



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

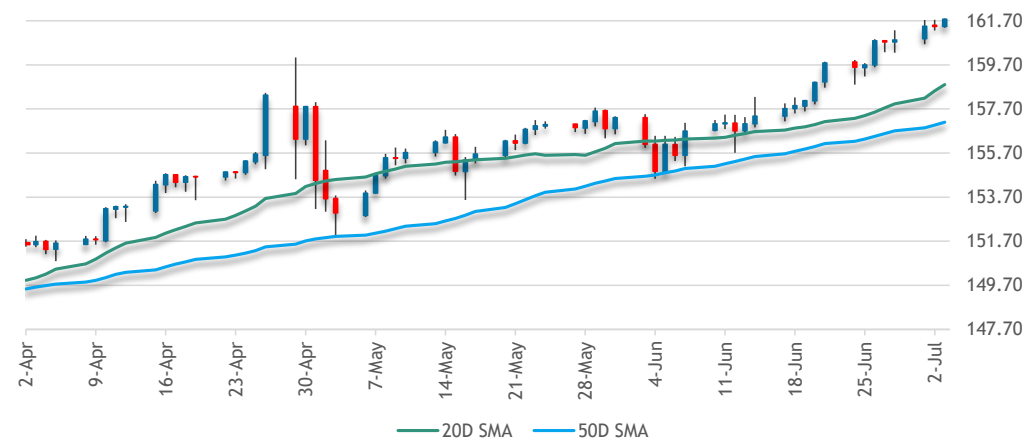
KFH Treasury



Report produced on
Wed, 03-Jul-2024

Forex Market

JAPANESE YEN



CLOSE **161.44** 1M %chg **2.63%** 3M %chg **6.53%**

USD/JPY, JPY crosses better bid, at recent highs

03 Jul 2024 08:03:54 AM

- * USD/JPY and the JPY crosses remain better bid, at recent highs
- * USD/JPY 161.41-65 EBS, on hold below 161.72-74 highs Monday-Tuesday
- * Current levels best since 163.36 high in December 1986
- * Resistance at 162.00, 163.00, option barriers eyed at these levels
- * Japanese exporter offers from ahead of 162.00 too
- * Japanese importer bids on dips with 160.00, 161.00 barriers KO-ed
- * Massive nearby option expiries today to help contain spot action
- * Total \$1.2 bln between 161.00-40 strikes, 162.00 \$660 mln
- * EUR/JPY bid, 173.51-69 EBS, best since Sept 1992, ECB seen on hold

EURO



CLOSE **1.0744** 1M %chg **-0.89%** 3M %chg **-0.22%**

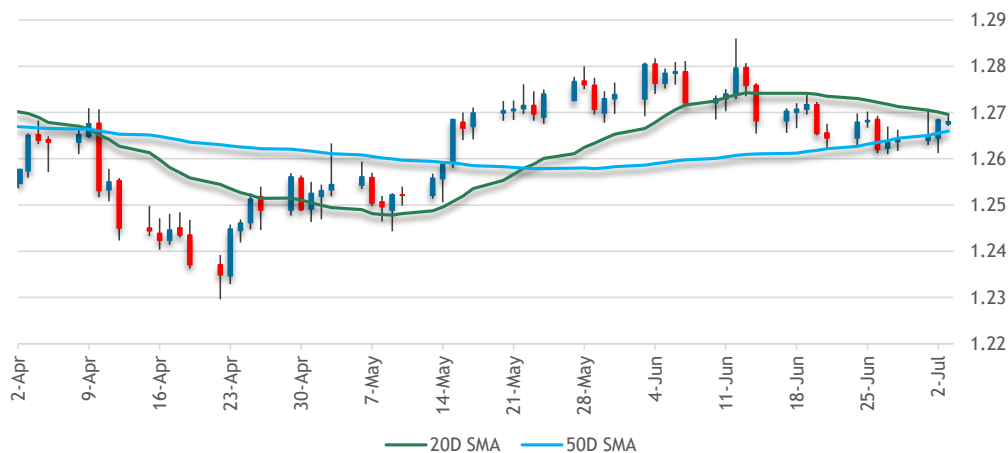
EUR/USD-Bulls and bears undecided ahead of US data releases

02 Jul 2024 09:25:53 AM

- * NY opened near 1.0720 after 1.0710 traded on EBS overnight, bounce extended
- * Softer US yields US2YT=RR weighed on the US\$, EUR/USD traded 1.07465
- * Pair dipped after comments from Fed's Powell and May US JOLTS jobs report
- * 1.0725 trade but pair bounced & neared 1.0735, was near flat late in the day
- * Techs lean bearish; pair below the daily cloud, consolidation phase persists
- * Tuesday inverted hammer, today's bull hammer suggest some indecision

