



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

## KFH Treasury



*Report produced on*  
**Mon, 07-Oct-2024**

# Forex Market

## JAPANESE YEN



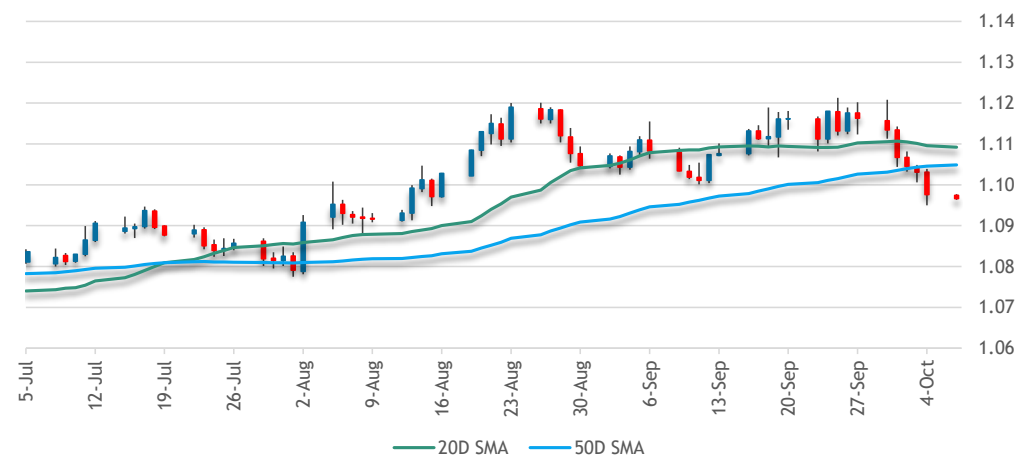
CLOSE **148.71** 1M %chg **3.46%** 3M %chg **-7.78%**

### USD/JPY eases back from 149 but still buoyant with crosses

07 Oct 2024 08:05:56 AM

- \* USD/JPY off from 149.10 EBS early Asia high to 148.23 before steadying
- \* Japanese exporters good sellers at Tokyo fix, trumped importers
- \* MOF-speak also helped pair down, ccy czar Mimura warned of speculative moves
- \* USD/JPY towards middle of 146.87-151.81 descending daily Ichi cloud
- \* Key resistance at 149.32/40 double top Aug 16/15, then 149.76 Aug 2 high
- \* Massive option expiries at 150.00 this week too, today only \$418 mln
- \* US yields firm, JGB yields steady, Japan-US rate diffs wider, USD supportive
- \* JPY crosses mostly mirror USD/JPY moves, all off early before steadying

## EURO



CLOSE **1.0976** 1M %chg **-0.96%** 3M %chg **1.54%**

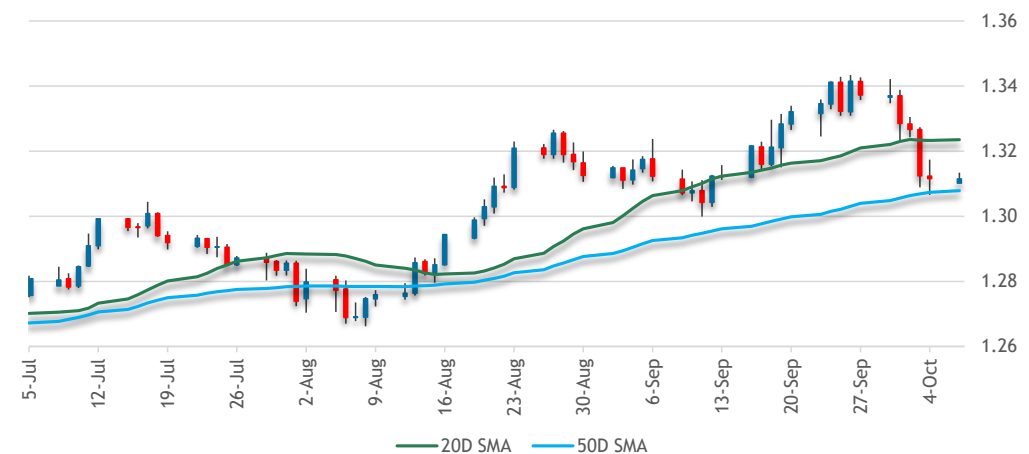
### EUR/USD will get dunked if key supports break; ECB dovish

07 Oct 2024 04:05:05 AM

- \* EUR/USD slumped Fri due to US NFP trouncing forecasts
- \* Fell as low as 1.0952, but stabilizes at 1.0971 early Mon
- \* Base of Ichimoku cloud 1.0933 eyed for potential breach
- \* Mon close below 1.0930 will also break 100 DMA support
- \* Very strong jobs report sent US yields soaring
- \* Conversely, ECB signals another cut this month

