



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

KFH Treasury



Report produced on
Sun, 24-Jan-2021

Forex Market

JAPANESE YEN



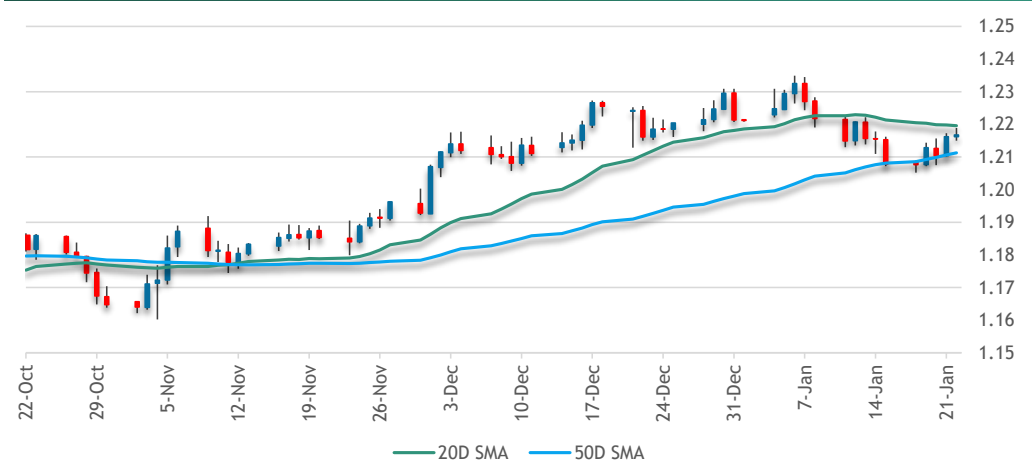
CLOSE **103.77** 1M %chg **0.14%** 3M %chg **-1.00%**

USD/JPY-Rides risk-off dollar bounce, but pandemic downtrend intact - Reuters

22-Jan-2021 11:30:51 PM

- *USD/JPY extends bounce of Thur's 103.33 ABC base, but key down TL above
- *Advance driven by risk-off repatriation into the dollar, Treasurys
- *103.885 EBS high capped ahead 55-DMA, Jan. 20 hi & cloud base @103.94-97
- *Much more important hurdle is the pandemic down TL at 104.06
- *Biggest net short since 2016 only at risk of squeeze if that TL's hurdled
- *Above-forecast U.S. PMIs and existing home sales helped real Tsy yields
- *Vols not tipping major moves, risk reversals complacent on downside risk
- *Deeper Japan deflation keeping real JGB yields positive, limits yen slips

EURO



CLOSE **1.2167** 1M %chg **0.05%** 3M %chg **2.97%**

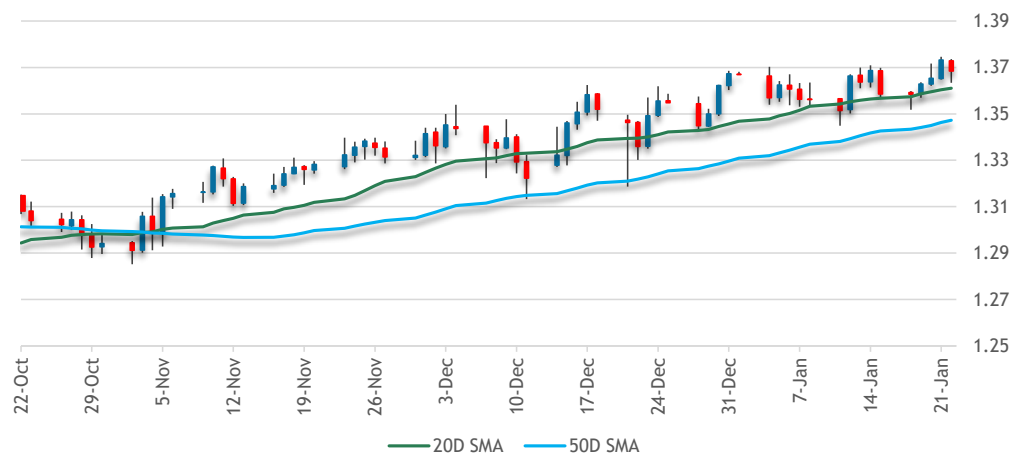
EUR/USD-Into the weekend bulls halt near the 21-DMA - Reuters