Forex Market

POUND STERLING



CLOSE

1.2684

1M %chg

-0.43%

3M %chg

0.85%

GBP/USD-UK is a potential safe haven post-election

03 Jul 2024 04:11:41 AM

* Steady after closing up 0.3% with the U.S. dollar off just 0.15%

* Sterling bid into the election - Labour Party landslide victory likely

* US and EU political turmoil could see the UK as a safe haven post-election

* There is no tier-one UK data, so risk appetite, USD likely lead sterling

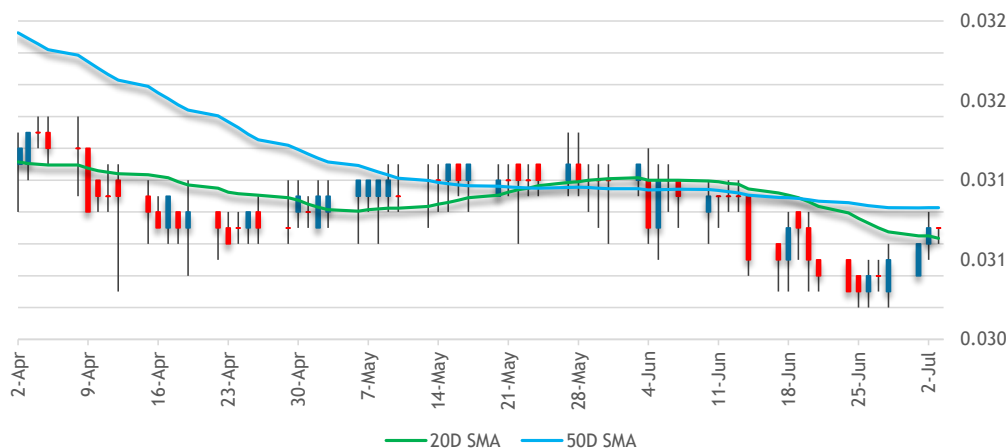
* Charts; neutral daily momentum studies, 21-day Bollinger bands contract

* 5, 10 & 21-day moving averages coil - daily charts show no strong bias

* Last week's 1.2613 low and 1.2579, 50% of the April/June rise support

* Monday's 1.2710 high, then the 1.2738 June 19 top are initial resistance

TURKISH LIRA



CLOSE

0.0307

1M %chg

-0.97%

3M %chg

-1.60%

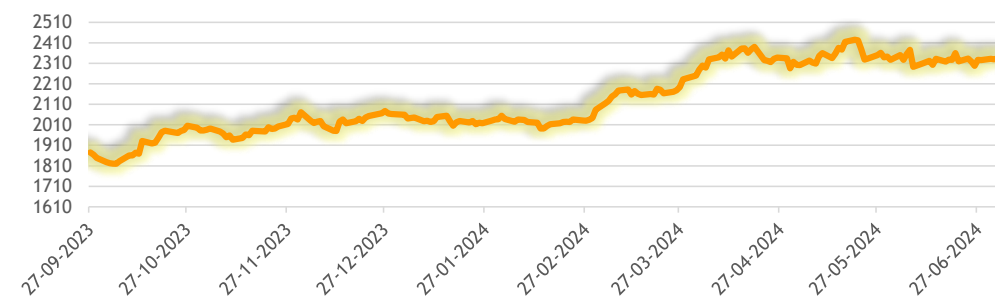
Turkey cenbank net reserves excl. swaps fall for first time since election, bankers say

02 Jul 2024 08:30:26 AM

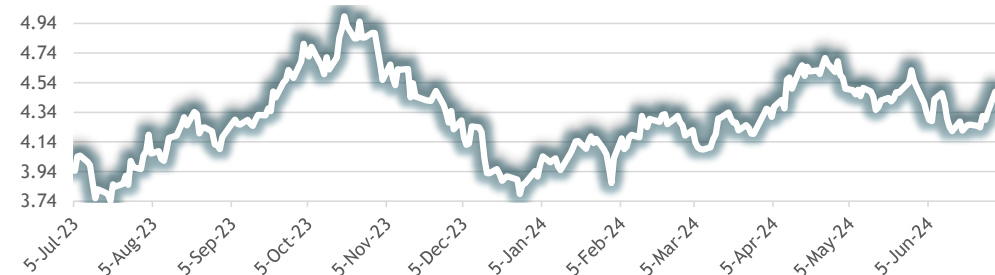
ANKARA, July 2 (Reuters) - The Turkish central bank's net foreign reserves excluding swaps fell \$1 billion last week, bankers said on Tuesday, after rising some \$78 billion to \$12.5 billion dollars in the three months since March local elections. Net reserves excluding swaps had turned positive for the first time in four years, reaching \$1.5 billion in the week to May 31, and then continued its rise, reaching \$12.5 billion in the week to June 21. According to four bankers' calculations, net reserves excluding swaps have increased \$77 billion in the 13 weeks since the elections. Before the vote they stood at a historical low level of -\$65.5 billion on March 29. The bank's net international reserves decreased by nearly \$5.5 billion last week to \$39.5 billion, while total reserves decreased by \$4.5 billion from a historic peak of \$143 billion.

