



بيت التمويل الكويتي  
Kuwait Finance House



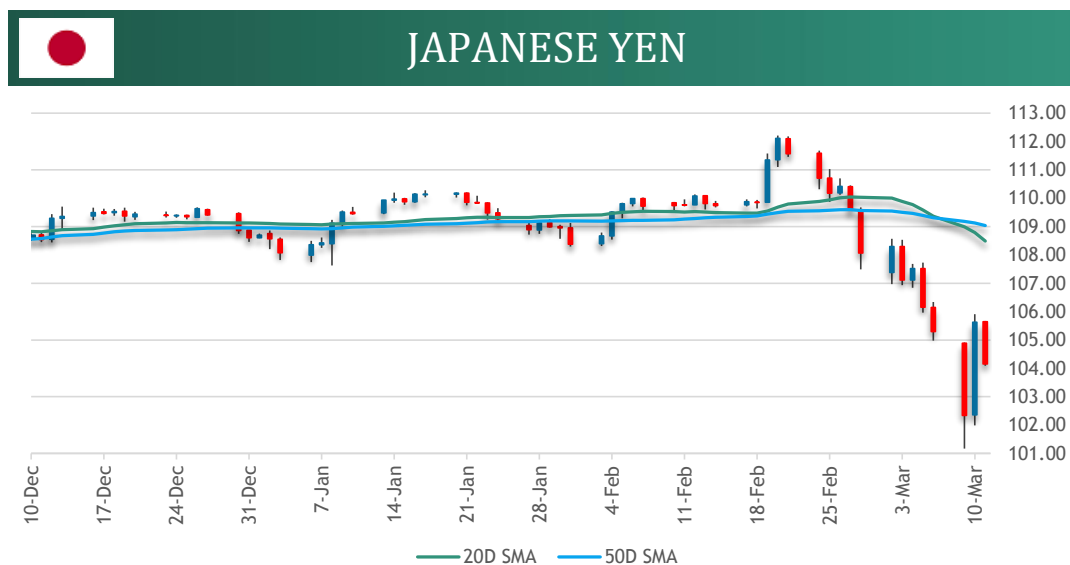
# Market Commentary

## KFH Treasury



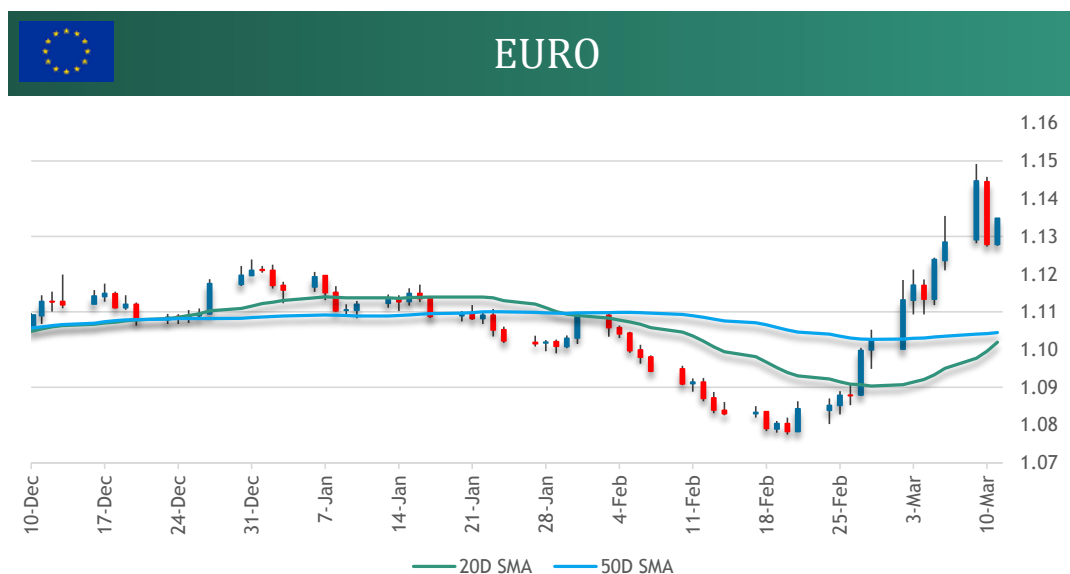
*Report produced on*  
**Wed, 11-Mar-2020**

