



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

KFH Treasury



Report produced on
Tue, 03/Sep/2024

Forex Market

JAPANESE YEN



CLOSE
146.90

1M %chg
0.25%

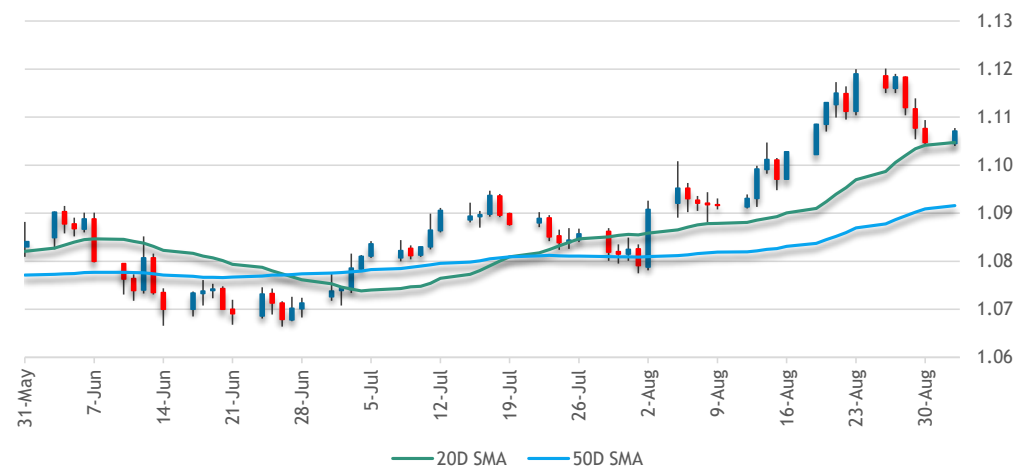
3M %chg
-6.62%

USD/JPY whipsawed by flows, JPY crosses mirror USD/JPY

03 Sep 2024 07:43:04 AM

- * USD/JPY whipsawed by flows into, at and following today's Tokyo fix
- * To 147.20 EBS on Japanese importer buys, off post-fix to 146.53
- * Japanese exporters and specs seen behind the sales
- * With US looking to have peaked for now and JGB yields firm, not surprising
- * US Treasury 2s @3.927%, 10s @3.914%, JGB 2s @0.377%, 10s @0.912%
- * Tech support from 146.50 flat hourly Ichi kijun, ascending 55-HMA 146.05
- * Massive option expiries above and below today but nothing of note 146
- * JPY crosses again mostly mirrored moves in USD/JPY, bid early then down

EURO



CLOSE
1.1071

1M %chg
1.49%

3M %chg
2.12%

EUR/USD-Modest bounce, but fundamentals weigh

03 Sep 2024 02:58:30 AM

- * Steady after closing up 0.2% with the U.S. dollar off 0.1%
- * Eurozone PMIs remained in negative territory, as the economy struggles
- * German retail sales unlikely to impact - US ISM manufacturing PMI leads
- * Charts; daily momentum studies fall, 21-day Bollinger bands contract
- * 5, 10 & 21-day & week moving averages conflict - neutral signals
- * A close below 1.0996 0.382% June/August rise would be a bearish signal
- * A close above the 1.1118 10-day moving average would be a positive signal

