



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

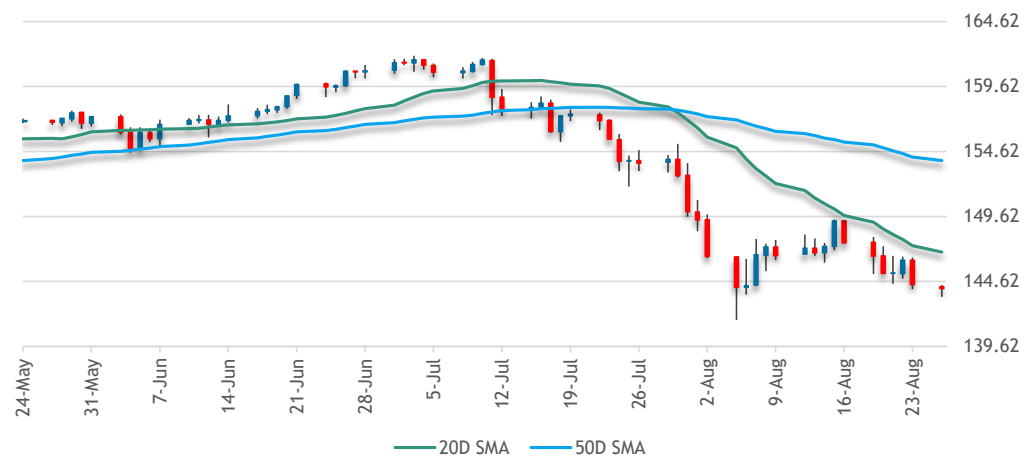
KFH Treasury



Report produced on
Mon, 26-Aug-2024

Forex Market

JAPANESE YEN



CLOSE
144.37

1M %chg
-7.21%

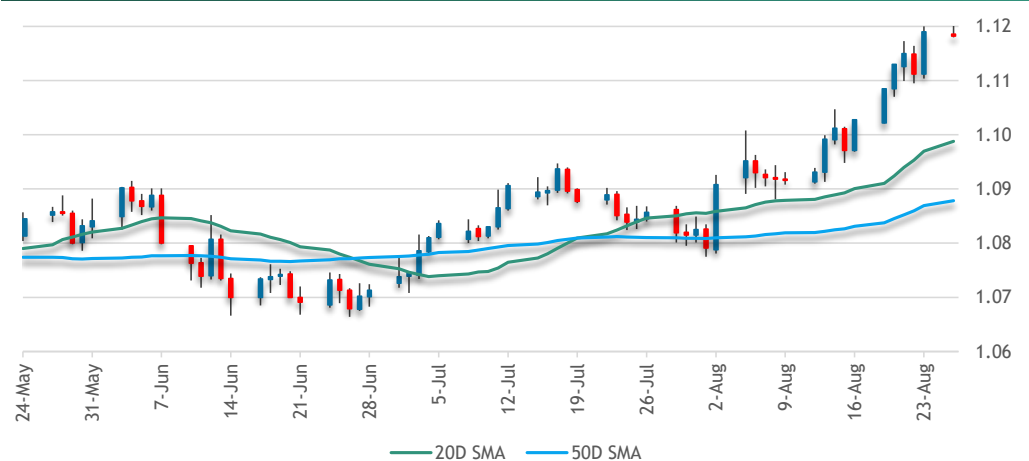
3M %chg
-8.00%

USD/JPY but downside limited in quiet trade, crosses heavy

26 Aug 2024 07:10:51 AM

- * USD/JPY downside limited in quiet, thin, end-of-summer trading
- * London bank holiday also putting a crimp on action
- * USD/JPY off from 144.33 to 143.45 EBS early but importer demand at low
- * Some bounce into today's Tokyo fix but exporters, others in wait on bounce
- * Path of least resistance still down with Fed seen dovish, BOJ hawkish
- * No large option expiries of note nearby today, tom large on 144 handle
- * JPY crosses also on heavy side on ongoing JPY demand
- * EUR/JPY 160.68-161.21 EBS, GBP/JPY 189.55-190.86, AUD/JPY 97.40-98.07
- * AUD/JPY large, A\$889 mln in option expiries today between 99.00-05 above

