



بيت التمويل الكويتي
Kuwait Finance House



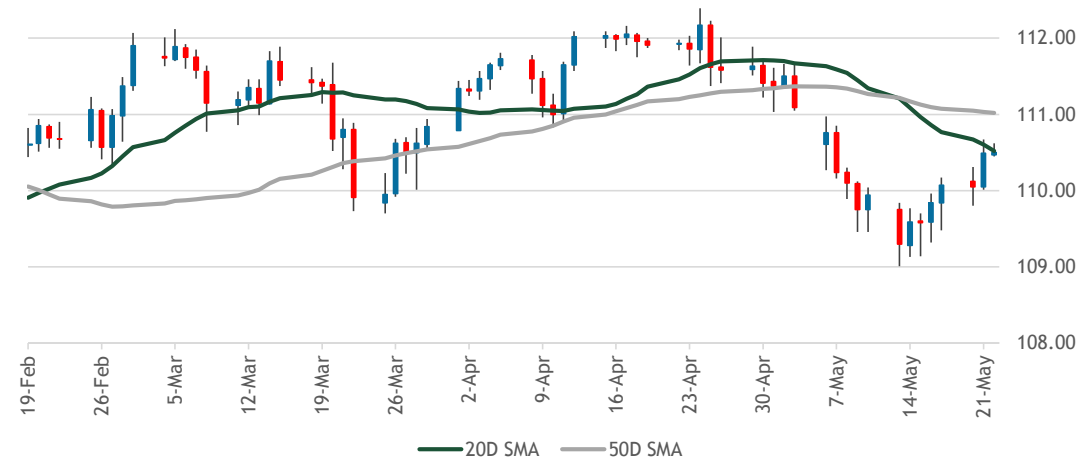
Market Commentary

KFH Treasury



Forex Market

JAPANESE YEN



CLOSE
110.49

1M %chg
-1.27%

3M %chg
-0.18%

-USD/JPY rallied up to a 2wk high of 110.67 yest amidst leveraged short-covering and HFT buying (tied to the rebound in European/US equities and GBP/JPY's brief short-squeeze), before ending at 110.50.

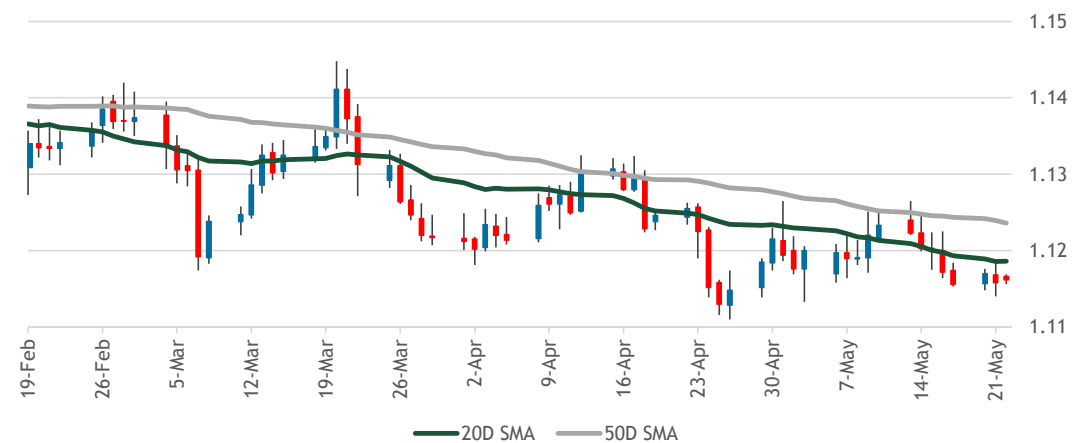
-Earlier today, it ticked up to 110.63 but has since erased those gains on mild selling from Asian spot desks. Trade flows in general has been relatively subdued, amidst caution heading into the FOMC minutes.

-Exporter selling interest around 110.70/80 and layered from pre-111.00 to 111.20 stands as resistance. Bids around 110.30/35, 110.00/15 and 109.80/90.

-Despite the rebound over the past wk, our models are still flagging a downside test of 108.82 ahead.

-Sell at 110.50 and 110.62, targeting a run down to 108.82, placing stops at 111.22.

EURO



CLOSE
1.1158

1M %chg
-0.78%

3M %chg
-1.55%

-EUR/USD swung btwn gains and losses yest within a 1.1142/88 range before ending just a touch softer at 1.1161.

-It basically mirrored the Sterling's whipsaw.

-It has ticked sideways around 1.1154/66 thus far today amidst thin trade flows.

