

Market Commentary

KFH Treasury

Report produced on
13-May-2025



Forex Market

JAPANESE YEN



CLOSE
148.45

1M %chg
3.44%

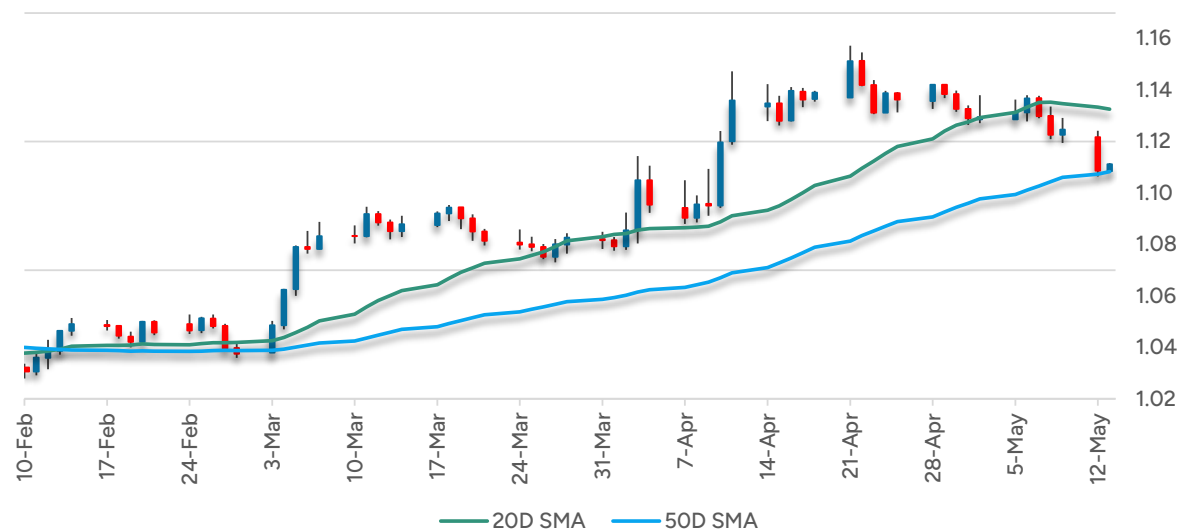
3M %chg
-3.86%

USD/JPY, JPY crosses back away from overnight highs

13 May 2025 06:42:42 AM

- * USD/JPY and the JPY crosses backed away from overnight highs in Asia
- * New of a US-China trade tariff truce but most see some tariffs remaining
- * Japanese exporters busy into Tokyo fix, forward yen buys across board
- * Japan Inc budget assumptions for fiscal year - USD 147+, EUR 157.45
- * Safe-haven flows into yen on hold for, higher US yields USD supportive
- * USD/JPY 148.54 to 147.76 EBS in Asia after rally to 148.65 overnight
- * 147.88-150.40 daily Ichimoku cloud providing upside cushion, resistance
- * Spot now back below 148.15 hourly Ichimoku tenkan, above 147.18 kijun

