



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

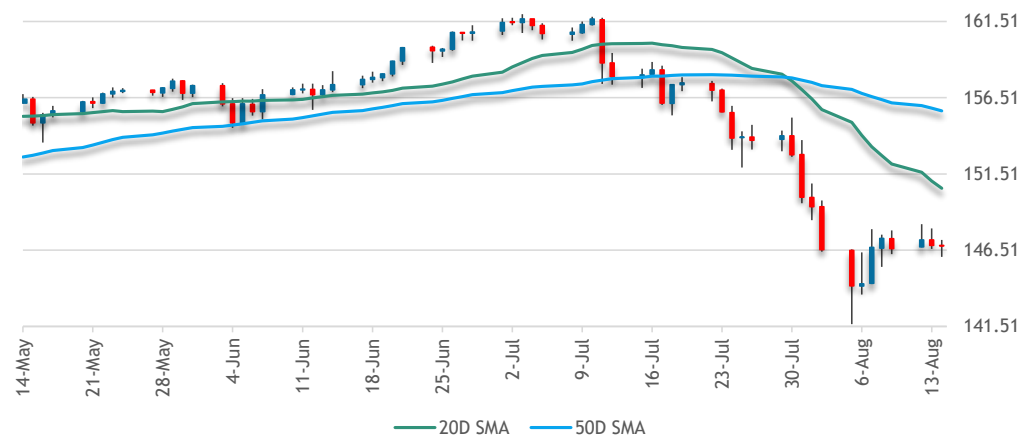
KFH Treasury



Report produced on
Wed, 14-Aug-2024

Forex Market

JAPANESE YEN



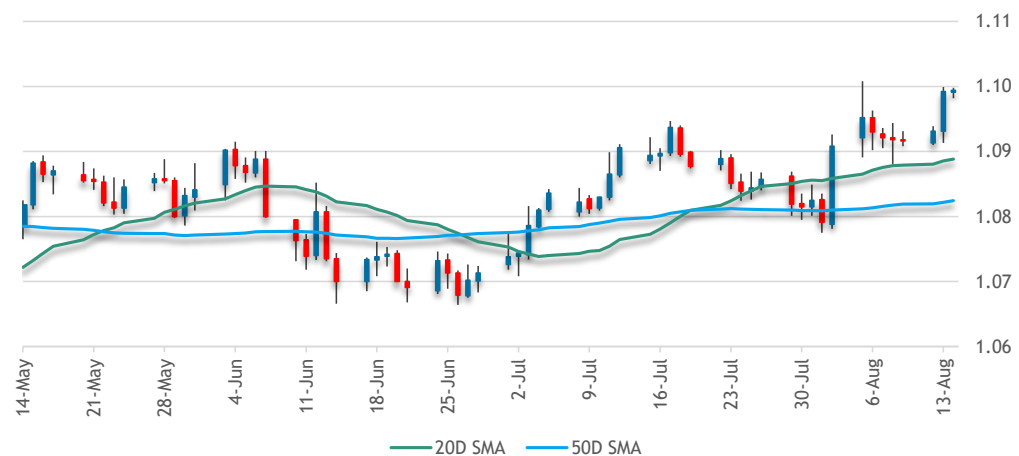
CLOSE 1M %chg 3M %chg
146.82 **-7.01%** **-6.01%**

USD/JPY ranging around 147.00 ahead of US CPI data

14 Aug 2024 04:31:27 AM

- * USD/JPY currently in range around 147.00 into tonight's US CPI data
- * USD/JPY 146.75-147.10 EBS in Asia so far, range yesterday 146.61-147.95
- * Support from area of descending 200-HMA at 146.53
- * 100-HMA 147.03 in area, 55-HMA 147.21 above, hourly Ichi cloud 147.25-49
- * Some Japanese importer demand at Tokyo fix, exporters eyed on rallies
- * Tokyo volume looks to remain thin on O-Bon holidays, especially post-fix
- * Massive option expiries today, especially on 146 handle
- * 146.25 \$1.2 bln, 146.50-75 \$1.1 bln, 147.35-36 \$453 mln, 147.60-75 \$515 mln

