



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

KFH Treasury



Report produced on
Sun, 17-Jan-2021

Forex Market

JAPANESE YEN



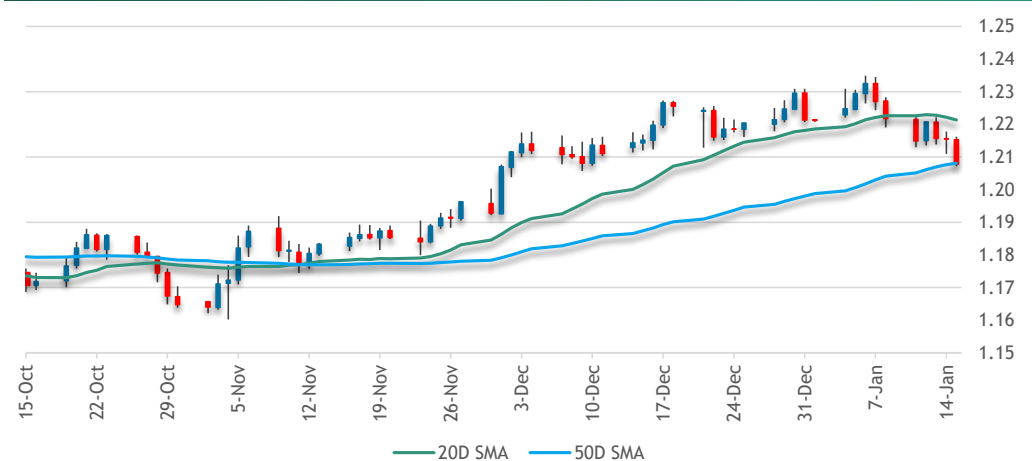
CLOSE **103.87**
 1M %chg **0.20%**
 3M %chg **-1.49%**

USD/JPY-Two havens fought to a draw amid tightening technical range - Reuters

15-Jan-2021 11:41:24 PM

- *Risk-off session saw both dollar and yen sought as havens
- *Dour U.S. sales merely upped canceling haven flows, tiny net change
- *Pair perched above 10-DMA, Kijun, tenkan at 103.50-59 on EBS
- *January's rebound in prices capped by down TL from March, cloud base
- *Latter will encroach and rebound attempts at 104.20 on Monday
- *Main downtrend's intact unless there's daily range above it
- *Sub-103.50 close is needed to trigger a break toward trend lows
- *Big haven yen gains vs EUR, GBP, AUD in today's risk-off session

EURO



CLOSE **1.2078**
 1M %chg **-0.60%**
 3M %chg **3.18%**

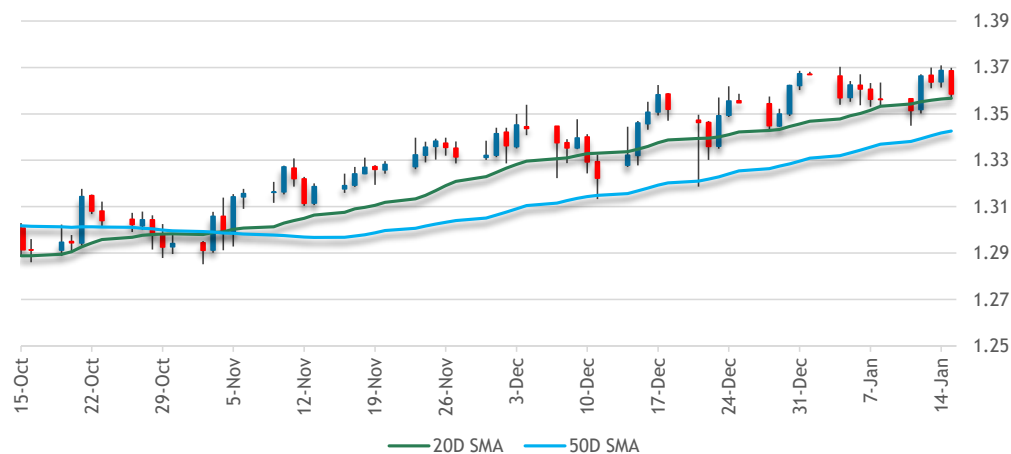
COMMENT-Italy, risk make bigger case for EUR/USD bears - Reuters