Forex Market

POUND STERLING



CLOSE
1.3149

1M %chg
2.74%

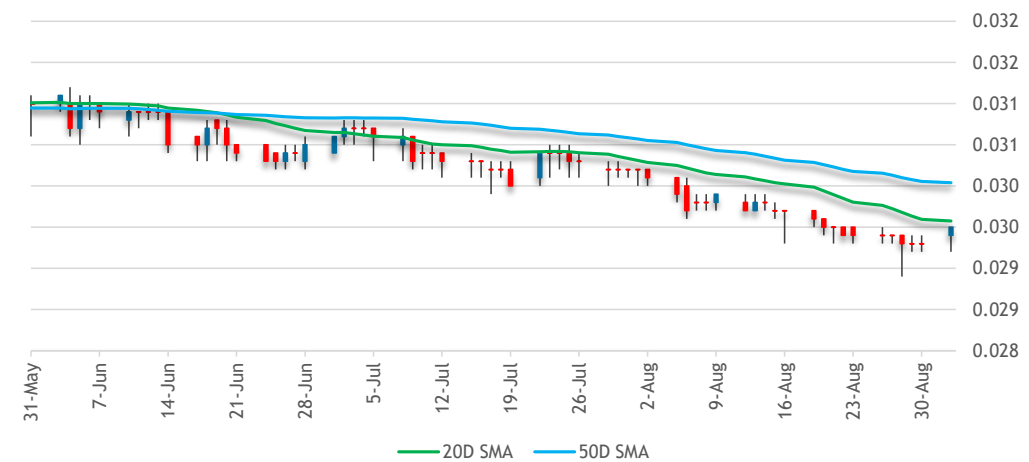
3M %chg
3.22%

GBP/USD-Upbeat UK data, but slips as risk takes a hit in Asia

03 Sep 2024 07:43:07 AM

- * Trades 0.1% lower at the base of a 1.3129-1.3148 range with modest flow
- * Risk off in Asia, e-minis and local stocks lower as UST yields firm
- * The warmer summer weather saw consumer spending rise 1% y/y in August
- * There is no tier one data in London - US ISM manufacturing PMI leads
- * Charts - 10 & 21 daily and weekly moving averages head higher, 5 DMA falls
- * 21-day Bollinger bands rise as momentum studies crest - positive setup holds
- * The uptrend targets a test of 1.3410, 0.786% of the 2021-2022 fall

TURKISH LIRA



CLOSE
0.0295

1M %chg
-1.99%

3M %chg
-4.84%

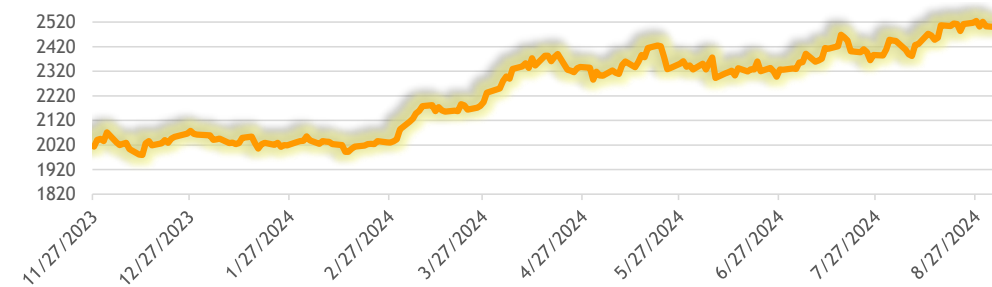
Turkey economic growth slows to 2.5% in face of rate hikes

02 Sep 2024 01:34:38 PM

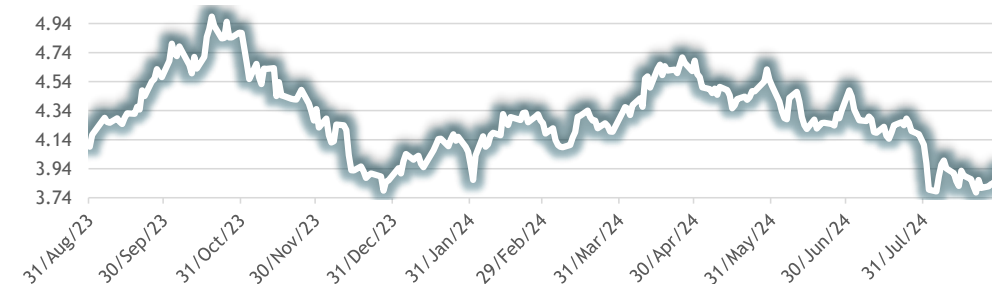
ISTANBUL, Sept 2 (Reuters) - Turkey's economy grew less than expected in the second quarter, expanding an annual 2.5% in the face of a year-long monetary tightening campaign, data showed on Monday, but the quarterly growth rate surprised analysts by remaining positive. Second-quarter gross domestic product (GDP) grew 0.1% from the previous quarter on a seasonally and calendar-adjusted basis, Turkish Statistical Institute (TUIK) data showed, avoiding an expected contraction. In a Reuters poll, the economy was forecast to have expanded 3.2% on an annual basis, with growth of 3.35% projected for 2024 as a whole. Since June 2023, the central bank has hiked its key interest rate to 50% from 8.5% in order to cool demand and lower inflation, which touched 75% in May but dipped to below 62% in July and is expected to continue falling.