Gold, US Treasury & Dollar Index

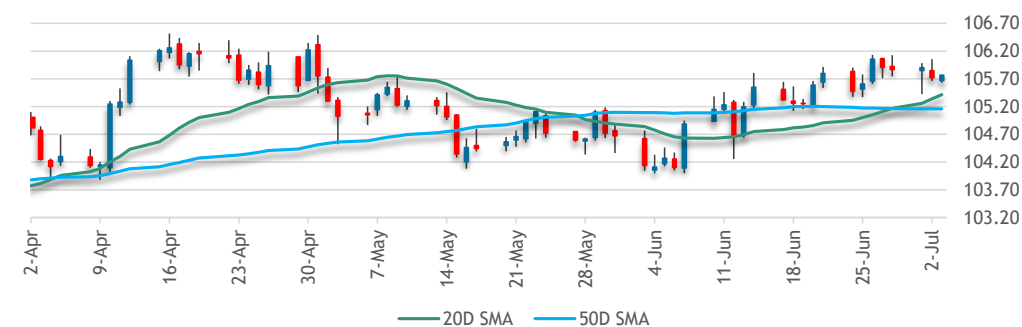
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.43

1M %chg

-1.68%

3M %chg

1.63%

PRECIOUS-Gold flat as investors focus on Fed minutes

03 Jul 2024 08:12:00 AM

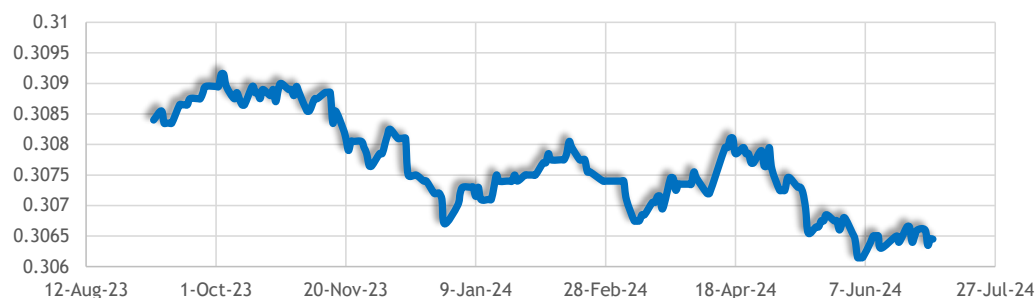
July 3 (Reuters) - Gold prices were flat on Wednesday as investors awaited minutes of the Federal Reserve's last policy meeting for fresh cues on when the U.S. central bank will start cutting interest rates. Spot gold was little changed at \$2,331.97 per ounce. U.S. gold futures gained 0.3% to \$2,340.20. The gold market has been steady and holding in a narrow range for a few weeks now, said Marex analyst Edward Meir, adding that bullion prices might move higher later this year with all these elections up in the air. "There's a clear path for gold to outperform from here, likely fuelled by Western flows. Conversely, in the event that central bank demand drops drastically, rates remain high for longer and Asian investor sentiment flips, we could see a pullback in the second half," the World Gold Council said in its mid-year outlook report. Spot silver rose 0.4% to \$29.63 per ounce and platinum climbed 0.7% to \$997.85. Palladium declined 0.7% to \$1,014.64 after hitting a more than one-week high earlier.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Foreign Bond Investment	JP	03-Jul 05:20	w/e	-1062.0	
Foreign Invest JP Bonds*	JP	03-Jul 05:20	w/e	-1605.2	
Foreign Stock Investment*	JP	03-Jul 05:20	w/e	119.3	
Foreign Invest JP Stock	JP	03-Jul 05:20	w/e	-85.5	
JibunBK Comp Op Final SA	JP	03-Jul 06:00	Jun	50.0	
JibunBK SVC PMI Final SA *	JP	03-Jul 06:00	Jun	49.8	
HCOB - Composite Final PMI	EU	03-Jul 13:30	Jun	50.8	50.8
HCOB Services Final PMI	EU	03-Jul 13:30	Jun	52.6	52.6
S&P GLOBAL PMI: COMPOSITE - OUTP	GB	03-Jul 14:00	Jun	51.7	51.7
S&P GLOBAL SERVICE PMI	GB	03-Jul 14:00	Jun	51.2	51.2
Reserve Assets Total*	GB	03-Jul 14:00	Jun	184459.30	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0739	1.0747	1.0708	1.0744	0.06%
GBP	1.2645	1.2687	1.2612	1.2684	0.29%
JPY	161.49	161.75	161.26	161.44	-0.01%
TRY	0.0306	0.0308	0.0305	0.0307	0.33%
Dollar Idx	105.847	106.054	105.661	105.722	-0.17%
Brent	86.71	87.46	86.16	86.24	-0.42%
WTC	85.48	85.68	84.02	84.09	-0.72%
Gold	2331.55	2336.69	2318.97	2329.283	-0.10%
KWSE Index	6956.52	6966.29	6937.13	6937.13	-0.08%

