



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

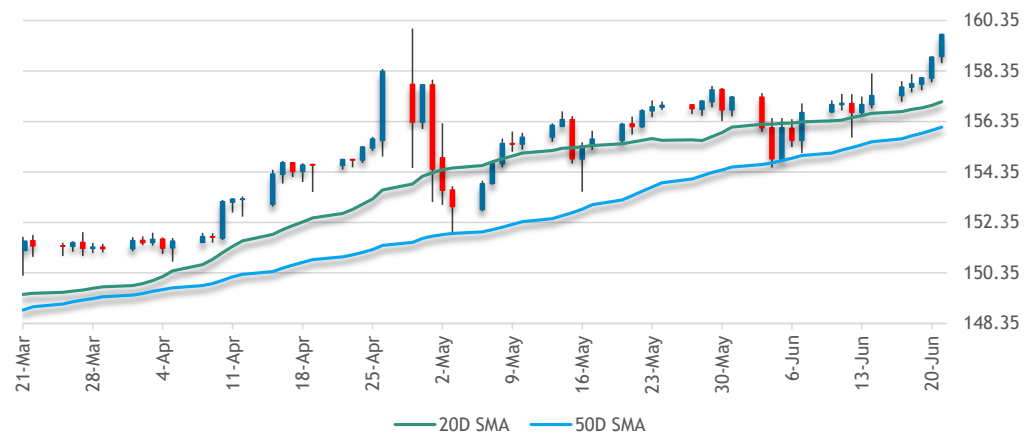
KFH Treasury



Report produced on
Sun, 23-Jun-2024

Forex Market

JAPANESE YEN



CLOSE **159.79**

1M %chg **2.33%**

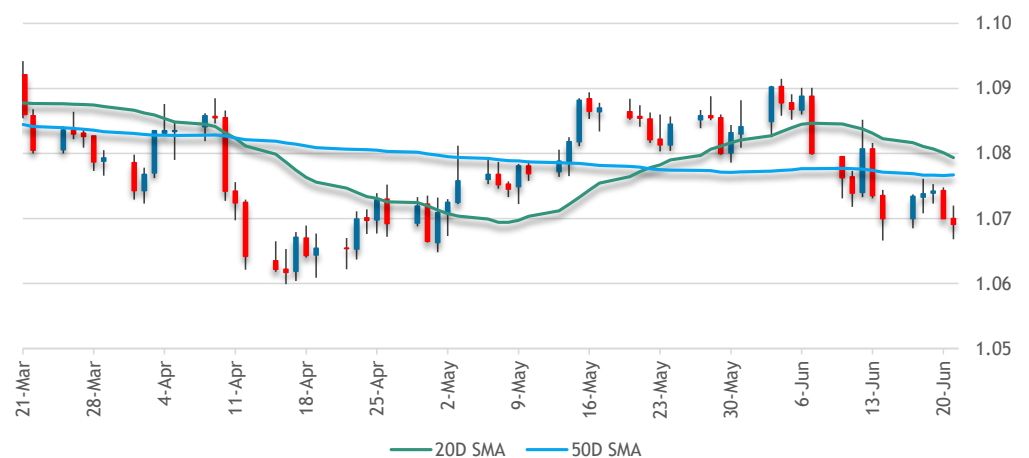
3M %chg **5.40%**

COMMENT-Japanese yen weakens further as 160 beckons

21 Jun 2024 08:37:07 PM

June 21 (Reuters) - Another session of yen selling to close out the week took USD/JPY to a high of 159.63 on Friday, as traders pressed on with JPY-funded carry trades and bulls appeared to be in control for now, making more gains likely. The latest push followed a goldilocks U.S. PMI report, which saw business activity rise to a 26-month high, while price pressures eased. With stocks continuing to print new all-time highs, the path of least resistance for USD/JPY remains on the upside. At the same time, dips in the pair will continue to be promptly bought into. Though, with the yen some distance away from hitting the trigger on what is considered excessive, 4% move in two-week and low to high 10-yen move - there is little threat of intervention for now. In any case, this will likely keep bulls firmly in control with eyes set for a test of 160.