Gold, US Treasury & Dollar Index

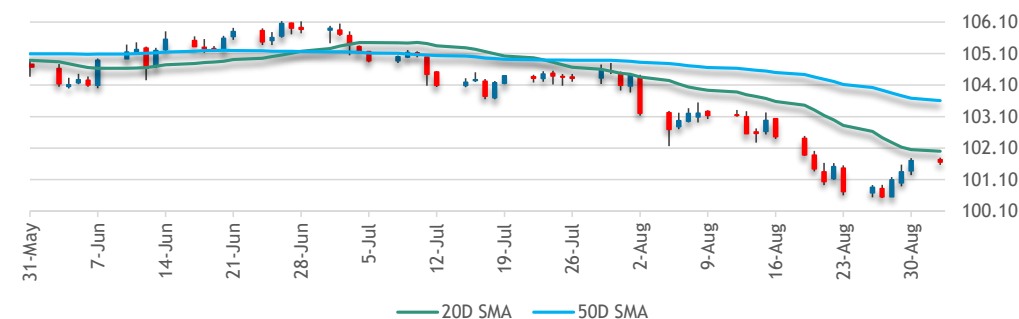
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

3.91

1M %chg

3.03%

3M %chg

-13.32%

PRECIOUS-Gold eases as traders wait for US economic data

03 Sep 2024 08:31:47 AM

Sept 3 (Reuters) - Gold prices fell on Tuesday, while investors awaited a slew of U.S. economic data to gauge the size of the Federal Reserve's expected interest rate cut this month. Spot gold eased 0.2% at \$2,494.56 per ounce. Prices hit a record high of \$2,531.60 on Aug. 20. U.S. gold futures steadied at \$2,526.40. The dollar lingered near a two-week high, making bullion less appealing for other currency holder. ISM surveys, JOLTS job openings and ADP employment report are also on investors' radar. Traders currently see a 31% chance of a 50-basis-point rate cut at the Fed's Sept. 17-18 policy meet and a 69% chance of a quarter-point cut. Last week, data showed U.S. consumer spending picked up in July, arguing against a 50-bp rate cut. Bullion is considered a safe asset amid turmoil and tends to thrive in a low rate environment. Spot gold may test support at \$2,473, a break below that could open the way towards \$2,434, according to Reuters technical analyst Wang Tao. Spot silver dipped 0.3% to \$28.43, platinum fell 1% to \$921.20 and palladium lost 1% to \$968.92.

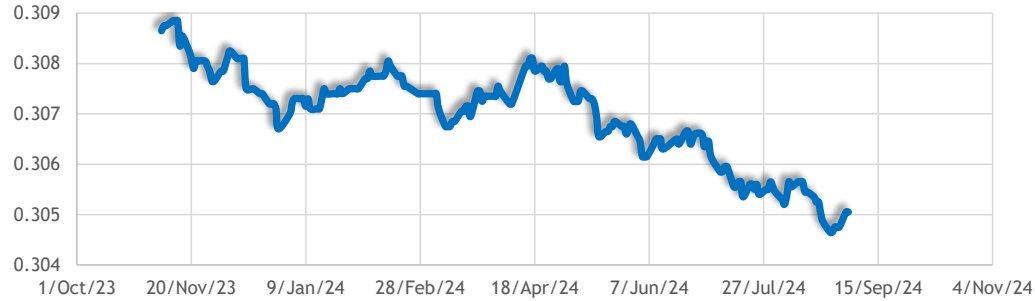
UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Overtime Pay*	JP	04/Sep 05:00	Jul	1.3	
Foreign Bond Investment	JP	04/Sep 05:20	w/e	1542.9	
Foreign Invest JP Bonds*	JP	04/Sep 05:20	w/e	859.4	
Foreign Stock Investment*	JP	04/Sep 05:20	w/e	898.8	
Foreign Invest JP Stock	JP	04/Sep 05:20	w/e	-438.3	
JibunBK Comp Op Final SA	JP	04/Sep 06:00	Aug	53.0	
JibunBK SVC PMI Final SA *	JP	04/Sep 06:00	Aug	54.0	
HCOB - Composite Final PMI	EU	04/Sep 13:30	Aug	51.2	51.2
HCOB Services Final PMI	EU	04/Sep 13:30	Aug	53.3	53.3
S&P GLOBAL PMI: COMPOSITE - OUTP	GB	04/Sep 14:00	Aug	53.4	53.4
S&P GLOBAL SERVICE PMI	GB	04/Sep 14:00	Aug	53.3	53.3

Daily Market Report



KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1045	1.1077	1.104	1.1071	0.22%
GBP	1.3119	1.3155	1.3117	1.3149	0.18%
JPY	146.18	147.17	145.77	146.9	0.51%
TRY	0.0294	0.0295	0.0292	0.0295	0.68%
Dollar Idx	101.733	101.799	101.569	101.653	-0.04%
Brent	76.95	77.63	76.21	77.52	-1.62%
WTC	76.87	77	74.43	74.52	0.00%
Gold	2501.61	2507.19	2489.93	2499.29	-0.15%
KWSE Index	7169.39	7176.21	7150.78	7169.14	-0.05%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.25	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