22-Jan-2021 10:42:20 PM

- *EUR/USD rallies in Europe's am but stalls short of the 21-DMA
- *EZ PMI, drop in equities & oil, US\$ bid drive pair down
- *NY opens near 1.2175, slide extends to 1.21545 (EBS) but bounce ensues
- *US\$ bid fades, 1.2185 trades but pair slips near 1.2165 late in the day
- *Daily, monthly dojis suggest indecisive, RSI signals are mixed
- *EUR/USD investors should focus on US\$ risks

Forex Market

POUND STERLING



CLOSE
1.3684

1M %chg
2.43%

3M %chg
4.61%

Sterling bulls take a breather above 1.37, again; RS, PMI misses tipped - Reuters

22-Jan-2021 10:25:13 PM

*GBP/USD off early NorAm low, ends NY -0.43% at 1.3675; NY range 1.3685-36

*UK RS, PMI misses pushes GBP below 1.37, again; though pullback shallow

*Sterling relinquishes 1.3700 again after disappointing UK data

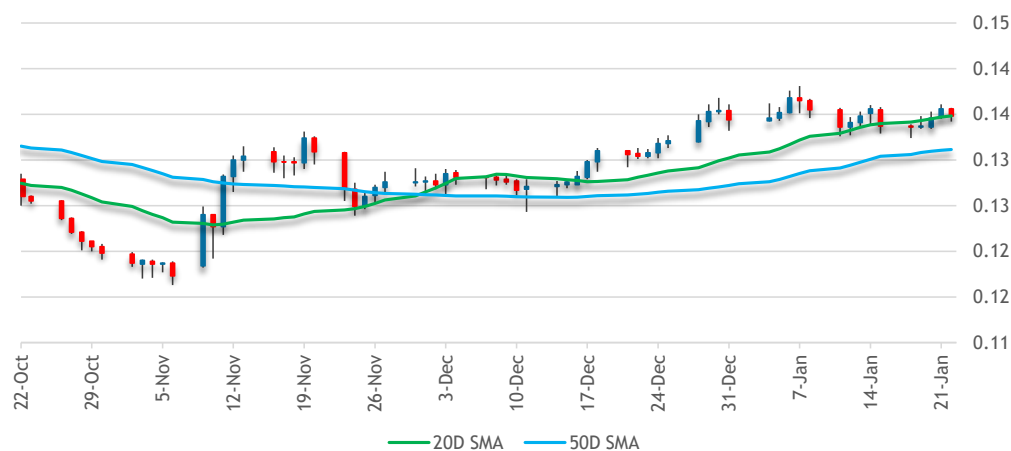
*Despite upbeat post-Brexit tones, COVID, lockdowns a headwind for GBP gains

*Resistance at 1.3745 Thurs high, 1.3774 upper 30-day/wk Bolli area

*Supt 10-DMA 1.3639, Jan 18 low 1.3522; bears gain control sub-1.3468 50% Fib

*EUR/GBP ends NY +0.37% at 0.8894, Fri range 0.8918-0.8865; sterling unwinds after weak *RS/PMI releases

