



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

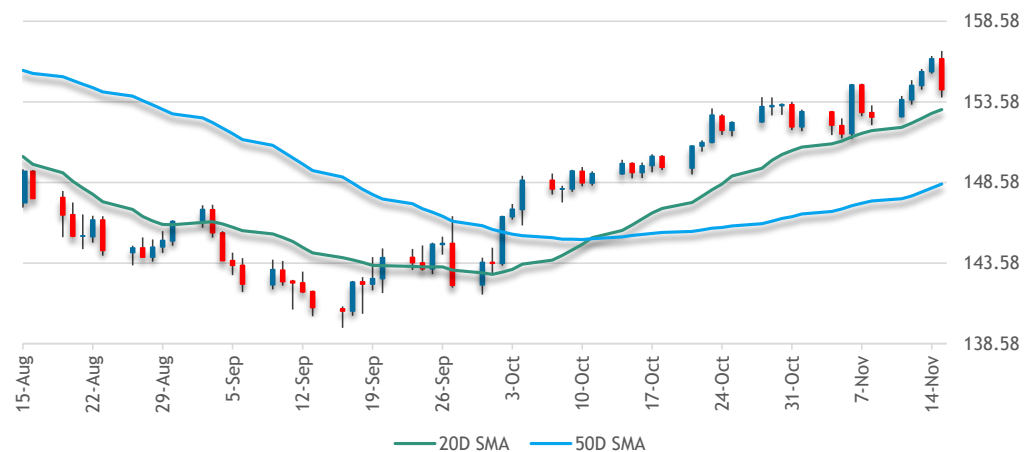
KFH Treasury



Report produced on
Sun, 17-Nov-2024

Forex Market

JAPANESE YEN



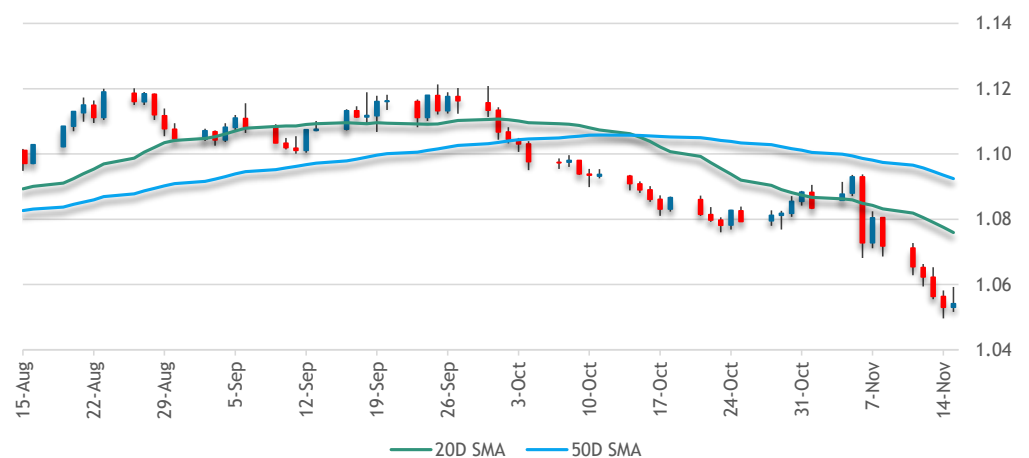
CLOSE **154.34** 1M %chg **3.45%** 3M %chg **3.40%**

Yen intervention bets may be best suited against sterling

15 Nov 2024 08:18:04 PM

As Fed officials turn more hawkish about tackling U.S. inflation, bets on yen intervention may be better placed against the pound than the greenback. USD/JPY dipped on Friday after Japanese Finance Minister Katsunobu Kato said the currency market is experiencing one-sided, sharp moves, signaling that authorities are ready to take appropriate actions to address imbalances. Hawkish signals from the Bank of Japan add a layer of support to the yen when the MOF opts to intervene. Both times Japanese authorities stepped in this year to buy the yen above 158, Ueda subsequently said yen weakness may influence policy. The options market sees a growing risk of intervention as USD/JPY nears that 158 level and overnight volatility, at 8.9%, shows the market sees a modest chance that Ueda's speech will be impactful.

