



بيت التمويل الكويتي  
Kuwait Finance House

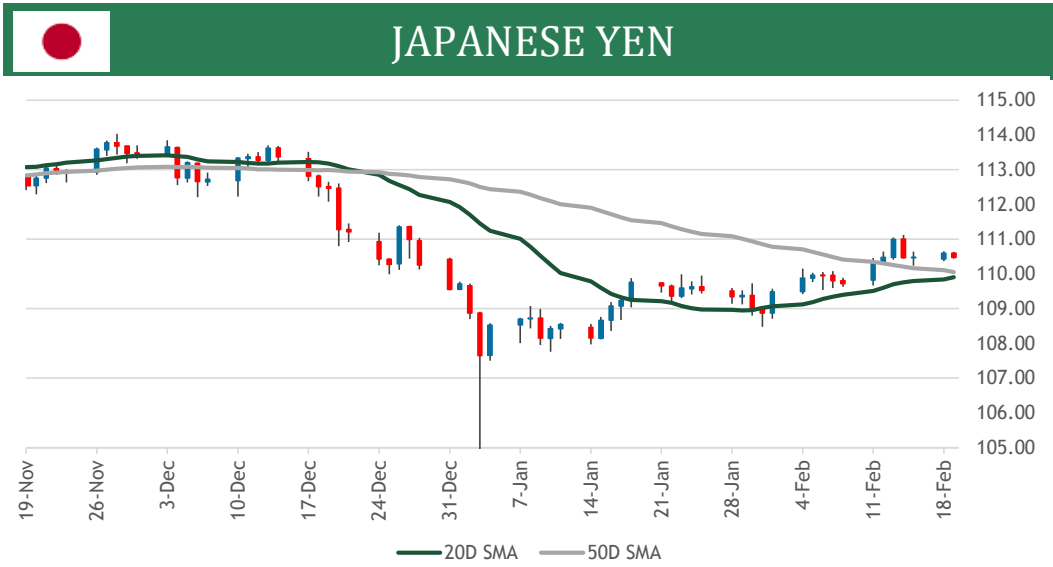


# Market Commentary

## KFH Treasury

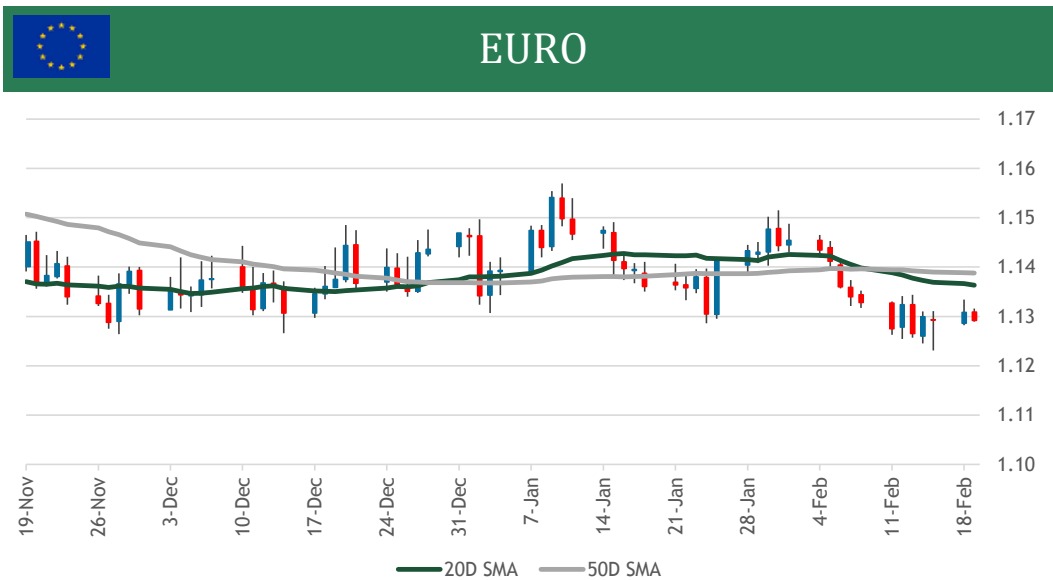


# Forex Market



CLOSE **110.60** 1M %chg **0.77%** 3M %chg **-1.97%**

- USD/JPY ticked higher yest as a result of the Asian session risk-on move, but there was no material follow-through given broad USD weakness.
- This was down to the lack of trade conviction given the US holiday, the lack of topside traction in European equities and Latam/Venezuela concerns.
- Thus far today, the Yen is trading firmer but we suspect trade will be consolidative from here.
- As such, we retain a sell on strength strategy for a downside test of 108.23 and 107.88.
- Sell on strength at 110.61, targeting a run down to 107.88, placing stops at 111.63.

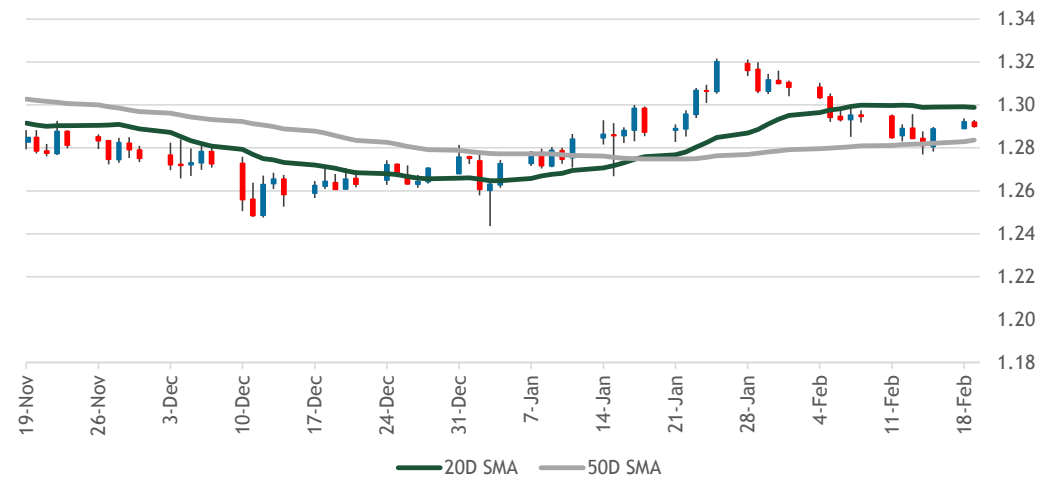


CLOSE **1.1308** 1M %chg **-0.47%** 3M %chg **-0.96%**

- EUR/USD edged up to 1.1334 yest on short-covering from leveraged specs and model names, in reaction to continued USD weakness.
- The Euro saw mixed trade for much of yest before ending firmer.USD weakness, yest's Asian market rally and a reversal in cross-flows ultimately served to prop up the Euro.
- This in turn left the market shrugging off the Bundesbank's monthly report, despite it stating that German econ growth is likely to be subdued at least through 1H2019 (as deteriorating biz expectations hamper corporate investments), although they countered that there are no signs that the slowdown is morphing into a sustained downturn.
- At present levels though, there's no favourable risk-reward to establish fresh short positions.

# Forex Market

## POUND STERLING



CLOSE	1M %chg	3M %chg
<b>1.2921</b>	<b>0.37%</b>	<b>0.65%</b>

- GBP/USD edged up to 1.2939 yest on account of broad USD weakness but the move was contained by macro offers layered around 1.2935/60.
- Brexit headlines were a mixed bag without any fresh material developments, with the Sterling ultimately shrugging them off. It has since been sold back below 1.2900 by leveraged names and Asian spot desks today.
- Our models still indicate a decline towards 1.2710 and 1.2636 is the higher probability play ahead.
- Fundamentally, the Brexit path still looks fraught with obstacles and the current impasse is unlikely to be resolved anytime soon, while a no-deal Brexit remains a going risk as the clock ticks down to the 29 Mar Brexit date.
- Sell at 1.2906, for a run down to 1.2636, placing stops at 1.3017.