TURKISH LIRA



CLOSE
0.1348

1M %chg
3.37%

3M %chg
6.98%

Turkish lira's near miss yet cause for hope - Reuters

22-Jan-2021 01:08:24 PM

*USD/TRY failed to close below 200-DMA yesterday

*200-DMA 7.3636, pair closed 7.3700

*Bounce since has been minimal. Further tests 200-DMA likely

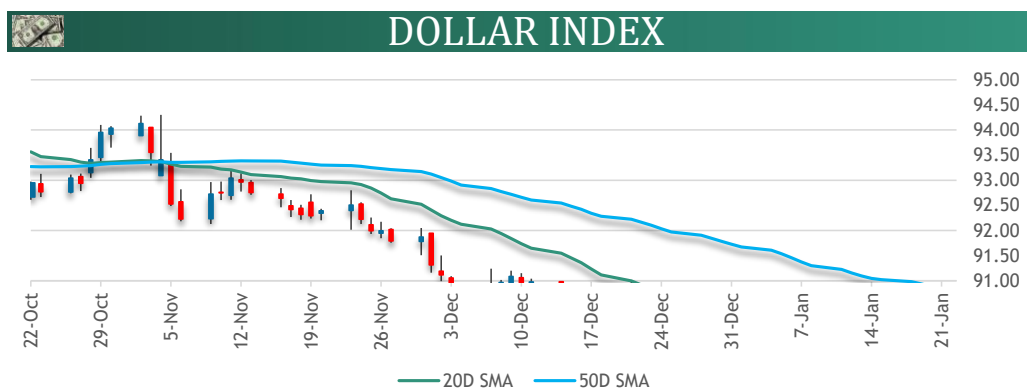
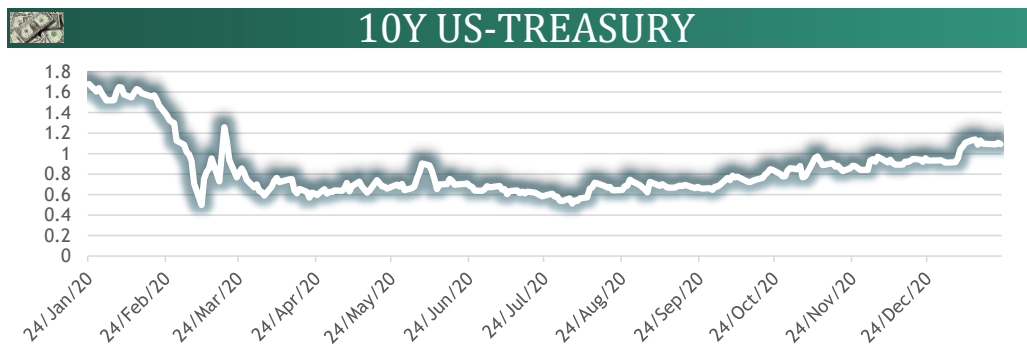
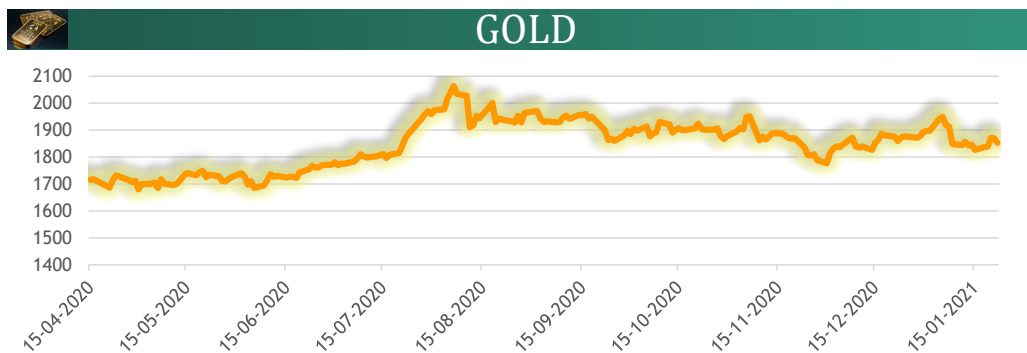
*Big difference for TRY since Nov's failure at 100-DMA

*That failure was followed by a big USD/TRY rally

*Rise since first 200-DMA test is small in comparison

*Stimulus fuelled risk rally will support TRY

Gold, US Treasury & Dollar Index



US 10YT YIELD

1.09

1M %chg

18.85%

3M %chg

28.66%

Gold falls more than 1% on firm dollar but on course for weekly gain

22-Jan-2021 11:10:00 PM

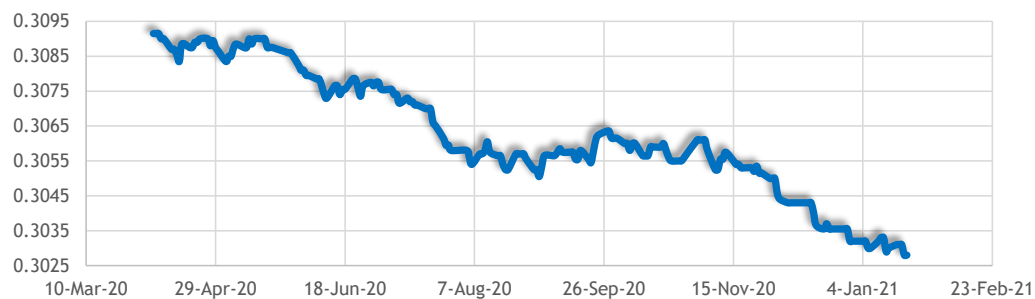
Gold prices fell more than 1% on Friday as a broader market sell-off weighed on the metal along with a firm dollar, while hopes for further stimulus from the U.S. put bullion on track for its first weekly gain in three. Spot gold XAU= fell 0.8% to \$1,855.23 per ounce by 1:42 p.m. EST (1842 GMT), retreating from a two-week high hit on Thursday. The metal was up 1.5% so far this week. U.S. gold futures GCv1 settled down 0.5% to \$1,856.20. Elsewhere, platinum XPT= fell 2.5%, to \$1,098.70 an ounce, having hit its highest since August 2016 on Thursday. It was set to post its second consecutive weekly gain, up 2.3%. Silver XAG= fell 1.8% to \$25.47 an ounce, but was up 2.9% so far this week. Palladium XPD= eased 0.3% to \$2,356.29.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Service PPI	JP	25-Jan 03:50	Dec	-0.6	
Chain Store Sales YY*	JP	25-Jan 13:45	Dec	1.2	
Dallas Fed Mfg Bus Idx*	US	25-Jan 19:30	Jan	9.70	
Claimant Count Unem Chng*	GB	26-Jan 11:00	Dec	64.3	
CBI Distributive Trades	GB	26-Jan 15:00	Jan	-3	
Steel Production*	GB	26-Jan 16:00	Dec	702.20	
Redbook MM *	US	26-Jan 17:55	w/e	-2.5	
Redbook YY *	US	26-Jan 17:55	w/e	2.2	
Monthly Home Price Index*	US	26-Jan 18:00	Nov	307.0	
CaseShiller 20 MM SA	US	26-Jan 18:00	Nov	1.6	1.1
CaseShiller 20 YY	US	26-Jan 18:00	Nov	7.9	8.1

