



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

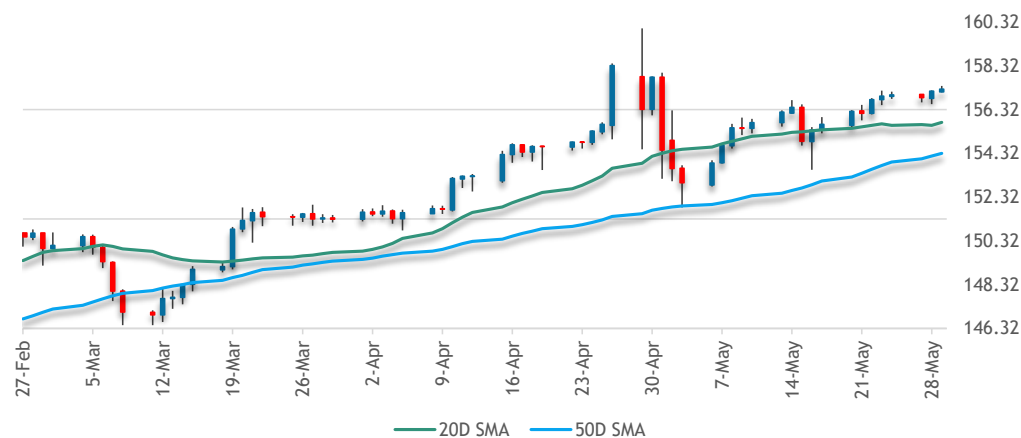
## KFH Treasury



*Report produced on*  
**Wed, 29-May-2024**

# Forex Market

## JAPANESE YEN



CLOSE 1M %chg 3M %chg  
**157.16** -0.74% 4.31%

### USD/JPY importer buys into Tokyo fix, JPY crosses buoyant

29 May 2024 07:37:47 AM

- \* USD/JPY bid into the Tokyo fix on importer demand, 157.20 to 157.41 EBS
- \* Off since as demand sated, on likely Japanese exporter sales up top
- \* Concerns of real FX intervention on 157 fading in Tokyo
- \* Large/massive nearby option expiries today 156.50-53, 157.50, around 158.00
- \* BOJ Adachi affirmed accommodative stance, not for policy changes on FX
- \* JPY crosses buoyant, some at fresh multi-year highs, carry focus on majors
- \* EUR/JPY 170.58-79 EBS, best since 171.60 spike high on April 29
- \* NZD/JPY at recent multi-year high, 96.36-69, 96.74 yesterday best since '07
- \* AUD/JPY 104.40-85, highest since 104.88 spike high on April 29

## EURO



CLOSE 1M %chg 3M %chg  
**1.0855** 1.52% 0.18%

### EUR/USD-A fresh short-term high is set with US yield help

28 May 2024 04:13:20 PM

- \* EUR/USD hit 1.08555 on EBS overnight, buyers emerged & a rally ensued
- \* Softer US yields US2YT=RR helped drive broad based US\$ selling
- \* Equity ESv1 gains, gold XAU= bounce off its low added weight on US\$
- \* NY opened near 1.0880, rally then extended, 1.0889 traded on EBS
- \* EUR/USD hit an 8-session high and traded up +0.22% in early NY
- \* Techs lean bullish; 10-DMA lends support, RSIs imply upward momentum
- \* US May CaseShiller housing data & consumer confidence are data risks in NY
- \* Remarks from Fed's Kashkari, Cook may impact risk sentiment Tuesday

