



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

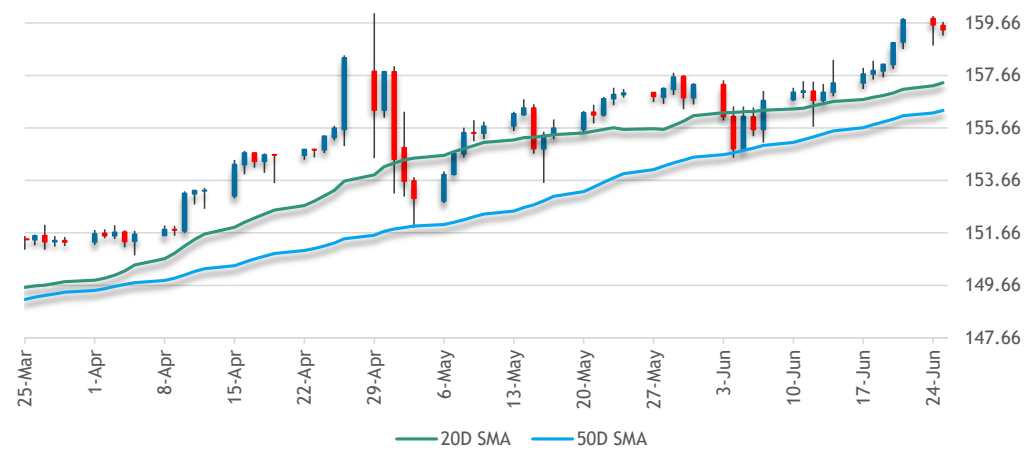
KFH Treasury



Report produced on
Tue, 25/Jun/2024

Forex Market

JAPANESE YEN



CLOSE
159.59

1M %chg
1.66%

3M %chg
5.40%

USD/JPY move up again rejected, JPY crosses fall back

25 Jun 2024 08:46:34 AM

- * JPY better bid in Asia after early losses, USD/JPY 159.71 to 159.18 EBS
- * Move on sag in US yields, post-fix demand fall, intervention threat
- * Yield on US Treasury 2s @4.726%, 10s @4.231%, off from highs yesterday
- * JGB yields, in contrast, recently in gradual move higher
- * USD/JPY falls back into 158.95-159.53 ascending hourly Ichi cloud
- * Also ascending 100-HMA 158.88 below cloud, key support
- * In data, Japan May corp service prices +2.5% y/y, Apr +2.7%

EURO



CLOSE
1.0732

1M %chg
-1.04%

3M %chg
-0.68%

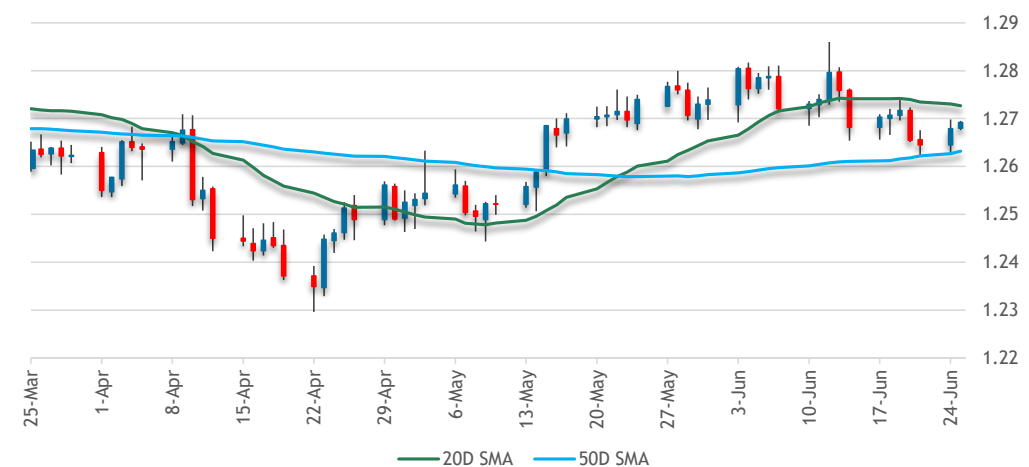
EUR/USD-Spreads, dollar influence trump data

