

Market Commentary

KFH Treasury

Report produced on
18-Oct-2026



Forex Market

JAPANESE YEN



CLOSE

157.99

1M %chg
0.72%

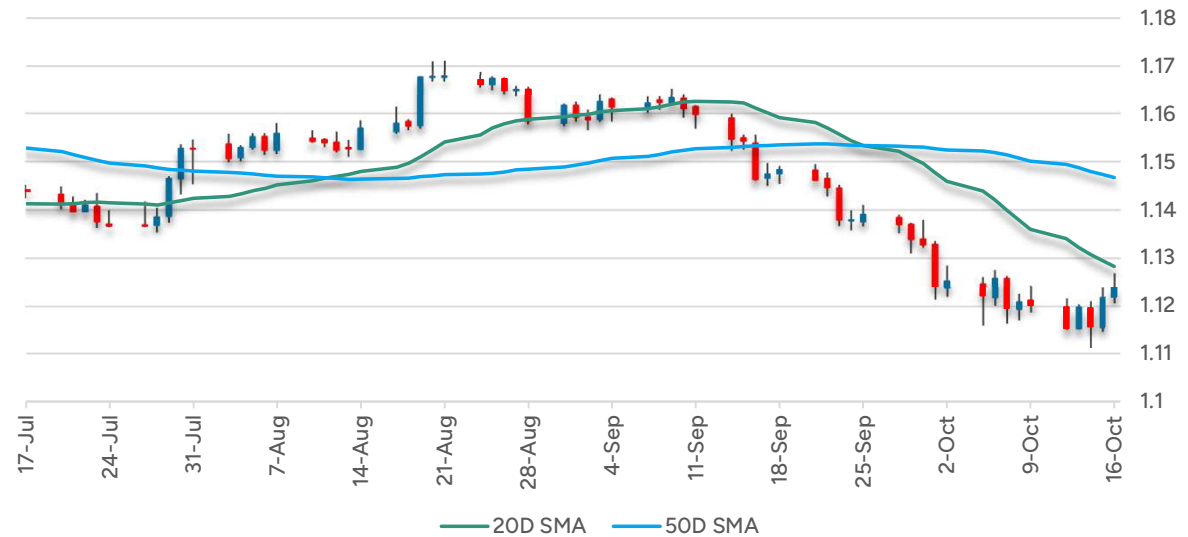
3M %chg
-2.71%

COMMENT-Calm yen may get a lift from tech weakness

16 Oct 2026 06:47:39 PM

USD/JPY is becoming uncomfortably quiet, a backdrop that may ultimately work against bulls should tech shares slide. Looking back, a post-CPI rally toward 159 this week ran into heavy offers, while subsequent long liquidation drove the pair to 157.55 before dip-buyers emerged near prior congestion, reinforcing a pattern seen since May. As such, USD/JPY remains anchored around 158, with volatility declining, bearish option skews fading, and Bollinger Bands contracting to their narrowest range in three months. The 55-DMA at 157.75 is offering nearby support as the dollar weakens. Futures open interest has declined for three straight sessions since Tuesday's 158.75 high, while subdued volumes suggest limited speculative Q4 positioning, leaving real-money and commercial flows as primary drivers.

EURO



CLOSE

1.1239

1M %chg
-2.12%

3M %chg
-1.75%

COMMENT-EUR/USD may benefit from US stocks woes

16 Oct 2026 06:49:10 PM

EUR/USD reached an eight-session high on Friday. It could extend its rally if the current influences from US tech stocks, yield spreads, and technical signals continue. Technical signals are now flashing warnings to EUR/USD bears. On the monthly chart, a bullish hammer formed after the pair rallied away from the 50% retracement of the 1.0125–1.2084 rally. On the daily chart, the 10-day moving average is now acting as support, and a rising RSI points to shorter-term upward momentum. If the US interest rate complex stays under bearish pressure and investors increasingly expect a less hawkish Fed, EUR/USD's downside risks could fade.