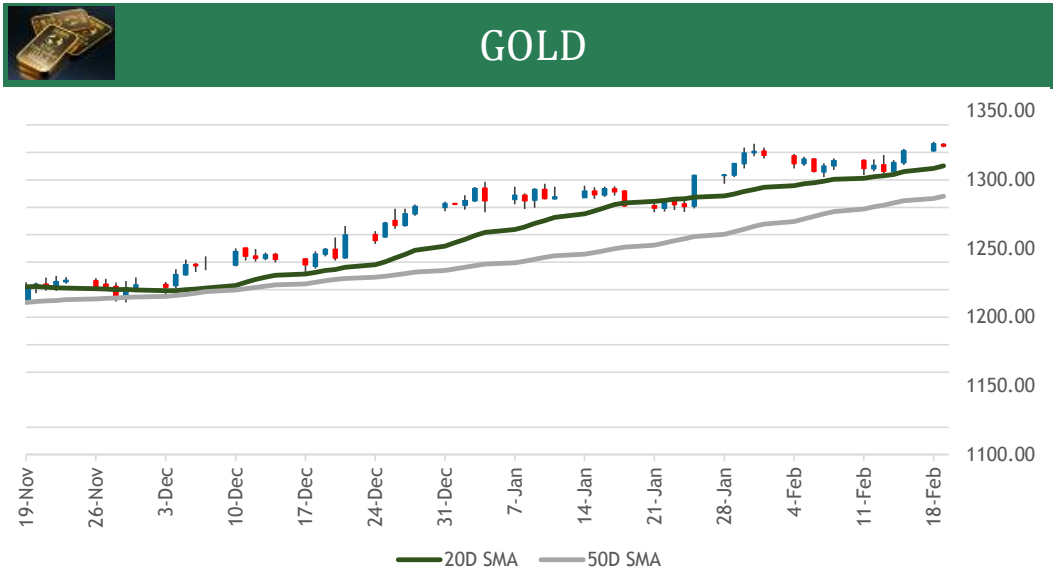
## TURKISH LIRA



CLOSE	1D %chg	1M %chg
<b>5.3013</b>	<b>0.59%</b>	<b>-0.49%</b>

- USD/TRY has today settled above 5.3000, and month to date has climbed over 2% after testing 5.1500 lows.
- This slow and gradual unwind is a factor of the broader EM environment, but we see the pair continuing to grind higher amid concerns that the weight of poor economic data will push the CBRT into an early return to rate cuts, which will come at a faster than expected pace.
- This speculation increased after the CBRT cut reserve requirement ratios on Sat, which are being seen as a precursor to rate cuts and going against the bank's message that it will keep monetary policy tight until inflation slows markedly.