24 Jun 2024 04:16:26 PM

- * EUR/USD hit 1.0684 on EBS overnight then rallied into positive territory
- * Pair up despite downbeat German June Ifo showing darker business sentiment
- * Broad based US\$ weakness, tighter DE-US spreads helped buoy
- * Pair's lift stalled short of the 10-DMA but daily RSI is rising
- * Rally following Friday's doji may be a concern for recent shorts
- * Dallas Fed manufacturing business index is a second tier data risk in NY
- * Remarks from Fed's Goolsbee, Daly may impact risk sentiment during NY hours

Forex Market

POUND STERLING



CLOSE
1.2679

1M %chg
-0.48%

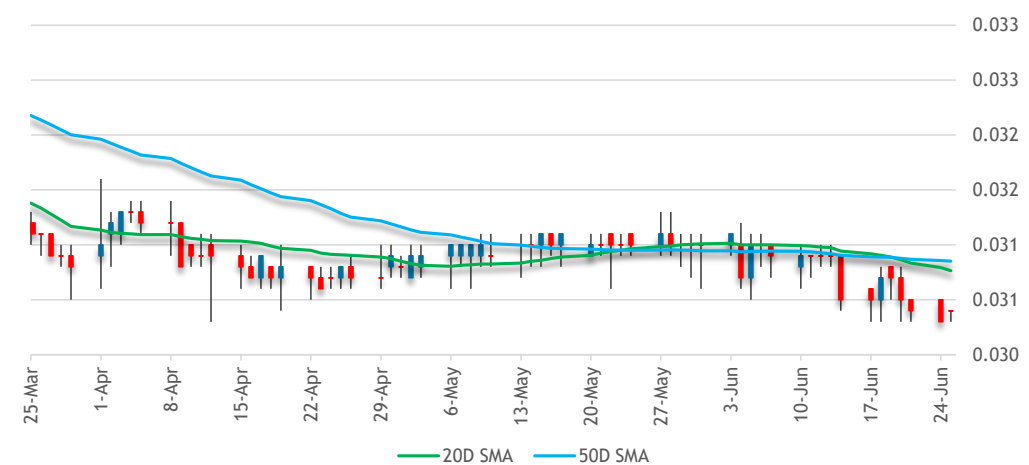
3M %chg
0.62%

Sterling fades ahead of 1.27, extends recovery from Friday's 1.2622 low

24 Jun 2024 09:34:19 PM

- * GBP\$ firm in NorAm afternoon +0.3% at 1.2680; Monday range 1.2698-33
- * UK gilt yields outpace slight UST yield gain; traders unwind Friday shorts
- * UK elections tipped to Labour, falling UK inflation/growth may cap gains
- * Upcoming UK/US Q1 GDP, U.S. core PCE price index Friday key data
- * GBP\$ res 1.2698 Mon high, 1.2710 falling 10-DMA, 1.2741 50% of 1.2860-1.2622
- * A cls above 1.2741 shifts control to GBP bulls, though res firm above 1.28
- * Supt at 55-DMA by 1.2620, 1.2596 daily cloud base, 1.2558 200-DMA

TURKISH LIRA



CLOSE
0.0303

1M %chg
-2.26%

3M %chg
-2.88%

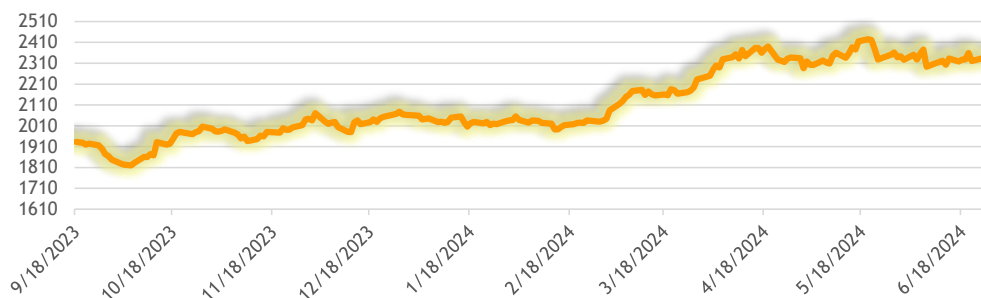
Turkey net reserves ex-swaps hit \$12 bln after turning positive, bankers say