EURO



CLOSE **1.0541** 1M %chg **-3.20%** 3M %chg **-3.92%**

EUR/USD bulls put on a brave face while downside risks swirl

15 Nov 2024 07:35:40 PM

Nov 15 (Reuters) - EUR/USD traded near flat after rallying towards the 5-DMA Friday, keeping the pair above its recent low, though U.S. data and interest rate differentials suggest it should be threatening April's monthly low. Headline U.S. October retail sales came in at +0.4% versus estimates of +0.3% while September's result was revised to +0.8% from +0.4%. Gains in U.S. Treasury two-year yields US2YT=RR helped increase the dollar's yield advantage over the euro, with spreads hitting their widest in 23-months. SOFR futures SRAM26 prices sank as investors leaned towards fewer Fed cuts. EUR/USD longs are holding on by a thread however as April's monthly low is not far off. Should another catalyst emerge which induces further spread widening more downward pressure may be applied to EUR/USD.

Forex Market

POUND STERLING



CLOSE
1.2617

1M %chg
-3.48%

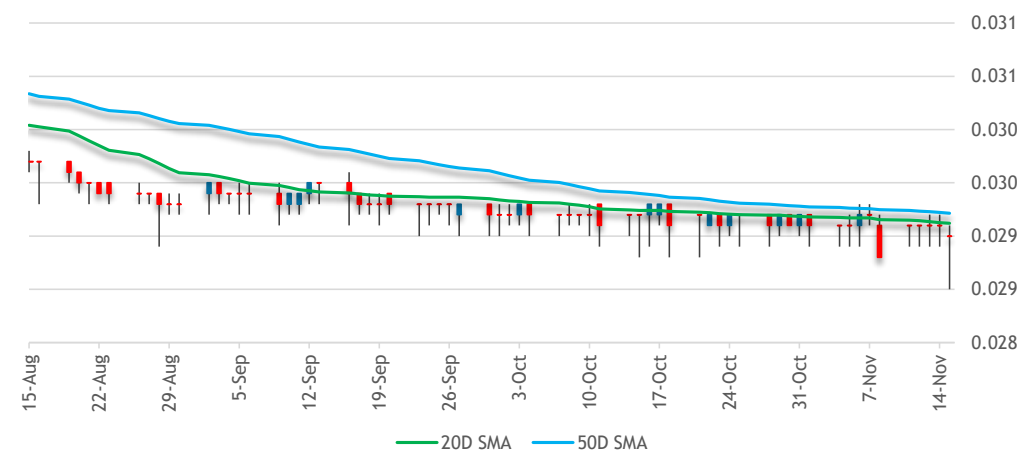
3M %chg
-1.82%

GBP/USD 1.2648 flips from support point to resistance level

15 Nov 2024 08:51:23 PM

- * Cable runs into resistance ahead of 1.2648 after modest rally from 1.2615
- * Lift aided by some profit-taking on shorts after June low respected
- * 1.2648 was Thursday's NY afternoon low (after USD rose on Powell guidance)
- * GBP/USD broke below 1.2648 following strong US data earlier
- * 1.2700 and 1.2719 (Thursday high/Tuesday low) are obstacles beyond 1.2648
- * UK Oct inflation data due on Nov 20; CPI forecast at 2.2% YY