# Forex Market

## POUND STERLING



CLOSE

**1.2760**

1M %chg

**2.17%**

3M %chg

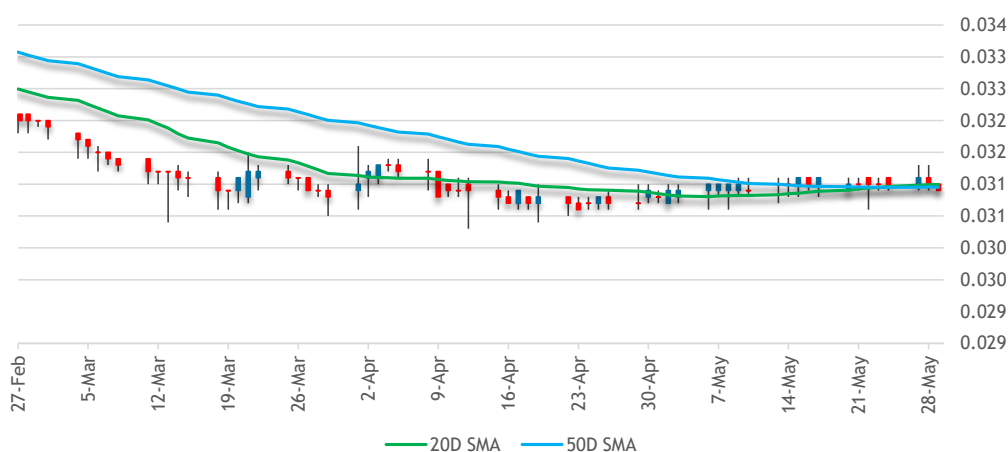
**0.78%**

### GBP/USD-1.2800 was short-lived, but the bias remains up

29 May 2024 04:15:33 AM

- \* -0.05` after closing off 0.1% with the U.S. dollar up 0.05%
- \* Sterling jumped to 1.2801 in London after strong retail sales
- \* Then fell back as the USD climbed with rising Treasury yields
- \* There are no major UK data or BoE events, so the USD and risk lead GBP
- \* Charts; neutral daily momentum studies - 5, 10 & 21 DMAs climb
- \* 21-day Bollinger bands move higher - a strong positive trending setup
- \* Tuesday's 1.2801 top and the 1.2893 2024 high are the major resistances
- \* Close below the 1.2723 10-day moving average would be a warning to longs

## TURKISH LIRA



CLOSE

**0.0310**

1M %chg

**0.98%**

3M %chg

**-3.13%**

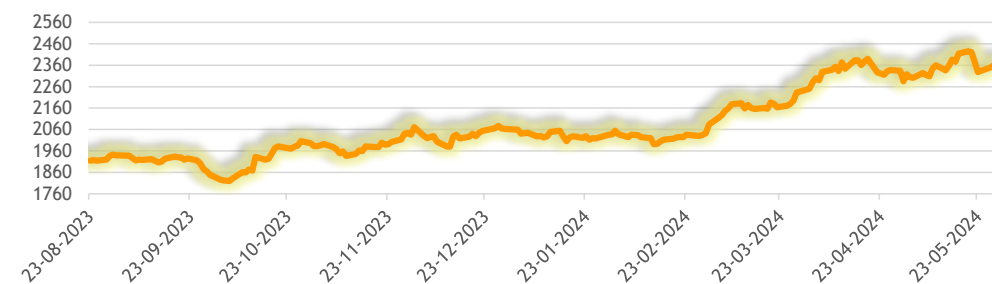
### Turkish cbank net reserves excl. swaps surge almost \$60 bln in 2 months, bankers say

28 May 2024 09:17:00 AM

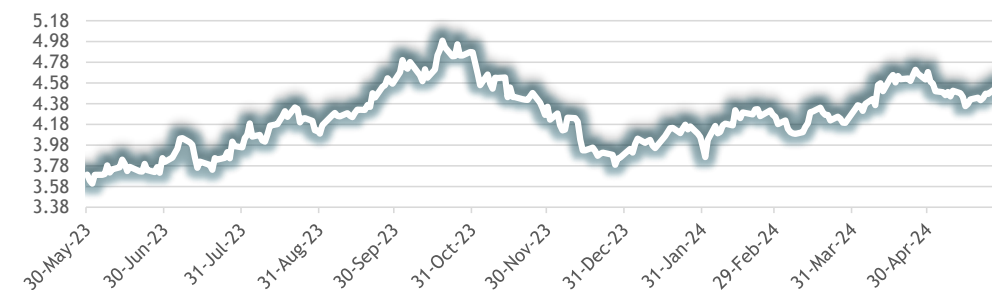
ANKARA, May 28 (Reuters) - Turkish Central Bank net reserves rose \$5 billion last week to \$39 billion as it continues to accumulate foreign currency, with net reserves excluding swaps rising \$9 billion and getting close to positive territory, bankers said on Tuesday. Net reserves excluding swaps now stand at minus \$6 billion, compared with a historic low of minus \$65.5 billion on March 29, bankers said, a rise of almost \$60 billion since the March 31 local elections. Official data last week showed that the central bank's net international reserves rose some \$3 billion to \$33.84 billion in the week to May 17, their highest level since December.