# Commodities

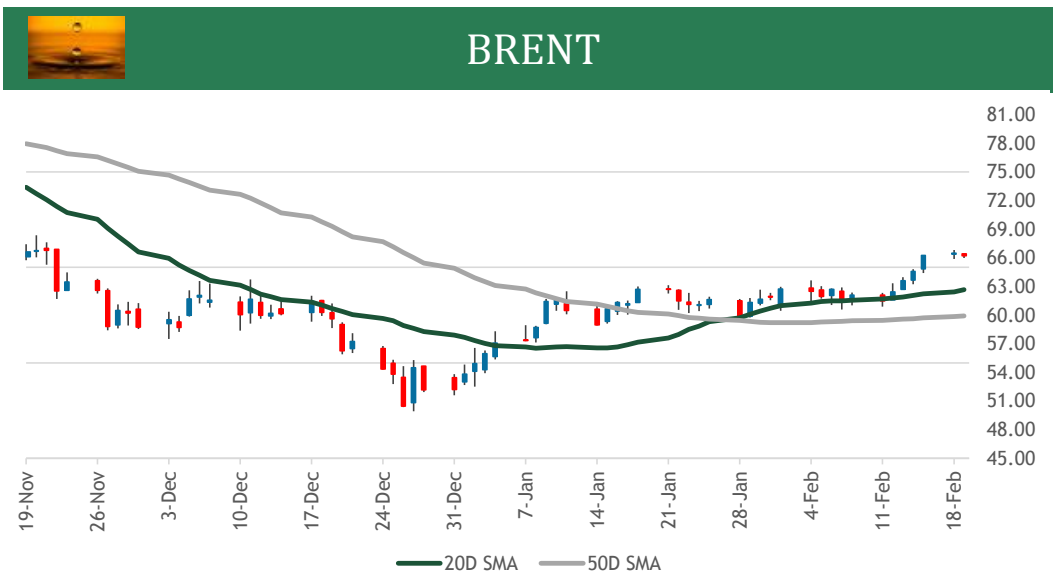


CLOSE  
**1326.15**

1D %chg  
**0.39%**

1W %chg  
**1.37%**

- Gold prices were steady near 10-month peaks on Tuesday as the dollar held little changed and markets awaited clarity on U.S.-China trade talks, while palladium struck a record high on supply fears.
- Spot Gold was little changed at \$1,326.10 per ounce as of 0048 GMT, after touching a 10-month high of \$1,327.64 an ounce in the previous session.
- U.S. Gold futures rose 0.5 percent to \$1,328.9 an ounce.



CLOSE  
**66.50**

1D %chg  
**0.38%**

1W %chg  
**8.11%**

- U.S. oil prices hit a three-month high on Tuesday, buoyed by production cuts led by the Organization of the Petroleum Exporting Countries.
- U.S. West Texas Intermediate (WTI) crude futures were at \$55.95 per barrel at 0034 GMT, up 36 cents, or 0.7 percent, from their last settlement. Earlier in the session, they marked their strongest since Nov. 20 at \$56.33 a barrel.
- Prices had risen 2.2 percent on Friday, the last trading session due to a U.S. public holiday on Monday.
- International Brent crude oil futures had yet to trade. They closed Monday up 0.4 percent, after touching their highest since Nov. 20 at \$66.83 a barrel.

# Daily Market Report

MARKET SUMMARY					
INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1286	1.1334	1.1282	1.1308	0.13%
GBP	1.2890	1.2938	1.2889	1.2921	0.25%
JPY	110.43	110.65	110.37	110.60	0.11%
TRY	5.2747	5.3161	5.2692	5.3013	0.59%
Dollar Idx	96.8050	96.9040	96.6510	96.9040	0.00%
Brent	66.39	66.83	65.90	66.50	0.38%
WTC	-	-	-	55.58	0.00%
Gold	1321.20	1327.64	1320.36	1326.15	0.39%
KWSE Index	6603.5800	6643.2400	6601.5900	6633.4400	0.00%

UPCOMING ECONOMIC RELEASES					
INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Exports YY	JP	19/Feb 00:50	Jan	-3.8	-5.5
Current Account SA, EUR	EU	19/Feb 10:00	Dec	20.300	
Trade Balance Total Yen	JP	19/Feb 00:50	Jan	-55.3	-1011
CBI Trends - Orders	GB	20/Feb 12:00	Feb	-1	-3
MBA Mortgage Applications	US	20/Feb 13:00	w/e	-3.7	

KIBOR RATES			
Tenor	Value	Tenor	Value
ON	word could not be found	3M	The record could not be found
SW	word could not be found	6M	The record could not be found
1M	word could not be found	1Y	The record could not be found

CENTRAL BANK OF KUWAIT				
KWD (CBK FIX) CLOSE		1D %chg		
<b>0.30360</b>		<b>0.00%</b>		
POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	13/Feb/'19	2.50	2.50	0.00
1W Repo Rate	13/Feb/'19	2.75	2.75	0.00
1M Repo Rate	13/Feb/'19	3.25	3.25	0.00
KWD ON Rate	13/Feb/'19	10.00	10.00	0.00
Discount Rate	13/Feb/'19	3.00	3.00	0.00

LIBOR RATES			
Tenor	Value	Tenor	Value
ON	2.39	3M	2.68
SW	2.42	6M	2.75
1M	2.48	1Y	2.91
2M	2.58		