EURO



CLOSE **1.0691**

1M %chg **-1.50%**

3M %chg **-1.56%**

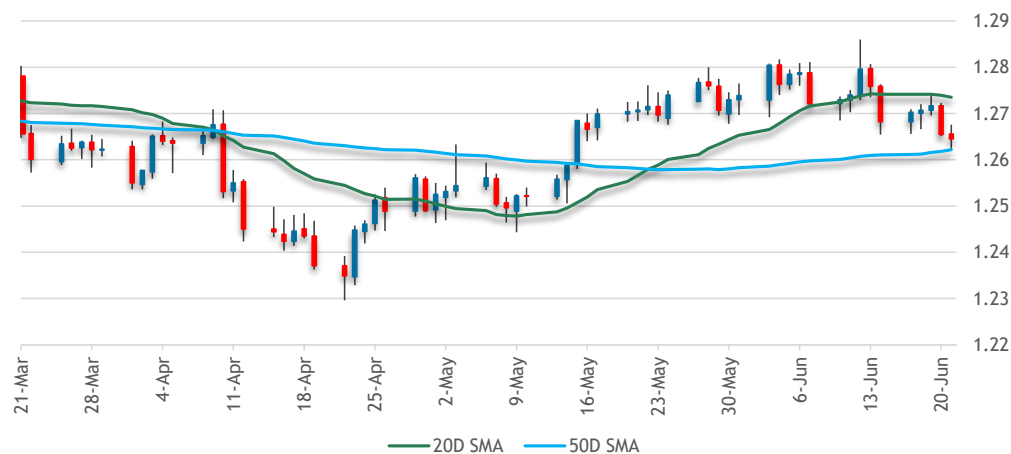
COMMENT-Growth, spreads are raising EUR/USD downside risks

21 Jun 2024 05:38:30 PM

June 21 (Reuters) - EUR/USD turned lower Friday and struck a five session low on higher probabilities April's monthly low is tested due to deteriorating European economic growth and yield spread influences. German-U.S. two year yield spreads US2DE2=RR, which EUR/USD is correlated with, widened out to -194bps and approached the June 17 wide. Further downbeat data and spread widening could help weigh down EUR/USD. EUR/USD's hold below the 10-DMA and daily cloud reinforce bearish signals. April's low is likely targeted by bears. A break of that low could trigger stop-loss selling and an eventual test of the 1.0450/1.0500 zone.