Forex Market



POUND STERLING



CLOSE

1.3328

1M %chg

-0.49%

3M %chg

-0.93%

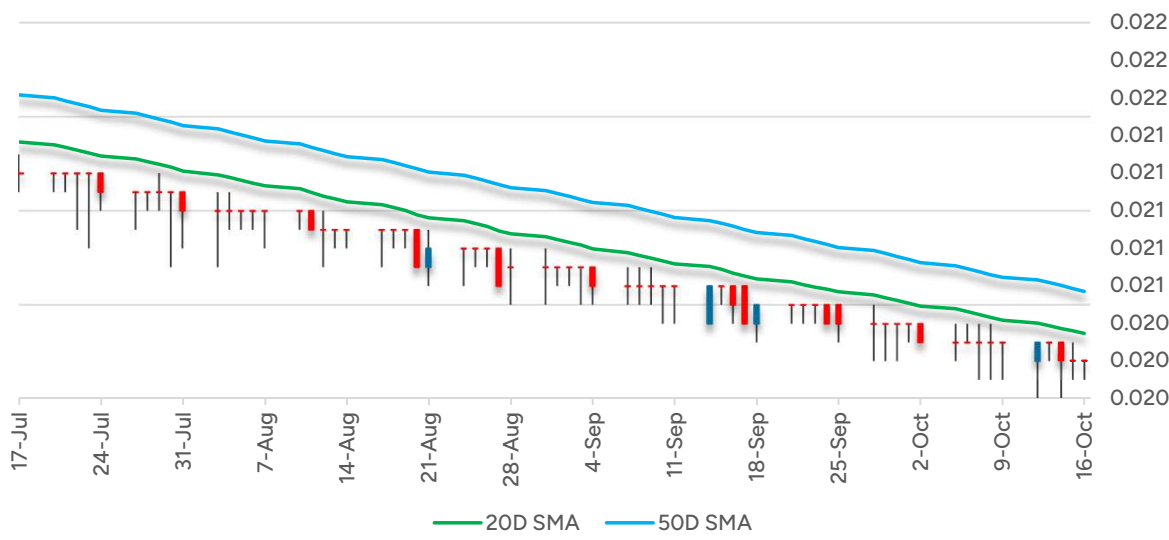
Sterling bulls turn tail ahead of 1.34 as risk follows tech stocks lower

16 Oct 2026 09:45:14 PM

- * GBP\$ holds slight gain in NY afternoon, +0.28% at 1.3313; NorAm range 1.3371-1.3310
- * Early NorAm session gains dialed back amid broad equity weakness, tech soft again
- * Macro narrative shifting from inflation, fiscal & geopol concerns to USD long unwind
- * Post-US CPI rise getting over its skis as Fed Chair Warsh mum on future policy moves
- * Cable a high-yielder, sees its gains outpace other majors with lower yields
- * LSEG's IRPR indicates BoE to hike in early-Nov, w/50% odds for further hike in Dec
- * GBP\$ res 1.3371 Friday high, 1.3406 50% Fib of 1.3675-1.3137, 1.3434 flat 200-DMA
- * Supt 1.3300 psychological lvl, 1.3268 Friday low, 1.3254 daily conversion line



TURKISH LIRA



CLOSE

0.0202

1M %chg

-1.46%

3M %chg

-4.72%

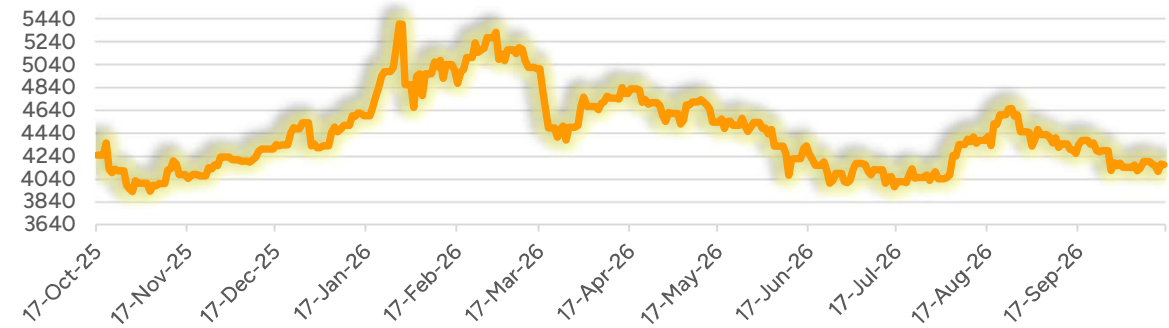
Turkey sees 2027 budget deficit at 3.5% of GDP, VP Yilmaz says

