



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

KFH Treasury



Forex Market

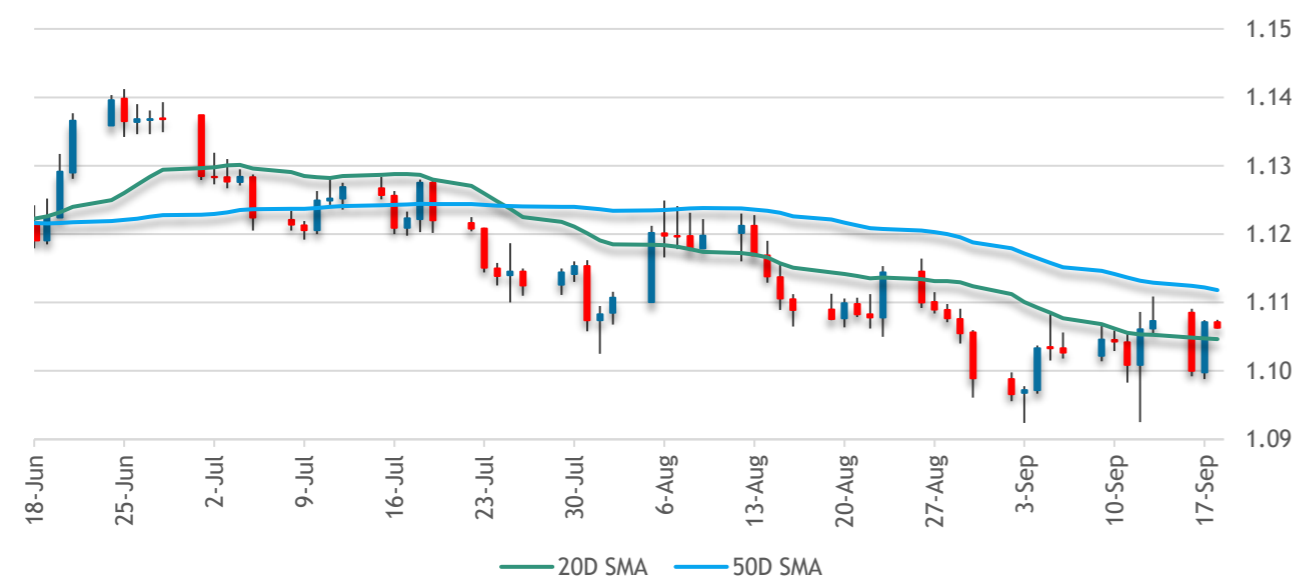
JAPANESE YEN



CLOSE **108.12** 1M %chg **1.65%** 3M %chg **-0.40%**

- USD/JPY briefly edged up to 108.37 during yest's Asian morning on account of President Trump announcing an initial US-Japan trade accord, but the move was subsequently pared amidst pre-FOMC caution.
- It briefly attempted a retest of the day high early in the US session before it was faded by HFTs and leveraged specs after the NY Fed injected cash via a repo operation to calm money markets.
- Ultimately, it ended flat on the day at 108.13. It has ticked up to 108.26 today with mild buying seen from Japanese banks in recent trade.
- Selling interest still seen around 108.32/43 and 108.60. Bids currently around 108.10, 108.00 and 107.82/93.
- Regardless of what happens with the FOMC announcement Wednesday night, there is a growing view in Tokyo that the Bank of Japan may not have to do anything when they announce policy tomorrow.

EURO



CLOSE **1.1071** 1M %chg **-0.16%** 3M %chg **-1.30%**

- EUR/USD saw a brief downtick early in yest's European session amidst negative contagion from GBP/USD, but quickly recovered it's poise on positive cross-flows.
- As a result, it rallied up to a high of 1.1075 to largely erase Mon's losses. There was also no immediate reaction to fresh Spanish political turmoil, after Spanish King Felipe VI announced that political parties failed to agree on a coalition govt which now sets the stage for a 4th election in 4yrs on 10 Nov.
- Offers around 1.1075/90 and 1.1110/20. Bids around 1.1043/50, 1.1035 and 1.1020.
- Deep disagreements within the Federal Reserve over the economic outlook and how the U.S. central bank should respond will not stop policymakers from cutting interest rates at a two-day meeting that begins on Tuesday.
- Option strikes between 1.1000/30 and 1.1100/15 should hold ahead of Fed.