15-Jan-2021 08:29:45 PM

EUR/USD fell to another 1-month low on Friday as the safe-haven dollar and yen found favor amid souring risk markets, while the bearish case for the euro was bolstered by yield-spread influences, political tension and technicals. The steepening of U.S. 3-month/10-year and 2-year/10-year curves, which EUR/USD has been positively correlated with, have paused at key resistance. With flattening taking hold, EUR/USD dropped, adding credence to the correlation. Italian politics has created uncertainty for investors, with the ruling coalition struggling to hold together, lifting the country's borrowing costs. As a result German-Italian yield spreads, which had tightened significantly since early-2020, have widened. In technicals, the 10-day moving average has crossed bearishly below the 21-DMA. Falling daily and monthly RSIs imply growing downside momentum and a large monthly inverted hammer candle is forming for January.

Forex Market

POUND STERLING



CLOSE

1.3586

1M %chg

0.93%

3M %chg

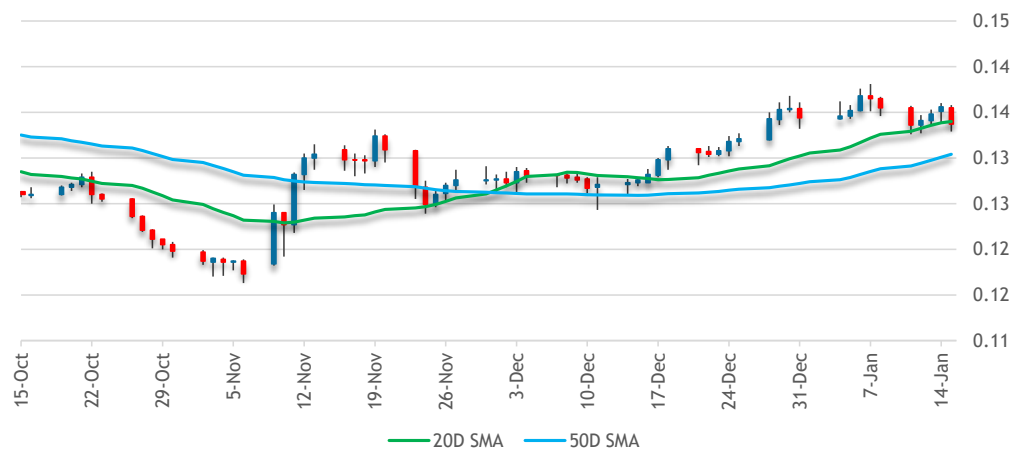
5.20%

COMMENT-Sterling setback no biggie for bulls wary of 1.3700 - Reuters

15-Jan-2021 07:44:57 PM

GBP/USD tumbled more than a penny from Thursday's 2021 trend high at 1.3712 as risk markets went into retreat, but cable's relatively shallow pullbacks lately, combined with reliable recent support at the 21- and 30-day moving averages should bolster sterling bulls' confidence. The pound has struggled to hold above 1.37 in this month's rally as expectations of 2021 dollar weakness have yet to pan out. But, the bulk of end-2020 positions were held in EUR/USD and to a lesser degree the yen 1097741NNET. Recent weakness in the euro and yen have been accompanied by relative strength in GBP, AUD and CAD. GBP/USD's bullish structure remains intact above 1.3451, the 50% Fib of 1.3190-1.3712. A rise above 2021's 1.3712 high would put upper 30-day and weekly Bolli's at 1.3740 and 1.3757 and the April 27, 2018 weekly high at 1.3792 in sharper focus.