16 Oct 2026 11:58:06 AM

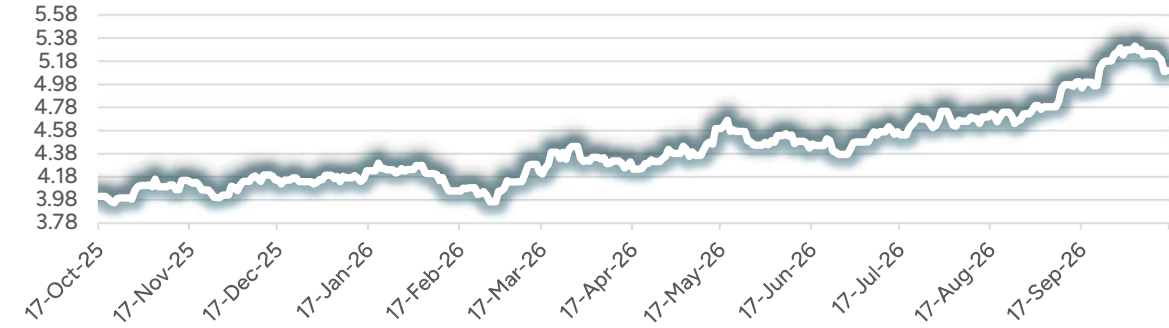
ANKARA, Oct 16 (Reuters) - Turkey expects its budget deficit to reach 3.5% of gross domestic product in 2027, or 2.8% excluding earthquake-related spending, Vice President Cevdet Yilmaz said on Friday. Presenting the government's 2027 budget plans in Ankara, Yilmaz said Turkey had earmarked 605 billion lira (\$16 billion) for energy subsidies, up 62% from the previous year. Energy subsidies would account for 0.5 percentage points of the projected budget deficit as a share of GDP, he said.

Gold, US Treasury & Dollar Index

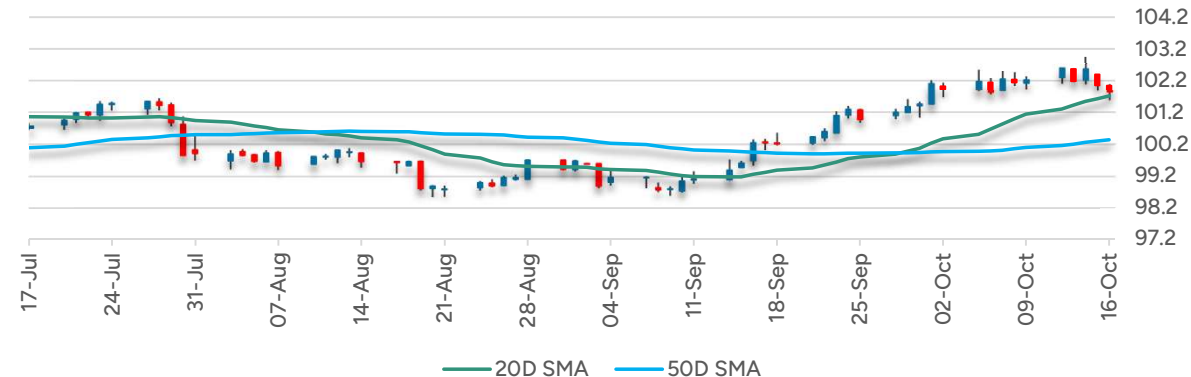
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