24 Jun 2024 06:30:44 PM

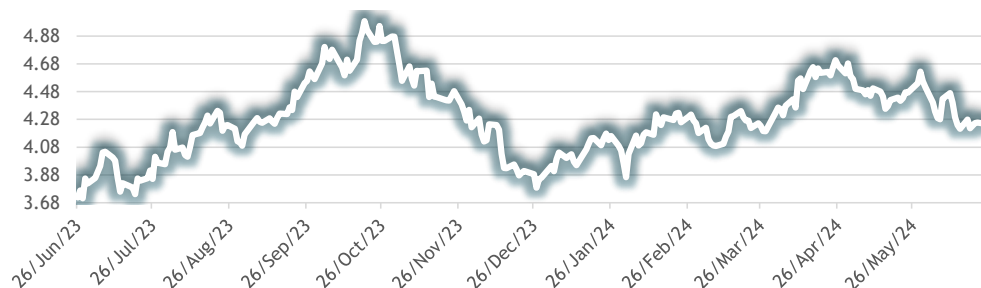
ANKARA, June 24 (Reuters) - The Turkish central bank's net foreign reserves excluding swaps rose to \$12 billion last week, two bankers said on Monday, continuing their upward momentum after they turned positive three weeks ago. Since local elections on March 31, net reserves excluding swaps have risen by almost \$78 billion, the bankers said. Official data showed that the central bank's net international reserves rose \$2 billion to \$47.5 billion in the week to June 7. Net reserves dropped \$500 million in the week of June 14, the data showed. According to bankers' calculations, net reserves dropped a further 2.5 billion last week to stand at \$44.5 billion. Turkey observed a three-day bank holiday last week.

Gold, US Treasury & Dollar Index

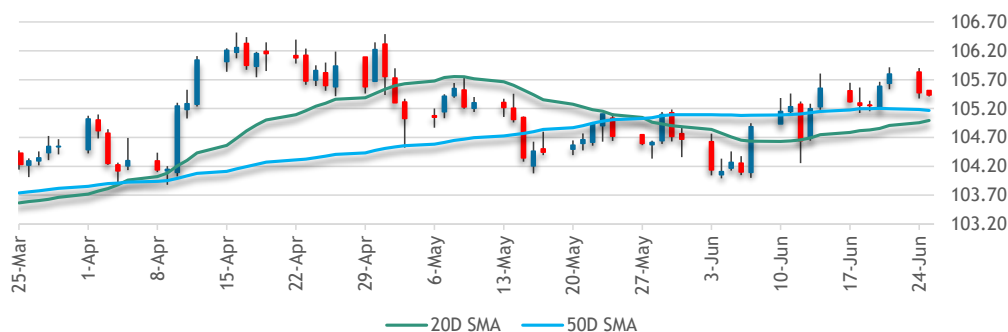
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.24

1M %chg

-5.03%

3M %chg

0.71%

PRECIOUS-Gold drifts lower as traders ahead of US inflation data

25 Jun 2024 07:54:00 AM

June 25 (Reuters) - Gold prices eased on Tuesday, while investors looked toward key U.S. inflation data due later this week that could throw some light on the Federal Reserve's interest rate cut stance. Spot gold was down 0.2% at \$2,327.52 per ounce. U.S. gold futures fell 0.2% to \$2,339.90. Bullion dropped more than 1% on Friday as the dollar jumped after U.S. business activity crept up to a 26-month high in June amid a rebound in employment. First-quarter U.S. gross domestic product (GDP) estimates are due on Thursday and the personal the consumption expenditures (PCE) price index report on Friday. Lower rates reduce the opportunity cost of holding non-yielding bullion. San Francisco Fed Bank President Mary Daly on Monday said she does not believe the U.S. central bank should cut rates before policymakers are confident that inflation is headed toward 2% but also noted that rising unemployment is increasingly a risk. Elsewhere, spot silver fell 0.5% to \$29.47 per ounce, platinum rose 0.5% to \$999.70. Palladium gained 1.5% to \$993.83 after hitting a one-month high on Friday.