Forex Market

POUND STERLING



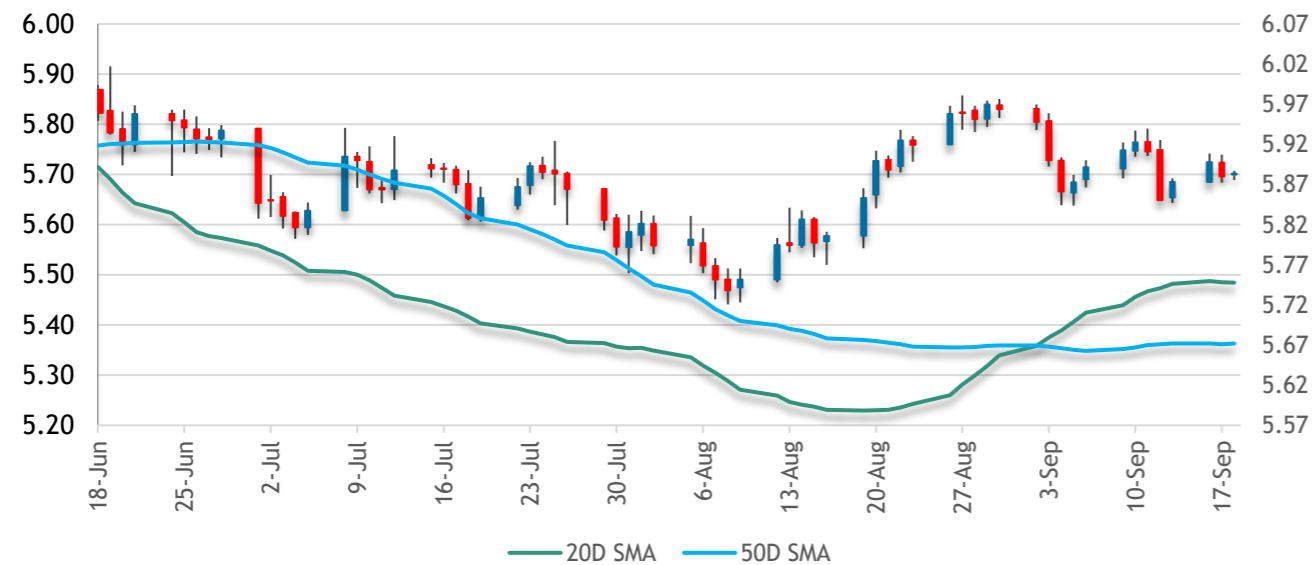
CLOSE
1.2500

1M %chg
2.89%

3M %chg
-0.26%

- GBP/USD saw a brief bout of selling early in yest's European session given the lack of progress on the Brexit front.
- It found support from it's 100H MA and subsequently staged a sharp rally after the NY Fed injected cash via a repo operation to calm money markets.
- In the process, it posted a 8wk high of 1.2527 before ending at 1.2500. Earlier today, it briefly ticked up to 1.2515 but has since been faded down to 1.2485 as leveraged specs position ahead of today's UK Aug CPI and FOMC decision.
- Broadly speaking, it's 100-day MA serves as resistance at 1.2501 while there's selling interest around 1.2509/25. Light bids around 1.2470, 1.2450 and 1.2425/30. Brexit debacle still has plenty of surprises in store as deadline looms. Significant issues to be resolved before any Brexit deal.