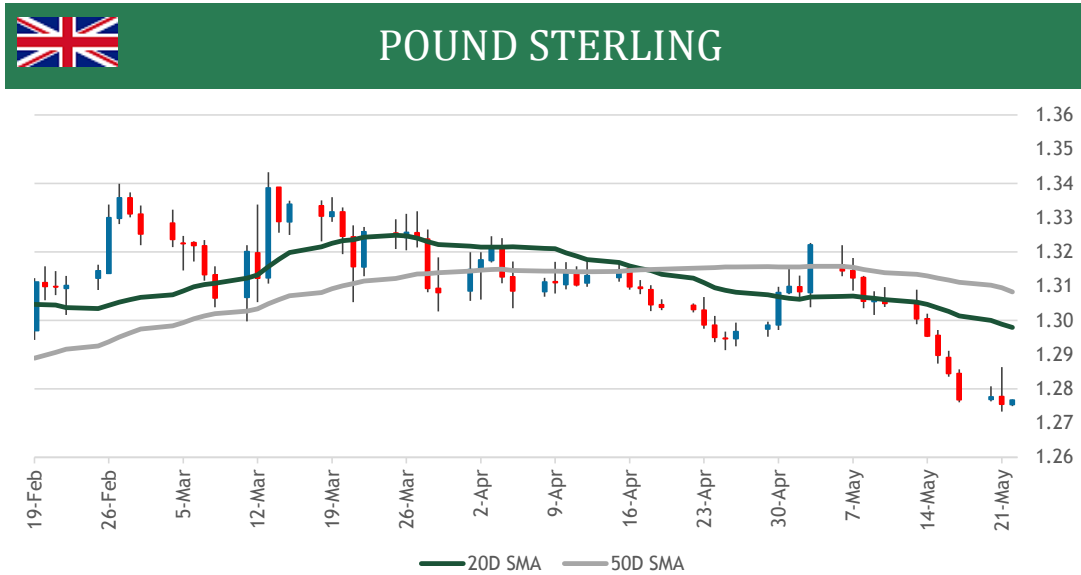
-Bids around 1.1130/40. Offers currently around 1.1170, 1.1185, 1.1200/10 and 1.1230/40.

-It's s/t tech bias remains neutral, with our models still suggesting that an interim bounce towards 1.1209/26 could be seen.

-That said, we still favour selling on strength for a fresh down-leg towards 1.1104 and 1.1052.

-Sell on strength around 1.1185/91 and 1.1220, targeting a decline towards 1.1052, placing stops at 1.1277.

Forex Market



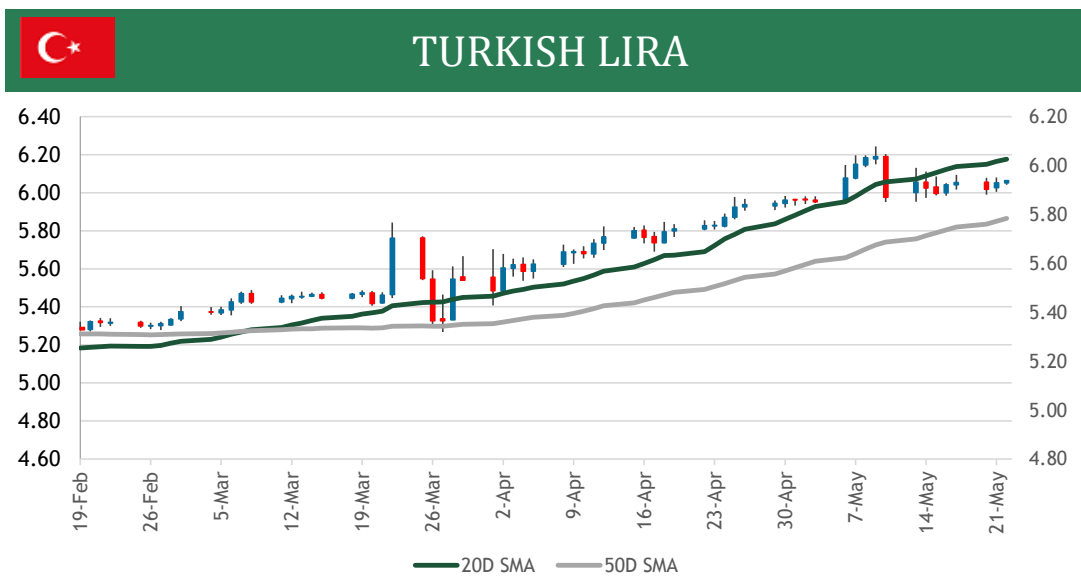
CLOSE 1M %chg 3M %chg

1.2705 **-2.18%** **-2.64%**

-GBP/USD initially slipped down to 1.2685 yest following the comments from Leadsom/Rees-Mogg/Davis, but then staged a sharp leveraged/momentum short-squeeze up to 1.2813 after PM May offered lawmakers a vote on holding a 2nd referendum and a vote on different customs arrangement on condition that they back her Withdrawal Agreement in the first stage of voting.