EURO



CLOSE
1.1087

1M %chg
-2.40%

3M %chg
6.79%

EUR/USD-Dip confirms recent negative signals - trend is lower

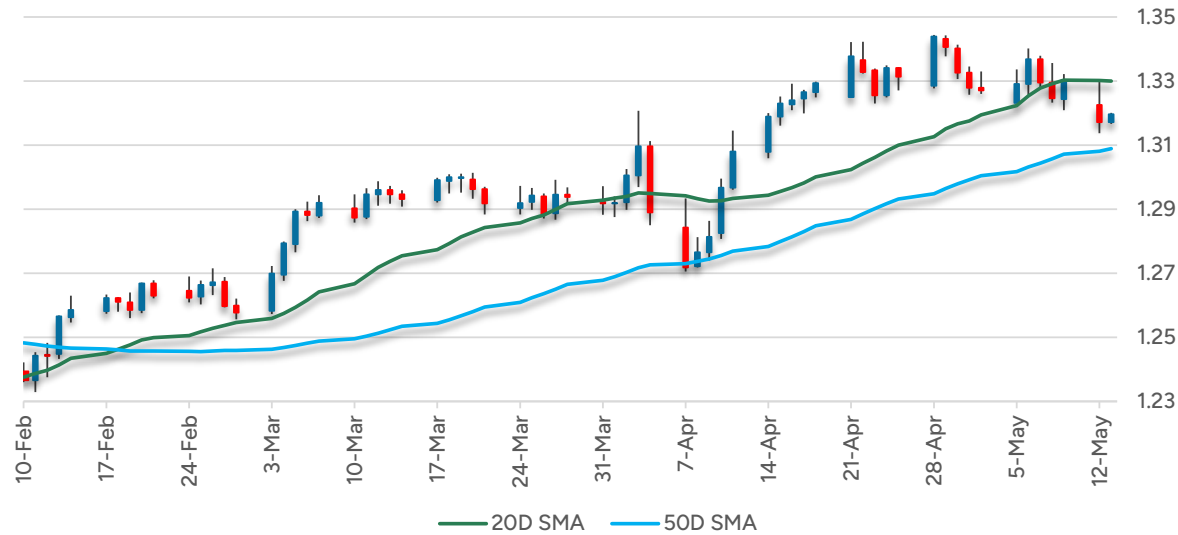
13 May 2025 03:31:44 AM

- * Steady after closing down 1.4%, with the U.S. dollar up 1.35%
- * Monday's sharp dip confirms recent negative signals - the bias is lower
- * ECB should keep a steady hand, hold rates close to current levels - Schnabel
- * Investors cheer US-China tariff truce, but are cautious over a final deal
- * Charts- 21-day Bollinger bands expand, 5, 10 & 21-day moving averages fall
- * Daily momentum studies ease - the recent dip leaves a bearish setup
- * 1.1053 0.618% of the Mar/Apr rise, then Apr 7th 1.0880 base first supports
- * Yesterday's 1.1242 high, then last week's 1.1380 top are initial resistance

Forex Market



POUND STERLING



CLOSE

1.3172

1M %chg

0.70%

3M %chg

5.87%

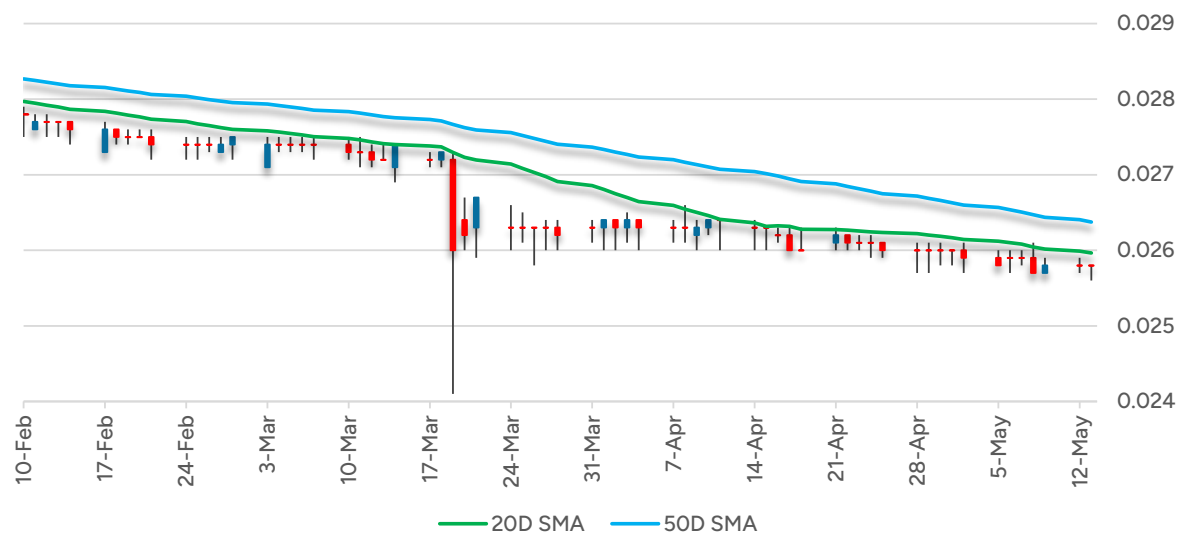
GBP/USD-Upbeat UK shoppers - sterling charts turn negative

