



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

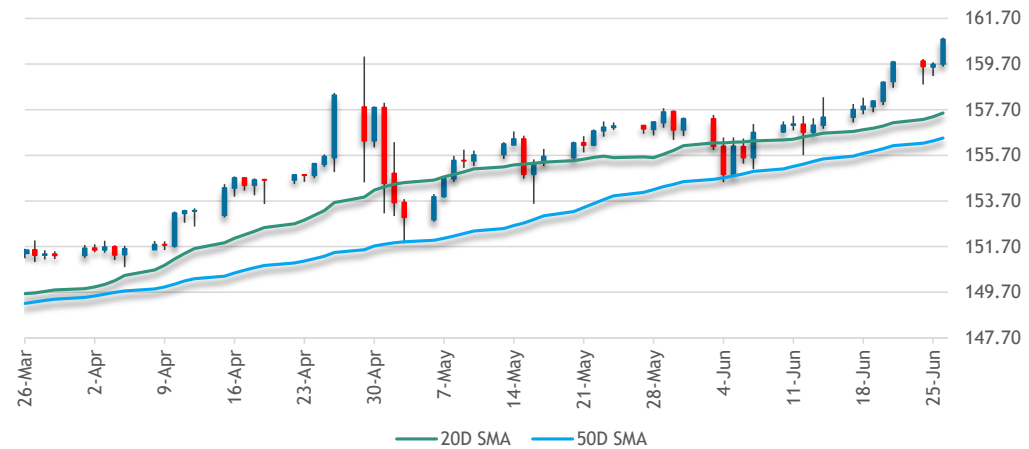
## KFH Treasury



*Report produced on*  
**Thu, 27/Jun/2024**

# Forex Market

## JAPANESE YEN



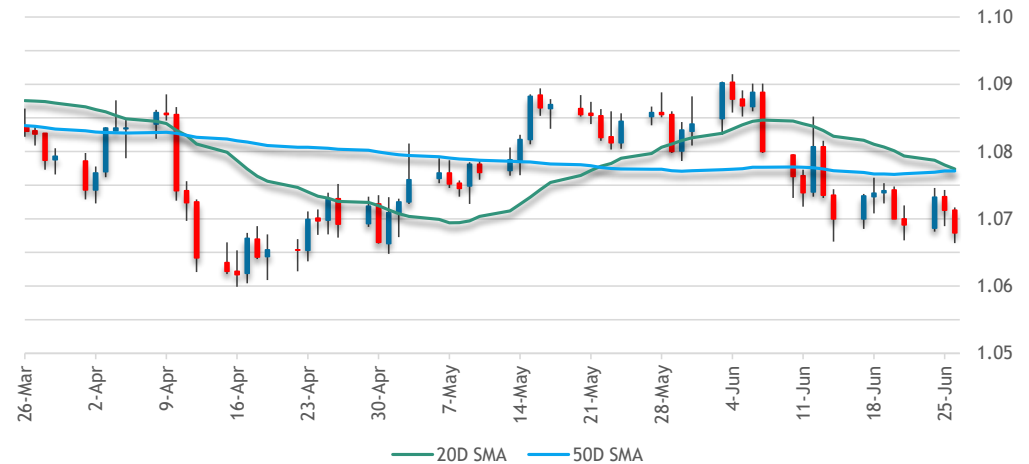
CLOSE **160.79**      1M %chg **2.42%**      3M %chg **6.10%**

### USD/JPY hits multi-decade highs despite intervention worries

26 Jun 2024 03:15:43 PM

- \* USD/JPY has risen from 159.63 to 160.39, on Wednesday, EBS data shows
- \* Spot breaks April's 160.24 peak to hit highest since 1986
- \* Markets on alert for possible intervention after recent threats
- \* Japan spent 9.8 trillion yen supporting Japanese currency a few weeks ago
- \* That caused USD/JPY to drop from 160.24 to 154.40 (April to May) on the EBS
- \* This has now been fully retraced, highlighting the underlying bullish bias
- \* EUR/JPY usually climbs in June according to seasonal data

## EURO



CLOSE **1.0679**      1M %chg **-1.53%**      3M %chg **-1.39%**

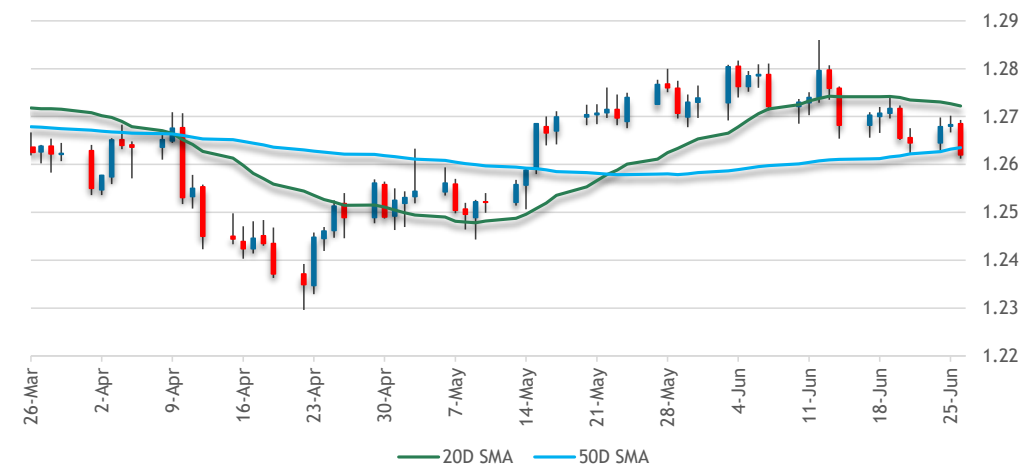
### EUR/USD-Heavy as rising rates leave the EUR/ECB isolated