-According to reports, May's "new" Brexit deal will include plans for EU-UK customs arrangements (laid out in the political declaration of future ties) which will ensure that there is no need for border checks, but this is not the full customs union that Labour has demanded in cross-party talks (given the opposition from Tory Brexiters).

-Our models still indicate that there could be a relief bounce ahead towards 1.2867, and we would wait to re-load short positions at higher levels on account of latent Brexit uncertainties.



CLOSE 1D %chg 1M %chg

6.0515 **0.54%** **4.15%**

-Usd/Try was an early outperformer on reports the Turkish govt had told all lenders they would now have to wait one working day before settling retail FX transactions of Usd 100k or higher.

-The Turkish lira weakened on Tuesday after the central bank lowered the swap market lira interest rate and held a repo auction for the first time in nearly two weeks, reversing a policy tightening step it had taken to support the currency.

-USD/TRY extended the upside to 6.0917 this morning as the CBRT announced a 150bp cut on the LIRA SWAPS RATE to 24%. The central bank has also since announced that it has restarted the ONE-WEEK REPO AUCTIONS, selling Try 17bn at the policy rate of 24%, in an unwinding of the temporary tightening that was delivered on May 9.

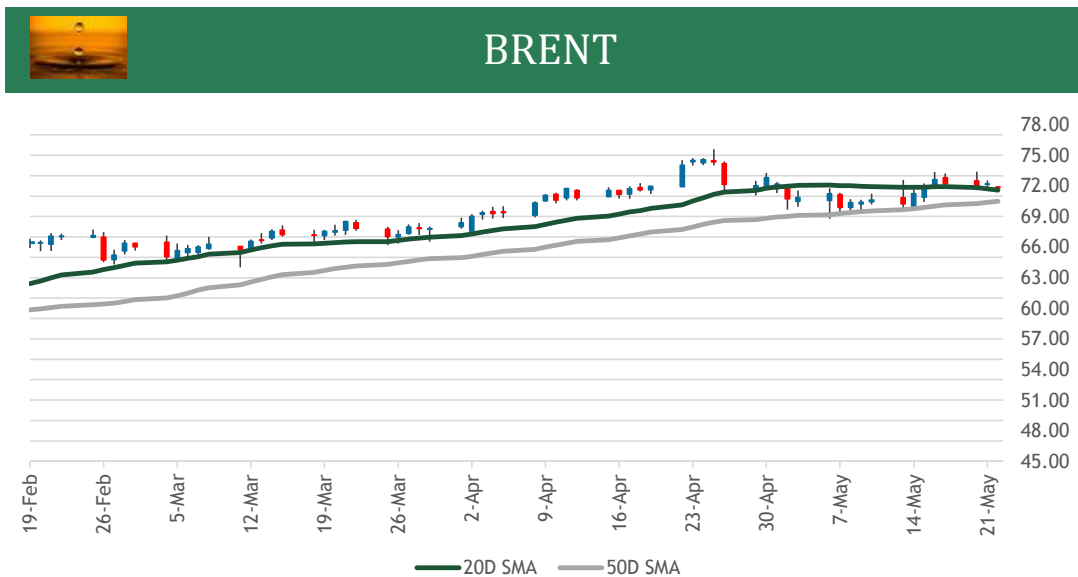
Commodities



CLOSE 1D %chg 1W %chg

1274.73 **-0.22%** **-1.70%**

-Gold edged lower on Wednesday to hover near a two-week low, as a stronger dollar and signs of easing Sino-U.S. friction dented demand for bullion ahead of the minutes from U.S. Federal Reserve's latest meeting.
-Spot Gold edged 0.1% lower to \$1,273.70 per ounce at 0239 GMT. In the previous session, the metal fell to \$1,268.97, its lowest since May 3.
-U.S. Gold futures were unchanged at \$1,273.30 an ounce.



CLOSE 1D %chg 1W %chg

72.18 **0.29%** **1.32%**

-Oil prices fell on Wednesday after industry data showed an increase in U.S. crude inventories and as Saudi Arabia pledged to keep markets balanced.
-Brent crude futures were down 38 cents, or 0.5 percent, at \$71.80 at barrel by 0219 GMT, having risen 21 cents on Tuesday.
-U.S. West Texas Intermediate (WTI) crude futures for July delivery were down 58 cents, or 0.9 percent, at \$62.55. The June contract expired on Tuesday, settling at \$62.99 a barrel, down 11 cents.

