



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

## KFH Treasury



*Report produced on*  
**Wed, 15-May-2024**

# Forex Market

## JAPANESE YEN

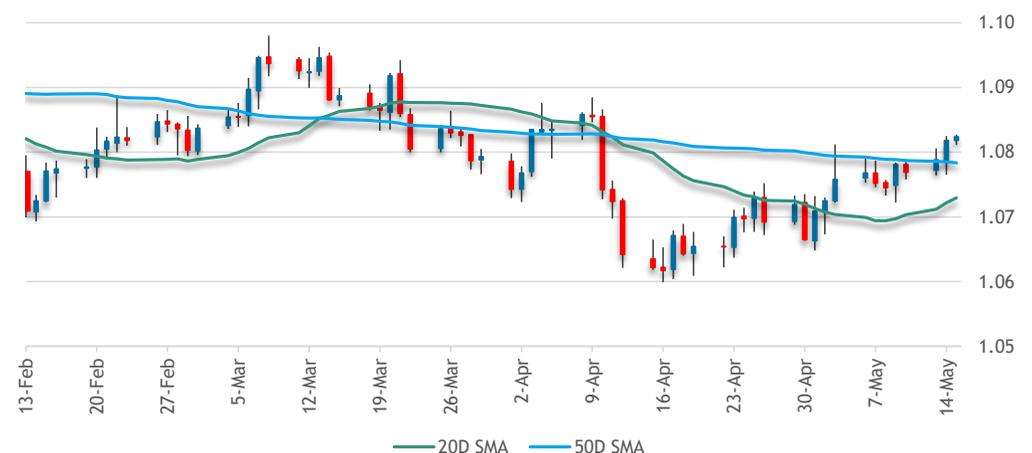


CLOSE **156.42** 1M %chg **2.05%** 3M %chg **3.90%**

### USD/JPY consolidating gains after push to 156.80

- 15 May 2024 04:05:29 AM
- \* USD/JPY as high as 156.80 EBS after US PPI before easing back
  - \* Fed Chair Powell not as confident on inflation but sees no hike
  - \* Asia so far 156.40-52, consolidating gains ahead of more key US data
  - \* Japanese importer demand eyed at Gotobi Tokyo fix, on dips after too
  - \* Japanese exporters eyed from ahead of 157.00, 157.00-10 resistance
  - \* 157.04 Fib 61.8% retracement of 160.24-151.86 move Apr 29-May 3
  - \* 157-handle also start of second round of presumed FX intervention
  - \* Tech support from 156.15 ascending 55-HMA, hourly Ichi cloud 155.77-97
  - \* Nearby option expiries today include 156.00 \$1.3 bln, 157.00 \$316 mln

## EURO



CLOSE **1.0818** 1M %chg **1.65%** 3M %chg **0.87%**

### EUR/USD-Signs favor longs but some caution is needed

- 14 May 2024 08:21:32 PM
- \* EUR/USD fell toward the 10-DMA, hit 1.0767 on EBS then turned positive
  - \* Pair rallied back above the t-l off the March high, 55- & 200-DMA
  - \* Rising daily and monthly RSIs imply upward momentum is in place
  - \* A daily bull hammer formed, reinforces bullish tech signals
  - \* 76.4% Fib of 1.0885-1.0602 pierced but EUR/USD slid back below it
  - \* That Fib is often a retracement where trends in place reverse
  - \* Inability to close & hold above that Fib may see EUR/USD turn lower
  - \* EUR/USD longs need above the daily cloud, April high to gain greater control