Forex Market

POUND STERLING



CLOSE

1.2645

1M %chg

-0.49%

3M %chg

-0.09%

Sterling extends losses after diverging UK-US PMIs, BoE-Fed rate expectations

21 Jun 2024 09:30:09 PM

* GBP\$ soft in NorAm afternoon, -0.16% at 1.2636; Friday range 1.2675-1.2622

* US PMIs abv f/c to keep Fed steady, UK data soft opens path for BoE cuts

* Sterling's 100-DMA tested, daily cloud top at 1.2596 in focus

* GBP supt melts away, pair bounces ahead of 55-DMA 1.2619; GBP trending lower

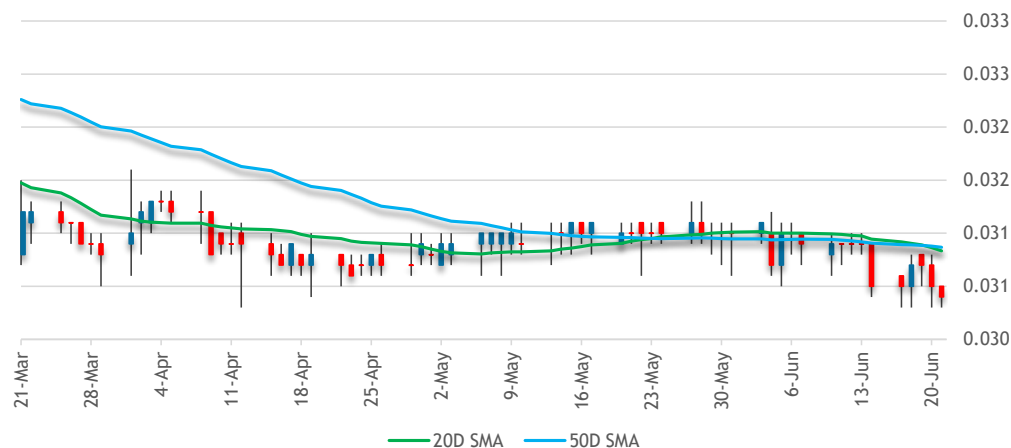
* Below the 55-DMA GBP bears eye daily cloud top at 1.2596, 200-DMA 1.2557

* Resistance 1.2656 20-DMA, 1.2675 Friday daily high, 1.2715 falling 10-DMA

* A rise above 10-DMA resistance will see momentum shift away from GBP bears

* UK elction July 4 increasing in focus; Labour win likely GBP negative

TURKISH LIRA



CLOSE

0.0304

1M %chg

-1.94%

3M %chg

-2.56%

Turkish lira could crash again

21 Jun 2024 12:42:27 PM

* Emerging currencies reflect crisis when there isn't one

* USD/TRY is approaching the record high at 33.00

* Pair has traded at 33.00 three times this year

* Break onto uncharted ground may spook foreign investors

* Slowing in pace lira slide has encouraged buyers this year

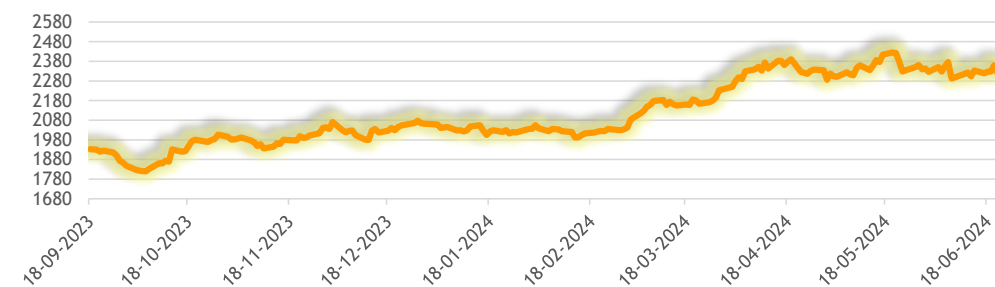
* Huge carry greater than the lira's almost 13% decline in 2024

* Lira is prone to crashes particularly weekends ahead Tokyo open

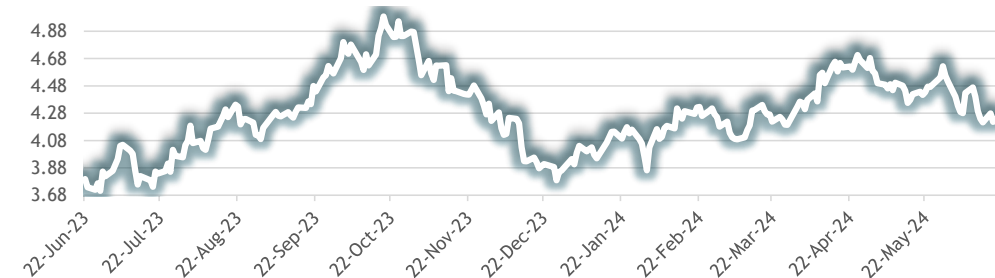
* USD/TRY approaching long-term target at 33.27, next is 38.19

