



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

KFH Treasury



Report produced on
Sun, 06-Oct-2024

Forex Market

JAPANESE YEN



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

COMMENT-USD/JPY stretched after best week since 2009

04 Oct 2024 09:21:14 PM

Dollar-yen topping 150 may be a stretch. The pair has surged from below 140 to 148 in three weeks as traders unwound long yen positions on an abrupt shift in monetary policy underpinnings. It is on pace for its best week since 2009 after Friday's strong U.S. jobs data obliterated expectations of a jumbo Fed cut. By contrast, the Bank of Japan is seen holding policy steady following dovish comments this week by Prime Minister Shigeru Ishiba and central bank Governor Kazuo Ueda. There are several factors working in USD/JPY's favor as a new month of trading commences. But moving above 150 or the more significant 152 level would take a shift in sentiment. Prior to unwinding the yen carry in late-July, strong speculative selling and subdued levels of volatility helped send the currency to its lowest level in over three decades.

EURO



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

COMMENT-After US jobs EUR/USD may sink on diverging Fed, ECB policy paths

04 Oct 2024 05:27:45 PM

Oct 4 (Reuters) - EUR/USD fell to a 2-month low Friday after September U.S. payrolls data increased doubts about how deep the Fed's cutting cycle will be and brightened the spotlight on downside targets for the euro. Investors lowered expectations for Fed cuts. The CME FedWatch tool showed an increased probability for a 25bps cut in November near 95% from near 47% last week. ECB cuts appears to be on track, however, as sluggish economic growth persists and inflation moves toward target. Technicals highlight downside risks. RSIs are falling and EUR/USD trades below the 5-, 21- and 55-DMA. EUR/USD shorts may now be targeting the 200-DMA and 1.0650-1.0700 support zone.

Forex Market

POUND STERLING



CLOSE

1.3116

1M %chg

-0.20%

3M %chg

2.81%

Sterling saved by dip-buying again

04 Oct 2024 09:45:14 PM

* Cable experiences dip-buying for a second day after Friday's strong US jobs report

* Volatility pulls back from Thursday's YTD high and skews ease as US shares advance

* A further drop below 1.30025, the Sept. 11 low, and 1.30 targets the June 12 high of 1.28595

* Needs to top the Aug. 27 high of 1.3269 to turn bullish

* UK data next week includes retail sales and August GDP

TURKISH LIRA



CLOSE

0.0292

1M %chg

-0.68%

3M %chg

-4.89%

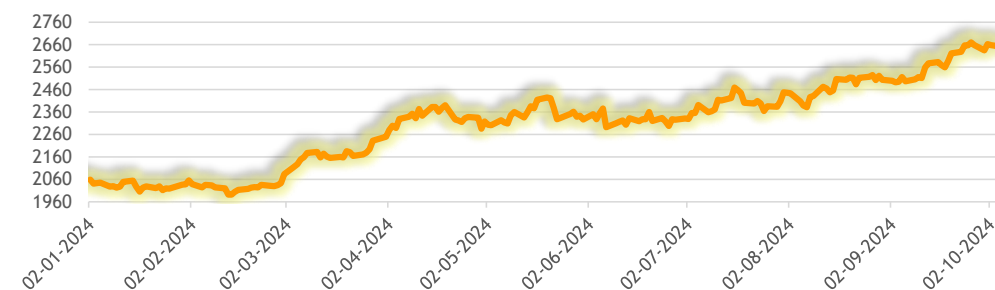
COMMENT- Traders aren't yet giving up on Turkish lira longs