TURKISH LIRA



CLOSE

0.1337

1M %chg

4.78%

3M %chg

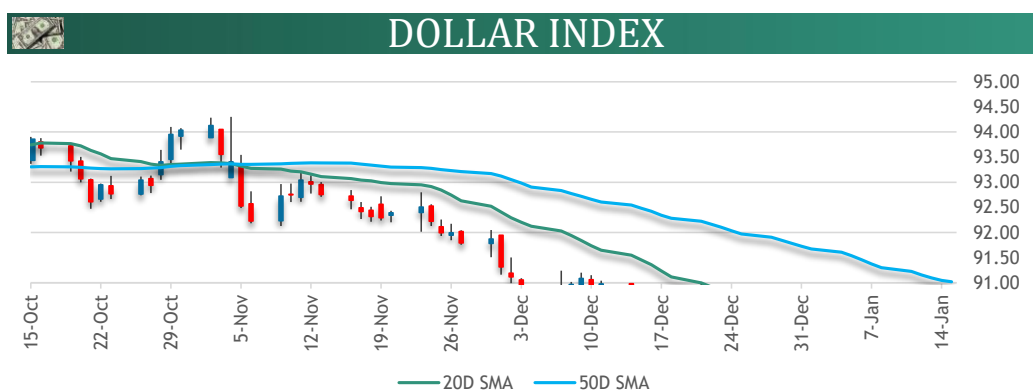
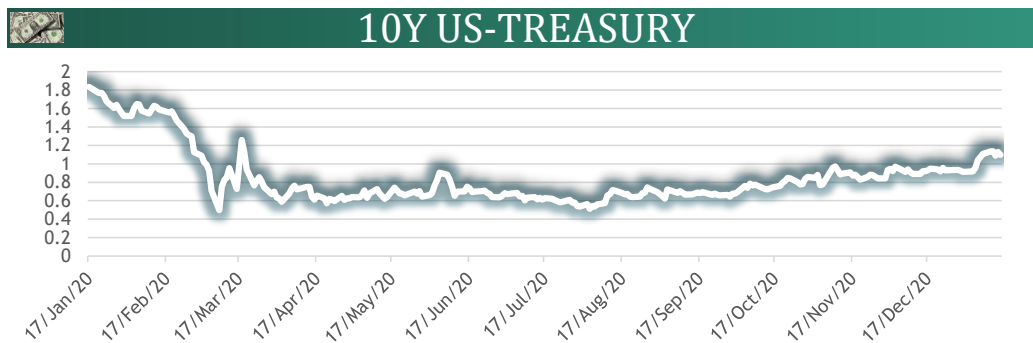
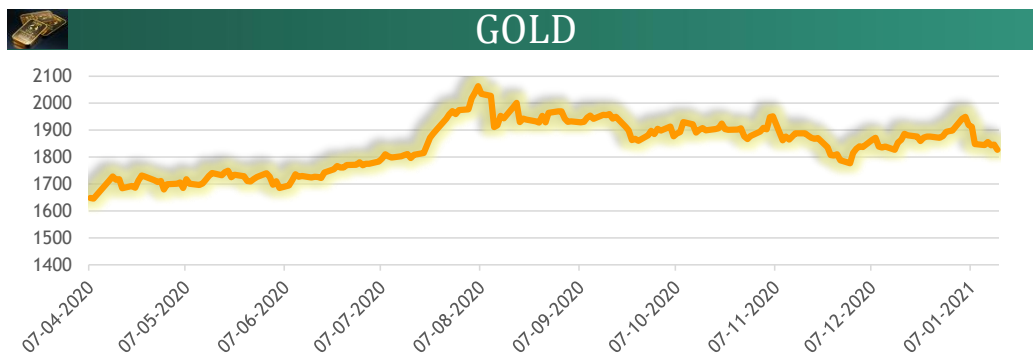
6.11%

Turkey's central bank to keep policy rate unchanged next week

15-Jan-2021 04:27:00 PM

ISTANBUL, Jan 15 (Reuters) - Turkey's central bank is expected to keep its policy rate unchanged at 17% at its meeting next week, a Reuters poll showed on Friday, even as inflation remained above expectations, ending 2020 at 14.6%. Under the newly appointed Governor Naci Agbal, the central bank has hiked its one-week repo rate TRINT=ECI by 675 basis points since November, in an effort to bring down inflation that surged in the last two months of the year. The median estimate in a Reuters poll of 20 economists stood at 17%, with no economists expecting a cut. Three economists expected a hike to 17.50%, while two others expected a hike to 18%. Turkey's lira declined some 20% last year, pushing inflation higher through imports denominated in hard currencies. It has also led individuals to snatch up forex and gold against double-digit inflation and a volatile currency.