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

0.30645

-0.36%

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	5.58
SW	0.08	6M	5.68
1M	5.45	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 labor market steadily easing despite rise in job openings

WASHINGTON, July 2 (Reuters) - U.S. job openings rose in May after posting outsized declines in the prior two months, but the trend remained consistent with an easing in labor market conditions that could pave the way for the Federal Reserve to cut interest rates this year. The Job Openings and Labor Turnover Survey, or JOLTS report, from the Labor Department on Tuesday showed there were 1.22 vacancies for every unemployed person in May, unchanged from April and the lowest vacancy-to-unemployment ratio since 2021. April's ratio previously had been estimated at 1.24. The ratio is now not too far from its average of 1.19 in 2019.

UK manufacturing growth slows as shipping delays hit exports, PMI shows

LONDON, July 1 (Reuters) - British manufacturing activity growth slowed last month from May's 22-month high as ongoing disruption to shipping in the Red Sea contributed to lower demand from overseas customers, a survey showed on Monday. S&P Global's UK Manufacturing Purchasing Managers' Index dropped to 50.9 in June from 51.2 in May. The final reading was lower than 51.4 in the provisional June data. Official figures on Friday showed Britain's manufacturing sector - which makes up 10% of the economy grew at a quarterly pace of 1.1% in the first three months of 2024, its second-strongest quarterly expansion since the start of 2021.

Canadian factory PMI shows sector softening further in June

TORONTO, July 2 (Reuters) - Canadian manufacturing activity deteriorated in June, extending a record-setting run of contraction for the sector, as new orders declined and firms cut jobs for the first time in five months, data showed on Tuesday. The S&P Global Canada Manufacturing Purchasing Managers' Index (PMI) was unchanged in June, matching the seasonally adjusted 49.3 level that was posted in May. It was the 14th straight month the PMI was below the 50.0 no-change mark, the longest such stretch in data going back to October 2010. A reading below 50 marks contraction in the sector.

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China's services activity growth hits 8-month low, Caixin PMI shows

BEIJING, July 3 (Reuters) - China's services activity expanded at the slowest pace in eight months and confidence hit a four-year low in June, dragged by slower growth in new orders, a private-sector survey showed on Wednesday, suggesting more economic stimulus is needed. The Caixin/S&P Global services purchasing managers' index (PMI) eased to 51.2 from 54.0 in May, marking the lowest reading since October 2023 but remaining in expansionary territory for the 18th straight month. The 50-mark separates expansion from contraction. The new orders subindex fell to 52.1 in June from 55.4 the previous month. Overseas demand also eased slightly even on top of strong exports in May.

Thai cabinet approves \$7.5 bln in additional borrowing for 2024 fiscal year

BANGKOK, July 2 (Reuters) - Thailand's cabinet on Tuesday approved an additional 276 billion baht (\$7.5 billion) in borrowing for the 2024 fiscal year, to help finance a household handout scheme to help stimulate the economy, government officials said. That would bring total new borrowing in the fiscal year to 1 trillion baht (\$27.2 billion), deputy government spokesperson Radklao Suwankhiri told a news briefing. The newly approved borrowing is part of a wider revised debt management plan in the fiscal year, which includes the management of existing debt of 2.04 trillion baht and debt repayments of 454 billion baht.

Oil rises on US crude inventory draw, Mideast tensions

SINGAPORE, July 3 (Reuters) - Oil prices rose on Wednesday after industry data showed a bigger-than-expected draw in U.S. crude stockpiles, while the market kept tabs on flaring tensions in the Middle East. Brent crude futures LC0c1 edged up 47 cents or 0.5% to \$86.71 per barrel, touching a 10-week high. U.S. West Texas Intermediate crude futures CLc1 climbed 43 cents or 0.5% to \$83.24 per barrel but was not too far off a two-month high hit earlier this week. U.S. crude oil inventories fell by 9.163 million barrels in the week ended June 28, according to market sources citing American Petroleum Institute figures on Tuesday.