



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

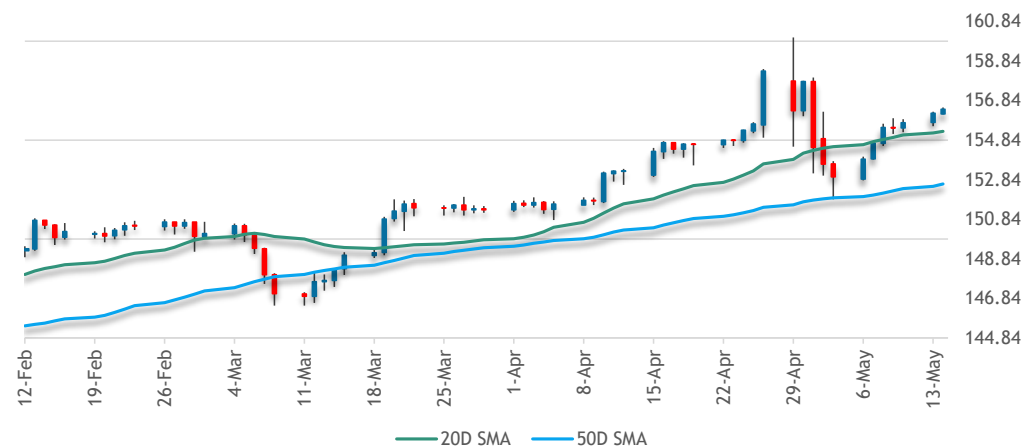
KFH Treasury



Report produced on
Tue, 14-May-2024

Forex Market

JAPANESE YEN



CLOSE
156.20

1M %chg
1.91%

3M %chg
3.59%

USD/JPY up on importer demand, JPY crosses bid too - Reuters

14 May 2024 07:47:52 AM

- * JPY on the back-foot in Asia, off more after sales overnight
- * USD/JPY 156.18 early to 156.50 EBS before steadying
- * Japanese importer buys again, also Yellen-speak critical of intervention
- * Japan FinMin Suzuki did speak out later at post-cabinet meeting presser
- * Suzuki stressed govt-BOJ policy coordination, importance of stable ccy
- * 157.04 Fibo 61.8% retracement of 160.24-151.86 move Apr 29-151.86
- * JPY crosses also bid with Japanese yields still low despite BOJ QE tweak

EURO



CLOSE
1.0788

1M %chg
1.37%

3M %chg
0.74%

EUR/USD-US yields help fuel a 6-session high rally - Reuters

13 May 2024 04:15:15 PM

- * EUR/USD hit 1.0766 on EBS overnight, buyers emerged, rally ensued
- * NY opened near 1.0785, pair hit 1.0796 early NY, was up +0.23%
- * Tighter German-US spreads also helped buoy EUR/USD
- * EUR/USD rallied above the converging 55- & 200-DMAs; techs lean bullish
- * RSIs are rising, consolidation of gains off May 1 low is ongoing
- * 76.4% Fibo of 1.0885-1.0602, May 3 high are impediments for longs