# Forex Market

## POUND STERLING



CLOSE  
**1.3116**

1M %chg  
**-0.20%**

3M %chg  
**2.81%**

### COMMENT-Sterling elevator down has several stops

04 Oct 2024 07:28:05 PM

Sterling bulls have endured a tough week as sterling tumbled and those who have remained may soon flee as U.S.-UK yield spreads narrow. The direction of short-term yields is topical after Bank of England Governor Andrew Bailey hinted, in an interview Thursday, that rate cuts could accelerate as price pressures recede. These factors left cable holding above its 55-day moving average at 1.3058 and key support near 1.30. Key levels to watch on further cable weakness include 1.3025, the September 11 low, and 1.28595, the June 12 high. Weekly CFTC data shows futures market going long the pound around 1.28 in May.

## TURKISH LIRA



CLOSE  
**0.0292**

1M %chg  
**-0.68%**

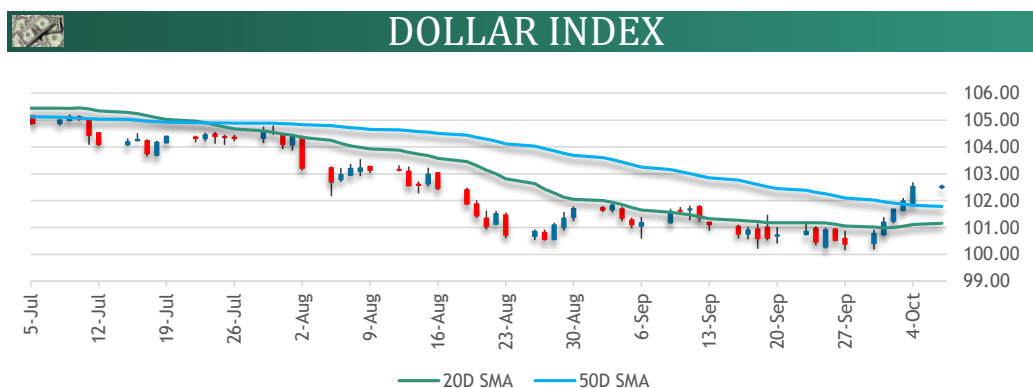
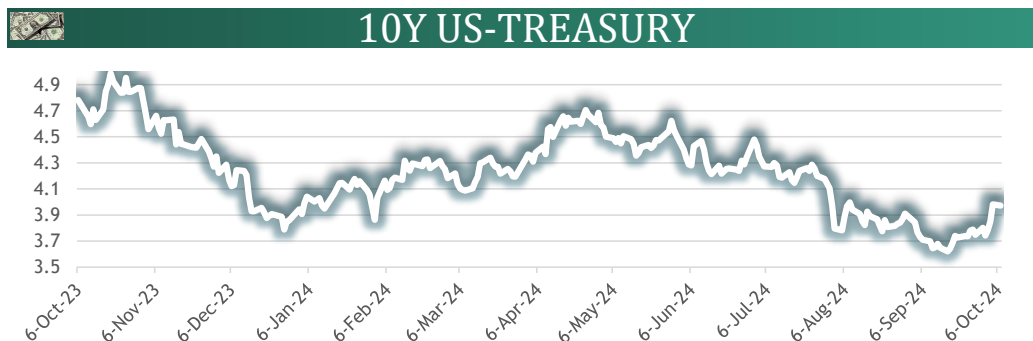
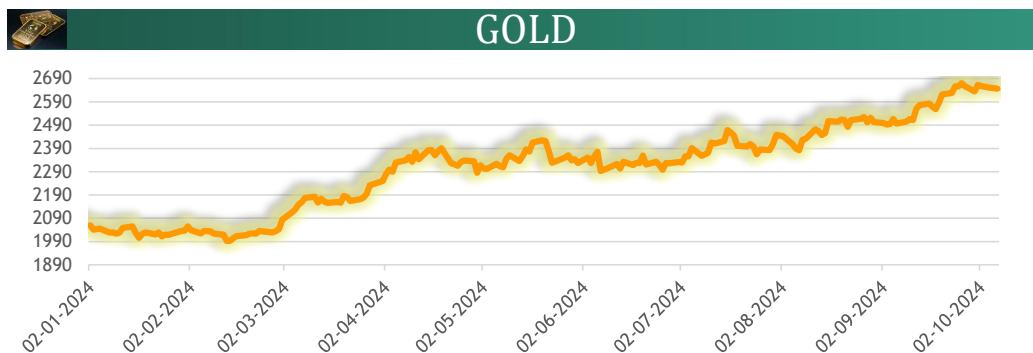
3M %chg  
**-4.89%**