# Forex Market

## POUND STERLING



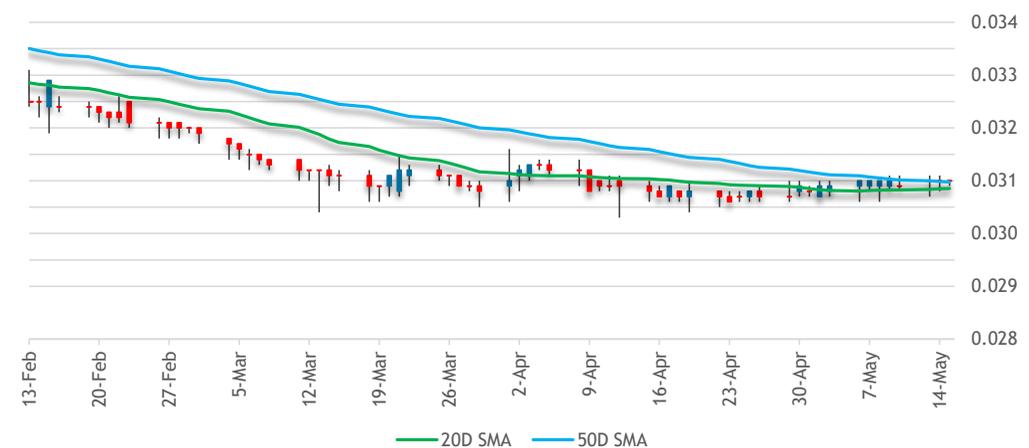
CLOSE **1.2588** 1M %chg **1.11%** 3M %chg **0.18%**

### Sterling climbs after US PPI data, eyes multiple resistance levels near 1.26

14 May 2024 09:39:33 PM

- \* GBP\$ ending NorAm by day's high, +0.2% at 1.2583; Tues range 1.2593-1.2510
- \* Pair initially fell post-PPI as HL data appeared strong; Mar revised lower
- \* Aiming higher, sterling still has key inflation tests ahead
- \* Fed's Powell uncertain on inflation path; next move unlikely a Fed hike
- \* U.S. CPI f/c a tad lower, w/o progress on lower inflation USD to remain bid
- \* Res 1.2593 Tues High, 1.2596 50% of 1.2894-1.2299, 100-DMA/May 3 high 1.2634
- \* Supt at 200-DMA 1.2541, 1.2510 Tuesday low, 1.2446 May 9 low
- \* Beyond Wed US CPI, May 22 UK CPI may hold clues to BoE policy path

## TURKISH LIRA



CLOSE **0.0310** 1M %chg **0.32%** 3M %chg **-4.62%**

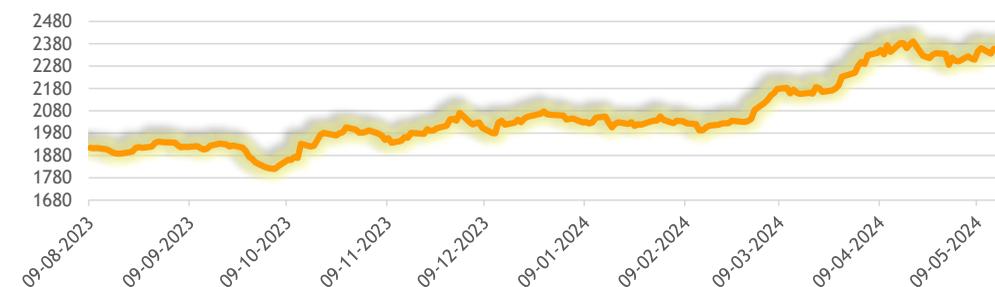
### Turkish central bank net reserves rose \$10 bln last week, bankers say

14 May 2024 09:01:09 AM

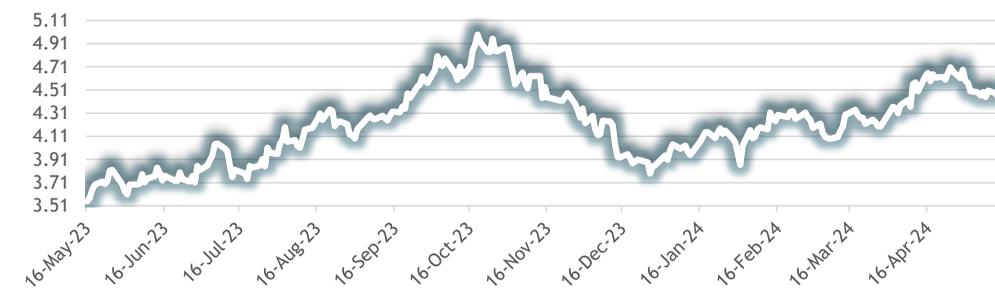
ANKARA, May 14 (Reuters) - The Turkish Central Bank's net reserves rose by \$10 billion last week as it continues accumulate foreign currency, bankers said on Tuesday. Net reserves rose to \$31 billion from \$21 billion a week earlier, according to the bankers' calculations. Net reserves excluding swaps have risen by \$42 billion in the six weeks since the March 31 local elections, bankers said, reaching -\$23.5 billion. Of the \$42 billion, a record weekly rise of \$15 billion came last week, according to bankers' calculations.