TURKISH LIRA



CLOSE
0.0290

1M %chg
-0.68%

3M %chg
-2.36%

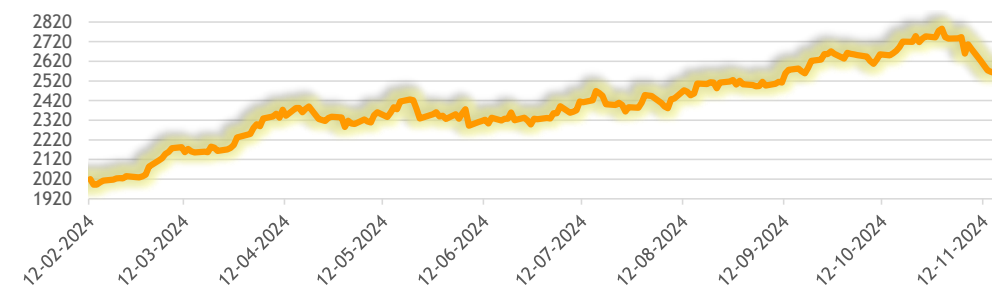
Turkey cenbank net FX reserves fall to \$60.73 bln on Nov 8

14 Nov 2024 03:55:15 PM

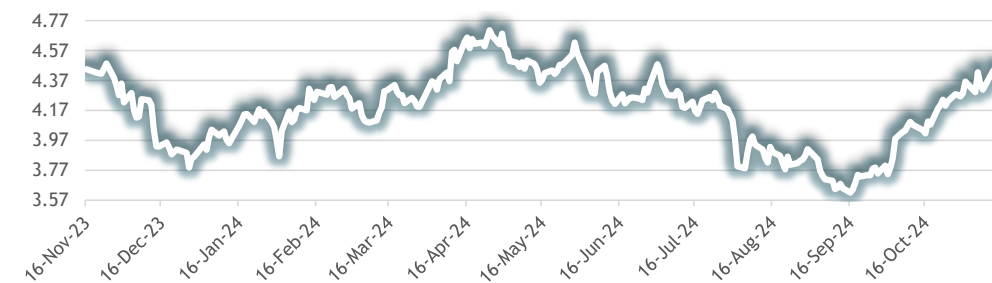
ANKARA, Nov 14 (Reuters) - The Turkish central bank's net international reserves fall to \$60.73 billion in the week to Nov 8, from \$61.16 billion a week earlier, official data showed on Thursday. Reserves have climbed in recent months to their highest levels this year from a low in June 2023 - just 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 34.1764 lira to the dollar.

Gold, US Treasury & Dollar Index

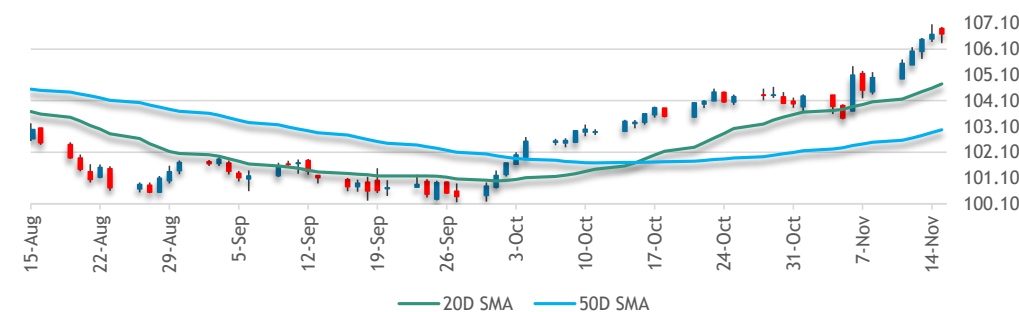
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.45