EURO



CLOSE 1M %chg 3M %chg
1.0992 **0.79%** **1.89%**

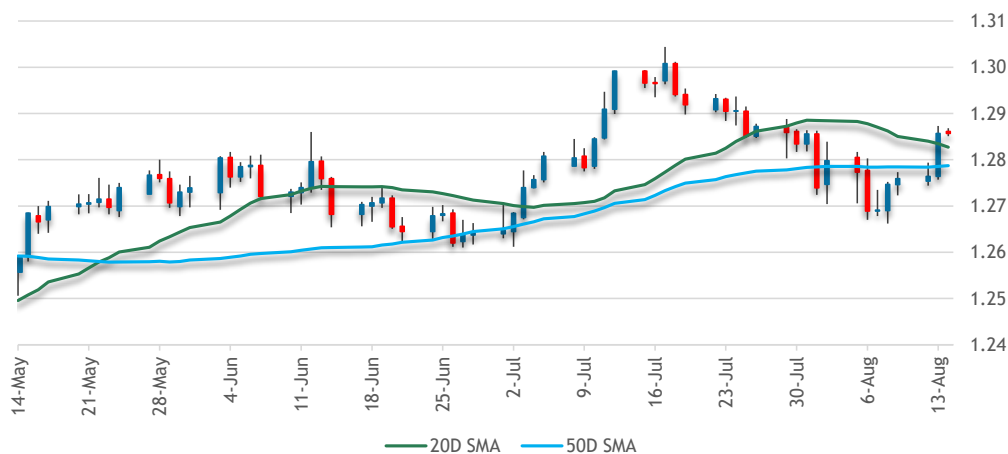
EUR/USD bid but likely in stasis in Asia, options galore

14 Aug 2024 04:55:45 AM

- * EUR/USD 1.0978-97 EBS in Asia so far, bid but likely in stasis for now
- * US PPI out last night soft, market sees maybe US CPI tonight too
- * Massive nearby option expiries to help contain action
- * 1.0970-85 total E1.4 bln, 1.1000-10 E882 mln, 1.1035 E1.8 bln
- * Some more above and more massive below, more supportive than not
- * EUR/USD high yesterday 1.0997 too, spike high Aug 5 1.1009
- * Good offers still eyed on 1.10 but break above 1.1010 bullish, stops eyed
- * Break projects test towards 1.1050, 1.1047 high early January

Forex Market

POUND STERLING



CLOSE

1.2857

1M %chg

-1.04%

3M %chg

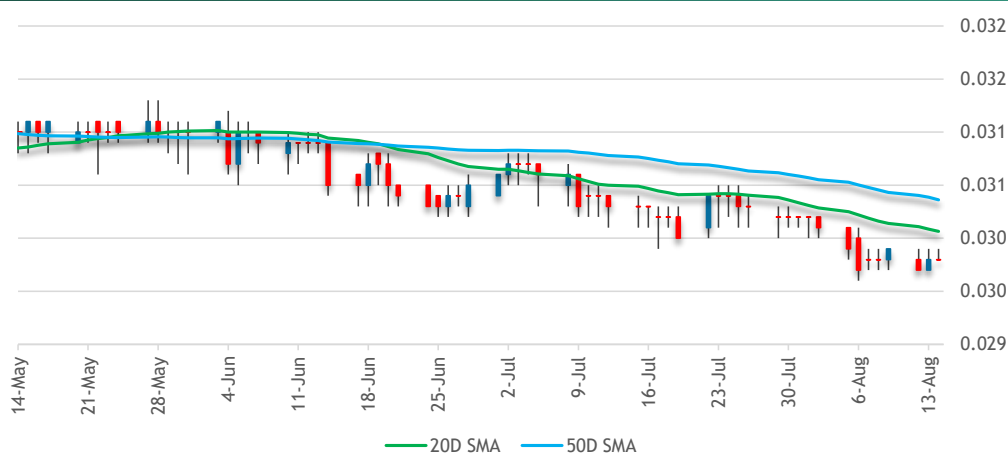
2.38%

GBP/USD-Buoyed as BoE-Fed expectations diverge, inflation data key

14 Aug 2024 07:29:18 AM

- * GBP/USD unchanged after rallying 0.85% Tue on strong UK jobs, soft U.S. PPI
- * Supported by heightened expectations of a 50 bps Fed rate cut in Sep
- * Eyes more gains on diverging c.bank expectations, less crowded GBP positions
- * 107 bps of Fed rate cuts priced in by Dec compared to 45 bps of BoE cuts
- * July UK and U.S. CPI data on Wed key for BoE and Fed rate expectations
- * Resistance 1.2900, 61.8% of July-Aug drop followed by 1.2950-55
- * Support 1.2800-10' Asia range 1.2867-1.28555