# Gold, US Treasury & Dollar Index

## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

**4.44**

1M %chg

**-1.20%**

3M %chg

**4.17%**

### PRECIOUS-Gold prices flat as US inflation data takes centre-stage

15 May 2024 07:28:50 AM

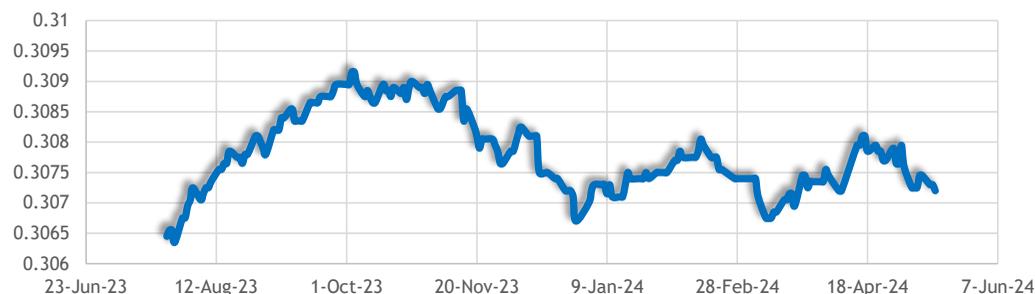
May 15 (Reuters) - Gold prices traded flat as investors looked forward to a critical U.S. inflation print that could offer clues on the Federal Reserve's interest rate cut trajectory. Spot gold held its ground at \$2,359.02 per ounce, trading in a narrow \$5 range, after gaining 1% on Tuesday. U.S. gold futures rose 0.2% to \$2,364.60. Gold is data-dependent at the moment, "if the CPI starts to come down a little bit, it will be positive for gold as it is in a fantastic position to capitalize on that dynamic considering its resilience to this point," said Kyle Rodda, a financial market analyst. Bullion is known as an inflation hedge, but higher rates increase the opportunity cost of holding non-yielding gold. Fed Chair Jerome Powell said on Tuesday that he expects U.S. inflation to continue declining through 2024 and noted it was unlikely the central bank would have to raise interest rates again. Spot silver dipped 0.1% to \$28.57 per ounce and palladium gained 1.5% to \$992.84. Platinum climbed 2.3% to \$1,054.36.

### UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Foreign Buying, T-Bonds	US	15-May 01:30	Mar	88.8	
Net L-T Flows,Exswaps	US	15-May 01:30	Mar	71.5	
Overall Net Capital Flows	US	15-May 01:30	Mar	51.6	
Net L-T Flows,Incl.Swaps	US	15-May 01:30	Mar	71.5	
Foreign Bond Investment	JP	15-May 05:20	w/e	-1013	
GDP Deflator YY Prelim*	JP	15-May 05:20	Q1	3.9	
Foreign Invest JP Bonds*	JP	15-May 05:20	w/e	-1071.9	
Foreign Stock Investment*	JP	15-May 05:20	w/e	271.2	
GDP QQ Capital Expend.	JP	15-May 05:20	Q1	2.0	-0.7
GDP QQ	JP	15-May 05:20	Q1	0.1	-0.4
GDP QQ Annualised	JP	15-May 05:20	Q1	0.4	-1.5

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0786	1.0825	1.0765	1.0818	0.28%
GBP	1.2557	1.2592	1.2506	1.2588	0.24%
JPY	156.16	156.75	156.13	156.42	0.14%
TRY	0.031	0.0311	0.0308	0.031	0.00%
Dollar Idx	105.204	105.458	104.958	105.013	-0.19%
Brent	83.41	83.62	82.1	82.38	-1.18%
WTC	80.4	80.5	79.28	79.62	-1.35%
Gold	2337.82	2359.66	2334.18	2357.9668	0.94%
KWSE Index	7205.02	7208.66	7179.91	7195.34	-0.11%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.38	3M	4.25
SW	3.75	6M	4.50
1M	4.06	1Y	4.69