13 May 2025 03:43:30 AM

- * Flat after falling 1.1% with the USD up 1.35% on easing US/China tensions
- * Monday's close below the 1.3169 0.382% Fibo support leaves a bearish setup
- * UK shoppers celebrate Easter and the sunshine with a spending splurge
- * UK's Starmer, under pressure from Farage, pledges big drop in immigration
- * Charts - 5, 10, & 21-day moving averages crest/fall, momentum studies slip
- * Neutral 21-day Bolli bands - daily charts have turned net bearish
- * 1.3297 21-DMA, then last week's 1.3402 high, are the first resistance levels
- * Monday's 1.3140 low, then 1.3077, 0.5% of the April rise are first support



TURKISH LIRA



CLOSE

0.0258

1M %chg

-2.27%

3M %chg

-6.86%

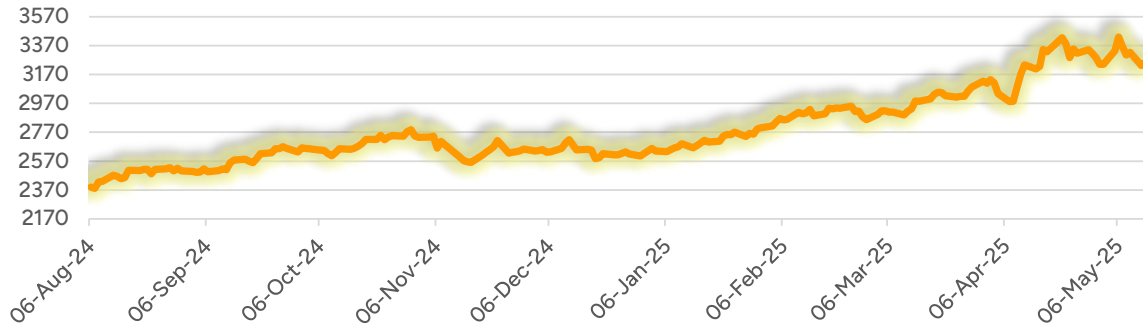
Turkish cenbank gross reserves rose \$6 bln, reversing weeks of drops

12 May 2025 04:43:28 PM

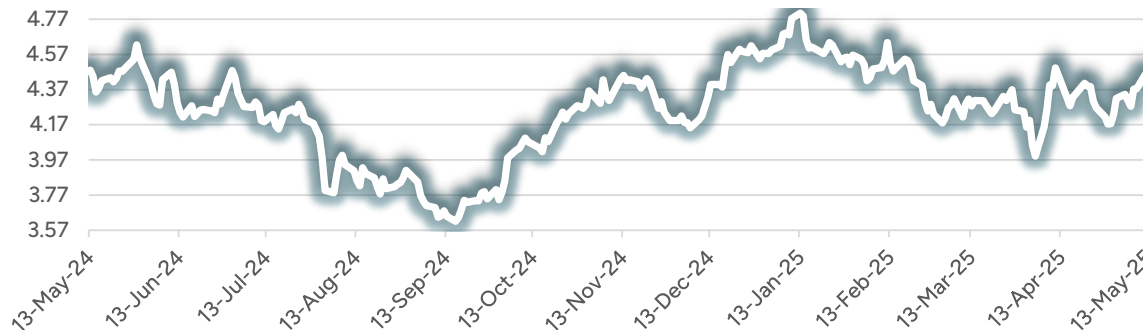
ANKARA, May 12 (Reuters) - Turkey's central bank returned to being a buyer of foreign currency last week, lifting its gross reserves by \$6 billion for the first time in nearly two months, bankers' calculations from data show, after it had sold \$57 billion since mid-March. Bankers' calculations, based on preliminary data, also showed that the central bank's net reserves rose by \$4.6 billion last week to stand at \$37.4 billion. The lira, which has weakened 8.7% against the dollar this year, has steadied in recent days following the sharp depreciation that followed Imamoglu's detention and currently stands at 38.77 to the U.S. currency. Net international reserves fell more than \$2 billion to \$32.79 billion on May 2, central bank data showed. They have plunged from \$73.9 billion on March 14 as the bank sought to shore up the lira.