5.08

1M %chg

2.04%

3M %chg

12.27%

PRECIOUS-Gold set for a weekly drop as traders assess Fed signals

16 Oct 2026 10:14:00 PM

Oct 16 (Reuters) - Gold prices were largely steady on Friday and were on track for a weekly loss as traders weighed the prospect of further Federal Reserve rate hikes this year following a run of hotter-than-expected US inflation data. Spot gold XAU= was down 0.1% at \$4,165.12 per ounce but was down 0.7% so far in the week. US gold futures GCv1 for December delivery settled 0.3% higher at \$4,181.10 per ounce. Traders largely expect the US central bank to hold rates steady this month, while pricing in a 90% chance of a rate hike in December, according to the CME's FedWatch Tool. Although gold is typically seen as an inflation hedge, higher interest rates tend to reduce the appeal of the non-yielding metal. Elsewhere, gold traded at a premium in India this week for the first time in more than three months as a pullback in prices boosted jewellery purchases. Among other metals, spot silver XAG= fell 0.7% to \$57.05 per ounce, platinum XPT= was unchanged at \$1,626.15 and palladium XPD= was down 1.1% to \$1,113.61.

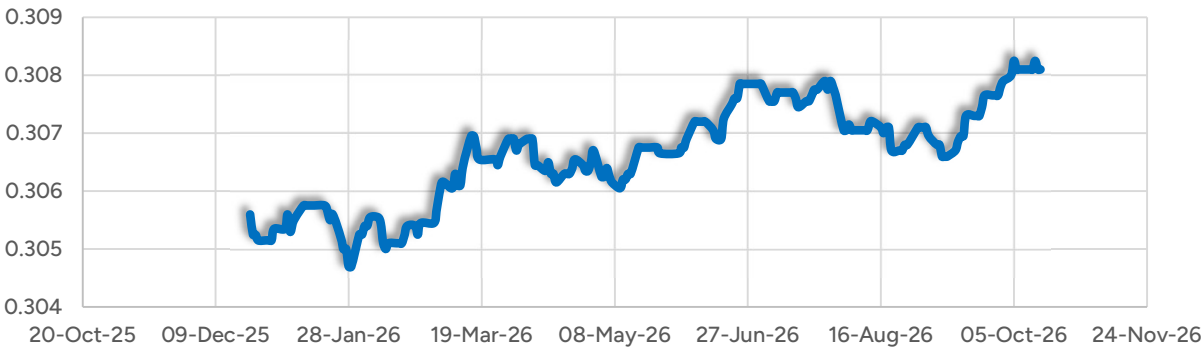
UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
House Price Rightmove MM	GB	18/Oct 03:00	Oct	0.70%	
House Price Rightmove YY	GB	18/Oct 03:00	Oct	-1.00%	
Tertiary Ind Act NSA	JP	19/Oct 07:30	Aug	0.90%	
Claimant Count Unem Chng	GB	20/Oct 09:00	Sep	27.8k	
HMRC Payrolls Change	GB	20/Oct 09:00	Sep	-26k	
ILO Unemployment Rate	GB	20/Oct 09:00	Aug	4.90%	4.90%
Housing Starts Number	US	20/Oct 15:30	Sep	1.275Mn	1.305Mn
Exports YY	JP	21/Oct 02:50	Sep	19.30%	20.10%
Imports YY	JP	21/Oct 02:50	Sep	28.00%	19.60%
Trade Balance Total Yen	JP	21/Oct 02:50	Sep	-1111.9Bn¥	-181Bn¥
CPI YY	GB	21/Oct 09:00	Sep	3.10%	3.40%

Daily Market Report



KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1218	1.1269	1.1206	1.1239	0.19%
GBP	1.3271	1.3371	1.3263	1.3328	0.41%
JPY	157.98	158.33	157.67	157.99	0.01%
TRY	0.0202	0.0202	0.0201	0.0202	0.00%
Dollar Idx	102.044	102.086	101.576	101.837	-0.21%
Brent	105.65	110	104.91	109.86	3.72%
WTC	104.28	108.33	104	108.21	3.34%
Gold	4169.22	4198.49	4146.9739	4165.0068	-0.13%
KWSE Index	8542.47	8558.51	8426.72	8475.93	-0.68%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.69	3M	3.69
SW	3.31	6M	3.88
1M	3.50	1Y	4.06

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

0.30815

3M% CHG

0.21%

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	11/Dec/'25	3.13	3.38	-0.25
1W Repo Rate	11/Dec/'25	3.38	3.63	-0.25
1M Repo Rate	11/Dec/'25	3.63	3.88	-0.25
KWD ON Rate	11/Dec/'25	10.00	10.00	0.00
Discount Rate	11/Dec/'25	3.50	3.75	-0.25