TURKISH LIRA



CLOSE

0.0298

1M %chg

-1.65%

3M %chg

-3.87%

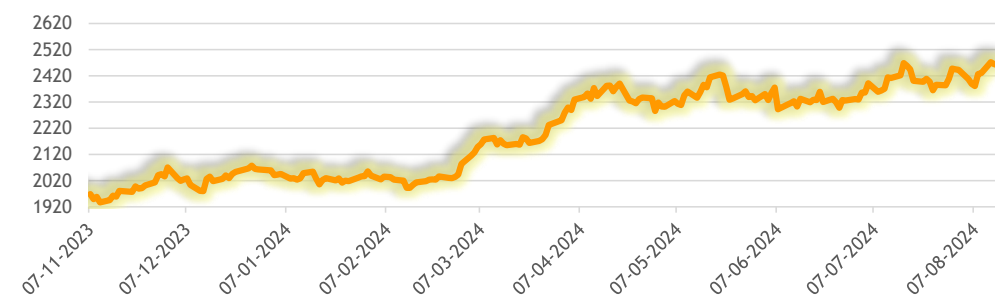
Investment in Turkey's extremely weak currency may grow

13 Aug 2024 12:31:50 PM

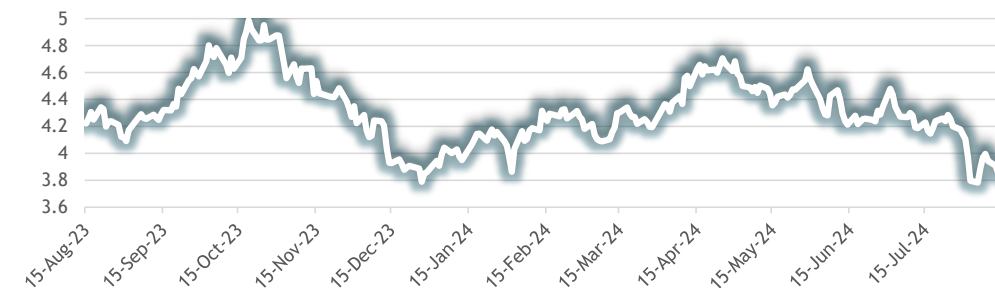
- * In June Turkey posts c/a surplus for first time since Oct 2023
- * Weaker lira - which hit record low this year - aiding return to surplus
- * Although lira is falling, it is sliding slowly
- * This year returns via interest rates outstripping FX losses
- * USD/TRY up 18.7%, int/rate return YTD roughly 32%
- * Assets markets should support lira, Turkish stocks record highs this year
- * 5-year CDS lowest for years - positive outlooks from main ratings agencies

Gold, US Treasury & Dollar Index

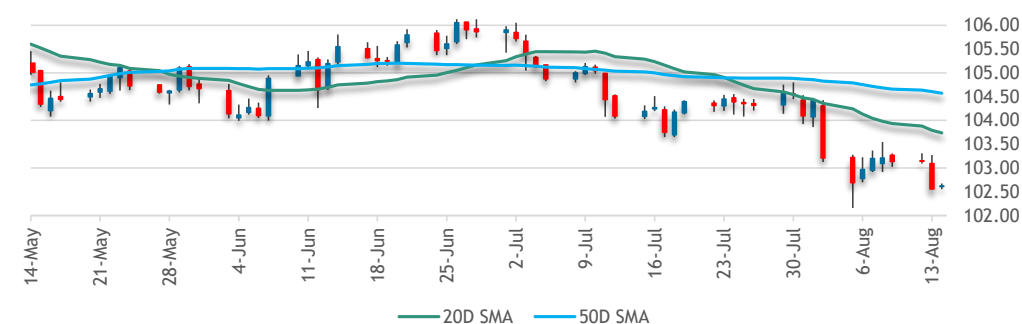
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