Forex Market

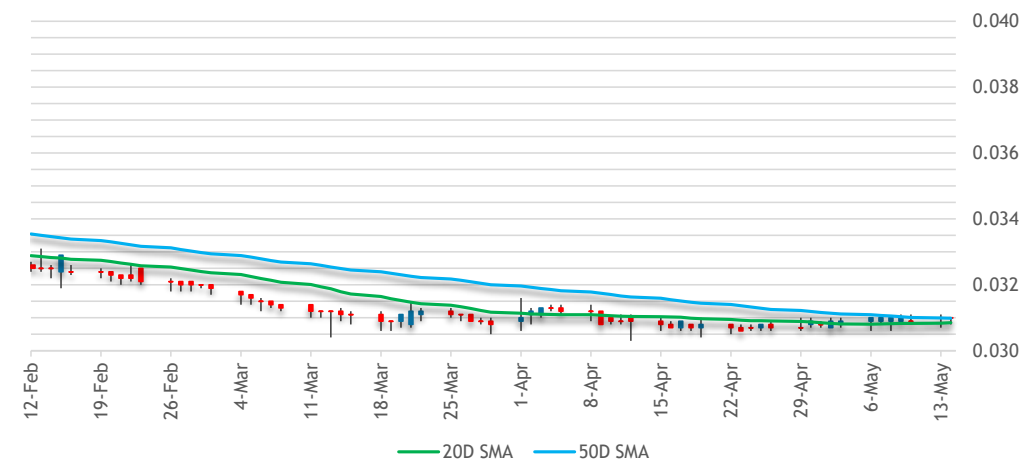
POUND STERLING



CLOSE **1.2558** 1M %chg **0.87%** 3M %chg **-0.25%**

GBP/USD-Sustains Monday's gain ahead of the UK jobs data - Reuters
 14 May 2024 07:57:36 AM
 * Steady in a very tight 1.2553-1.2560 range with modest interest on D3
 * Sterling showed broad-based strength on Monday, as gilt yields climbed
 * UK Jobs and a speech from BOE Chief Economist Pill lead events in London
 * Charts; 5, 10 & 21-day moving averages plus 21-day Bollinger bands climb
 * Daily momentum studies conflict - the signals show a modest positive bias
 * Resistance starts at the 1.2568 double top then 1.2611 upper 21-day Bolli
 * A close below the 1.2446 May low would be a bearish signal

TURKISH LIRA

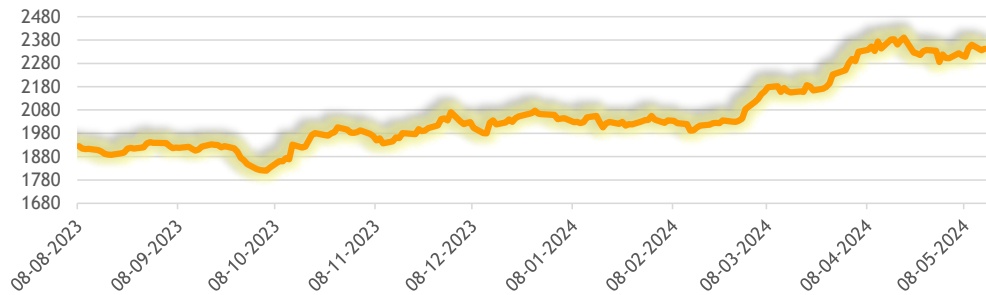


CLOSE **0.0310** 1M %chg **0.32%** 3M %chg **-4.62%**

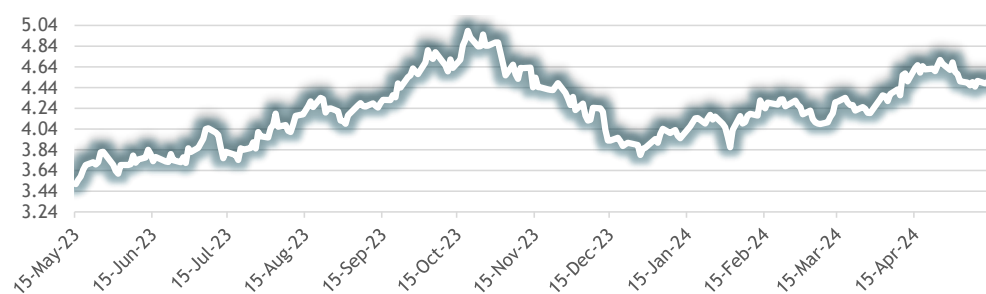
Turkey unveils package to rein in spending, boost efficiency - Reuters News
 13 May 2024 01:19:31 PM
 ANKARA, May 13 (Reuters) - Turkey will rein in public spending and boost efficiency under a savings plan announced on Monday, launching only essential state investment projects in a fresh move to build confidence in an economic tightening programme. The steps, unveiled by Vice President Cevdet Yilmaz and Finance Minister Mehmet Simsek, come as Turkey returns to more orthodox policies, seeking to boost fiscal discipline and price stability after years of turmoil that fuelled soaring inflation. Annual inflation climbed to 69.8% in April and is expected to peak at 75-76% in May before falling to 38% at year-end, according to the central bank forecast in its quarterly inflation report last week. Under a policy U-turn since Simsek took office last year, the central bank has already pursued an aggressive rate hike cycle, raising its policy interest rate by 4,150 basis points.

