



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

KFH Treasury



Forex Market

JAPANESE YEN



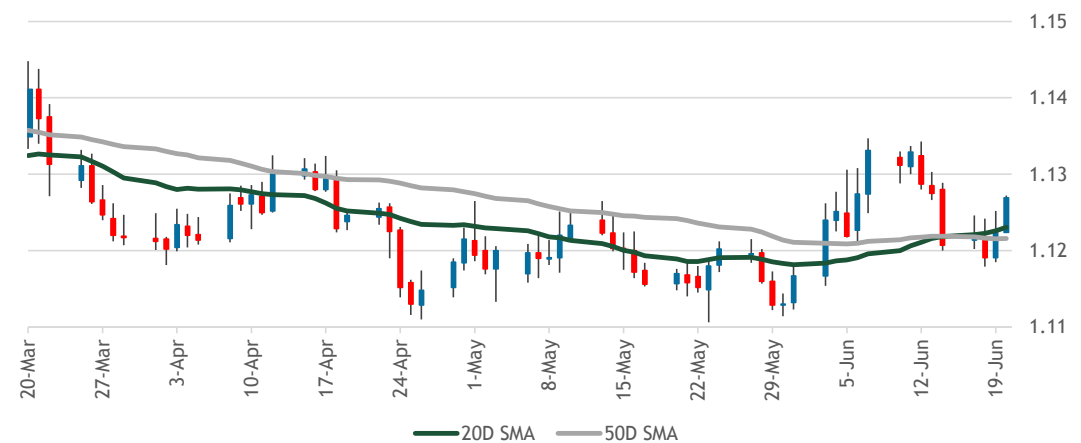
CLOSE
108.09

1M %chg
-1.80%

3M %chg
-2.95%

- USD/JPY-Support breaks, BoJ cautious on offshore risks
- 0.5% as 10yr UST yields extended losses, -4bp to 1.982%, fresh trend low
- No change from the BoJ but cautious on offshore risks
- Range support around 107.80 gave way, as the primary downtrend returns
- Dip leaves Tenkan and Kijun lines tracking lower - bearish setup
- Initial significant support is 107.27, 61.8% of the 2019 rise
- Today's 107.55/108.14 range in Tokyo is initial support/resistance
- 108.00-15 1.8BLN and 108.35-50 1.5BLN strikes now cap

EURO



CLOSE
1.1224

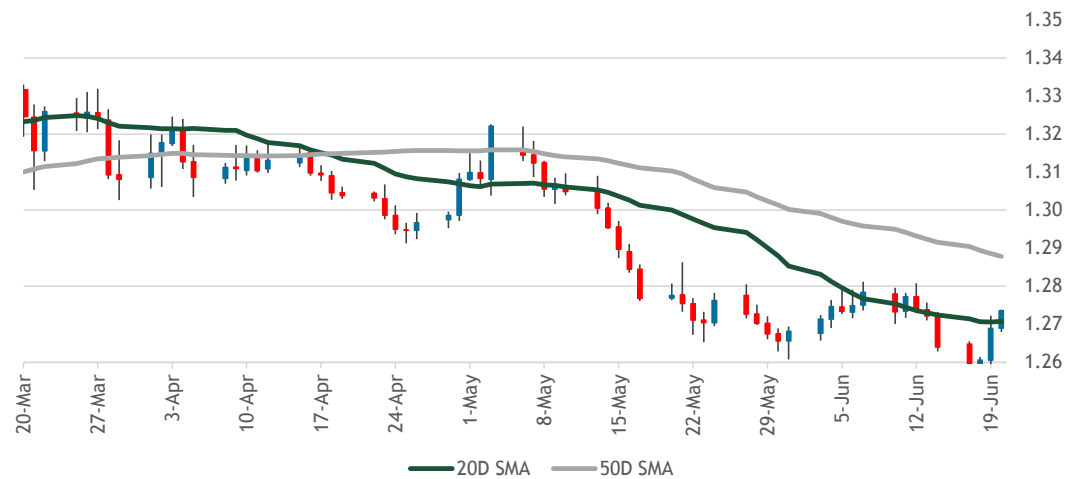
1M %chg
0.61%

3M %chg
-1.10%

- EUR/USD-Grinds through key resistance as US yields slide
- EUR/USD opened 1.1228 and tracked higher through the morning
- US Treasury yields fell sharply with the 2's and 10's easing 5 BPs
- Move lower coincided with report Trump still mulling Powell demotion
- EUR/USD grinded through stiff technical resistance at 1.1260/65 to 1.1273
- It was near the session high heading into the afternoon session
- Resistance @ 61.8 of 1.1348/1.1181 @ 1.1284 & break targets 200-day MA (1.1351)