TURKISH LIRA



CLOSE
5.6962

1M %chg
2.13%

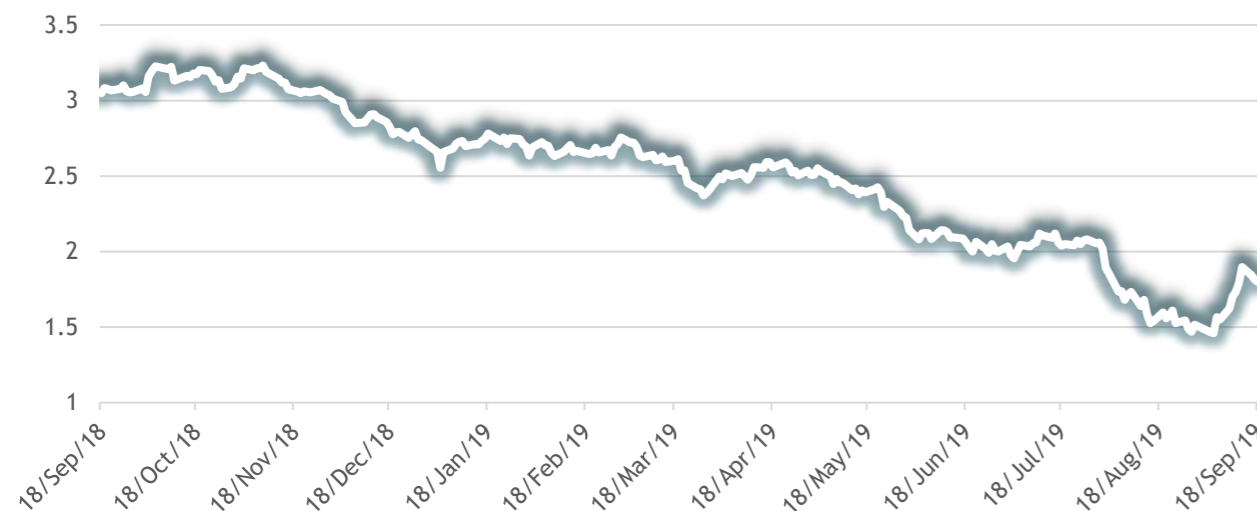
3M %chg
-2.94%

- Turkey's lira firmed on Tuesday, outperforming other emerging market currencies, after a Reuters report that Saudi Arabia's oil output will return to normal levels quicker than expected following the weekend attacks on its production facilities.
- The lira had weakened to as low as 5.7425 on Monday, the worst performing among emerging market peers. The attacks raised the spectre of a major supply shock in a market that in recent months has been preoccupied with demand concerns and faltering global growth. Oil surged as much as 20% at one point on Monday.
- On Tuesday, two sources told Reuters that Saudi Arabia's oil output will be fully back online in the next 2-3 weeks, and that Riyadh was close to restoring 70% of the 5.7 million barrels per day production lost after the attacks.