Gold, US Treasury & Dollar Index

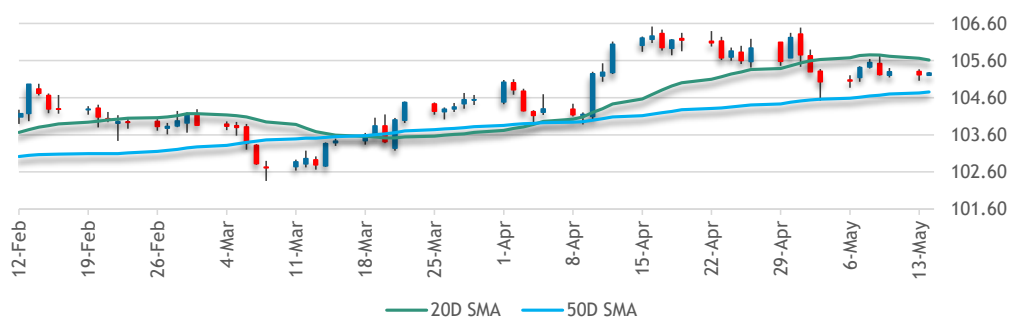
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.49

1M %chg

-0.40%

3M %chg

3.82%

PRECIOUS-Gold prices edge higher as key US inflation data looms - Reuters News

14 May 2024 07:28:03 AM

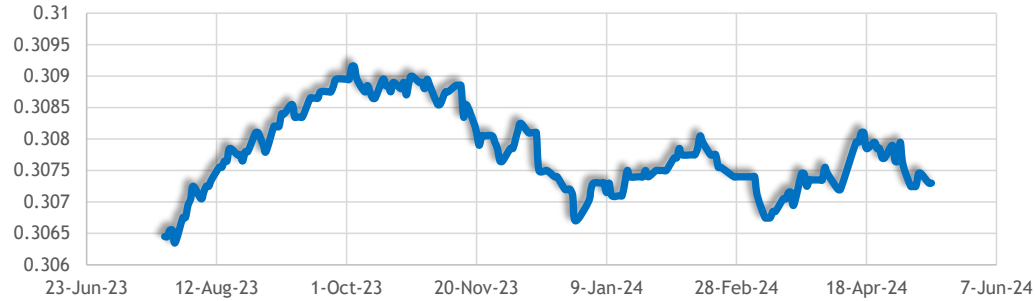
May 14 (Reuters) - Gold prices drifted up on Tuesday, with spotlight shifting to key inflation reports due this week, which could offer more insights on the pace and scale of the U.S. Federal Reserve's interest rate cuts this year. Spot gold was up 0.2% at \$2,340.77 per ounce after falling 1% on Monday. U.S. gold futures rose 0.2% to \$2,346.30. The U.S. producer price index data is scheduled for release, followed by the consumer price index on Wednesday. The CPI data is expected to show core inflation rose 0.3% month-over-month in April, down from 0.4% the prior month, according to a Reuters poll, pulling the annual rate down to 3.6%. Last week's weak jobs report and a softer-than-expected U.S. payrolls report for April have increased expectations for rate reductions this year. The Fed will cut its key interest rate twice this year, starting in September, according to a stronger majority of economists polled by Reuters. Spot silver rose 0.4% to \$28.30 per ounce and palladium gained 0.4% to \$964.75. Platinum was up 0.4% to \$1,000.95, after hitting a near one-year peak on Monday.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Claimant Count Unem Chng*	GB	14-May 11:30	Apr	10.9	
ZEW Survey Expectations*	EU	14-May 14:30	May	43.9	
NFIB Business Optimism Idx	US	14-May 15:30	Apr	88.50	
PPI ex Food/Energy/Tr MM*	US	14-May 18:00	Apr	0.2	
PPI exFood/Energy YY*	US	14-May 18:00	Apr	2.4	2.4
PPI Final Demand MM*	US	14-May 18:00	Apr	0.2	0.3
PPI Final Demand YY*	US	14-May 18:00	Apr	2.1	2.2
PPI exFood/Energy MM*	US	14-May 18:00	Apr	0.2	0.2
PPI ex Food/Energy/Tr YY*	US	14-May 18:00	Apr	2.8	
Redbook YY *	US	14-May 18:25	w/e	6.0	
Foreign Buying, T-Bonds	US	15-May 01:30	Mar	88.8	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0772	1.0806	1.0764	1.0788	0.18%
GBP	1.2521	1.2568	1.2514	1.2558	0.30%
JPY	155.73	156.28	155.54	156.2	0.31%
TRY	0.031	0.0311	0.0307	0.031	0.32%
Dollar Idx	105.307	105.369	105.055	105.218	-0.08%
Brent	82.78	83.84	82.26	83.36	0.69%
WTC	80.47	81.09	80.2	80.71	1.13%
Gold	2362.32	2364.48	2332.09	2336.0476	-1.02%
KWSE Index	7182.92	7205.16	7172.11	7203.22	0.33%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.31	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