# Gold, US Treasury & Dollar Index

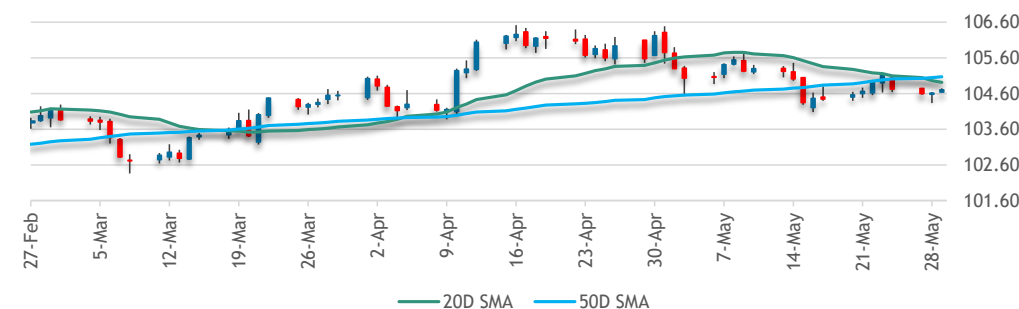
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

4.56

1M %chg

-2.72%

3M %chg

6.27%

### PRECIOUS-Gold subdued as US dollar, yields firm; traders await inflation data

29 May 2024 07:49:37 AM

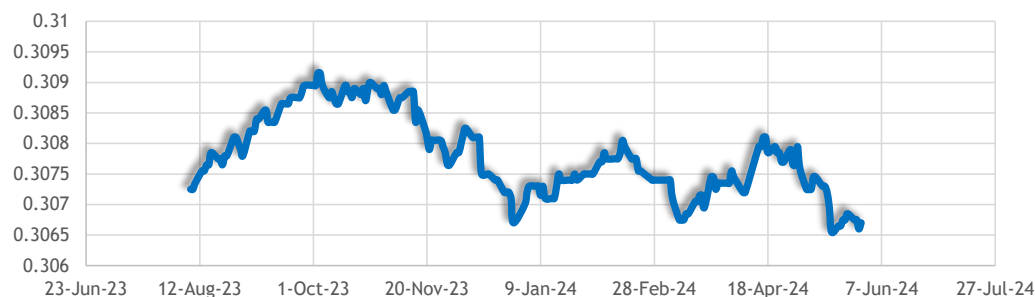
May 29 (Reuters) - Gold prices edged lower on Wednesday as the U.S. dollar and Treasury yields held firm ahead of key inflation data, which could offer more clarity on the Federal Reserve's interest rate trajectory. Spot gold XAU= eased 0.2% to \$2,356.92 per ounce. Prices had hit an all-time high of \$2,449.89 on May 20. U.S. gold futures GCcv1 rose 0.1% to \$2,357.80. The dollar =USD firmed 0.1%, making gold less attractive for other currency holders, while benchmark U.S. 10-year bond yields US10YT=RR rose to multi-week peaks. "A softer U.S. core PCE release would make the job easier for gold to reclaim the \$2,400 level, given the possible rate-cut timing implications," said Tim Waterer, chief market analyst at KCM Trade in a note. While gold is used as a hedge against inflation, rate hikes raise the opportunity cost of holding non-yielding bullion. Spot silver XAG= fell 0.4% to \$31.99, platinum XPT= was down 0.7% to \$1,056.06 and palladium XPD= gained 0.6% to \$978.47.

### UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Foreign Bond Investment	JP	29-May 05:20	w/e	2192.2	
Foreign Invest JP Bonds*	JP	29-May 05:20	w/e	427.4	
Foreign Stock Investment*	JP	29-May 05:20	w/e	528.6	
Foreign Invest JP Stock	JP	29-May 05:20	w/e	248.1	
Consumer Confid. Index*	JP	29-May 10:30	May	38.3	
Money-M3 Annual Grwth*	EU	29-May 13:30	Apr	0.9	1.3
MBA 30-Yr Mortgage Rate	US	29-May 16:30	w/e	7.01	
MBA Mortgage Applications	US	29-May 16:30	w/e	1.9	
Mortgage Market Index	US	29-May 16:30	w/e	201.9	
MBA Purchase Index	US	29-May 16:30	w/e	140.0	
Mortgage Refinance Index	US	29-May 16:30	w/e	536.9	