Forex Market

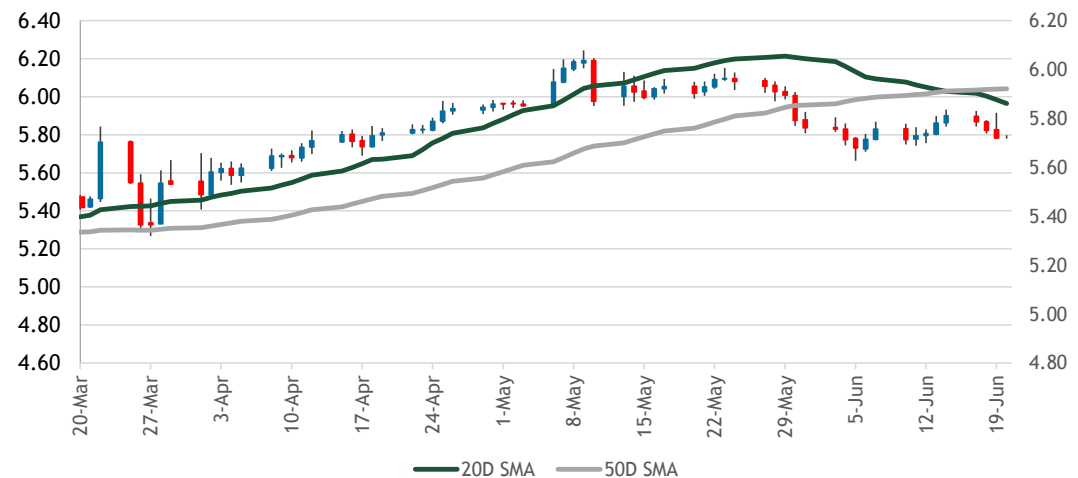
POUND STERLING



CLOSE **1.2639**
 1M %chg **-0.62%**
 3M %chg **-4.73%**

- Brexit overhang mars GBP/USD outlook, regardless of Fed effects
- Cable got a boost into the London fix and European close as recent GBP/USD shorts reduced positions ahead of this afternoon's Fed rate decision.
- USD longs are paring positions in anticipation of a shift from steady rates to dovish and growing expectations that the dot-plot rate projections will remove the 2020 hike foreseen in the previous survey.
- The UK political situation remains unsettled, though Boris Johnson seems likely to ascend to the Tory leadership. That has led to growing worries about a no-deal Brexit.
- GBP/USD finds resistance at the 30-DMA by 1.2715. Bulls will gain further momentum above the 200-DMA by 1.2933.

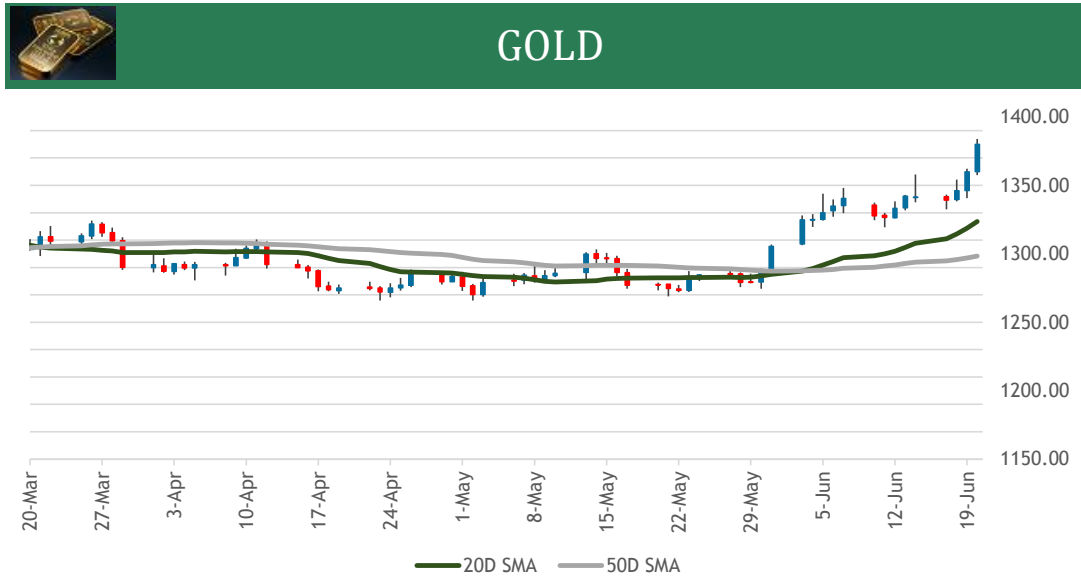
TURKISH LIRA



CLOSE **5.7833**
 1D %chg **-0.67%**
 1M %chg **-4.47%**

- The Lira was one of the best performing EM currencies yesterday as the prospect of additional fiscal stimulus from the ECB buoyed high yielders.
- However, the Turkish currency is seeing a reversal of fortunes this morning as the lingering threat of US sanctions returns to the fore.
- After settling below 5.8400 overnight, USD/TRY has subsequently found itself trading around the 5.8600 handle in the current passage of play, albeit off an early session high of almost 5.9200.