# Forex Market



CLOSE **105.63** 1M %chg **-3.75%** 3M %chg **-2.82%**

- USD/JPY rallied o/n to a high of 105.92 amidst expectations of US fiscal stimulus. Now eased back down to an interim low of 104.66 amidst leveraged selling.
- This comes as S&P500 e-minis and UST yields tumble after President Trump didn't unveil the fiscal package as planned yesterday, while there's also concerns over whether US lawmakers will agree to the mooted payroll tax holiday.
- Japan is rolling out additional fiscal stimulus, but the net amount isn't big enough to excite the markets.
- USD/JPY sellers were wary of potential MOF intervention as pair approaches 100. JPY implied volatility is elevated, with 1- and 2-week vol above 20, compared with 5 vols in early February. Risk reversals were skewed to downside protection, priced near 2008 highs.
- There is perceived divergence between Fed/BOJ policy.

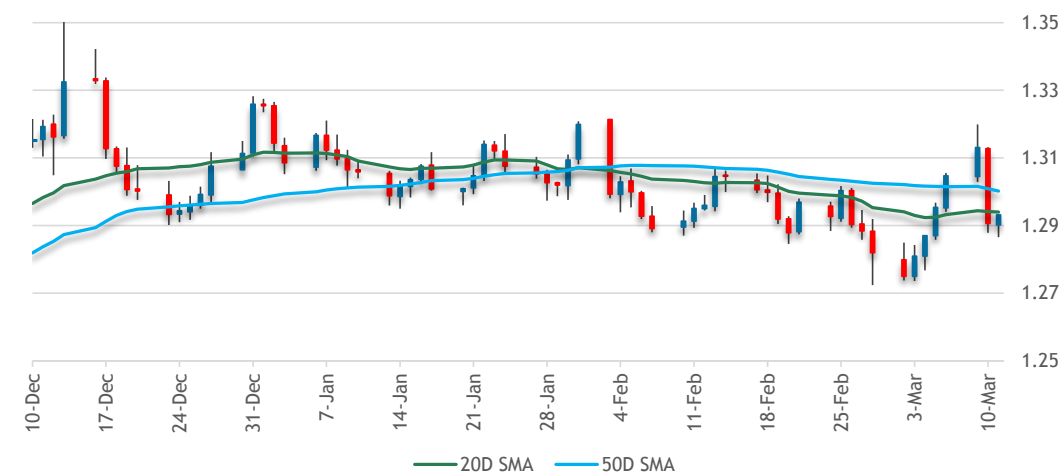


CLOSE **1.1279** 1M %chg **3.39%** 3M %chg **1.69%**

- EUR/USD longs took some profits, helping the pair dip below 1.1300. The dollar maintained its bounce in U.S. trade after the overnight boost on reports President Trump would provide fiscal stimulus, starting with a payroll tax cut. After some backing and filling within positive territory, the dollar index =USD remained 0.8% higher in late NorAm with risk generally holding firmer, though UST yields and equities were off earlier highs.
- EUR/USD opened 1.1280 and traded in a 1.1275/1.1328 range
- Heading into the afternoon it was 0.35% higher around 1.1320
- EUR/USD supported by 2% fall in S&P futures & 8 BP fall in US 10-year yield
- Risk-off due to lack of details on US stimulus plan to offset coronavirus
- Despite yesterday's fall it is too soon to call a top in EUR/USD at 1.1500. Support at 38.2 of 1.0778/1.1495 move at 1.1223 & 10-day MA at 1.1200