04 Oct 2024 03:21:50 PM

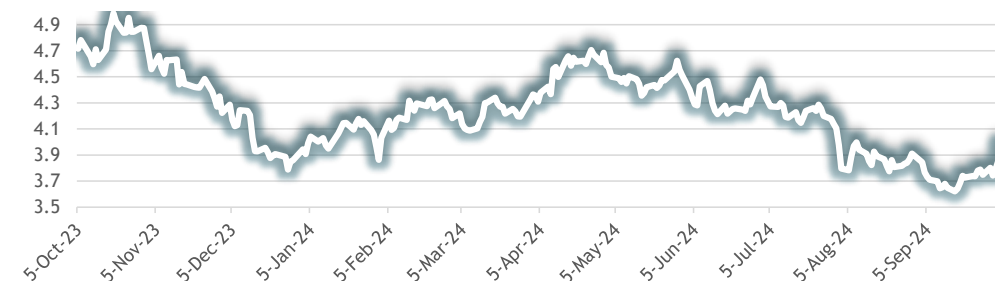
Oct 4 (Reuters) - Turkey's September Consumer Price Index was quite a lot higher than expected, casting doubt on the viability of long lira positions, but many traders are still holding on to these positions via FX and options. The last Reuters poll in July suggested the CBRT would retain the 50bps interest rate before looking to trim it in Q4, so Thursday's data might raise questions about the effectiveness of current economic policies. But in the lira's favour, the central bank may need to take further action to control inflation or at least support the lira while allowing current measures more time to work. Given President Tayyip Erdogan's historic stance against high interest rates, lira longs must be wary of any political rhetoric that could heighten the risk of easing before inflation is fully tamed.

Gold, US Treasury & Dollar Index

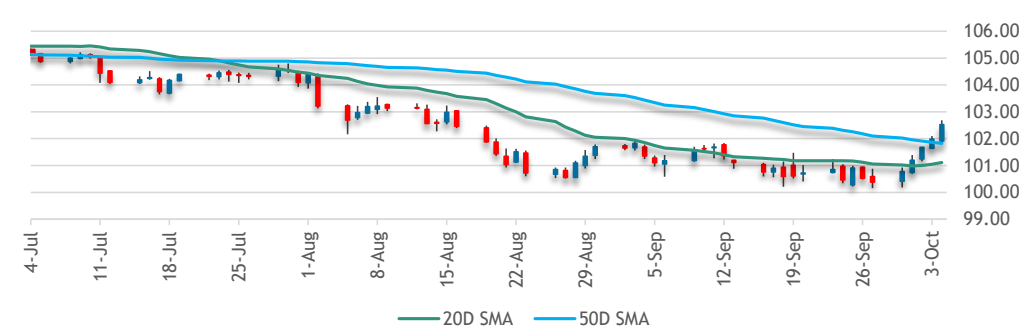
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

3.97

1M %chg

5.65%

3M %chg

-8.42%

PRECIOUS-Gold falls as stronger US jobs data shrinks hopes of big Fed rate cut

04 Oct 2024 10:22:00 PM

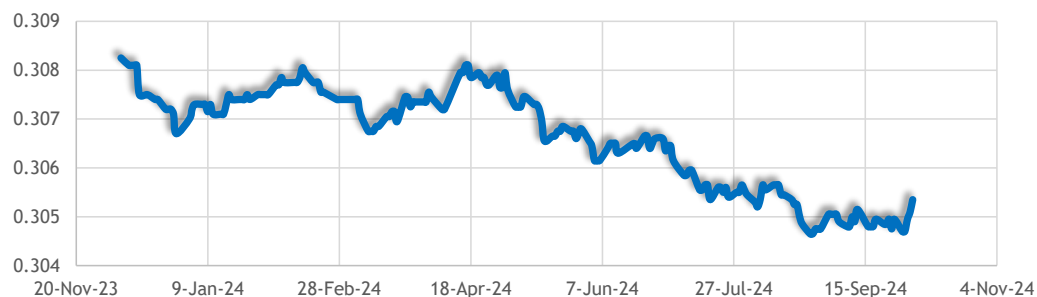
Oct 4 (Reuters) - Gold prices slipped on Friday after a stronger-than-expected U.S. jobs report poured cold water on expectations for an aggressive rate cut from the Federal Reserve next month, boosting the dollar. Spot gold XAU= was down 0.2% at \$2,649.69 per ounce by 01:57 p.m. EDT (1757 GMT), after touching a record high of \$2,685.42 last week. U.S. gold futures GCcv1 settled 0.4% lower at \$2,667.80. "Gold stumbles as a strong payrolls report seems likely to lock in 25 bps in November," said Tai Wong, a New York-based independent metals trader. "Revisions to last month were higher as well, which we haven't seen in many months, while the unemployment rate ticked lower even as participation stayed flat." Gold, used as a safe-haven investment during times of political turmoil, appreciates in a low interest rate environment. Spot silver XAG= rose 0.5% to \$32.21, on course for a weekly gain. Platinum XPT= fell 0.1% to \$989.33 and palladium XPD= was steady at \$1,000.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Foreign Reserves	JP	06-Oct 05:20	Sep	1235.7	
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	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1044	1.1049	1.1006	1.0976	-0.13%
GBP	1.3267	1.3274	1.3089	1.3116	-0.06%
JPY	146.46	147.24	146.28	148.71	1.22%
TRY	0.0292	0.0293	0.0291	0.0292	-0.34%
Dollar Idx	101.638	102.099	101.627	102.52	0.52%
Brent	74.59	77.99	74.31	78.05	0.55%
WTC	72.08	74.55	71.92	74.93	0.81%
Gold	2658.155	2662.9	2639.52	2652.2451	-0.14%
KWSE Index	7080.77	7095.32	7029.67	7036.08	-0.49%

