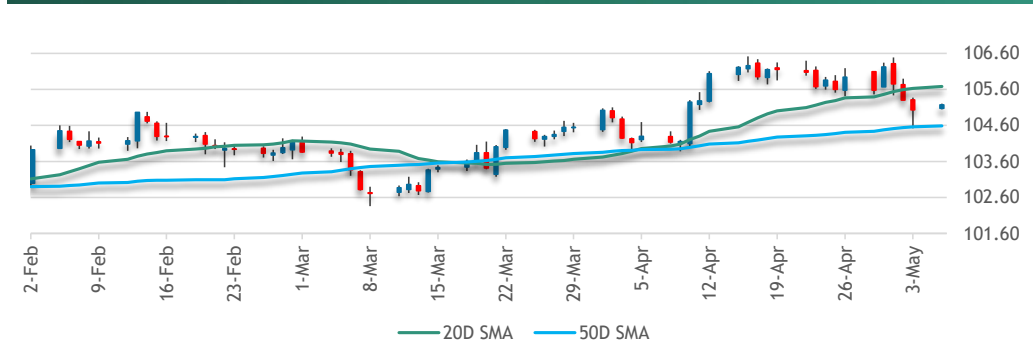
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.50

1M %chg

3.33%

3M %chg

11.63%

PRECIOUS-Gold rises on Fed rate cut hopes, Middle East tensions - Reuters News

06 May 2024 08:49:32 AM

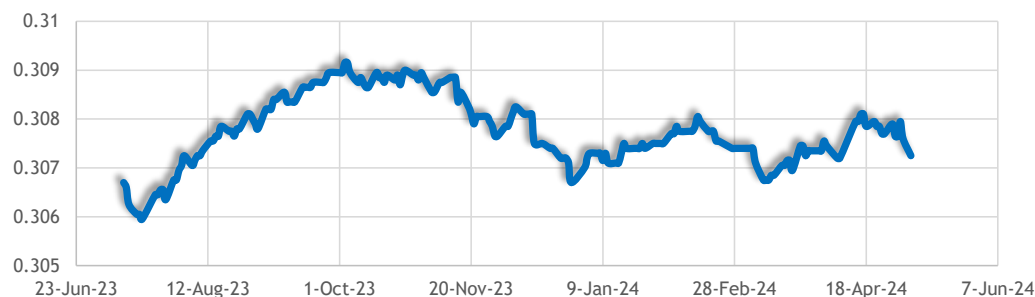
May 6 (Reuters) - Gold prices ticked higher on Monday, as expectations that the Federal Reserve will start cutting interest rates later in the year and tensions in the Middle East lifted bullion's appeal. Spot gold XAU= rose 0.3% to \$2,309.24 per ounce. U.S. gold futures GCcv1 gained 0.5% to \$2,318.80 per ounce. "Weaker U.S. data offers more policy flexibility for the Fed in terms of rate cuts," paving way for gold prices to stabilise, said IG market strategist Yeap Jun Rong. Markets are pricing in a 67% chance of a U.S. rate cut in September, as per CME's FedWatch Tool. Lower interest rates reduce the opportunity cost of holding bullion. Meanwhile, the Perth Mint's gold product sales in April jumped two-fold from a month earlier, while silver sales fell to their lowest since December. Among other precious metals, spot silver XAG= was up 1.3% to \$26.89 per ounce. Platinum XPT= lost nearly 0.7% to \$948.97 and palladium XPD= inched up 0.1% to \$946.58.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
BRC Retail Sales YY	GB	06-May 04:31	Apr	3.2	
HCOB - Composite Final PMI	EU	06-May 13:30	Apr	51.4	51.4
HCOB Services Final PMI	EU	06-May 13:30	Apr	52.9	52.9
Sentix Index*	EU	06-May 14:00	May	-5.9	-5
Producer Prices MM	EU	06-May 14:30	Mar	-1	-0.4
Producer Prices YY	EU	06-May 14:30	Mar	-8.3	-7.7
Employment Trends*	US	06-May 19:30	Apr	112.84	
Consumer Credit*	US	07-May 00:30	Mar	14.12	15.00
JibunBK SVC PMI Final SA *	JP	07-May 06:00	Apr	54.6	
Halifax House Prices MM*	GB	07-May 11:30	Apr	-1	
Halifax House Prices YY*	GB	07-May 11:30	Apr	0.30	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0725	1.0812	1.0722	1.0758	0.31%
GBP	1.2533	1.2633	1.2519	1.2544	0.10%
JPY	153.64	153.78	151.85	152.98	-0.42%
TRY	0.0308	0.031	0.0307	0.0309	0.00%
Dollar Idx	105.312	105.372	104.522	105.03	-0.26%
Brent	83.9	84.39	82.78	82.96	-0.85%
WTC	80.94	81.23	79.64	79.65	-1.17%
Gold	2302.82	2320.78	2277.19	2301.5569	-0.08%
KWSE Index	7046.48	7055.43	7036.81	7043.71	0.15%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.38	3M	4.25
SW	3.75	6M	4.50
1M	4.00	1Y	4.69