### Resilient Turkish inflation tempers rate cut expectations

03 Oct 2024 06:07:23 PM

ISTANBUL, Oct 3 (Reuters) - Turkey's annual inflation fell to 49.38% in September whereas the monthly rate was much higher than expected at nearly 3%, prompting a note of caution from the central bank and setting the stage for later than expected interest rate cuts. At 50%, the central bank's policy rate is now higher than the annual consumer price index (CPI) for the first time since 2021, marking a milestone in an aggressive tightening cycle meant to correct years of easy money and soaring prices. Month-on-month inflation was 2.97%, according to the Turkish Statistical Institute, above a Reuters poll forecast of 2.2%. Annual CPI was also higher than the poll forecast of 48.3%.

# Gold, US Treasury & Dollar Index



US 10YT YIELD

**3.97**

1M %chg

**5.65%**

3M %chg

**-8.42%**

## PRECIOUS-Gold dips as US jobs data cements bets for smaller rate cut

07 Oct 2024 08:49:38 AM

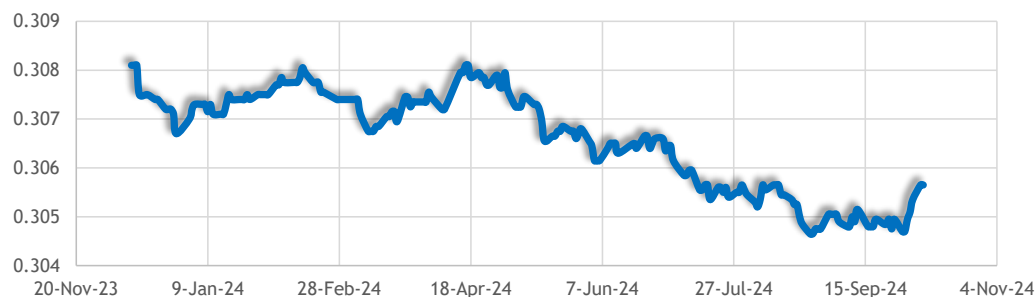
Oct 7 (Reuters) - Gold prices eased on Monday as bets firmed for a smaller U.S. rate cut in November after strong jobs data, while investors awaited inflation data and comments from Federal Reserve officials for further cues. Spot gold slipped 0.2% to \$2,647.49 per ounce. U.S. gold futures GCcv1 were unchanged at \$2,667.10. The stronger-than-expected September jobs report, released on Friday, poured cold water on expectations of a large Fed rate cut next month, boosting the dollar. Bullion tends to be a preferred investment in a low interest rate environment and during political and economic uncertainties. With gold prices near record highs, China may hold back on further accumulation in the short-term but the broader trend to load up on the metal could continue due to its sensitive relations with the West and a desire to diversify away from the U.S. dollar, Yeap said. Spot silver fell 0.2% to \$32.11, platinum lost 0.4% to \$983.67 and palladium rose 0.6% to \$1,017.63.

## UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Overall Comprehensive Risk	GB	07-Oct 00:00	Q4	8.97	
BRC Retail Sales YY	GB	07-Oct 04:31	Sep	0.8	
All Household Spending MM*	JP	07-Oct 05:00	Aug	-1.7	0.5
All Household Spending YY*	JP	07-Oct 05:00	Aug	0.1	-2.6
Overtime Pay*	JP	07-Oct 05:00	Aug	-0.1	
Current Account Bal SA*	JP	07-Oct 05:20	Aug	28029	
Current Account NSA JPY	JP	07-Oct 05:20	Aug	3193.0	2921.9
Trade Bal Cust Basis SA*	JP	07-Oct 05:20	Aug	-3926.90	
Overall Comprehensive Risk	GB	07-Oct 00:00	Q4	8.97	
Coincident Index*	JP	07-Oct 10:30	Aug	3.0	
Leading Indicator*	JP	07-Oct 10:30	Aug	0.2	

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1031	1.1039	1.095	1.0976	-0.50%
GBP	1.3123	1.3174	1.3066	1.3116	-0.06%
JPY	146.91	149	145.91	148.71	1.22%
TRY	0.0293	0.0293	0.029	0.0292	-0.34%
Dollar Idx	101.908	102.687	101.813	102.52	0.52%
Brent	77.79	79.3	77.39	78.05	0.55%
WTC	74.6	76.17	74.44	74.93	0.81%
Gold	2654.09	2669.9	2631.79	2652.2451	-0.14%
KWSE Index	7046.79	7047.37	6884.45	6965.71	-1.00%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.13	3M	3.94
SW	3.44	6M	4.13
1M	3.69	1Y	4.31