SOFR RATES

Tenor	Value	Tenor	Value
1M	3.95	6M	4.24
3M	4.08	1Y	4.50

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	16/Sep/'26	4.00	3.75	0.25
ECB Refinancing Rate	10/Sep/'26	2.65	2.40	0.25
BOE Bank Rate	19/Jun/'25	4.25	4.25	0.00
BOJ Prime Rate	09/Oct/'26	3.70	3.70	0.00
TRY ON Lending Rate	22/Jan/'26	40.00	41.00	-1.00

KEY INTERNATIONAL STORIES

US manufacturing output rises in September

WASHINGTON, Oct 16 (Reuters) - US factory production increased in September, but lost considerable momentum in the third quarter amid headwinds from the Middle East conflict, which has snarled supply chains and raised energy prices. Manufacturing output rebounded 0.3% last month following a revised 0.2% decline in August, the Federal Reserve said on Friday. The rise was in line with economists' expectations. Factory production was previously estimated to have dropped 0.3% in August. Output advanced 1.1% on a year-over-year basis in September.

BoE to raise rates to 4% in November, but economists narrowly expect hold from there

Oct 15 (Reuters) - The Bank of England will raise Bank Rate for the first time in more than three years to 4.0% in November, according to a majority of economists polled by Reuters who have reversed course on the likelihood of a rate rise this year due to persistently high inflation. With the British economy consistently beating expectations, government bond yields on the rise, inflation at 3.1% and forecast to rise to roughly double the target and no sign of the war ending any time soon, most say it is now time to increase borrowing costs. British inflation is forecast to average 3.6% this quarter.

IMF expects at least one more 25 bps ECB rate hike in 2026

Oct 16 (Reuters) - The European Central Bank is likely to raise interest rates by 25 basis points at least one more time this year to fight high inflation, the International Monetary Fund said on Friday in its regular forecast report for Europe. The ECB has already raised rates by 25 bps in both June and in September to counter rising inflation caused by the surge in energy prices as a result of the US-Israeli war on Iran. "IMF analysis shows that at least one further 25 bps increase in policy rates in 2026 will be required to ensure that core inflation remains well contained," the IMF said.

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Japan core inflation likely exceeded BOJ target for first time since December

TOKYO, Oct 16 (Reuters) - Japan's core consumer inflation in September likely exceeded the central bank's 2% target as higher energy prices driven by the Middle East conflict fed through to households, a Reuters poll showed on Friday. The nationwide core consumer price index (CPI), which includes energy items but excludes fresh food prices, is expected to have risen 2.1% in September from a year earlier, according to a poll of 15 economists. That would mark an acceleration from 1.7% in August and put core inflation above the Bank of Japan's 2% target for the first time since December.

Brazil retail sales rise less than expected in August

SAO PAULO, Oct 15 (Reuters) - Brazil's retail sales rose less than expected in August, data from statistics agency IBGE showed on Thursday, as high interest rates continued to weigh on consumer demand in Latin America's largest economy. Sales grew 0.1% in August from the previous month, with six of the eight sectors tracked by IBGE posting gains. On an annual basis, retail sales rose 0.4% in the period, also undershooting expectations of a 1.45% gain. Central bank policymakers, who in September cut the benchmark interest rate for a fifth straight meeting to 13.75%, will meet again on November 3-4.

Oil touches \$110 a barrel for first time since May on Middle East, Russia supply fears

HOUSTON, Oct 16 (Reuters) - Brent touched \$110 a barrel for the first time since May on Friday on worries that escalating tensions in the Middle East could further tighten supplies, while investors assessed how much diesel Russia could supply to the global market. Brent crude futures settled \$3.94, or 3.7%, higher at \$109.86, the highest since May 19, while US West Texas Intermediate crude futures closed \$3.44, or 3.5%, higher at \$101.41, the highest since September 17. So far this week, Brent has risen 4.9% and WTI 10.4%. To boost supply, the International Energy Agency agreed on Thursday to release more than 20 million barrels of fuel to the market.