27 Jun 2024 03:55:09 AM

- \* Steady after closing down 0.3% with the USD up 0.35%, and the weak yen
- \* ECB policymakers see a gradual easing if inflation falls as expected
- \* The ECB rate outlook is very different from the Fed, BoE, and the RBA
- \* 5, 10 & 21-day moving averages fall - daily signals show a negative bias
- \* Resistance starts at yesterday's 1.0718 high and then this week's 1.0746 top
- \* Wednesday's 1.0666 low and then the 1.0649 May base are initial supports
- \* 1.0650 3.266 BLN and 1.0700 4.534 BLN are the close strikes for June 27th

# Forex Market

## POUND STERLING



CLOSE  
**1.2620**

1M %chg  
**-0.94%**

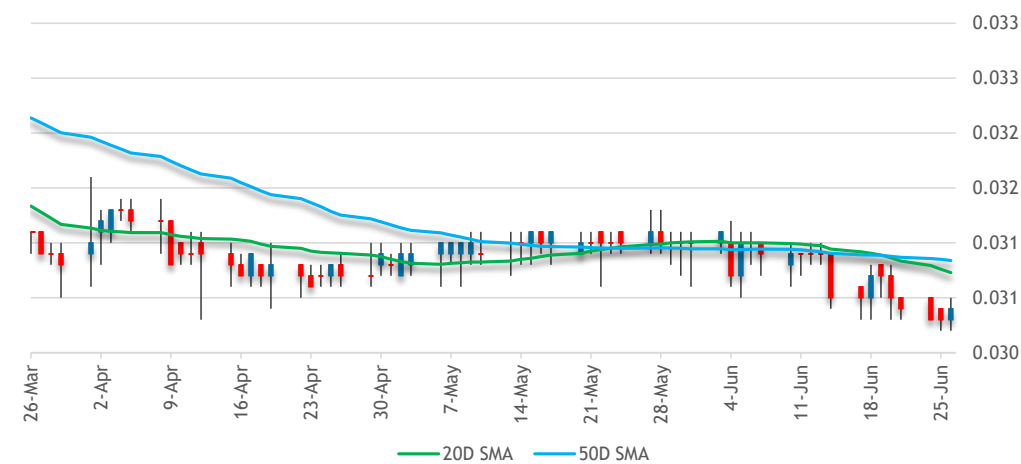
3M %chg  
**-0.04%**

### GBP/USD cloud twist warning proves accurate

26 Jun 2024 05:37:13 PM

- \* Worth noting today's 1.2561-81 cloud twist may have had influence after all
- \* The 10-day moving average is leaning heavily on sterling
- \* Our 1.2703 offer left high and dry after a 1.2693 to 1.2634 drop
- \* We now wait for fresh signals
- \* Support at the 100-day average, 1.2642, gives way
- \* The 1.2622 low from June 21 now in the firing line

## TURKISH LIRA



CLOSE  
**0.0304**

1M %chg  
**-1.94%**

3M %chg  
**-2.25%**

### Lira sell signal ahead Turkish rate decision

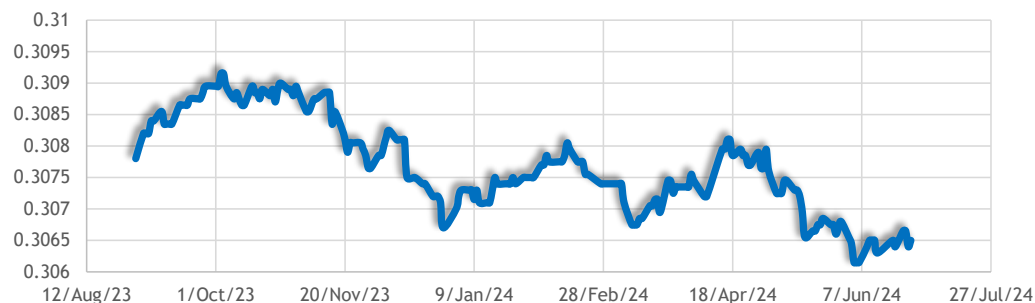
26 Jun 2024 05:03:51 PM

- \* All 11 analysts polled by Reuters see Turkish int/rate unchanged Thursday
- \* Huge hike to 50% has slowed, but not stopped, lira's decline
- \* FX losses ytd at 11.4% are far eclipsed by interest returns
- \* Despite the allure of an extremely high rate - foreigners still shy
- \* Powerful forces driving emerging currencies to new extremes
- \* If intervention around 33.00 exhausted pace of gains may accelerate
- \* 21-DMA has just crossed over 55-DMA - buy signal



# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0713	1.0717	1.0664	1.0679	-0.32%
GBP	1.2685	1.2693	1.2612	1.262	-0.50%
JPY	159.7	160.86	159.59	160.79	0.69%
TRY	0.0303	0.0305	0.0302	0.0304	0.33%
Dollar Idx	105.657	106.13	105.609	106.052	0.42%
Brent	84.89	85.81	84.47	85.25	0.28%
WTC	82.64	82.82	81.48	82.19	0.27%
Gold	2319.63	2323.5	2293.49	2297.9146	-0.91%
KWSE Index	6991.9	6997.85	6915.65	6927.11	-0.73%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.31	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

**0.30650**

**-0.24%**

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	5.60
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 new home sales slump; supply at more than 16-year high

WASHINGTON, June 26 (Reuters) - Sales of new U.S. single-family homes dropped to a six-month low in May as a jump in mortgage rates weighed on demand, offering more evidence that the housing market recovery was faltering. New home sales declined 11.3% to a seasonally adjusted annual rate of 619,000 units last month, the lowest level since November, the Commerce Department's Census Bureau said. The percentage-based drop was the biggest since September 2022. The sales pace for April was revised up to 698,000 units, a nine-month high, from a previously reported 634,000 units. Economists polled by Reuters had forecast new home sales, which account for 13.1% of U.S. home sales, would hit a rate of 640,000 units.

### UK retail sales go into reverse this month, CBI survey shows

June 26 (Reuters) - British retail sales softened this month after a recovery in May, and stores expect another drop next month, an industry survey showed on Wednesday. The Confederation of British Industry's monthly retail sales balance, which measures volumes compared with a year ago, fell to -24 in June from +8 in May. "Unseasonably cold weather in June may have played a role, but its notable that internet retail sales fell sharply in our survey, too," Alpesh Paleja, interim deputy chief economist at the CBI, said. Official data last week showed retail sales surged in May, after heavy rain kept shoppers away in April. Still, the CBI survey pointed to another difficult month for retailers in July.

### German consumer sentiment unexpectedly dips in July, finds GfK

BERLIN, June 26 (Reuters) - German consumer sentiment is set to fall slightly in July, ending a four-month streak of rises, as households left uncertain by higher prices and an economy dawdling toward recovery opt to hold onto their money, a survey showed on Wednesday. The consumer sentiment index published jointly by GfK and the Nuremberg Institute for Market Decisions (NIM) unexpectedly fell to -21.8 heading into July, from a slightly revised -21.0 in June. "The slightly higher inflation rate in Germany in May is clearly causing more uncertainty among consumers again, which is also reflected in the increase in the willingness to save," said Buerkl.

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### China's industrial profits growth slows sharply in May amid patchy recovery

BEIJING, June 27 (Reuters) - China's industrial profits rose at a sharply slower pace in May, official data showed on Thursday, underlining the struggles faced by the world's second-largest economy as weak domestic demand crimps overall growth. Earnings rose 0.7% year-on-year last month after a 4% increase in April while gains over the first five months also eased to 3.4% from 4.3% in the January-April period, according to National Bureau of Statistics (NBS) data. The closely watched gauge of business conditions follows a flurry of largely downbeat economic indicators in May. The automobile industry, a major contributor to consumer discretionary growth, had a profit margin of 4.6% in the first four months, underperforming an average of 5% in the overall factory sector.

### Brazil's government spending rises, driving higher-than-expected May deficit

BRASILIA, June 26 (Reuters) - Brazil's central government posted a larger-than-expected primary budget deficit in May, pressured by increased pension benefits, the Treasury said on Wednesday. The deficit excluding interest payments totaled 60.983 billion reais (\$11.06 billion), larger than the 54.2 billion reais shortfall forecast by economists in a Reuters poll. Government spending rose by 14% in real terms from a year earlier, driven by an uptick in pension benefits, compared to a 9% increase in net revenues. Tax collection in Latin America's largest economy has been hitting successive monthly records. In the 12 months through May, the central government's primary deficit reached 2.36% of gross domestic product (GDP), said the Treasury.

### Oil eases as stock build raises spectre of slower US demand

SINGAPORE, June 27 (Reuters) - Oil prices dipped on Thursday as a surprise build in U.S. stockpiles fuelled fears about slow demand from the world's top oil consumer, though declines were capped by worries a potential expansion of the Gaza war may disrupt Middle East supplies. Brent crude oil futures fell 28 cents, or 0.3%, to \$84.97 a barrel. U.S. West Texas Intermediate crude futures dropped 31 cents, or 0.4%, to \$80.59 per barrel. Both benchmarks had settled slightly higher on Wednesday. The U.S. Energy Information Administration reported a 3.6 million barrel jump in the country's crude oil stocks last week, surprising analysts who had expected a 2.9 million-barrel drawdown.