# Forex Market

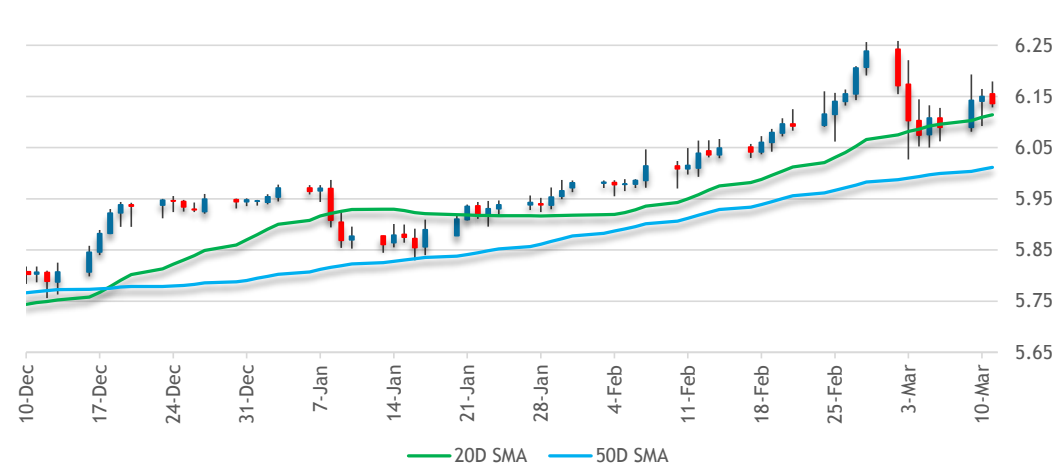
## POUND STERLING



CLOSE **1.2906** 1M %chg **-0.05%** 3M %chg **-1.89%**

- GBP/USD-Busy early, neutral setup into pivotal budget. GBP was busy early, then quiet as Asia fully opened - 1.2855-1.2920 range.
- Charts - neutral momentum studies, 5, 10 & 21 DMAs are net negative. Cable at familiar levels with the 21 DMA a magnet in 2020, today at 1.2938. 21 day Bollinger bands are a very good indicator of an over stretched market. Upper band pierced this week, but again resilient in the bigger picture
- Yesterday GBP/USD fell to lowest level since Thursday pre-UK budget.
- GBP continues to suffer on BoE cut conjecture, with cable down to 1.2913
- Speculation that BoE might cut rates as early as Wednesday, UK budget day
- GBP might recoup some losses if BoE does not cut rates alongside UK budget. The pound rallied on March 4 when a BoE cut rumour proved wide-of-the-mark

## TURKISH LIRA



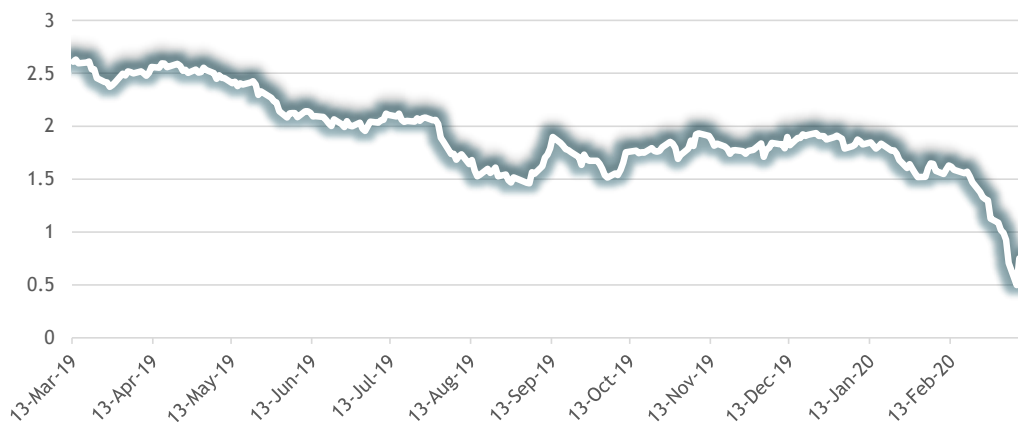
CLOSE **6.1499** 1M %chg **2.35%** 3M %chg **5.98%**

- The lira TRYTOM=D3 stood at 6.1405 against the dollar at 0503 GMT, firming from a close of 6.1575 on Tuesday.
- The yield on the benchmark 10-year bond TR10YT=RR fell to 11.56% on Tuesday from 11.90% on Monday. The main BIST 100 share index .XU100 fell 2.38% on Tuesday to 101,062.51 points.
- The Turkish Central Bank will announce current account data for January (0700 GMT). It is expected to show a deficit of \$2.5 billion, a Reuters poll showed on Tuesday, after economic growth picked up pace in the last quarter of 2019.
- President Tayyip Erdogan will make a speech to lawmakers from his AK Party in parliament (0800 GMT). He will then speak at a meeting of AKP provincial officials at party headquarters (1100 GMT).