3.85

1M %chg

-7.95%

3M %chg

-13.99%

PRECIOUS-Gold prices inch lower as US inflation data looms

14 Aug 2024 07:58:00 AM

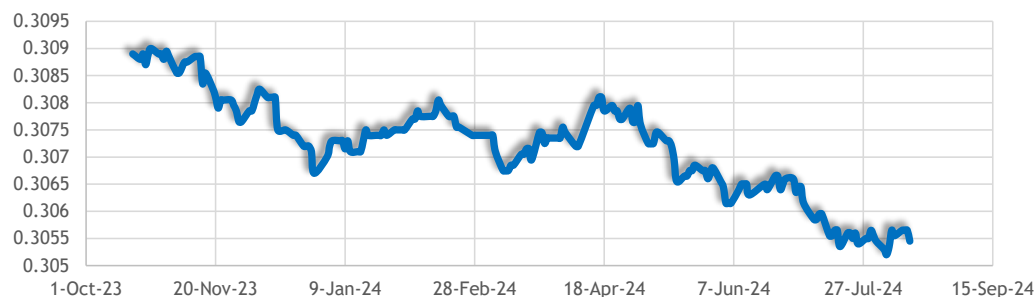
Aug 14 (Reuters) - Gold prices edged lower on Wednesday as investors remained on the sidelines ahead of a key U.S. inflation print later in the day that could set the tone for the Federal Reserve's September policy meeting. Spot gold eased 0.2% to \$2,460.87 per ounce. Prices hit a record high of \$2,483.60 last month. U.S. gold futures edged 0.3% lower to \$2,500.30. Gold might drop to \$2,300 if (CPI) data doesn't align with expected rate cuts, but in the long term, gold is likely to rise as U.S. economy weakens enough for the Fed to cut rates significantly, said Kyle Rodda, a financial market analyst at Capital.com. Gold, often used as a hedge against geopolitical risks, thrives when interest rates are low. Traders expect a 54% chance of a 50-basis-point U.S. rate cut in September, according to the CME FedWatch Tool. Spot silver fell 0.6% to \$27.68, platinum XPT= shed 0.5% to \$931.73. Palladium edged 0.1% higher to \$939.25 after hitting its highest level since July 24 in the previous session.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
GDP Deflator YY Prelim*	JP	14-Aug 05:20	Q2	3.4	
GDP QQ Capital Expend.	JP	14-Aug 05:20	Q2	-0.4	0.9
GDP QQ	JP	14-Aug 05:20	Q2	-0.7	0.5
GDP QQ Annualised	JP	14-Aug 05:20	Q2	-2.9	2.1
GDP QQ Pvt Consmp Prelim	JP	14-Aug 05:20	Q2	-0.7	0.5
GDP QQ External Demand	JP	14-Aug 05:20	Q2	-0.4	-0.1
LSEG IPSOS PCSI	JP	14-Aug 07:30	Aug	37.63	
Core CPI MM*	GB	14-Aug 11:30	Jul	0.2	0.2
Core CPI YY*	GB	14-Aug 11:30	Jul	3.5	3.4
CPI MM*	GB	14-Aug 11:30	Jul	0.1	-0.1
CPI YY*	GB	14-Aug 11:30	Jul	2.0	2.3

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0931	1.0999	1.0913	1.0992	0.56%
GBP	1.2764	1.2873	1.2757	1.2857	0.73%
JPY	147.19	147.94	146.59	146.82	-0.25%
TRY	0.0297	0.0299	0.0297	0.0298	0.34%
Dollar Idx	103.093	103.272	102.55	102.559	-0.56%
Brent	81.88	82.3	80.55	80.69	-1.96%
WTC	81.27	81.4	79.7	79.81	-2.01%
Gold	2472.26	2476.86	2458.3	2465.0293	-0.29%
KWSE Index	7054.25	7059.58	7004.74	7009.61	-0.61%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.31	3M	4.25
SW	3.75	6M	4.44
1M	4.00	1Y	4.63