0.30730

-0.18%

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	5.58
SW	0.00	6M	5.71
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

NY Fed survey finds general expectations of higher inflation

May 13 (Reuters) - Americans last month braced for generally higher inflation pressures over the next few years and accelerating home price increases, according to a report released on Monday by the Federal Reserve Bank of New York. The bank said in its latest Survey of Consumer Expectations that respondents project inflation a year from now at 3.3% from March's 3%, while inflation three years from now is seen moderating to an expected 2.8% rise from the prior month's 2.9%. The Fed's inflation target is 2% and the personal consumption expenditures price index, the central bank's preferred inflation gauge, stood at a 2.7% year-over-year rise in March, up from 2.5% in February.

Russian central bank not ready to judge direction of next rate move, meeting notes show

MOSCOW, May 13 (Reuters) - The Russian Central Bank considered raising its key interest rate to 17% at its last meeting in April before deciding to leave it on hold at 16%, and has not yet decided in which direction the rate should move next, according to a report on its latest rate-setting meeting. According to the bank, a rate cut may be possible in the second half of 2024 if disinflation continues and inflation expectations decline. If disinflation is too slow, the bank may choose to keep the rate at 16% until the end of the year. In April, the Bank said that the inflation is set to ease more slowly than previously thought and may not fall to its 4% target this year. The central bank would proceed gradually with any new rate cuts, she added.

Australia sees second straight budget surplus, inflation easing sharply

SYDNEY, May 14 (Reuters) - Australia's government will boast a second consecutive budget surplus on Tuesday, courtesy of strong employment and high commodity prices, giving it cash to afford more cost of living relief and industry incentives. Figures from Treasury showed the government is expected to post a surplus of A\$9.3 billion (\$6.14 billion) for the fiscal year to June 2024, after a A\$22.1 surplus last year, marking the first back-to-back budgets in the black in nearly two decades. Details on the costs of living relief are not clear yet, but the government predicts inflation could ease to the central bank's 2-3% target band by the end of this year.

Japan economy expected to shrink in Q1 due to weak consumption

TOKYO, May 10 (Reuters) - Japan's economy likely contracted an annualised 1.5% in the January-March quarter as all key drivers of growth slumped due to an uncertain outlook, a Reuters poll showed, which will probably set back Bank of Japan efforts to raise interest rates. Cabinet Office data due out at 8:50 a.m. on May 16 (2350 GMT on May 15) is expected to show the economy's contraction would be equivalent to quarterly decline of 0.4%, according to the poll of 17 economists. The decline followed growth of 0.4% annualised in the last three months of 2023, with the main pillars of GDP collapsing and leaving no growth engine for the January-March quarter. Private consumption, likely fell 0.2% in the quarter as consumers tightened belts to guard against the rising costs living.

Bank of Mexico chief says rate cut a possibility at June meeting

MEXICO CITY, May 13 (Reuters) - The Bank of Mexico's five-member board will discuss the possibility of resuming interest rate cuts at the upcoming June 27 monetary policy meeting, following a rate hold last week, Governor Victoria Rodriguez told Reuters. Banxico, as the Mexican central bank is known, held its benchmark interest rate steady at 11.00% on Thursday in a unanimous decision by its governing board, coming after a March cut of 25 basis points, the first-rate reduction since it embarked on a tightening cycle in 2021. The most recent consumer price data showed that annual headline inflation sped up slightly more than expected in April, reaching 4.65%, above Banxico's target range of 3%, plus or minus one percentage point.

Oil steady as investors eye US inflation, OPEC report - Reuters News

SINGAPORE, May 14 (Reuters) - Oil prices were little changed on Tuesday as investors eyed fresh drivers, including upcoming U.S. inflation indicators and a monthly report from the Organization of the Petroleum Exporting Countries this week. Brent crude futures inched 4 cents higher to \$83.40 a barrel, while U.S. West Texas Intermediate crude futures rose 5 cents to \$79.17 a barrel. "Oil prices were slightly higher overnight but remain in a broad holding pattern over the past week, with the lead-up to the upcoming U.S. inflation data keeping some reservations in place," said Yeap Jun Rong, market strategist at IG.

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