1M %chg

9.61%

3M %chg

12.74%

PRECIOUS-Gold set for biggest weekly fall in 3 years as Fed rate-cut bets ease

16 Nov 2024 10:55:00 PM

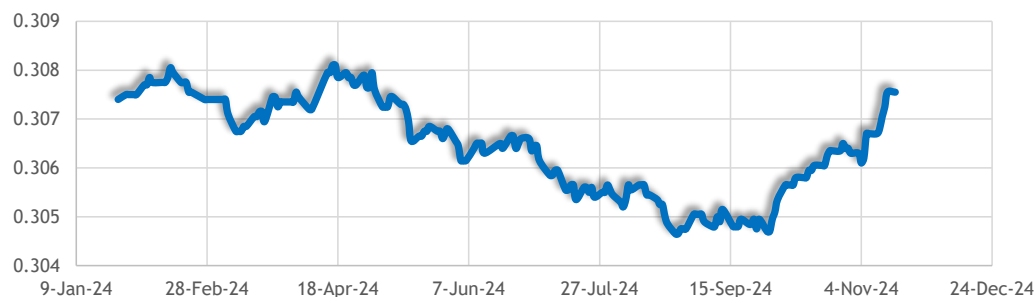
Nov 15 (Reuters) - Gold prices on Friday were on track for their biggest weekly decline in over three years as expectations of less aggressive interest rate cuts by the U.S. Federal Reserve lifted the dollar, denting allure for bullion among investors. Spot gold XAU= lost 0.1% to \$2,565.49 per ounce. Prices have fallen more than 4% so far this week, touching their lowest since Sept. 12 on Thursday. U.S. gold futures settled 0.1% lower at \$2,570.10. The dollar .DXY was set for its biggest weekly gain in more than a month, making gold more expensive for other currency holders. U.S. Treasury yields, meanwhile, extended gains after data showed retail sales in the world's largest economy rose more than expected last month. Higher interest rates make holding gold less attractive as it is a non-yielding asset. Spot silver XAG= fell 0.4% to \$30.32 per ounce, platinum XPT= was down 0.1% at \$939.22 and palladium XPD= added 0.7% to \$947.77. All three metals were on track for weekly declines.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Machinery Orders MM *	JP	17-Nov 05:20	Sep	-1.9	1.9
Machinery Orders YY *	JP	17-Nov 05:20	Sep	-3.4	2.2
House Price Rightmove MM*	GB	18-Nov 00:00	Nov	0.3	
House Price Rightmove MM*	GB	18-Nov 00:00	Nov	0.3	
House Price Rightmove YY*	GB	18-Nov 00:00	Nov	1.0	
House Price Rightmove YY*	GB	18-Nov 00:00	Nov	1.0	
Foreign Buying, T-Bonds	US	18-Nov 02:30	Sep	19.2	
Net L-T Flows,Exswaps	US	18-Nov 02:30	Sep	111.4	
Overall Net Capital Flows	US	18-Nov 02:30	Sep	79.2	
Net L-T Flows,Incl.Swaps	US	18-Nov 02:30	Sep	111.4	
Eurostat Trade NSA, Eur	EU	18-Nov 15:30	Sep	4.6	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0563	1.0582	1.0496	1.0541	-0.31%
GBP	1.2703	1.272	1.2627	1.2617	-0.38%
JPY	155.45	156.42	155.32	154.34	-1.22%
TRY	0.0291	0.0292	0.0289	0.029	-0.34%
Dollar Idx	106.497	107.064	106.382	106.687	0.01%
Brent	72.12	73.22	71.79	71.04	-2.09%
WTC	69.37	69.69	68.4	67.33	-2.41%
Gold	2573.76	2581.23	2536.71	2561.24	-0.19%
KWSE Index	7291.74	7316.89	7282.27	7298.84	0.15%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.06	3M	3.94
SW	3.50	6M	4.13
1M	3.75	1Y	4.31

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30755

0.69%

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	--	3M	--
SW	--	6M	--
1M	--	1Y	--
2M	--		

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	07-Nov-'24	4.75	4.00	0.75
ECB Refinancing Rate	17-Oct-'24	3.40	3.65	-0.25
BOE Bank Rate	07-Nov-'24	4.75	4.75	0.00
BOJ Prime Rate	08-Nov-'24	1.85	1.75	0.10
TRY ON Lending Rate	21-Mar-'24	53.00	46.50	6.50