Gold, US Treasury & Dollar Index

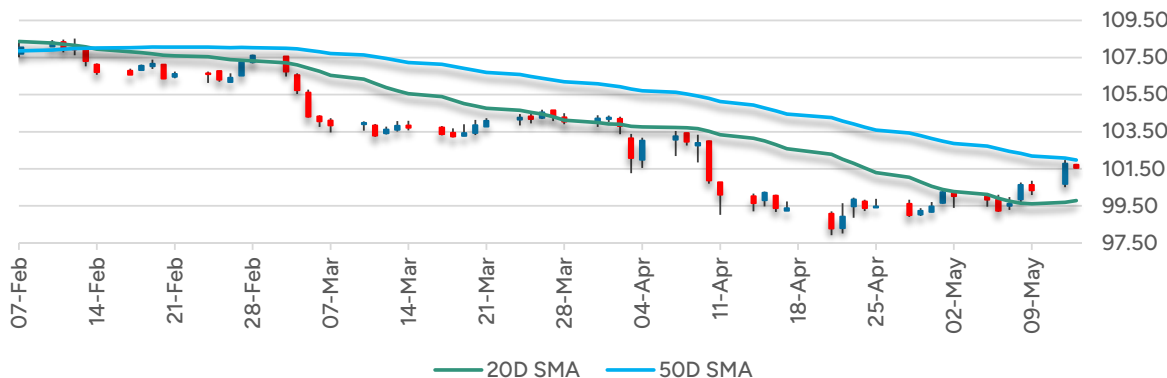
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.46

1M %chg

-0.80%

3M %chg

-3.88%

PRECIOUS-Gold languishes near more than 1-week low after US-China tariff truce

13 May 2025 07:26:16 AM

May 13 (Reuters) - Gold prices on Tuesday were hovering near a more than one-week low hit in the previous session, as a U.S.-China agreement to temporarily halt reciprocal tariffs boosted risk appetite, diminishing gold's safe-haven appeal. Spot gold held steady at \$3,230.99 an ounce. Bullion recorded a 2.7% decline in the previous session. U.S. gold futures were up 0.2% to \$3,235.20. Federal Reserve Governor Adriana Kugler said the pause on import levies reduces chances that the U.S. central bank will need to lower interest rates in response to an economic slowdown. The market is expecting a 55-basis-point rate cut this year by the Fed, starting in September. Gold, tends to thrive in a low-interest-rate environment. Meanwhile, Citi projected a continued short-term consolidation in the \$3,000 to \$3,300 range and downgraded the 0-to-3 month price target to \$3,150. Spot silver rose 0.6% to \$32.78 an ounce, platinum rose 0.8% to \$982.70 and palladium fell 0.4% to \$942.19.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Corp Goods Price MM	JP	13/May 05:20	Apr	0.4	0.2
Corp Goods Price YY	JP	13/May 05:20	Apr	4.2	4.0
Avg Wk Earnings 3M YY*	GB	13/May 11:30	Mar	5.6	5.2
Avg Earnings (Ex-Bonus)*	GB	13/May 11:30	Mar	5.9	5.7
Claimant Count Unem Chng	GB	13/May 11:30	Apr	18.7	
Employment Change*	GB	13/May 11:30	Mar	206	115
ILO Unemployment Rate*	GB	13/May 11:30	Mar	4.4	4.5
HMRC Payrolls Change *	GB	13/May 11:30	Apr	-78	
Core CPI MM, SA	US	13/May 18:00	Apr	0.1	0.3
Core CPI YY, NSA	US	13/May 18:00	Apr	2.8	2.8
CPI MM, SA	US	13/May 18:00	Apr	-0.1	0.3

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1217	1.1242	1.1064	1.1087	-1.42%
GBP	1.3225	1.3299	1.3137	1.3172	-0.99%
JPY	145.8	148.64	145.69	148.45	2.14%
TRY	0.0258	0.0259	0.0257	0.0258	0.00%
Dollar Idx	100.689	101.977	100.51	101.788	1.44%
Brent	64.05	66.4	63.88	64.96	1.64%
WTC	64.73	64.79	63.11	63.32	1.52%
Gold	3324.73	3324.73	3207.304	3233.7229	-2.72%
KWSE Index	8070.71	8080.99	8053.8	8064.76	0.11%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.19	3M	4.00
SW	3.50	6M	4.19
1M	3.75	1Y	4.38