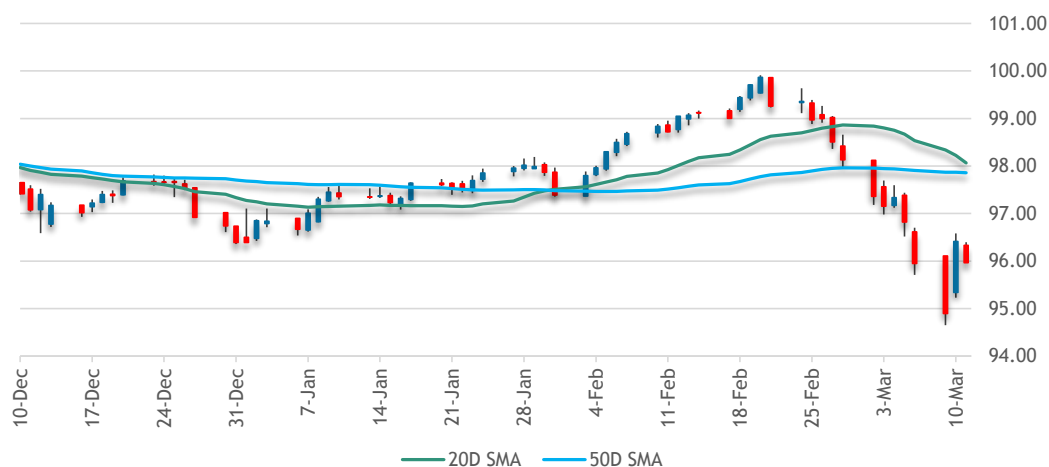
# US Treasury & Dollar Index

## 10Y US-TREASURY

1 YR HISTORY OF YIELDS (BID)



## DOLLAR INDEX



CLOSE 1M %chg 3M %chg

**0.66** **-51.39%** **-58.93%**

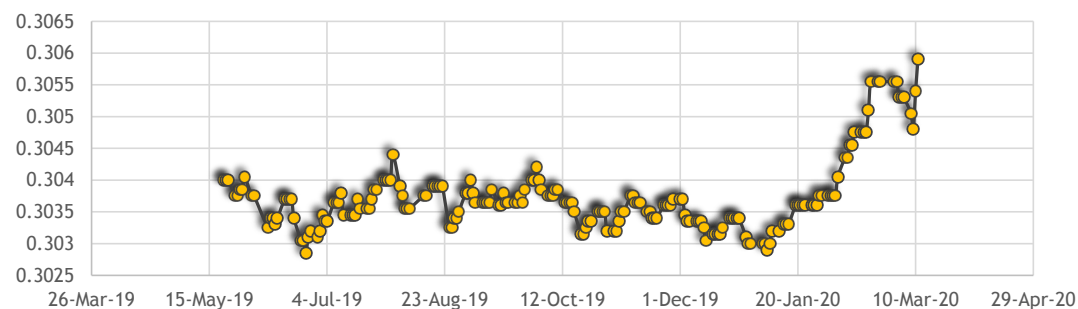
- European shares rose and bond yields increased from record lows on stimulus hopes while the dollar .DXY firmed against rivals. However, investors remained cautious as total global infections touched 111,600 by Monday.
- Apart from the virus-led uncertainty, the global implications of the oil price war would also support gold in the near term, said FXTM market analyst Han Tan. "I wouldn't be surprised if gold makes another run for \$1,700 ... triggered by further signs of the outbreak worsening or as we get confirmation in hard data that major economies are wilting under the weight of this outbreak."
- Investors are now focused on a European Central Bank policy meeting on Thursday, where it is expected to follow the U.S. Federal Reserve by easing interest rates. Markets are also expecting another cut at the Fed's March 18 meeting.

### TODAY'S KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Construction O/P Vol MM	GB	11-Mar 13:30	Jan	0.4	0.0
Construction O/P Vol YY	GB	11-Mar 13:30	Jan	5.0	2.4
GDP Est 3M/3M*	GB	11-Mar 13:30	Jan	0.0	0.1
GDP Estimate MM	GB	11-Mar 13:30	Jan	0.3	0.2
GDP Estimate YY	GB	11-Mar 13:30	Jan	1.2	0.9
Industrial Output MM	GB	11-Mar 13:30	Jan	0.1	0.3
Industrial Output YY	GB	11-Mar 13:30	Jan	-1.8	-2.6
Manufacturing Output MM	GB	11-Mar 13:30	Jan	0.3	0.2
Manufacturing Output YY	GB	11-Mar 13:30	Jan	-2.5	-3.5
MBA 30-Yr Mortgage Rate	US	11-Mar 15:00	w/e	3.57	
Mortgage Market Index	US	11-Mar 15:00	w/e	754.1	