EURO



CLOSE
1.1190

1M %chg
3.12%

3M %chg
3.49%

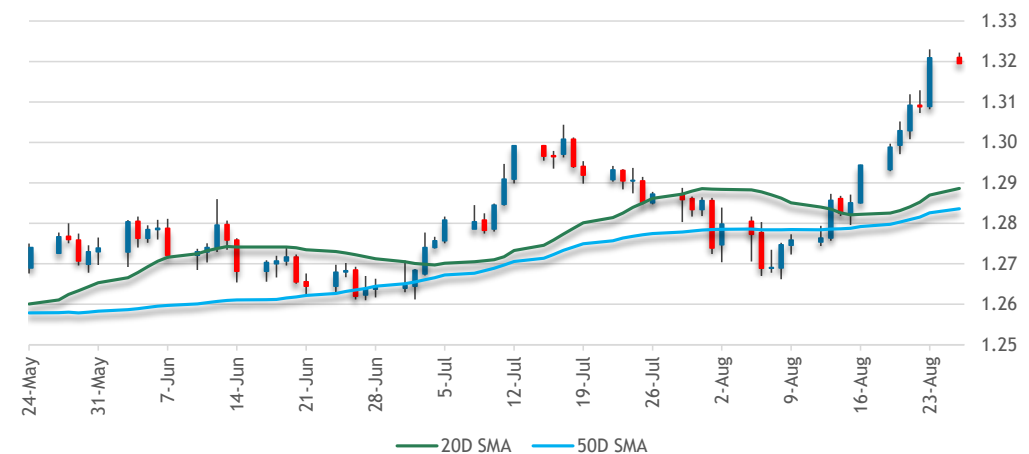
EUR/USD holds bid in Asia, EUR crosses mostly heavy

26 Aug 2024 07:38:02 AM

- * EUR/USD holds bid in Asia, up to 1.1201 fresh high before easing back
- * Low so far 1.1184 EBS in quiet, end-of-summer Asia trading
- * Dovish Fed behind buoyant EUR/USD, that said, ECB could cut in Sept too
- * Support from hourly Ichi kijun down at 1.1153, ascending 55-HMA 1.1142
- * Hourly Ichi cloud 1.1123-35, 100-HMA in cloud at 1.1128
- * 1* .1150-60 total E1 bln, 1.1200-10 E327 mln, massive tom 1.1050-1.1150
- * Today sees 0.8435 E798 mln and 0.8480 smaller E349 mln
- * Tomorrow sees 0.8440-50 E853 mln and massive 0.8475 E2.7 bln