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30695

-0.60%

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

SOFR RATES

Tenor	Value	Tenor	Value
1M	4.33	6M	4.21
3M	4.31	1Y	3.96

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	18/Dec/'24	4.50	3.75	0.75
ECB Refinancing Rate	17/Apr/'25	2.40	2.65	-0.25
BOE Bank Rate	08/May/'25	4.25	4.25	0.00
BOJ Prime Rate	10/Apr/'25	2.05	2.35	-0.30
TRY ON Lending Rate	17/Apr/'25	49.00	46.00	3.00

KEY INTERNATIONAL STORIES

US budget surplus surges to \$258 billion in April, year-to-date deficit tops \$1 trillion

May 12 (Reuters) - The U.S. government posted a \$258 billion budget surplus for April, up 23%, or about \$49 billion, from a year earlier, reflecting strong tax receipts in the final month of the tax season and record collections of import duties, the Treasury Department said on Monday. Treasury reported that customs duties in April totaled \$16 billion, about a \$9 billion increase from the year-earlier period and far eclipsing the previous record of \$9.6 billion two years earlier. The budget results indicate the U.S. collected just over \$500 million a day from tariffs in April.

BoE's Taylor says 'perilous' trade situation justified half-point rate cut vote

LONDON, May 12 (Reuters) - Bank of England policymaker Alan Taylor said that he voted for a half-point rate cut last week - in defiance of the majority on the Monetary Policy Committee - because of a "quite perilous" trade situation as well as weakening domestic demand. Last week the BoE voted 5-4 to cut rates to 4.25% from 4.5%, with a three-way split where Taylor and another policymaker voted for a cut to 4%. Taylor said he was reassured by wage settlements data which he said supported BoE forecasts that headline wage growth would slow sharply this year from its current rate of nearly 6%.

Germany can boost spending despite EU fiscal rules, finance minister says

BERLIN, May 12 (Reuters) - The new German government does not expect the European Union's debt rules to put the brakes on the country's planned spending spree, German Finance Minister Lars Klingbeil said on Monday. Klingbeil said his ministry is working on the draft budget for 2025, which he aims to have ready in June, and then all the questions about deficit limits will be clarified. The European Commission on Thursday proposed countermeasures on up to 95 billion euros (\$105.61 billion) of U.S. imports if negotiations with Washington fail to remove Trump's tariffs.

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Japan's service sentiment worsens in April as US tariffs take toll

TOKYO, May 12 (Reuters) - Japan's service-sector sentiment worsened in April on concern over the impact of higher U.S. tariffs, a government survey showed on Monday, a sign uncertainty over trade talks with Washington was beginning to take a toll on the fragile economy. A diffusion index measuring sentiment among service-sector firms, such as restaurants and department stores, stood at 42.6 in April, down 2.5 points from March, the survey showed, marking the fourth straight month of declines. An index gauging confidence on the economic outlook two to three months ahead also fell 2.5 points to 42.7.

Brazil central bank to sign currency swap deal with China's PBOC

BRASILIA, May 12 (Reuters) - Brazil's central bank said Monday it will sign a currency swap agreement with the People's Bank of China, with a maximum outstanding value of 157 billion reais (\$27.69 billion) and a five-year term. The agreement, to be signed on Tuesday in Beijing during Brazilian central bank governor Gabriel Galipolo's visit to China, aims to provide liquidity to support financial markets in times of stress, the bank said. The announcement marks another step in strengthening ties between Latin America's largest economy and China, amid heightened global volatility triggered by sweeping trade tariffs imposed U.S. President Donald Trump.

Oil falls as concerns over rising supplies overshadow US-China trade relief

May 13 (Reuters) - Oil prices eased on Tuesday from a two-week high, weighed down by concerns about rising supplies, despite earlier optimism over the pause in the U.S.-China trade war after both countries temporarily cut tariffs. Brent crude futures dropped 22 cents, or 0.3%, to \$64.74 per barrel. U.S. West Texas Intermediate (WTI) crude fell 18 cents, or 0.3%, to \$61.77. Both benchmarks closed about 1.5% higher on Monday at their steepest settlements since April 28. The gains come during a turbulent time for global oil markets. The U.S. and China agreed to slash steep tariffs for at least 90 days.