Gold, US Treasury & Dollar Index



US 10YT YIELD

1.10

1M %chg

19.11%

3M %chg

49.46%

Gold falls 1% as dollar accelerates rally

15-Jan-2021 08:17:00 PM

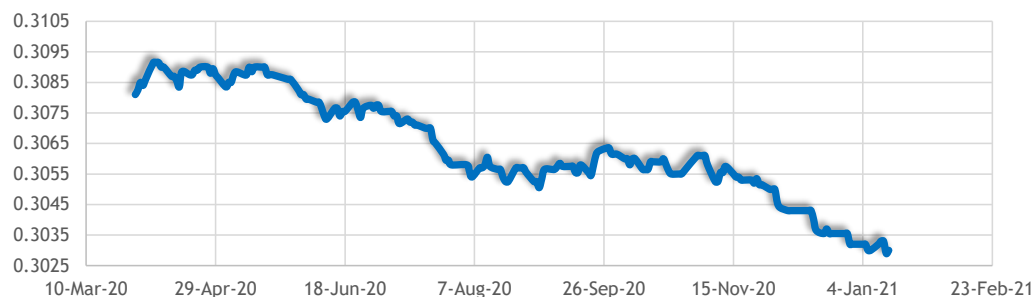
Gold prices fell more than 1% on Friday and the metal was heading for a second straight weekly drop as the dollar continued its upturn, overshadowing bullion's appeal as an inflation hedge after the U.S. president-elect proposed a new \$1.9 trillion stimulus package. Spot gold XAU= was down 1% at \$1,827.90 per ounce by 1:49 p.m. EST (1849 GMT), having earlier declined as much as 1.3%, while U.S. gold futures GCv1 settled down 1.2% at \$1,829.90. The dollar index was on track for its biggest weekly gain since October 2020, making bullion more expensive for holders of other currencies. Benchmark 10-year Treasury yields US10YT=RR held close to near 10-month highs touched earlier in the week. Silver XAG= fell 3.1% to \$24.74 an ounce, having earlier dipped as much as 3.8%. Platinum XPT= dipped 3.6% to \$1,078.21, having declined 4.4% earlier, while palladium XPD= shed 0.7% to \$2,391.77.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Reuters Tankan N-Man Idx	JP	17-Jan 03:00	Jan	-4	
Reuters Tankan Man'f Idx	JP	17-Jan 03:00	Jan	-9	
House Price Rightmove MM*	GB	18-Jan 04:01	Jan	-0.6	
House Price Rightmove YY*	GB	18-Jan 04:01	Jan	6.6	
Capacity Utilization MM SA*	JP	18-Jan 08:30	Nov	6.0	
Industrial O/P Rev MM SA *	JP	18-Jan 08:30	Nov	0.0	
Industrial O/P Rev YY SA*	JP	18-Jan 08:30	Nov	-2.6	
Foreign Buying, T-Bonds	US	19-Jan 01:00	Nov	-20.1	
Overall Net Capital Flows	US	19-Jan 01:00	Nov	-10.4	
Car Registration YY*	GB	19-Jan 11:00	Dec	-27.4	
Current Account NSA, EUR*	EU	19-Jan 13:00	Nov	34.1	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.2156	1.2178	1.2109	1.2078	-0.01%
GBP	1.3638	1.3709	1.3614	1.3586	-0.74%
JPY	103.88	104.19	103.55	103.87	0.08%
TRY	0.1351	0.136	0.1338	0.1337	-1.40%
Dollar Idx	90.276	90.578	90.075	90.772	0.59%
Brent	55.93	56.57	55.24	55.1	-2.34%
WTC	-	-	-	52.25	-2.28%
Gold	1843.56	1857.21	1832.59	1826.59	-1.07%
KWSE Index	5630.36	5660.7	5629.42	5656.28	0.35%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	0.63	3M	1.44
SW	0.94	6M	1.69
1M	1.19	1Y	1.94

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30300

-0.95%

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	28-Oct-'20	0.88	1.00	-0.13
1W Repo Rate	28-Oct-'20	1.13	1.25	-0.13
1M Repo Rate	28-Oct-'20	1.63	1.75	-0.13
KWD ON Rate	28-Oct-'20	10.00	10.00	0.00
Discount Rate	28-Oct-'20	1.50	1.50	0.00