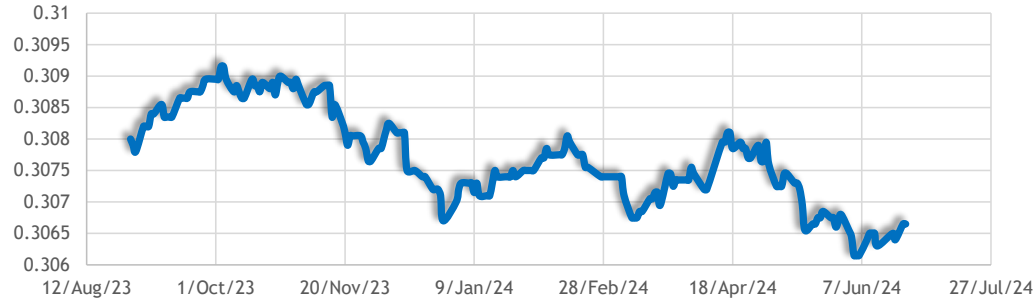
UPCOMING KEY ECONOMIC INDICATOR RELEASES

| INDICATOR | Ctry / Regn | Time | For | Prior | Consensus |
|----------------------------|-------------|--------------|-----|-------|-----------|
| Leading Indicator Revised* | JP | 25/Jun 10:30 | Apr | -0.1 | |
| Chain Store Sales YY* | JP | 25/Jun 10:30 | May | 0.4 | |
| National Activity Index* | US | 25/Jun 18:00 | May | -0.23 | |
| Redbook YY * | US | 25/Jun 18:25 | w/e | 5.9 | |
| Monthly Home Price Index* | US | 25/Jun 18:30 | Apr | 423.4 | |
| Monthly Home Price MM* | US | 25/Jun 18:30 | Apr | 0.1 | |
| Monthly Home Price YY* | US | 25/Jun 18:30 | Apr | 6.7 | |
| CaseShiller 20 MM NSA | US | 25/Jun 18:30 | Apr | 1.6 | |
| CaseShiller 20 MM SA | US | 25/Jun 18:30 | Apr | 0.3 | 0.3 |
| CaseShiller 20 YY NSA | US | 25/Jun 18:30 | Apr | 7.4 | 7.0 |
| Consumer Confidence * | US | 25/Jun 19:30 | Jun | 102.0 | 100.0 |

Daily Market Report



KWD - CBK FIX



MARKET SUMMARY

| INSTRUMENT | OPEN | HIGH | LOW | CLOSE | %CHG 1D |
|------------|---------|---------|---------|-----------|---------|
| EUR | 1.0686 | 1.0746 | 1.0681 | 1.0732 | 0.38% |
| GBP | 1.2645 | 1.2698 | 1.2629 | 1.2679 | 0.27% |
| JPY | 159.83 | 159.92 | 158.8 | 159.59 | -0.13% |
| TRY | 0.0305 | 0.0305 | 0.0303 | 0.0303 | -0.33% |
| Dollar Idx | 105.832 | 105.9 | 105.374 | 105.473 | -0.31% |
| Brent | 84.99 | 86.16 | 84.71 | 86.01 | 0.90% |
| WTC | 81.94 | 82.78 | 81.26 | 82.63 | 1.13% |
| Gold | 2320.48 | 2334.68 | 2316.9 | 2332.9282 | 0.54% |
| KWSE Index | 7008.74 | 7022.18 | 6980.84 | 6994.1 | -0.21% |

KIBOR RATES

| Tenor | Value | Tenor | Value |
|-------|-------|-------|-------|
| ON | 2.38 | 3M | 4.31 |
| SW | 3.81 | 6M | 4.50 |
| 1M | 4.06 | 1Y | 4.69 |

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30665

-0.26%

| 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 | 5.06 | 3M | 5.61 |
| SW | 0.08 | 6M | 5.70 |
| 1M | 5.46 | 1Y | 6.04 |
| 2M | 0.15 | | |

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 | 06/Jun/'24 | 4.25 | 4.50 | -0.25 |
| BOE Bank Rate | 20/Jun/'24 | 5.25 | 5.25 | 0.00 |
| BOJ Prime Rate | 11/Jun/'24 | 1.80 | 1.70 | 0.10 |
| TRY ON Lending Rate | 21/Mar/'24 | 53.00 | 46.50 | 6.50 |