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0858	1.0888	1.0851	1.0855	-0.03%
GBP	1.2768	1.28	1.2751	1.276	-0.05%
JPY	156.83	157.2	156.57	157.16	0.19%
TRY	0.0311	0.0313	0.0309	0.031	-0.32%
Dollar Idx	104.577	104.642	104.335	104.614	0.02%
Brent	83	84.62	83	84.22	1.35%
WTC	80.07	80.91	79.78	80.9	3.08%
Gold	2351.8596	2363.89	2339.9	2360.9546	0.43%
KWSE Index	7089.91	7105.56	7057.87	7058.29	-0.31%

## 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

**0.30660**

**-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	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 consumer confidence improves; inflation concerns linger

WASHINGTON, May 28 (Reuters) - U.S. consumer confidence unexpectedly improved in May after deteriorating for three straight months amid optimism about the labor market, but worries about inflation persisted and many households expected higher interest rates over the next year. Conference Board said that its consumer confidence index increased to 102.0 this month from an upwardly revised 97.5 in April. Economists polled had forecast the index slipping to 95.9 from previously reported 97.0. It outperformed the University of Michigan's sentiment index. Consumers' 12-month inflation expectations rose to 5.4% from 5.3% in April.

### UK retail sales bounce back in May, price growth slows: CBI

LONDON, May 28 (Reuters) - British retail sales bounced back in May after a slump in April that could have been caused by the timing of Easter and bad weather, while prices charged by shops pointed to weakest inflation in nearly four years, according to industry data. The Confederation of British Industry's monthly retail sales balance, a gauge of sales versus a year ago, recovered to +8 this month after tumbling to -44 in April. British consumers are recovering some of the spending power lost to the surge in inflation although official data published last week showed retail sales in April slid by far more than expected as heavy rain kept shoppers away.

### Euro zone consumers lower inflation expectation, ECB survey shows

FRANKFURT, May 28 (Reuters) - Euro zone consumers lowered their inflation expectations last month, a fresh European Central Bank survey showed, just as the bank was making plans to start rolling back a record string of interest rate hikes. Expectations for inflation in the next 12 months eased to 2.9% from 3.0% a month earlier to hit their lowest level since September 2021. Inflation has come down quickly in the past year to hit 2.4% last month but the ECB now sees it oscillating around its current level for the rest of the year before disinflation kicks in again and the target is reached in 2025.

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### Australia inflation quickens to 5-month high, sounding rate alarm

SYDNEY, May 29 (Reuters) - Australian consumer price inflation unexpectedly picked up to a five-month high in April due in part to increases in petrol, health and holiday costs, bolstering expectations that interest rates would not be lowered any time soon. Data from the Australian Bureau of Statistics on Wednesday showed its monthly consumer price index (CPI) rose at an annual pace of 3.6% in April, up from 3.5% in March and above market forecasts of 3.4%. Moreover, a closely watched measure of core inflation, the trimmed mean, also accelerated to an annual 4.1%, from 4.0%. The CPI excluding volatile items and holiday travel stayed at an annual 4.1%.

### Brazil consumer prices rise less than expected in mid-May

SAO PAULO, May 28 (Reuters) - Consumer prices in Brazil rose less than expected in the month to mid-May, data from statistics agency IBGE showed on Tuesday, as the impact on food inflation from recent floods turned out to be lighter than initially feared. Prices as measured by the IPCA-15 index were up 0.44% in the period, IBGE said, picking up from 0.21% in April but below the 0.48% rise expected by economists polled by Reuters. Annual inflation slowed down to 3.70%, the statistics agency added, slightly below the 3.72% forecast by economists and hitting the lowest level for a mid-month reading in Latin America's largest economy since October 2020.

### Oil advances as major producers expected to keep output cuts in place

NEW DELHI, May 29 (Reuters) - Oil prices rose in Asian trading on Wednesday on expectations major producers will maintain output cuts at a meeting this Sunday, and that fuel consumption should begin rising with the start of the peak summer demand season. Brent crude futures for July delivery added 15 cents, or 0.2%, to \$84.37 a barrel. U.S. West Texas Intermediate futures for July climbed 25 cents, or 0.3%, to \$80.08. Both benchmarks gained more than 1% a day earlier. Traders and analysts expect the Organization of the Petroleum Exporting Countries and its allies including Russia, known as OPEC+, to keep voluntary production cuts totalling about 2.2 million barrels per day in place.



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