Forex Market

POUND STERLING

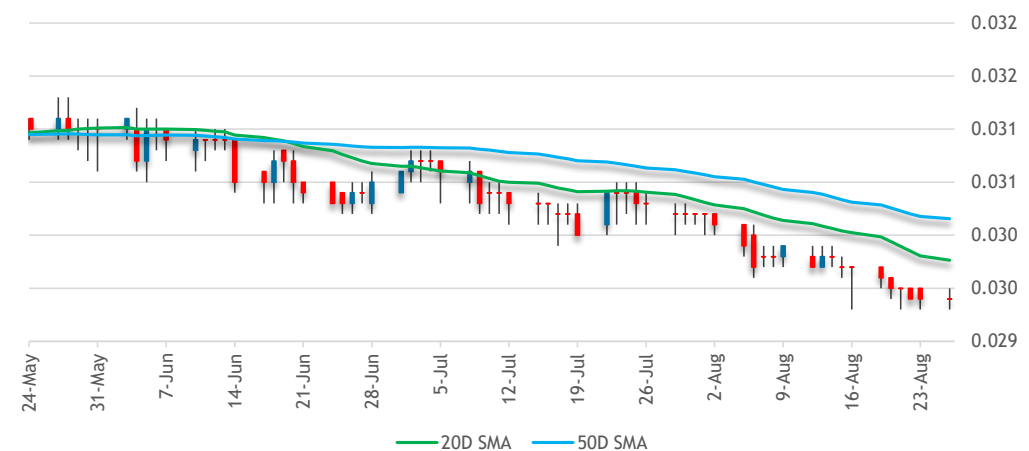


CLOSE **1.3209** 1M %chg **2.36%** 3M %chg **4.03%**

COMMENT - Sterling rises after Powell seen shifting to softer Fed policy path

23 Aug 2024 06:57:44 PM
Sterling rallied to a 2024 high on Friday after Fed Chair Jerome Powell said the time had come to adjust U.S. rates, leaving markets more confident in a September move, which is likely to keep pushing GBP/USD higher. Recent data is showing signs of divergence with regard to growth and employment, with the UK economy appearing a bit more robust than the U.S., which has led to diverging Fed-BoE monetary policy expectations. Currently STIR futures indicate the Fed is likely to reduce rates by nearly 103bp by year end, little changed from before Powell spoke. The market sees a 32% chance of a 50bp cut in September, up slightly on the day but well-below near 100% after the Aug. 2 downside payrolls miss. By comparison, UK rate futures are indicating a mere 43bp more easing this year, which would put the 2024 rate cut total at 68bp.

TURKISH LIRA



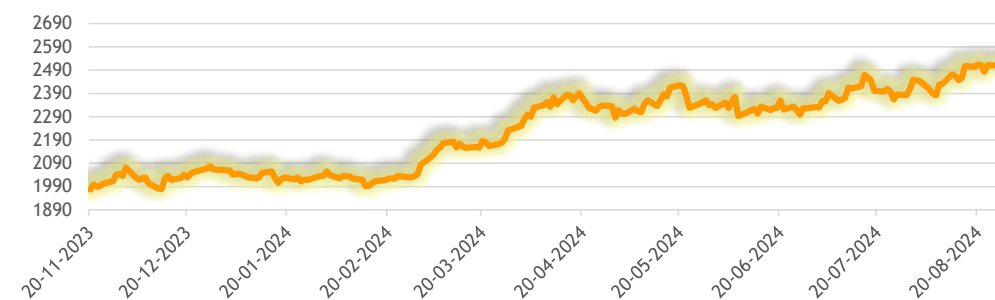
CLOSE **0.0294** 1M %chg **-3.29%** 3M %chg **-5.16%**

Turkey cenbank net FX reserves rise to \$47.78 bln on Aug 16

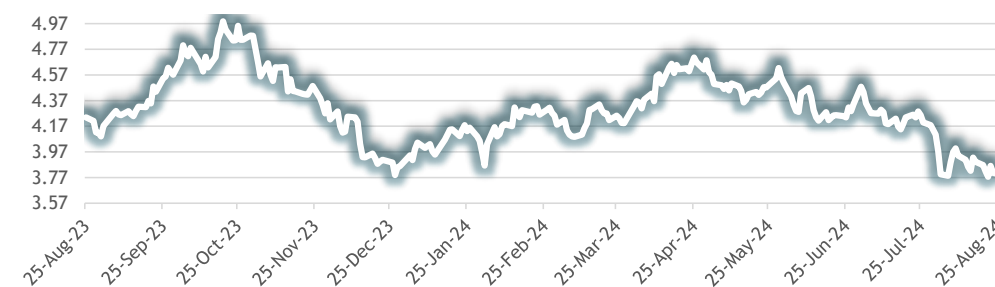
22 Aug 2024 04:02:24 PM
ANKARA, Aug 22 (Reuters) - The Turkish central bank's net international reserves rose to \$47.78 billion in the week to Aug 16, official data showed on Thursday. Reserves have climbed in recent months to their highest levels this year from a low in June 2023 - just after national elections - when they were down to minus \$5.7 billion, their lowest since data publication began in 2002. The exchange rate used by Reuters on Thursday was 33.5746 lira to the dollar.