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

**0.30720**

**-0.28%**

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	0.00	3M	5.58
SW	0.00	6M	5.72
1M	5.43	1Y	0.00
2M	0.00		

## 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	11-Apr-'24	4.50	4.50	0.00
BOE Bank Rate	09-May-'24	5.25	5.25	0.00
BOJ Prime Rate	10-May-'24	1.70	1.60	0.10
TRY ON Lending Rate	21-Mar-'24	53.00	46.50	6.50

## KEY INTERNATIONAL STORIES

### Strong services fan US producer inflation in April

WASHINGTON, May 14 (Reuters) - U.S. producer prices increased more than expected in April amid strong gains in costs of services like portfolio management and hotel accommodation, indicating that inflation remained stubbornly high early in the second quarter. The producer price index for final demand rose 0.5% last month after falling by a downwardly revised 0.1% in March, the Labor Department's Bureau of Labor Statistics said. Economists polled by Reuters had forecast the PPI gaining 0.3% after a previously reported 0.2% rise in March. A 0.6% jump in services accounted for nearly three-quarters of the increase in the PPI.

### Mixed UK labour market signals leave BoE on rate cut alert

LONDON, May 14 (Reuters) - British wages grew by more than expected, according to data published, but other figures suggested the labour market is losing some of its inflationary heat, keeping the Bank of England on alert about when to cut interest rates. Regular wages, excluding bonuses, rose by 6.0% in the first three months of 2024 compared with the same period in 2023. Economists polled by Reuters had forecast growth of 5.9%, slowing from 6.0% in the three months to February. The Office for National Statistics said total pay, which includes more volatile bonus payments, rose by 5.7%, above economists' expectations of 5.5%.

### German economic advisers to cut 2024 growth forecast, sources say

BERLIN, May 14 (Reuters) - The German Council of Economic Experts expects 0.2% gross domestic product growth this year, according to sources who have seen a draft document that will be presented on Wednesday. For 2025, the economic experts forecast 0.9% growth, sources said on Tuesday. In its autumn forecast published in November 2023, the panel of experts forecast growth of 0.7% for 2024. The German economy shrank by 0.2% last year, the weakest performance among big euro zone economies, as high energy costs, lacklustre global orders and record high interest rates took their toll.

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### Australia Q1 wage growth slows, soothes inflation worries

SYDNEY, May 15 (Reuters) - Australian wage growth unexpectedly slowed from 15-year highs in the first quarter, data showed on Wednesday, likely marking the peak for this cycle and another sign the labour market was finally starting to loosen. Figures from the Australian Bureau of Statistics on Wednesday showed the wage price index rose 0.8% in the March quarter, missing market forecasts for a 0.9% rise. It was the smallest increase since late 2022. Annual pay growth ticked down to 4.1%, from 4.2%, again under expectations. Notably, growth in the private sector also dipped to 4.1%, its first fall since the third quarter of 2020.

### Brazil's central bank hawkish tone in minutes spurs bets on easing pause

BRASILIA, May 14 (Reuters) - Brazil's central bank policymakers concluded at their meeting last week that conditions demanded a more restrictive and cautious stance, minutes showed on Tuesday, prompting traders to increase bets that there will be a pause in easing. Interest rates futures priced in a 63% likelihood of a pause in the easing cycle in June. Previously, bets were divided but leaned slightly towards an additional 25-basis-point reduction in the benchmark Selic rate. The Brazilian real BRBY gained 0.36% by early afternoon. At the May 7-8 meeting, policymakers cut the benchmark interest rate by 25 basis points to 10.50%.

### Oil prices up on wildfires in Canada, US inventories drawdown expectations

TOKYO, May 15 (Reuters) - Oil prices rose in early trade on Wednesday as large wildfires were threatening Canada's oil sands and as the market expected U.S. crude oil and gasoline inventories to show a drawdown later in the day. Brent crude futures LCOc1 were up 34 cents, or 0.4% at \$82.71 a barrel. U.S. West Texas Intermediate crude futures (WTI) CLc1 rose 38 cents, or 0.5%, to \$78.39 a barrel. A large wildfire was approaching Fort McMurray, the hub for Canada's oil sands industry with production of around 3.3 million barrels per day, or two-thirds of the country's total output, and thousands in suburbs were told to evacuate.