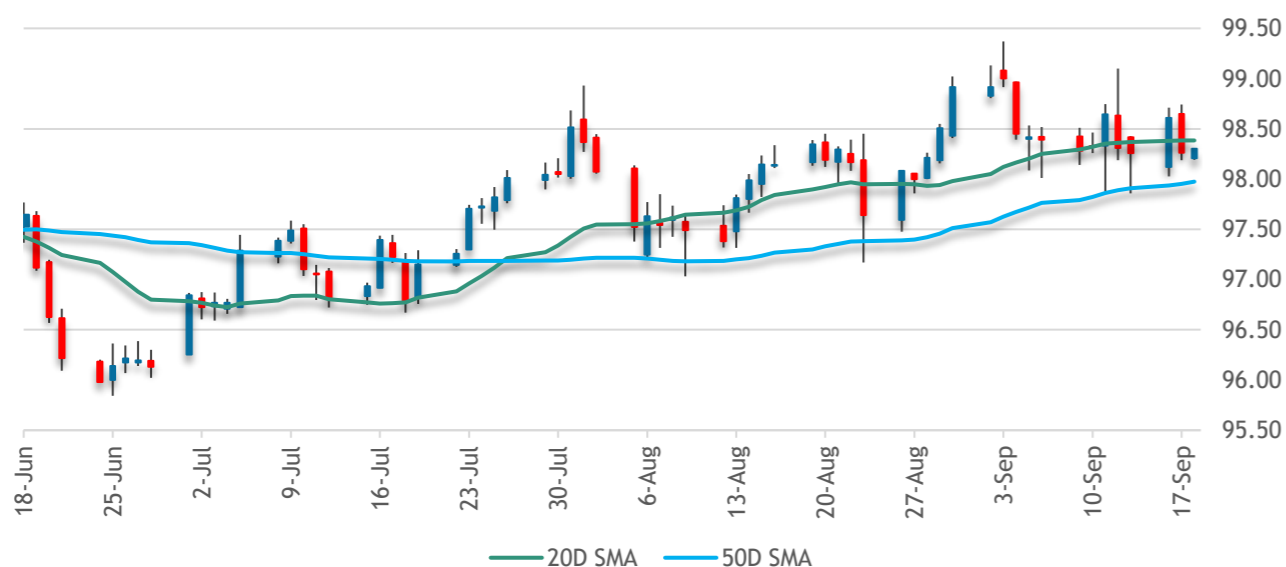
US Treasury & Dollar Index

10Y US-TREASURY

1 YR HISTORY OF YIELDS (BID)



DOLLAR INDEX



CLOSE
1.80

1M %chg
17.79%

3M %chg
-13.04%

- Gold prices were little changed on Wednesday amid cautious mood as investors awaited cues on the U.S. central bank's stance on monetary easing, while a drop in crude prices dented demand for safe-haven bullion.
- A risk-on sentiment in the market affects demand for bullion, often seen as an alternative investment during times of political and financial uncertainty.
- Spot gold was barely changed at \$1,502.70 per ounce, as of 0425 GMT. Gold is considered a hedge against inflation.
- MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.13%, while the dollar against a basket of other currencies was little changed at 98.28.
- The dollar traded near a seven-week high versus the yen as oil markets recovered from a supply shock, while global stocks stood little changed ahead of Fed's policy decisions.

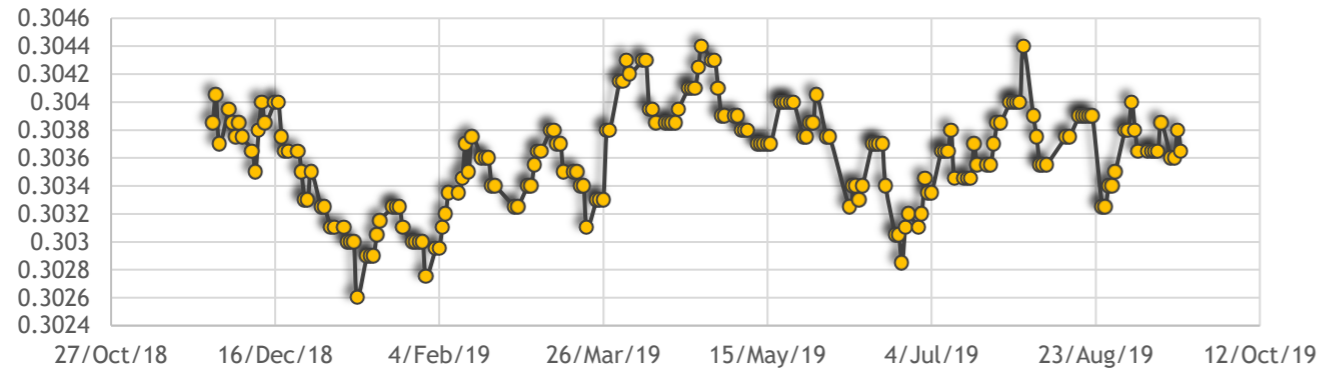
TODAY'S KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Construction Output MM*	EU	18/Sep 13:00	Jul	0.00	
HICP-X F, E, A, T Final MM	EU	18/Sep 13:00	Aug	0.20	0.2
HICP Final MM	EU	18/Sep 13:00	Aug	-0.5	0.2
CPI NSA*	GB	18/Sep 12:30	Aug	107.950	
Core CPI MM	GB	18/Sep 12:30	Aug	0.1	0.7
PPI Input Prices YY NSA	GB	18/Sep 12:30	Aug	1.3	-0.5
PPI Input Prices MM NSA	GB	18/Sep 12:30	Aug	0.9	-0.2
PPI Output Prices MM NSA	GB	18/Sep 12:30	Aug	0.3	0.2
RPI YY	GB	18/Sep 12:30	Aug	2.8	2.6
RPI Index	GB	18/Sep 12:30	Aug	289.5	
RPIX YY	GB	18/Sep 12:30	Aug	2.7	