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30565

-0.54%

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	5.38
SW	0.08	6M	5.23
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	18-Jul-'24	4.25	4.25	0.00
BOE Bank Rate	01-Aug-'24	5.00	5.00	0.00
BOJ Prime Rate	09-Aug-'24	1.65	1.80	-0.15
TRY ON Lending Rate	21-Mar-'24	53.00	46.50	6.50



KEY INTERNATIONAL STORIES

US producer inflation slows as pricing power diminishes

WASHINGTON, Aug 13 (Reuters) - U.S. producer prices increased less than expected in July as the cost of services fell by the most in nearly 1-1/2 years amid signs of diminishing pricing power for businesses, evidence of waning inflation pressures that reinforced hopes of an interest rate cut next month. The producer price index for final demand edged up 0.1% last month after rising by an unrevised 0.2% in June, the Labor Department's Bureau of Labor Statistics said. Economists polled by Reuters had forecast the PPI gaining 0.2%. In the 12 months through July, the PPI increased 2.2% after climbing 2.7% in June.

UK pay growth drops to lowest in nearly 2 years, joblessness falls

LONDON, Aug 13 (Reuters) - British pay grew at its slowest pace in nearly two years, likely reassuring the Bank of England that inflation pressures are easing, and there was a surprise drop in unemployment, official figures showed. Average weekly earnings, excluding bonuses, were 5.4% higher than a year earlier in the three months to the end of June, down from 5.8% in the three months to May and the lowest since August 2022, the Office for National Statistics said. However, the jobless rate - based on a survey the ONS is currently overhauling - fell from 4.4% to 4.2%, its lowest since February, bucking expectations of a rise in poll of economists.

German investor morale tumbles in August

BERLIN, Aug 13 (Reuters) - German investor morale darkened more than expected in August, posting its strongest decline in two years, the ZEW economic research institute said on Tuesday. The economic sentiment index fell to 19.2 points from 41.8 points in July. Economic expectations are still affected by a high level of uncertainty, driven by ambiguous monetary policy, disappointing business data from the US economy and growing concern about an escalation of the conflict in the Middle East, Wambach said. The assessment of the current economic situation in Germany also declined, falling to minus 77.3 points from minus 68.9 in the previous month.

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Japan parliament asks central bank governor Ueda to discuss rate hike

TOKYO, Aug 13 (Reuters) - Japan's parliament will ask central bank Governor Kazuo Ueda to participate in special sessions next week to discuss the decision last month to raise interest rates, officials said. Ueda will be requested to participate in separate sessions on Aug. 23 held by the finance committees of the upper and lower houses. The Bank of Japan surprised markets by raising interest rates to a 15-year high on July 31 and signalling readiness to hike borrowing costs further on growing prospects that inflation will durably hit its 2% target. The market rout led senior officials from the ruling and major opposition parties to agree to summon Ueda to explain central bank's decision.

Brazil's service sector beats forecasts, hits record high in June

SAO PAULO, Aug 13 (Reuters) - Services activity in Brazil grew more than expected in June to hit an all-time high, eclipsing a record that had been set in December 2022, data from statistics agency IBGE showed. The service sector, which accounts for about 70% of all activity in Latin America's largest economy, grew 1.7% in June from the previous month, IBGE said, exceeding the 0.8% expected by analysts polled. Services activity was also up 1.3% in June from a year earlier, according to IBGE, again beating the 0.8% expected by economists in poll. The sector now stands 0.5% above the previous record high in the IBGE data series, which had been set in late 2022, the statistics agency added.

Oil strengthens as fall estimated in US crude inventories

NEW YORK, Aug 14 (Reuters) - Oil prices climbed on estimates about shrinking U.S. crude and gasoline inventories as the market watched for a possible widening of the Middle Eastern war, which could curtail global oil supplies. Brent crude futures rose 30 cents to \$80.99 a barrel. U.S. West Texas Intermediate crude increased by 38 cents to \$78.73 per barrel. The API figures showed crude stocks shrunk by 5.21 million barrels in the week ended Aug. 9, the sources said, speaking on condition of anonymity. Gasoline inventories eased by 3.69 million barrels, and distillates rose by 612,000 barrels. Falling inventories could indicate higher demand in the U.S., the world's biggest oil consumer.



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