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1445	1.1458	1.1273	1.1279	-1.47%
GBP	1.3128	1.3132	1.2879	1.2906	-1.71%
JPY	102.36	105.91	101.99	105.63	3.21%
TRY	6.1409	6.1649	6.092	6.1499	0.13%
Dollar Idx	95.339	96.582	95.226	96.414	1.60%
Brent	35.84	38.22	35	37.22	8.32%
WTC	-	-	-	34.47	11.01%
Gold	1678.6	1680.06	1641.81	1649.0699	-1.82%
KWSE Index	5064.34	5180.03	4808.3	4854.43	0.10%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	1.56	3M	2.50
SW	1.94	6M	2.75
1M	2.25	1Y	3.00

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

**0.30540**

**0.68%**

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	04-Mar-'20	2.00	2.00	0.00
1W Repo Rate	04-Mar-'20	2.25	2.25	0.00
1M Repo Rate	04-Mar-'20	2.75	2.75	0.00
KWD ON Rate	04-Mar-'20	10.00	10.00	0.00
Discount Rate	04-Mar-'20	2.50	2.75	-0.25

## LIBOR RATES

Tenor	Value	Tenor	Value
ON	1.08	3M	0.77
SW	1.07	6M	0.74
1M	0.72	1Y	0.74
2M	0.71		

## OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	03-Mar-'20	1.25	0.75	0.50
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	19-Feb-'20	12.25	12.75	-0.50

# Global Top News

## KEY INTERNATIONAL STORIES

### Stocks fall as U.S. virus response disappoints investors - Reuters News

- Asian shares and Wall Street futures fell on Wednesday as growing scepticism about Washington's stimulus package to fight the coronavirus outbreak knocked the steam out of an earlier rally.
- Markets had been recovering from a brutal global selloff on Monday that was triggered by the double shock of an oil price crash and the worsening outbreak.
- Those gains looked short-lived in early Asian trade, with U.S. stock futures ESc1 falling 2.2%, Australian shares .AXJO were down 2.02%, while Nikkei slid 1.28%.

### In crushing blow to Bernie Sanders, Joe Biden scores big Michigan win - Reuters News

- Joe Biden rolled to commanding victories in pivotal Michigan and two other states on Tuesday, taking a big step toward the Democratic Party's presidential nomination and dealing a stinging blow to rival Bernie Sanders' fading White House bid.
- The sweeping wins on Tuesday put Biden, 77, on a path to the nomination to face Trump in the Nov. 3 election, while narrowing the path for Sanders, 78, who had hoped for an upset win in Michigan to keep his White House hopes alive.

### China eases curbs as coronavirus infections retreat, imported cases tick up - Reuters

- More places in China lowered emergency response levels to the coronavirus epidemic and relaxed travel restrictions a day after President Xi Jinping visited the epicentre of the outbreak, signalling authorities were turning the tide.
- The most encouraging trend to be taken from the latest infection figures, was lower rate of transmission within communities in China as 10 of Tuesday's 24 new cases involved people travelling from abroad.

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### Energy, service sectors brace for debt restructuring wave - Reuters News

- Plunging oil prices and the economic fallout from the global coronavirus outbreak are setting the stage for a potential wave of debt restructurings and bankruptcies, especially in the energy and services sectors, according to company advisers and analysts.
- Oil prices dropped by a third over the weekend after Saudi Arabia discounted its crude and signaled it would raise output.
- Credit investors pulled money out of the riskiest energy bonds, widening the spread of U.S. junk-rated energy debt over safer Treasuries to the highest since March 2016.

### Jordan bars entry from West Bank, Israel, Iraq, Egypt due to coronavirus - Reuters News

- Jordan on Tuesday closed border crossings with Israel and the Israeli-occupied West Bank and its seaports to shipping from Egypt as well as barred overland passenger traffic from Iraq to protect the kingdom from coronavirus, the health minister said.
- The government has also banned travel to Lebanon and Syria and from Monday will bar entry to travelers from France, Germany and Spain, Saad Jaber told a news conference.
- Jordan announced earlier this month that a man who had arrived on a flight from Italy had tested positive for coronavirus, the first case confirmed in the country.

### MIDEAST STOCKS-Gulf stocks close higher as oil rebounds - Reuters News

- Middle Eastern stocks ended higher on Tuesday, recovering from record falls a day earlier, as oil prices rebounded on hopes of a global economic stimulus and Russia signalled possible cooperation with OPEC.
- Brent futures .LCOc1 rose 10% by 1041 GMT, a day after it slumped 25% as Saudi Arabia slashed crude prices for April and planned output hikes after Russia refused to support deeper oil production cuts.