Gold, US Treasury & Dollar Index

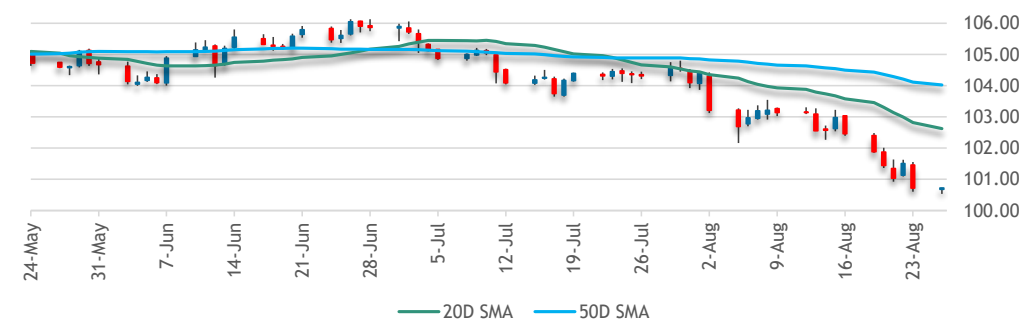
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

3.79

1M %chg

-10.19%

3M %chg

-14.93%

PRECIOUS-Gold holds ground on September US rate-cut expectations

26 Aug 2024 07:44:02 AM

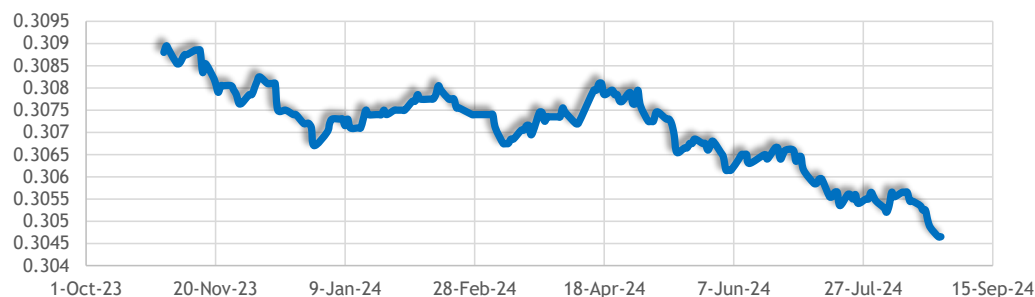
Aug 26 (Reuters) - Gold prices held ground on Monday, buoyed by a weaker dollar and Treasury yields after U.S. Federal Reserve Chair Jerome Powell's dovish remarks cemented expectations for a September rate cut. Spot gold was steady at \$2,511.04 per ounce, after gaining more than 1% in the previous session. U.S. gold futures were flat at \$2,546.40. The dollar hovered near its lowest level in 13 months, making gold cheaper for other currency holders. "Gold will remain in vogue with investors so long as the dollar remains on the back foot ahead of anticipated rate cuts. If U.S. yields remain suppressed, gold may fancy taking a run towards \$2,550 this week if resistance around \$2530 can be cleared first," said Tim Waterer, chief market analyst, KCM Trade. "Gold has mostly been in consolidation mode as traders toss up what size of rate cut we might see in September." Spot silver fell 0.4% to \$29.70 per ounce, platinum declined 0.5% to \$957.88 and palladium lost 0.8% to \$954.92.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Service PPI*	JP	26-Aug 05:20	Jul	3.00	
Leading Indicator Revised*	JP	26-Aug 10:30	Jun	-2.6	
Durable Goods *	US	26-Aug 18:00	Jul	-6.7	5.0
Durables Ex-Defense MM *	US	26-Aug 18:00	Jul	-7.2	
Durables Ex-Transport *	US	26-Aug 18:00	Jul	0.4	-0.1
Nondefe Cap Ex-Air *	US	26-Aug 18:00	Jul	0.9	0.0
Dallas Fed Mfg Bus Idx*	US	26-Aug 20:00	Aug	-17.50	
CBI Distributive Trades	GB	27-Aug 15:30	Aug	-43	
Redbook YY *	US	27-Aug 18:25	w/e	4.9	
Monthly Home Price Index*	US	27-Aug 18:30	Jun	424.6	
Monthly Home Price MM*	US	27-Aug 18:30	Jun	0.0	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1112	1.12	1.1104	1.119	0.70%
GBP	1.3089	1.323	1.3082	1.3209	0.92%
JPY	146.26	146.48	144.04	144.37	-1.29%
TRY	0.0295	0.0295	0.0293	0.0294	0.00%
Dollar Idx	101.461	101.554	100.602	100.718	-0.78%
Brent	77.25	79.27	77.03	79.02	2.33%
WTC	75.4	76.07	75.02	75.82	2.85%
Gold	2481.9	2518.2	2480.9	2512.0728	1.16%
KWSE Index	7169.25	7196.4	7118.68	7135.31	-0.40%