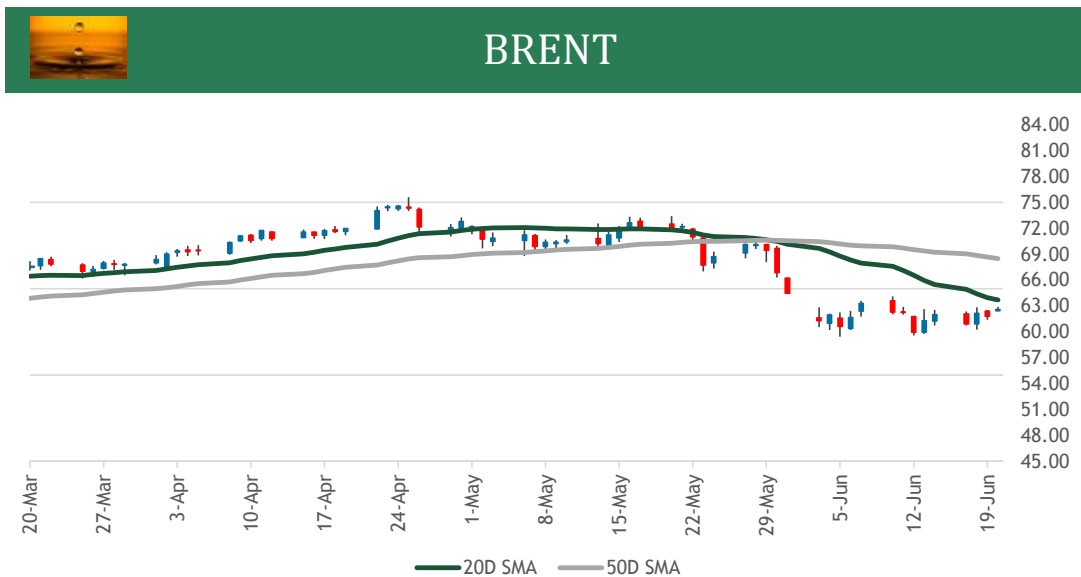
Commodities



CLOSE 1D %chg 1W %chg

1359.87 **1.02%** **2.00%**

- Gold prices surged as much as 1.8% to their highest in more than five years on Thursday after the U.S. Federal Reserve signalled possible interest rate cuts later this year, sending the dollar and U.S. Treasury yields lower.
- Spot Gold jumped 1.4% to \$1,378.70 per ounce as of 0252 GMT, after hitting its highest since March 17, 2014 at \$1,383.81.
- U.S. Gold futures surged 2.5% to \$1,382.70 an ounce.



CLOSE 1D %chg 1W %chg

61.82 **-0.51%** **3.08%**

- Oil prices rose over 1 percent on Thursday as official data showed U.S. crude stocks fell more than expected and as OPEC and other producers finally agreed a date for a meeting to discuss output cuts.
- Brent crude futures had risen 82 cents, or 1.3%, to \$62.64 by 0026 GMT. They dropped 0.5% on Wednesday.
- U.S. West Texas Intermediate (WTI) crude futures were up 79 cents, or 1.5%, at \$54.55 a barrel. WTI fell 0.26% in the previous session.

Daily Market Report

| MARKET SUMMARY | | | | | |
|----------------|---------|---------|---------|---------|---------|
| INSTRUMENT | OPEN | HIGH | LOW | CLOSE | %CHG 1D |
| EUR | 1.1191 | 1.1252 | 1.1185 | 1.1224 | 0.29% |
| GBP | 1.2556 | 1.2673 | 1.2541 | 1.2639 | 0.66% |
| JPY | 108.44 | 108.61 | 107.89 | 108.09 | -0.32% |
| TRY | 5.8269 | 5.9154 | 5.7795 | 5.7833 | -0.67% |
| Dollar Idx | 97.6340 | 97.6790 | 97.0870 | 97.1170 | -0.54% |
| Brent | 62.40 | 62.55 | 61.40 | 61.82 | -0.51% |
| WTC | - | - | - | 53.74 | -0.22% |
| Gold | 1346.16 | 1362.10 | 1340.75 | 1359.87 | 1.02% |
| KWSE Index | 0.0000 | 0.0000 | 0.0000 | #N/A | 0.00% |