Daily Market Report



KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0998	1.1074	1.0988	1.1071	0.65%
GBP	1.2435	1.2526	1.2389	1.25	0.58%
JPY	108.1	108.36	108.01	108.12	0.00%
TRY	5.7238	5.7397	5.6835	5.6962	-0.49%
Dollar Idx	98.649	98.744	98.186	98.261	-0.35%
Brent	68.15	69.26	63.55	64.55	-6.48%
WTC	-	-	-	59.26	-6.09%
Gold	1498.55	1507.0031	1493	1502.2	0.29%
KWSE Index	5633.44	5670.48	5571.66	5608.91	-0.42%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	1.81	3M	2.88
SW	2.38	6M	3.06
1M	2.63	1Y	3.31

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

0.30380

3M% CHG

0.03%

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	2.11	3M	2.15
SW	2.00	6M	2.08
1M	2.04	1Y	2.07
2M	2.12		

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	31/Jul/'19	2.25	1.50	0.75
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	12/Jul/'19	0.95	1.00	-0.05
TRY ON Lending Rate	12/Sep/'19	18.00	21.25	-3.25



KEY INTERNATIONAL STORIES

Saudi oil attacks came from southwest Iran, U.S. official says, raising tensions

-The United States believes the attacks that crippled Saudi Arabian oil facilities last weekend originated in southwestern Iran, a U.S. official told Reuters, an assessment that further increases tension in the Middle East.

-Three officials, said the attacks involved cruise missiles and drones, indicating that they involved a higher degree of complexity and sophistication than initially thought. Saudi Defence Ministry will hold a media conference on Wednesday that will show evidence of Iran's involvement in the Aramco attacks, including the use of Iranian weapons.

From oil shocks to funding strains, Fed confronts new complexities

-The Federal Reserve will conclude its latest policy meeting on Wednesday buffeted by conflicting economic data, under steady pressure from the White House for steep interest rate cuts, and confronted as well with an unexpected jump in overnight borrowing costs that may require action on its own.

-Despite divisions about whether a reduction in borrowing costs is needed, the U.S. central bank is widely expected on Wednesday to cut its key overnight lending rate by a quarter of a percentage point for the second time this year.

Oil steps back on Saudi supply reassurance, focus shifts to Fed

-Oil prices cooled on Wednesday as Saudi Arabia said full oil production would be restored by month's end while caution ahead of an expected U.S. interest rate cut kept wider financial markets in tight ranges.

-Saudi Energy Minister Prince Abdulaziz bin on Tuesday Salman sought to reassure markets, saying the kingdom would restore its lost oil production by month-end having recovered supplies to customers to the levels they were prior to weekend attacks.

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Trump says China trade deal could come before U.S. election, or not

-U.S. President Donald Trump said on Tuesday his administration could seal a deal on trade with China before the U.S. presidential election, or an agreement could be reached the day after U.S. voters go to the polls.

-Speaking to reporters aboard Air Force One as he traveled from New Mexico to California, Trump claimed that Beijing thinks he is going to win re-election, but that Chinese officials would prefer to deal with someone else. He said he had told China that if the deal comes after the Nov. 3, 2020 election, it would be on terms "far worse" for Beijing than it could achieve right now.

Top U.S. antitrust regulators admit to infighting on big tech probe

-The top U.S. antitrust regulators admitted at a congressional hearing on Tuesday that they had wasted time arguing over who would investigate which tech company, as they take on major probes of firms like Alphabet's Google for allegedly using their market power unfairly.

-The Justice Department's antitrust division chief, Makan Delrahim, acknowledged instances where officials' time "is wasted on those kinds of squabbles." The Justice Department later said it was opening a probe of online platforms. This led some industry observers to question whether the two investigations would overlap.

British PM could recall parliament if suspension ruled unlawful

-Boris Johnson could recall parliament if Britain's highest court rules he unlawfully suspended it, a government lawyer said on Tuesday, after judges heard the prime minister wanted a shutdown because it was an obstacle to his Brexit plans.

-Johnson announced on Aug. 28 that he had asked Queen Elizabeth to prorogue, or suspend, parliament for five weeks from last week until Oct. 14. He said the shutdown was necessary to allow him to introduce a new legislative agenda.