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

0.30535

-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

US expected to report moderate September job growth

WASHINGTON, Oct 4 (Reuters) - The U.S. economy likely maintained a moderate pace of job growth in September while the unemployment rate is expected to have held steady at 4.2%, which would further reduce the need for the Federal Reserve to deliver large interest rate cuts in its final two meetings of the year. Nonfarm payrolls likely increased by 140,000 jobs last month after rising by 142,000 in August, according to a Reuters survey of economists. Estimates ranged from an increase of 70,000 jobs to a rise of 220,000. That would be well below the monthly average gain of 202,000 over the past year.

UK services firms slow their price increases, PMI shows

LONDON, Oct 3 (Reuters) - British services firms lost some momentum but continued to grow in September and the prices they charged rose at the slowest pace in almost four years, according to a survey likely to be welcomed by the Bank of England. The S&P Global UK Services Purchasing Managers Index published on Thursday dropped to 52.4 last month from 53.7 in August which was its fastest since April. September's reading was also lower than a preliminary estimate of 52.8. The composite PMI - combining the services data with Tuesday's manufacturing survey - slipped to 52.6 from August's 53.8.

Canada's services PMI hits six-month low in September

TORONTO, Oct 3 (Reuters) - The downturn in Canada's services economy deepened in September as firms shed jobs and new business dropped to a near four-year low, S&P Global Canada services PMI data showed. The headline business activity index fell to 46.4 from 47.8 in August, posting the lowest level since March. A reading below 50 shows a deterioration in activity. The new business index fell to the lowest level since December 2020 at 44.7, down from 47.6 in August, while the measure of employment dropped to 47.7 from 49.4. Confidence in the outlook was a bright spot, with the future activity index climbing to a six-month high of 62.7.

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Japan PM Ishiba tells cabinet to compile stimulus package

TOKYO, Oct 4 (Reuters) - Japanese Prime Minister Shigeru Ishiba formally instructed his ministers on Friday to compile a fresh economic package to cushion the blow to households from rising living costs, as the new government makes its top priority an exit from deflation. The step comes as Ishiba, previously seen as a proponent of fiscal austerity, now stresses ahead of a general election that his focus is to get the economy to fully shake off the deflation that has weighed it down for the last three decades. Earlier on Thursday Ishiba told his cabinet a supplementary budget would be compiled to fund the package after lower house elections set for Oct. 27.

Brazil's central government deficit down in August, matching forecasts

BRASILIA, Oct 3 (Reuters) - Brazil's central government deficit in August came in line with market expectations, Treasury data showed on Thursday, marking a nearly 20% drop from the shortfall seen a year earlier amid rising revenues. The central government posted a primary budget deficit of 22.4 billion reais (\$4.1 billion) in August, matching the exact amount forecast by economists polled by Reuters. In August 2023, the deficit had reached 26.7 billion reais. Over the past 12 months, the primary deficit as a proportion of gross domestic product (GDP) stood at 1.98%, still far from the official zeroed target this year, which has a margin of 0.25% of GDP either side.

Oil set for biggest weekly gains in two years on Middle East war risk

NEW YORK, Oct 4 (Reuters) - Oil prices rose on Friday and settled with their biggest weekly gains in over a year on the mounting threat of a region-wide war in the Middle East, although gains were limited as U.S. President Joe Biden discouraged Israel from targeting Iranian oil facilities. Brent crude futures LCOc1 rose 43 cents, or 0.6%, to settle at \$78.05 per barrel, while U.S. West Texas Intermediate crude futures CLc1 gained 67 cents, or 0.9%, to close at \$74.38 per barrel. Oil prices jumped nearly 2% during the session but pulled back sharply after Biden said that if he were in Israel's shoes he would consider alternatives to striking Iranian oil fields.



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