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

0.30465

-0.65%

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	5.34
SW	0.08	6M	5.20
1M	5.39	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 business activity edges lower; pricing power ebbs further

Aug 22 (Reuters) - U.S. business activity fell to a 4-month low in August and firms continued to struggle to pass on higher prices to consumers, bolstering the likelihood that inflation will stay on a downward trend over the coming months. S&P Global said that its flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors, edged down to 54.1 this month, a still healthy level among the highest measured over the past two years. That followed a final reading of 54.3 in July. Inflation in July on an annual basis slowed to below 3% for the first time in nearly 3-1/2 years, the Labor Department reported last week.

UK factory orders fall again but by less than in July, CBI survey shows

Aug 22 (Reuters) - British factory orders fell again this month but at a less severe pace than in July, according to a survey published that showed little sign of a sustained recovery for the manufacturing sector. The Confederation of British Industry's monthly net balance of new orders rose in August to -22 from -32 in July, marking two years of straight negative readings. Output fell during the three months to August, after being broadly unchanged during the three months to July. The official measure of British manufacturing output has mostly flat-lined for the past two years and remains around 3.8% below its pre-COVID-19 pandemic level.

Canada June retail sales down 0.3% as rates weigh; likely up in July

OTTAWA, Aug 23 (Reuters) - Canada's retail sales dropped in June, data showed, as consumers continued to feel the impact of high interest rates and cut back on discretionary purchases. Retail sales, dropped 0.3% on a monthly basis, less than last month's 0.8% decline. Analysts had forecast that in June sales would drop by 0.3% and excluding automotive and parts, they had estimated it would drop by 0.2%. July's retail numbers, which surveys only half of the respondents for a preliminary estimate, showed that sales likely grew by 0.6%, according to a flash estimate by Statistics Canada.

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China's fiscal revenue decline narrows in January-July

BEIJING, Aug 26 (Reuters) - China's fiscal revenue fell 2.6% in the first seven months of 2024 from a year earlier, narrowing slightly from a 2.8% slide in the first half, finance ministry data showed on Monday, as the economy struggles for a pick-up in growth. Fiscal expenditure grew 2.5% in the January-July period, versus a 2% increase in the first half. For July alone, fiscal revenue fell 1.9% on year, narrowing from a 2.6% decline in June, while fiscal spending jumped 6.6%, compared with a 3% fall in June, according to Reuters' calculations based on the ministry's data. Fiscal revenue has been running at low levels, partly due to a high base last year, state media reported, citing the finance ministry.

Thai PM says economy needs a boost, to adjust handout scheme

BANGKOK, Aug 23 (Reuters) - Thailand's new Prime Minister Paetongtarn Shinawatra said the economy needed stimulation, and she was ready to adjust the government's flagship handout scheme worth up to 500 billion baht to help people as soon as possible. The so-called "digital wallet" handout scheme, which would see about 50 million Thais each receive 10,000 baht of credit via a smartphone application to spend locally within six months, was planned to be rolled out in the fourth quarter under Srettha. Paetongtarn's comments came a day after her father, former Prime Minister Thaksin Shinawatra, said the handout policy was needed to spur a sluggish economy that has lagged peers.

Oil climbs on Mideast escalation fears, US rate cut expectations

SINGAPORE, Aug 26 (Reuters) - Oil prices extended gains on Monday on fears a major spillover in fighting from the Gaza conflict into the Middle East could disrupt regional oil supplies, while imminent U.S. interest rate cuts lifted the global economic and fuel demand outlook. Brent crude futures LCOc1 climbed 53 cents, or 0.7%, to \$79.55 a barrel while U.S. crude futures were at \$75.34 a barrel, up 51 cents, or 0.7%. Both oil benchmarks gained more than 2% on Friday after U.S. Federal Reserve Chair Jerome Powell endorsed an imminent start to interest rate cuts. Still, oil prices were down last week as a poor outlook for major economies weighed on fuel demand, the bank added.



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