| UPCOMING ECONOMIC RELEASES | | | | | |
|----------------------------|-------------|--------------|--------------|-------|-----------|
| INDICATOR | Ctry / Regn | Time | For | Prior | Consensus |
| CPI, Core Nationwide YY | JP | 20/Jun 01:30 | May | 0.9 | 0.8 |
| CPI Index Ex Fresh Food* | JP | 20/Jun 01:30 | May | 101.8 | |
| CPI Ex Fresh Fd and Eng | JP | 20/Jun 01:30 | May | 0.6 | |
| BOE Bank Rate* | GB | 20/Jun 13:00 | Jun | 0.75 | 0.75 |
| | 0 | 0 | 00/Jan 00:00 | 0 | 0 |

| KIBOR RATES | | | |
|-------------|-------|-------|-------|
| Tenor | Value | Tenor | Value |
| ON | 1.63 | 3M | 2.69 |
| SW | 2.13 | 6M | 2.88 |
| 1M | 2.44 | 1Y | 3.13 |

| CENTRAL BANK OF KUWAIT | | | | |
|------------------------|------------|--------------|-------|--------|
| KWD (CBK FIX) CLOSE | | 1D %chg | | |
| 0.30370 | | 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 | 2.35 | 3M | 2.39 |
| SW | 2.36 | 6M | 2.30 |
| 1M | 2.38 | 1Y | 2.26 |
| 2M | 2.40 | | |

| 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 |
|---------------------------------|-------------|--------------|-----|--------|-----------|
| CPI, Core Nationwide YY | JP | 20/Jun 01:30 | May | 0.9 | 0.8 |
| CPI Less Food and Energy* | JP | 20/Jun 01:30 | May | 101.5 | |
| CPI Ex Fresh Fd and Eng | JP | 20/Jun 01:30 | May | 0.6 | |
| CPI MM NSA* | JP | 20/Jun 01:30 | May | 0.3 | |
| CPI Index Ex Fresh Food* | JP | 20/Jun 01:30 | May | 101.8 | |
| CPI, Overall Nationwide | JP | 20/Jun 01:30 | May | 0.9 | |
| CPI NSA* | JP | 20/Jun 01:30 | May | 101.8 | |
| CPI Nationwide Excl Food & Ener | JP | 20/Jun 01:30 | May | 0.4 | |
| CPI Nationwide Excl Food & Ener | JP | 20/Jun 01:30 | May | 0.4 | |
| Retail Sales MM | GB | 20/Jun 10:30 | May | 0.0 | -0.50 |
| Retail Sales YY | GB | 20/Jun 10:30 | May | 5.2 | 2.7 |
| Retail Sales Ex-Fuel MM | GB | 20/Jun 10:30 | May | -0.20 | -0.40 |
| Retail Sales Ex-Fuel YY | GB | 20/Jun 10:30 | May | 4.9 | 2.5 |
| Steel Production* | GB | 20/Jun 12:00 | May | 643.80 | |
| GB BOE QE Corp* | GB | 20/Jun 13:00 | Jun | 10 | 10 |
| BOE Bank Rate* | GB | 20/Jun 13:00 | Jun | 0.75 | 0.75 |
| BOE Bank Rate* | GB | 20/Jun 13:00 | Jun | 0.75 | 0.75 |
| GB BOE QE Gilts* | GB | 20/Jun 13:00 | Jun | 435 | 435 |

NEWS AND STREET BUZZ

Global Top News

- A gauge of global stock markets rose on Thursday while the dollar dropped and global bond yields plunged, with the 10-year U.S. yield falling below two percent, after the Federal Reserve signalled possible interest rate cuts later this year.
- Brexit campaigner Boris Johnson cemented his position as the favourite to be Britain's next prime minister on Wednesday after he increased his support in the third round of the Conservative Party leadership contest.
- Upcoming trade talks between the leaders of China and the United States are unlikely to immediately resolve major disagreements between the two sides but could start a new phase in negotiations, Chinese state media said on Thursday.
- The Bank of Japan kept monetary policy steady on Thursday, preferring to save its dwindling ammunition, as a darkening global growth outlook prompts other major central banks to drop hints of additional stimulus.
- The trade war between the United States and China has gone beyond tariffs as the countries increase pressure on each other to cede ground.
- Turkey has marshalled its state lenders and central bank to curb a selloff in the lira since late March that echoed last year's full-blown currency crisis, which tipped the Turkish economy into recession.
- Abu Dhabi stocks outperformed Gulf markets on Wednesday buoyed by financial stocks, while Saudi snapped two days of gains pressured by banking shares.

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