0.30505

-0.49%

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	5.28
SW	0.08	6M	5.14
1M	5.31	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

Fed seen poised for September rate cut as inflation cools

Aug 30 (Reuters) - Federal Reserve policymakers on Friday got fresh confirmation that inflation is continuing to ease, clearing the way for a first interest rate reduction next month as they shift their focus to preventing further cooling in the labor market. The personal consumption expenditures (PCE) price index rose 2.5% in July from a year earlier, the Commerce Department reported, matching the gain in June. Over the most recent three months, the annualized reading on the Fed's preferred gauge of inflation is well below its 2% goal. Fed Chair Jerome Powell said last week that "the time has come" to cut rates, after a battle with decades-high inflation that saw the U.S. central bank raising rates aggressively in 2022 and 2023.

UK factories report strongest month since 2022, PMI shows

LONDON, Sept 2 (Reuters) - British factories had their strongest month in more than two years in August as demand at home offset a fall in exports, according to a survey published on Monday that added to signs of momentum in the economy. The S&P Global UK Manufacturing Purchasing Managers' Index rose to 52.5 from 52.1 in July, its highest reading since June 2022 and unchanged from a preliminary flash reading for August. As well as output and new orders, employment continued to grow. A PMI for the dominant services sector is due on Wednesday. The preliminary August reading of the services index hit its highest level since April at 53.3, up from 52.5 in July.

ECB policymakers at odds over downturn's impact, sources say

FRANKFURT, Sept 2 (Reuters) - European Central Bank policymakers are increasingly at odds on the outlook for growth, a rift that could shape the rate cut debate for months with some fearing a recession and others focusing on lingering inflation pressures, sources close to the debate said. The core of the debate is over how weakness in economic growth and a potential recession will impact inflation - the bank's ultimate focus - as it tries to cut inflation to 2% by the end of 2025. Inflation, down to 2.2% in August, is now forecast to rise again towards the end of the year and coming back to 2% only in late 2025.

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Australia current account deficit hits six-year high in Q2

SYDNEY, Sept 3 (Reuters) - Australia's current account deficit widened to the largest in six years in the June quarter as commodity prices slipped and more money flowed abroad in debt and dividend payments, while net exports added less to economic growth than hoped. Data from the Australian Bureau of Statistics on Tuesday showed the current account ran a deficit of A\$10.7 billion (\$7.26 billion) in the June quarter, well above forecasts of a A\$5.9 billion shortfall. Annual growth was seen slowing to just 1.0%, from 1.1%, lows last seen during the pandemic and the global financial crisis of 2008. The GDP report is due on Wednesday. Inflation, however, has been slow to respond and was still up at 3.8% in the June quarter, well above the RBA's target range of 2-3%.

Brazil's government considers taxing big techs if revenue falls short

BRASILIA, Sept 2 (Reuters) - Brazil's Finance Ministry will submit proposals to Congress this year to tax big tech companies and implement a global minimum tax of 15% on multinational corporations to secure the 2025 fiscal goal if there is a revenue shortfall. In a presentation on the 2025 budget bill sent to Congress on Friday, which projects a primary surplus of 3.7 billion reais next year, the Finance Ministry estimated potential revenue of 17.9 billion reais from the increase in certain income taxes. Economists surveyed weekly by the central bank are also skeptical of the government's fiscal efforts, projecting a primary deficit equivalent to 0.76% of gross domestic product (GDP) in 2025, following a 0.6% shortfall this year, compared with a deficit target of zero in both years.

Oil prices fall as weak demand overshadows Libya blockade

BEIJING, Sept 3 (Reuters) - Brent oil prices slid in Asian trade on Tuesday as concern about a sluggish economy in China bringing down demand outweighed the impact of a blockade of oil production facilities in Libya. Brent crude futures were down 37 cents, or 0.48%, to \$77.15 a barrel. U.S. West Texas Intermediate crude, which did not have a Monday settlement because of the U.S. Labour Day holiday, was 28 cents up from its Friday close of \$73.55. Total production had plunged to little more than 591,000 bpd as of Aug. 28 from nearly 959,000 bpd on Aug. 26, NOC said. Production was at about 1.28 million barrels per day (bpd) on July 20.