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

**0.30565**

**-0.26%**

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	19-Sep-'24	3.63	3.88	-0.25
1W Repo Rate	19-Sep-'24	3.88	4.13	-0.25
1M Repo Rate	19-Sep-'24	4.13	4.38	-0.25
KWD ON Rate	19-Sep-'24	10.00	10.00	0.00
Discount Rate	19-Sep-'24	4.00	4.25	-0.25

## LIBOR RATES

Tenor	Value	Tenor	Value
ON	5.06	3M	4.85
SW	0.08	6M	4.68
1M	4.96	1Y	6.04
2M	0.15		

## OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	18-Sep-'24	5.00	4.50	0.50
ECB Refinancing Rate	12-Sep-'24	3.65	4.25	-0.60
BOE Bank Rate	19-Sep-'24	5.00	5.00	0.00
BOJ Prime Rate	10-Sep-'24	1.70	1.65	0.05
TRY ON Lending Rate	21-Mar-'24	53.00	46.50	6.50

## KEY INTERNATIONAL STORIES

### Blowout US employment report reinforces economy's resilience

WASHINGTON, Oct 4 (Reuters) - U.S. job gains increased by the most in six months in September and the unemployment rate fell to 4.1%, pointing to a resilient economy that likely does not need the Federal Reserve to deliver large interest rate cuts for the rest of this year. Nonfarm payrolls increased by 254,000 jobs last month, the most since March, the Labor Department's Bureau of Labor Statistics said. Economists polled by Reuters had forecast payrolls would rise by 140,000 positions after advancing by a previously reported 142,000 in August. Estimates for September's job gain ranged from 70,000 to 220,000.

### UK construction output rebounds, cost pressures jump, PMI shows

LONDON, Oct 4 (Reuters) - Britain's construction sector grew at its fastest pace in nearly two-and-a-half years in September, helped by a sharp jump in civil engineering and an upturn in house-building, but costs faced by firms escalated, an industry survey showed. The S&P Global/CIPS UK Construction Purchasing Managers' Index jumped to 57.2 in September - its highest since April 2022 - from 53.6 in August and well above economists' average expectation of 53.3 in a Reuters poll. The Bank of England is expected to cut interest rates again at its next meeting in November after holding borrowing costs at 5% in September.

### Canada's Ivey PMI shows activity expanding in September

TORONTO, Oct 4 (Reuters) - Canadian economic activity rebounded in September after contracting in the prior month as the pace of price increases cooled to its slowest in six months, Ivey Purchasing Managers Index (PMI) data showed on Friday. The seasonally adjusted index rose to 53.1 from 48.2 in August. A reading above 50 indicates an increase in activity. August's reading was the first move below the 50 no-change threshold in 13 months. The gauge of employment fell to an adjusted 51.6 from 54.7 in August, while the prices index was at 58.2, its lowest level since March, down from 63.4. The unadjusted PMI rose to 54.5 from 50.3.

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### China home sales rise after stimulus measures, state media says

BEIJING, Oct 5 (Reuters) - China's home sales rose during the National Day holiday after a string of property stimulus measures to boost the country's beleaguered real estate market since late September, state media said on Saturday. Across the world's second-largest economy, policies including reductions in down-payment ratios and mortgage rates have been introduced this year to support the property sector, which previously made up one-quarter of economic activity. The number of visits to most of the projects participating in the promotions increased by more than 50% year-on-year, it added. Some buyers drove long distances to see homes, it added.

### Slower Philippine inflation in September gives room for rate cuts

MANILA, Oct 4 (Reuters) - Philippine annual inflation accelerated at its slowest rate in more than four years in September due to a slower rise in food prices and downtrend in transport costs, giving the central bank room to cut interest rates further. Consumer price index rose 1.9% in September from a year earlier, the smallest increase since May 2020. It was also less than the previous month's 3.3% print and below the 2.5% forecast in a poll. With last month's data, Finance Secretary Ralph Recto said inflation could settle around 3.2% this year, within the central bank's 2% to 4% target. Core inflation, which strips out volatile food and energy prices, slowed to 2.4% in September from 2.6% in August.

### Oil prices dip after strongest weekly rise in over a year

SINGAPORE, Oct 7 (Reuters) - Oil prices fell on Monday after posting their steepest weekly rise in over a year last week as oversupply concerns amid softer demand countered the worries of a wider Middle East war disrupting exports in the key producing region. Brent crude futures fell 31 cents, or 0.4%, to \$77.74 per barrel. U.S. West Texas Intermediate crude futures CLc1 slipped 20 cents, or 0.27%, to \$74.18 per barrel. Brent rose by over 8% last week, the biggest weekly gain since January 2023, while the WTI contract gained 9.1% week-on-week, the most since March 2023, on expectations that Israel could strike Iranian oil infrastructure in response to an Iranian missile attack on Israel on Oct. 1.