KEY INTERNATIONAL STORIES

US business inventories rise less than expected in September

WASHINGTON, Nov 15 (Reuters) - U.S. business inventories increased less than expected in September as a rise in stocks at retailers was partially offset by declines at manufacturers and wholesalers. Inventories edged up 0.1% after advancing 0.3% in September, the Commerce Department's Census Bureau said in Friday. Economists polled had forecast inventories, a key component of gross domestic product, gaining 0.2%. Inventories rose 2.2% on a year-on-year basis in September. Inventories and trade are the most volatile components of gross domestic product. Private inventory investment was a small drag on GDP in the third quarter.

UK inflation worries tick up after big-spending budget and Trump win

LONDON, Nov 15 (Reuters) - Just when Britain seemed to moving beyond inflation problem, the new government's spending splurge and the risk of a global trade war triggered by U.S. President-elect Donald Trump's tariff plan are threatening to extend it. British inflation peaked above 11% two years ago after the outbreak of the Ukraine war, the highest among the world's big rich economies. It then took longer to fall than in many other countries, in part because of a shortage of workers following Britain's exit from the European Union. Trump's election win then prompted investors to cut further their bets on BoE interest rate reductions next year.

ECB should cut rates further to support recovery, Cipollone says

FRANKFURT, Nov 15 (Reuters) - The European Central Bank should cut interest rates further to support a nascent economic recovery in the euro zone, also in the face of potential new trade tariffs in the United States, ECB board member Piero Cipollone said on Friday. The ECB has cut interest rates three times since June after seeing inflation, which had hit double digits in the wake of Russia's invasion of Ukraine in 2022, drop to its 2% target. Investors fully expect the ECB to reduce its interest rates by a quarter of a percentage point at its next meeting on Dec. 12, followed by more cuts through the spring.

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Japan's economy slows in Q3 on tepid capex; consumption picks up

TOKYO, Nov 15 (Reuters) - Japan's economy expanded by an annualised 0.9% over the July-September quarter, government data showed, slowing from the previous three months due to tepid capital spending though an unexpected pickup in consumption added a bright spot. The slower growth highlights the frailty of Japan's economy just as there is a growing risk of slowdown in the U.S. and further weakness in China which could weigh on exports. Stronger-than-expected private consumption, however, supports the central bank's forecast of a solid recovery driven by higher wages and consumption helping inflation sustainably hit its 2% target and justifying higher interest rates.

Mexico budget proposal trims 2025 deficit, sees better growth

MEXICO CITY, Nov 15 (Reuters) - Mexico expects its budget deficit next year to come down to 3.9% of GDP as growth increases, Finance Minister Rogelio Ramirez de la O said on Friday, as the government plans hefty spending cuts including to defense and security. Latin America's second-largest economy is seen expanding between 2% and 3% next year, speeding up from the projected 1.5% to 2.5% growth in 2024, according to the proposed budget. The government has been under pressure to narrow the deficit which is expected to close the year at 5.9% of GDP, the highest since the 1980s, while also fulfilling promises to increase welfare programs.

Oil settles down 2% on weaker Chinese demand, uncertainty over Fed rate cut

HOUSTON, Nov 15 (Reuters) - Oil prices settled down more than 2% on Friday as investors fretted about weaker Chinese demand and a potential slowing in the pace of U.S. Federal Reserve interest rate cuts. Brent crude futures LCOc1 settled down \$1.52, or 2.09%, to \$71.04 a barrel. U.S. West Texas Intermediate crude futures (WTI) CLc1 settled down \$1.68, or 2.45%, at \$67.02. For the week, Brent fell around 4%, while WTI declined around 5%. China's oil refiners in October processed 4.6% less crude than a year earlier because of plant closures and reduced operating rates at smaller independent refiners, data from the National Bureau of Statistics showed on Friday.