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30725

0.03%

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	5.74
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	21-Mar-'24	5.25	5.25	0.00
BOJ Prime Rate	08-Mar-'24	1.60	1.50	0.10
TRY ON Lending Rate	21-Mar-'24	53.00	46.50	6.50

Global Top News

KEY INTERNATIONAL STORIES

US job gains fewest in six months as labor market cools

WASHINGTON, May 3 (Reuters) - U.S. job growth slowed more than expected in April and the increase in annual wages fell below 4.0% for the first time in nearly three years, but it is probably too early to expect that the Federal Reserve will start cutting interest rates before September as the labor market remains fairly tight. The Labor Department's closely watched employment report on Friday also showed the unemployment rate rising to 3.9% from 3.8% in March amid increasing labor supply. Nonetheless, the jobless rate remained below 4% for the 27th straight month. Data this week showed job openings declining in March.

ECB rate cut case getting stronger, says chief economist Lane - Reuters News

FRANKFURT, May 6 (Reuters) - The case for a European Central Bank interest rate cut in June is getting stronger as services inflation is finally starting to ease, ECB Chief Economist Philip Lane told Spanish newspaper El Confidencial on Monday. The ECB has all but promised a rate cut on June 6, provided incoming data strengthen policymakers' belief that inflation will head back to its 2% target by the middle of next year. While the ECB insists it is not dependent on the Fed, a widening interest rate gap between the world's biggest central banks would weaken the euro and boost European inflation, likely limiting the ECB's appetite for going it alone.

Russian economy seen growing 2.9% this year, inflation to stay above target

MOSCOW, May 3 (Reuters) - Russia's economy is expected to grow by 2.9% in 2024, a Reuters poll showed on Friday, while inflation is forecast to stay above targets set by the Bank of Russia despite a long period of rate hikes. Russia's central bank, grappling with stubbornly high inflation, is seen holding its key rate at 16% on June 7, as it did in April, March and February, according to the poll of 17 analysts and economists. The Central Bank warned at its meeting on April 26 that inflation is set to ease more slowly than previously thought, and lifted its inflation forecast to 4.3-4.8% from 4-4.5% previously.

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China's services activity eases in April but still solid, Caixin PMI shows

BEIJING, May 6 (Reuters) - China's services activity expansion slowed a touch amid rising costs, but growth in new orders accelerated and business sentiment rose solidly in a boost to hopes of a sustained economic recovery, a private sector survey showed on Monday. The Caixin/S&P Global services purchasing managers' index (PMI) eased to 52.5 from a 52.7 in March, remaining in expansionary territory for the 16th straight month. The 50-mark separates expansion from contraction. The Caixin/S&P's composite PMI, which tracks both the services and manufacturing sectors, rose to 52.8 last month from 52.7 in March, marking the fastest pace since May in 2023.

Thai inflation rate positive in April, still below central bank target

BANGKOK, May 3 (Reuters) - Thailand's headline inflation rate rose for the first time in seven months in April but remained below the central bank's target range of 1% to 3% for a 12th consecutive month, data showed on Friday. The consumer price index (CPI) rose 0.19% in April from a year earlier, after a 0.47% year-on-year drop the previous month, the commerce ministry said. The ministry's inflation estimates have not taken into account the government's pledge to increase the daily minimum wage to 400 baht in October or the 500 billion baht (\$13.6 billion) stimulus handout to 50 million Thais that is scheduled for the fourth quarter this year.

Oil nudges higher after Saudi Arabia hikes prices - Reuters News

SINGAPORE, May 6 (Reuters) - Oil futures edged up on Monday after Saudi Arabia hiked June crude prices for most regions and as the prospect of a Gaza ceasefire deal appeared slim, renewing fears the Israel-Hamas conflict could still widen in the key oil producing region. Brent crude futures LCOc1 climbed 28 cents, or 0.3%, to \$83.24 a barrel, while U.S. West Texas Intermediate crude futures CLc1 were at \$78.40 a barrel, up 29 cents, or 0.4%. Saudi Arabia raised the official selling prices (OSPs) for its crude sold to Asia, Northwest Europe and the Mediterranean in June, signalling expectations of strong demand this summer.