LIBOR RATES

Tenor	Value	Tenor	Value
ON	0.09	3M	0.22
SW	0.10	6M	0.25
1M	0.13	1Y	0.32
2M	0.17		

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	15-Mar-'20	0.25	0.25	0.00
ECB Refinancing Rate	10-Mar-'16	0.00	0.05	-0.05
BOE Bank Rate	19-Mar-'20	0.10	0.25	-0.15
BOJ Prime Rate	12-Aug-'20	1.00	1.05	-0.05
TRY ON Lending Rate	24-Dec-'20	18.50	16.50	2.00

KEY INTERNATIONAL STORIES

COVID-19 pressures U.S. retail sales; manufacturing shines

WASHINGTON, Jan 15 (Reuters) - U.S. retail sales fell for a third straight month in December as renewed measures to slow the spread of COVID-19 triggered job losses, further evidence that the wounded economy lost considerable speed at the end of 2020. Retail sales dropped 0.7% last month. Data for November was revised down to show sales tumbling 1.4% instead of 1.1% as previously reported. Sales rose 2.9% on a year-on-year basis. The monthly decline in sales was led by a 4.5% plunge at restaurants and bars after many authorities banned indoor dining over the holiday season.

UK economy shrinks but might avoid double-dip recession

LONDON, Jan 15 (Reuters) - Britain's economy shrank in November as it went into a new lockdown, but the decline was smaller than expected as businesses adjusted to social distancing and schools remained open, making a double-dip recession less likely. The 2.6% monthly decline in Friday's official data was the first since April but less than half the average contraction forecast in a Reuters poll of economists. The scale was also far smaller than April's 18.8% collapse during Britain's first lockdown. The UK shrank more than its peers in the first half of 2020 and is now 8.5% smaller than it was in February.

Euro zone banks have seen "limited" hit from pandemic so far, ECB's Enria says

FRANKFURT, Jan 15 (Reuters) - Euro zone banks have suffered a small hit so far from the coronavirus pandemic, thanks to their capital and cash buffers as well as official support measures, but there's no room for complacency, the European Central Bank's top supervisor said on Friday. "So far, the impact of the COVID-19 pandemic on banks' balance sheets has remained limited," Andrea Enria said in a speech. "But we should not be complacent. We cannot rule out that once the government support measures are lifted, some banks may experience a significant deterioration in their asset quality."

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China's monetary policy to support 2021 economic recovery - PBOC vice gov

BEIJING, Jan 15 (Reuters) - China's monetary policy will provide the support needed for its continued economic recovery in 2021, a vice governor at the People's Bank of China (PBOC) said on Friday. Backed by tough coronavirus containment measures and emergency relief for businesses, the world's second-largest economy has largely recovered to pre-pandemic levels, but a resurgence of infections worldwide and in parts of China is keeping policymakers cautious. "The prudent monetary policy will be more flexible, targeted and appropriate, and will continue to maintain the necessary support for the economic recovery," Chen Yulu told a news conference.

Japan's exports seen rising for 1st time in 2 yrs, core CPI to drop further

TOKYO, Jan 15 (Reuters) - Japan's exports likely rose for the first time in two years in December as overseas demand improved, according to a Reuters poll, but a continued surge in coronavirus cases globally and extended lockdowns could hurt shipments in coming months. Exports likely rose 2.4% in December from a year earlier, which would be the first increase since November 2018, the poll of 17 economists showed. Imports were forecast to have fallen 14.0% in December from a year earlier, which would result in a trade surplus of 942.8 billion yen (\$9.09 billion).

Oil drops over 2% on China lockdowns, U.S. stimulus concerns

NEW YORK, Jan 15 (Reuters) - Oil prices fell more than 2% on Friday, with both contracts posting a loss on the week as concerns about Chinese cities in lockdown due to coronavirus outbreaks tempered a rally driven by strong import data from the world's biggest crude importer. Brent fell \$1.32, or 2.3%, to settle at \$55.10 a barrel. U.S. West Texas Intermediate crude CLC1 settled down \$1.21, or 2.3%, at \$52.36 a barrel. Both benchmarks, which hit their highest in nearly a year earlier in the week, posted their first weekly declines in three weeks, with Brent down 1.6% on the week and U.S. crude down about 0.4%.