KEY INTERNATIONAL STORIES

Fed's Goolsbee still looking for data inflation is cooling - CNBC

NEW YORK, June 24 (Reuters) - Federal Reserve Bank of Chicago President Austan Goolsbee is still looking for inflation to cool further as part of the process that would open the door to a rate cut. Describing himself as "closet optimistic that we're going to see improvement" on the inflation front, Goolsbee said in a CNBC interview on Monday that he is hopeful that the central bank is going to get "a little bit more confidence that on the inflation side" pressures are coming down after being higher than expected at the start of the year. While Goolsbee declined to say anything about the timing of rate cuts, he said policymakers do need to consider whether the high level of the Fed's short-term rate target, is appropriate for an economy.

German business sentiment unexpectedly darkens in June, Ifo says

BERLIN, June 24 (Reuters) - German business morale unexpectedly fell in June amid increasing pessimism about the performance of Europe's largest economy, a survey of around 9,000 managers showed on Monday. The Ifo institute said its business climate index declined to 88.6 in June from 89.3 in May, compared with a reading of 89.7 forecast by analysts in a Reuters poll. "The German economy is having difficulty overcoming stagnation," said Ifo president Clemens Fuest. The expectations index dropped to 89.0 in June from a slightly revised 90.3 the month before. Analysts had expected that index to rise to 91.0. The Ifo index measuring the current business situation stagnated in June, at 88.3, missing analysts' expectations for a slight rise.

Bank of Canada: economy can add jobs and growth even as inflation slows

OTTAWA, June 24 (Reuters) - There is enough slack in the Canadian labor market to allow for growth and the creation of more jobs even as the inflation rate continues to decline, Bank of Canada Governor Tiff Macklem said on Monday. Earlier this month the central bank trimmed its key policy rate for the first time in more than four years and said more cuts were likely if inflation continued to show it was on a sustainable path back down to the 2% target. Macklem said the bank did not think a large rise in the jobless rate was needed to hit the 2% inflation target, a combination of factors he called a soft-landing scenario.

Australia consumers balance budget relief against rate risks

SYDNEY, June 25 (Reuters) - Australian consumer sentiment rebounded modestly in June as the promise of imminent tax cuts lightened the mood, a survey showed on Tuesday, though the risk of yet higher borrowing costs loomed in the background. The Westpac-Melbourne Institute index of consumer sentiment rose 1.7% in June from May, when it dipped 0.3%. The index reading of 83.6 showed pessimists still outnumbered optimists, much as it has for months now. News of more cost-of-living aid from state governments likely helped sentiment ahead of a major cut to income taxes due from July 1. The survey found a sharp decline in sentiment to 80.1 after the RBA's decision, from 90.0 before the announcement.

Thai c.bank sees current interest rate 'robust to many scenarios'

BANGKOK, June 24 (Reuters) - Thailand's current benchmark interest rate of 2.5% is "quite robust to many scenarios", an assistant central bank governor said on Monday, shrugging off government pressure that monetary policy is too tight. Earlier this month, the Bank of Thailand's (BOT) committee held its key interest rate steady at 2.50%, the highest in more than a decade. The next rate review is on Aug 21. The BOT forecast economic growth of 2.6% this year, but Piti said it could reach 3% if a government handout scheme is implemented. Last year's growth was 1.9%. The central bank has previously said it was not worried about inflation and its target range was still in line with economic fundamentals. The BOT forecast headline inflation at 0.6% in 2024.

Oil prices steady as inflation worries limit summer demand optimism

SINGAPORE, June 25 (Reuters) - Oil prices were little changed on Tuesday after rising in the previous session as investors were cautious ahead of U.S. consumer price data even as expected summer demand increases supported the market. Brent futures for August settlement rose 5 cents to \$86.06 a barrel after gaining 0.9% in trading on Monday. U.S. crude futures for August delivery was up 6 cents to \$81.69 a barrel after climbing 1.1% previously. Both benchmarks rose about 3% last week, marking two straight weeks of gains. Gasoline demand is rising and oil and fuel stockpiles have declined as the U.S., the world's biggest oil consumer, enters the peak summer consumption period.

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