OTHER C-BANK RATES				
INDICATOR	As of	Value	Prior	Change
FED Target Rate	19/Dec/'18	2.50	1.25	1.25
ECB Refinancing Rate	10/Mar/'16	0.00	0.05	-0.05
BOE Bank Rate	02/Aug/'18	0.75	0.50	0.25
BOJ Prime Rate	10/Jul/'17	1.00	0.95	0.05
TRY ON Lending Rate	21/Sep/'18	25.50	24.00	1.50

# Economic Calendar & News

## ECONOMIC CALENDAR - Upcoming shortly

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Exports YY	JP	19/Feb 00:50	Jan	-3.80	-5.50
Imports YY	JP	19/Feb 00:50	Jan	1.9	-2.80
Trade Balance Total Yen	JP	19/Feb 00:50	Jan	-55.30	-1011.00
Current Account NSA, EUR	EU	19/Feb 10:00	Dec	23.2	
Current Account SA, EUR	EU	19/Feb 10:00	Dec	20.300	
Avg Wk Earnings 3M YY	GB	19/Feb 10:30	Dec	3.4	3.5
Avg Earnings (Ex-Bonus)	GB	19/Feb 10:30	Dec	3.3	3.4
Claimant Count Unem Chng	GB	19/Feb 10:30	Jan	20.8	
Employment Change	GB	19/Feb 10:30	Dec	141	140
ILO Unemployment Rate	GB	19/Feb 10:30	Dec	4.0	4.0
Construction Output MM*	EU	19/Feb 11:00	Dec	-0.09	
ZEW Survey Expectations*	EU	19/Feb 11:00	Feb	-20.90	
NAHB Housing Market Indx	US	19/Feb 16:00	Feb	58	59
Foreign Bond Investment	JP	20/Feb 00:50	w/e	992.4	
Foreign Invest JP Stock	JP	20/Feb 00:50	w/e	-102.00	
CBI Trends - Orders	GB	20/Feb 12:00	Feb	-1.00	-3.00
MBA 30-Yr Mortgage Rate	US	20/Feb 13:00	w/e	4.65	
MBA Mortgage Applications	US	20/Feb 13:00	w/e	-3.70	
Mortgage Market Index	US	20/Feb 13:00	w/e	364.8	
MBA Purchase Index	US	20/Feb 13:00	w/e	237.7	
Mortgage Refinance Index	US	20/Feb 13:00	w/e	1052.4	
Redbook MM	US	20/Feb 14:55	w/e	-1.80	
Redbook YY	US	20/Feb 14:55	w/e	4.6	

## NEWS AND STREET BUZZ

### Global Top News

- Asian shares hovered near a four-month peak on Tuesday, supported by hopes that Sino-U.S. trade talks were making positive progress and expectations of policy stimulus from central banks.
- A coalition of 16 U.S. states led by California sued President Donald Trump's administration on Monday over his decision to declare a national emergency to obtain funds for building a wall along the U.S.-Mexico border.
- Seven Labour lawmakers quit on Monday over leader Jeremy Corbyn's approach to Brexit and a row over anti-Semitism, saying Britain's main opposition party had been "hijacked by the machine politics of the hard left".
- The company of indebted Saudi Arabian billionaire Maan al-Sanea has filed for bankruptcy under a new Saudi law that makes it easier for creditors to recover payments, three sources familiar with the matter said, a move that could provide a breakthrough in the kingdom's longest-running debt dispute.
- French President Emmanuel Macron will describe Brexit as a wake-up call in a speech in coming weeks in which he will outline how Europe must be more assertive in the face of rival world powers, sources close to Macron said.
- A new round of talks between the United States and China to resolve their trade war will take place in Washington on Tuesday, with follow-up sessions at a higher level later in the week, the White House said on Monday.
- Most Southeast Asian stock markets climbed on Tuesday, lifted by optimism that the United States and China might be inching towards a deal to resolve their nearly year-long trade dispute, while Philippines bucked the trend to edge lower.
- Saudi seaborne crude exports fell in the first half of February with departures standing at 6.204 million barrels per day, a 1.341 million bpd decline on the previous month and 0.91 million bpd decline on the year.

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