Gold, US Treasury & Dollar Index

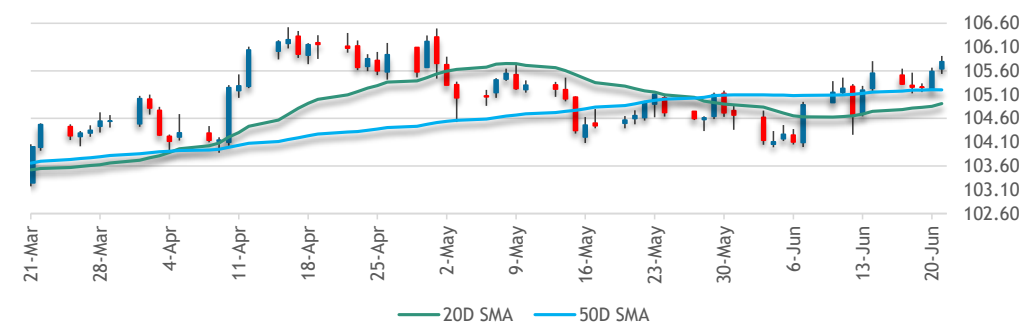
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.26

1M %chg

-3.56%

3M %chg

-0.33%

PRECIOUS-Gold slides as US dollar, yields rise; palladium hits one-month peak

21 Jun 2024 10:07:00 PM

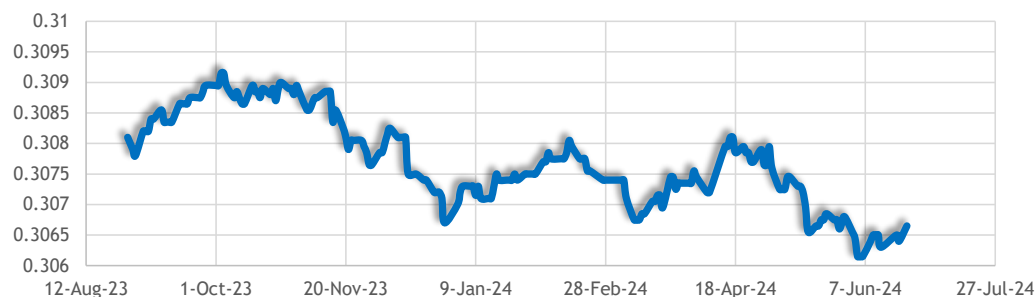
June 21 (Reuters) - Gold prices dropped more than 1% on Friday, weighed down by a stronger dollar and higher bond yields after data showed strong U.S. business activity, while auto-catalyst metal palladium jumped to a one-month high. Spot gold was down 1.7% at \$2,319.95 per ounce. U.S. gold futures settled 1.6% lower to \$2,331.20. The dollar rose 0.2% to its highest level in more than seven weeks, making gold more expensive for other currency holder, while yield on 10-year U.S. Treasury notes edged higher after U.S. data. "There has been some significant palladium ETF buying recently which has caused a short-term physical shortage and brought the front of the forwards market into backwardation," said Tai Wong, a New York-based independent metals trader. Meanwhile, spot palladium was up 3.2% at \$953.17 per ounce after rising as much as 11.2% to \$1,027.04 earlier in the session. Platinum was up 1.8% at \$995.78 per ounce, while silver fell 3.7% to \$29.57.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Service PPI*	JP	24-Jun 05:20	May	2.80	
CBI Trends - Orders	GB	24-Jun 15:30	Jun	-33	-25
Dallas Fed Mfg Bus Idx*	US	24-Jun 20:00	Jun	-19.40	
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	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0743	1.0748	1.07	1.0691	-0.39%
GBP	1.2717	1.2723	1.2651	1.2645	-0.08%
JPY	158.07	158.94	157.91	159.79	0.56%
TRY	0.0307	0.0308	0.0303	0.0304	-0.33%
Dollar Idx	105.204	105.665	105.203	105.796	0.20%
Brent	85.19	85.96	84.95	85.24	-0.55%
WTC	82.63	83.41	82.63	81.71	-1.96%
Gold	2328.65	2365.35	2327.05	2320.345	-1.66%
KWSE Index	7019.13	7067.95	7019.13	7038.48	0.46%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.31	3M	4.31
SW	3.81	6M	4.44
1M	4.00	1Y	4.69