Daily Market Report

MARKET SUMMARY					
INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1168	1.1187	1.1140	1.1158	-0.11%
GBP	1.2727	1.2813	1.2683	1.2705	-0.17%
JPY	110.05	110.67	110.01	110.49	0.40%
TRY	6.0277	6.0810	6.0050	6.0515	0.54%
Dollar Idx	97.9160	98.1340	97.8230	98.0620	0.13%
Brent	72.15	72.52	71.63	72.18	0.29%
WTC	-	-	-	63.02	-0.16%
Gold	1277.70	1277.81	1268.97	1274.73	-0.22%
KWSE Index	0.0000	0.0000	0.0000	#N/A	0.00%

UPCOMING ECONOMIC RELEASES					
INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Foreign Bond Investment	JP	22/May 01:50	w/e	20.8	
Core CPI YY	GB	22/May 10:30	Apr	1.8	1.9
CPI NSA*	GB	22/May 10:30	Apr	107.000	
RPI YY	GB	22/May 10:30	Apr	2.4	2.8
	0	0	00/Jan 00:00	0	0

KIBOR RATES			
Tenor	Value	Tenor	Value
ON	1.56	3M	2.69
SW	2.06	6M	2.88
1M	2.44	1Y	3.13

CENTRAL BANK OF KUWAIT				
KWD (CBK FIX) CLOSE		1D %chg		
0.30400		0.00%		
POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	20/Dec/'18	2.50	2.50	0.00
1W Repo Rate	20/Dec/'18	2.75	2.75	0.00
1M Repo Rate	20/Dec/'18	3.25	3.25	0.00
KWD ON Rate	20/Dec/'18	10.00	10.00	0.00
Discount Rate	20/Dec/'18	3.00	3.00	0.00

LIBOR RATES			
Tenor	Value	Tenor	Value
ON	2.36	3M	2.52
SW	2.39	6M	2.56
1M	2.44	1Y	2.65
2M	2.49		

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
Foreign Bond Investment	JP	22/May 01:50	w/e	20.8	
Foreign Invest JP Stock	JP	22/May 01:50	w/e	282.5	
CPI NSA*	GB	22/May 10:30	Apr	107.000	
Core CPI MM	GB	22/May 10:30	Apr	0.2	0.4
Core CPI YY	GB	22/May 10:30	Apr	1.8	1.9
CPI MM	GB	22/May 10:30	Apr	0.2	0.7
CPI YY	GB	22/May 10:30	Apr	1.9	2.2
PPI Core Output MM NSA	GB	22/May 10:30	Apr	0.0	0.2
PPI Core Output YY NSA	GB	22/May 10:30	Apr	2.2	2.2
PPI Input Prices YY NSA	GB	22/May 10:30	Apr	3.7	4.5
PPI Input Prices MM NSA	GB	22/May 10:30	Apr	-0.20	1.3
PPI Output Prices MM NSA	GB	22/May 10:30	Apr	0.3	0.3
PPI Output Prices YY NSA	GB	22/May 10:30	Apr	2.4	2.3
PSNCR, GBP	GB	22/May 10:30	Apr	8.871	
PSNB, GBP	GB	22/May 10:30	Apr	0.840	5.100
PSNB Ex Banks GBP	GB	22/May 10:30	Apr	1.704	5.800
RPI YY	GB	22/May 10:30	Apr	2.4	2.8
RPI MM	GB	22/May 10:30	Apr	0.0	0.8

NEWS AND STREET BUZZ

Global Top News

-Asian stocks were on shaky ground on Wednesday, as earlier relief over Washington's temporary relaxation of curbs against China's Huawei Technologies failed to offset deeper worries about trade frictions between the world's two largest economies.

-Prime Minister Theresa May set out a "new deal" on Tuesday for Britain's departure from the European Union, offering sweeteners to parliament including the chance to vote on whether to hold a second referendum to try to break the impasse over Brexit.

-Japanese exports contracted for the fifth month in April due to a slump in shipments of chip-making equipment to China, underlining the growing threat to the world's third-biggest economy from a bruising Sino-U.S. trade war.

-Turkey's Trade Ministry will implement a reciprocal reduction in tariffs on U.S. imports this week, after the United States halved tariffs on Turkish steel imports, two Turkish sources said on Tuesday.

-Saudi Arabian consumer prices fell 1.9 percent year-on-year in April for the fourth month in a row but were unchanged from March, data from the General Authority for Statistics showed.

-Saudi Arabia's stock market rose sharply on Tuesday, leading gains in most major Gulf bourses amid a global rally after Washington temporarily eased trade restrictions imposed last week on China's Huawei. Qatar dropped on wide sell-off.

-The United Arab Emirates said on Tuesday it will grant 6,800 foreign investors permanent residency under a new "Golden Card" system after they invested a combined 100 billion dirhams (\$27 billion) in the Gulf state.

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