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30640

-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	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

US business activity inches up in June; price pressures abating

WASHINGTON, June 21 (Reuters) - U.S. business activity crept up to a 26-month high in June amid a rebound in employment, but price pressures subsided considerably, offering hope that a recent slowdown in inflation was likely to be sustained. S&P Global said on Friday that its flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors, nudged up to 54.6 this month. That was the highest level since April 2022 and followed a final reading of 54.5 in May. A reading above 50 indicates expansion in the private sector. Both the services and manufacturing sectors contributed to the gain in activity.

UK retail sales rebound in May but shoppers still cautious

LONDON, June 21 (Reuters) - British retail sales jumped sharply last month after heavy rain kept shoppers away in April, official figures showed on Friday, in a minor boost for Prime Minister Rishi Sunak ahead of the July 4 election. Sales volumes rose 2.9% in May, up from a revised 1.8% fall in April, the Office for National Statistics said. Economists polled by Reuters had on average forecast sales volumes would increase by 1.5% in May. Compared to a year ago, May's sales volumes were 1.3% higher, after a revised 2.3% fall in April, but remained 0.5% below their level in February 2020 before the COVID-19 pandemic.

Upturn in German business activity slows in June, PMI shows

BERLIN, June 21 (Reuters) - The upturn in German business activity over the past two months slowed in June as manufacturing's weakness dragged on a buoyant services sector, a preliminary survey showed on Friday. The HCOB German flash composite Purchasing Managers' Index, compiled by S&P Global, slid to 50.6 in June from 52.4 in May, falling short of a Reuters poll forecast of 52.7. The composite index, which tracks the services and manufacturing sectors that together account for more than two-thirds of the euro zone's largest economy, is now only slightly above the 50 mark that separates growth from contraction.

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Japan's June factory activity eases as costs rise, PMI shows

TOKYO, June 21 (Reuters) - Japan's factory activity expanded for a second straight month in June but the pace of growth eased as orders weakened and cost pressures intensified, a business survey showed on Friday. The au Jibun Bank flash Japan manufacturing purchasing managers' index (PMI) stood at 50.1 in June, down slightly from 50.4 in May, but still above the 50.0 threshold separating growth from contraction on a monthly basis. The key subindex of output expanded in June for the first time since May 2023, the survey showed. The au Jibun Bank flash services PMI shrank to 49.8 in June from 53.8 in May. The index contracted for the first time since August 2022.

Thai government's \$102 billion budget clears first parliamentary vote

BANGKOK, June 21 (Reuters) - The Thai government's 3.753 trillion baht (\$102 billion) budget for the 2025 fiscal year passed its first parliamentary vote on Friday, but there will be a series of further votes before it can be enacted. The 2025 budget for the year starting Oct. 1 projects a 7.8% rise in spending and an increase of 24.9% in the budget deficit to 865.7 billion baht from the 2024 fiscal year. The government is targeting economic growth of at least 3% this year, after last year's 1.9% expansion lagged regional peers. The government has said some 152.7 billion baht of the 2025 budget would be used to finance its signature 500 billion-baht "digital wallet" handout programme.

Oil prices ease on strong US dollar, mixed global economic news

June 21 (Reuters) - Crude prices eased about 1% on Friday on worries that global oil demand growth could be hit by a strong U.S. dollar and negative economic news from some parts of the world. Prices declined despite signs of improving U.S. oil demand and falling fuel inventories that helped boost crude prices to a seven-week high a day earlier. Brent futures fell 47 cents, or 0.6%, to settle at \$85.24 a barrel, while U.S. West Texas Intermediate crude ended 56 cents, or 0.7%, lower at \$80.73. The decline pushed WTI out of technically overbought territory for the first time in four days, while Brent futures remained overbought for a fourth day in a row for the first time since early April.