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.2104	1.2173	1.2101	1.2167	0.48%
GBP	1.3652	1.3746	1.3648	1.3684	-0.35%
JPY	103.52	103.66	103.31	103.77	0.28%
TRY	0.1347	0.1361	0.1345	0.1348	-0.59%
Dollar Idx	90.418	90.452	90.048	90.238	0.12%
Brent	55.82	56.24	55.49	55.41	-1.23%
WTC	-	-	-	52.28	-1.36%
Gold	1870.07	1874.86	1857.4	1852.55	-0.93%
KWSE Index	5683.1	5689.41	5678.12	5687.17	0.11%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	0.63	3M	1.44
SW	0.94	6M	1.69
1M	1.19	1Y	1.94

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30280

-0.88%

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	28-Oct-'20	0.88	1.00	-0.13
1W Repo Rate	28-Oct-'20	1.13	1.25	-0.13
1M Repo Rate	28-Oct-'20	1.63	1.75	-0.13
KWD ON Rate	28-Oct-'20	10.00	10.00	0.00
Discount Rate	28-Oct-'20	1.50	1.50	0.00

LIBOR RATES

Tenor	Value	Tenor	Value
ON	0.09	3M	0.22
SW	0.10	6M	0.24
1M	0.12	1Y	0.31
2M	0.16		

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	15-Mar-'20	0.25	0.25	0.00
ECB Refinancing Rate	10-Mar-'16	0.00	0.05	-0.05
BOE Bank Rate	19-Mar-'20	0.10	0.25	-0.15
BOJ Prime Rate	12-Aug-'20	1.00	1.05	-0.05
TRY ON Lending Rate	24-Dec-'20	18.50	16.50	2.00



KEY INTERNATIONAL STORIES

U.S. factory activity near 14-year high; home sales rise in December

WASHINGTON, Jan 22 (Reuters) - U.S. manufacturing activity surged to its highest level in nearly 14 years in early January, but bottlenecks in the supply chain caused by the COVID-19 pandemic are driving up prices and signaling a rise in inflation in the months ahead. Data firm IHS Markit said its flash U.S. manufacturing PMI accelerated to a reading of 59.1 in the first half of this month, the highest since May 2007, from 57.1 in December. Economists had forecast the index would slip to 56.5 in early January. A reading above 50 indicates growth in manufacturing, which accounts for 11.9% of the U.S. economy.

Euro zone business activity shrinks in January as lockdowns hit services

LONDON, Jan 22 (Reuters) - Economic activity in the euro zone shrank markedly in January as stringent lockdowns to contain the coronavirus pandemic hit the bloc's dominant service industry hard. IHS Markit's flash composite purchasing managers' index (PMI) for the euro zone, seen as a good guide to economic health, fell further below the 50 mark separating growth from contraction to 47.5 in January from December's 49.1. A PMI covering the euro zone's dominant service industry dropped to 45.0 from 46.4, exceeding expectations in a Reuters poll that had predicted a steeper fall to 44.5.

Muted recovery for UK retailers in December ends worst year on record

LONDON, Jan 22 (Reuters) - British retailers struggled to recover in December from a partial coronavirus lockdown the previous month, marking a weak end to their worst year on record, while public debt has climbed to its highest since 1962, official data showed on Friday. Britain's Office for National Statistics said retail sales volumes rose 0.3% in December, far less than economists' forecasts in a Reuters poll for a 1.2% increase, leaving them just 2.9% higher than a year earlier. For 2020 as a whole, retail sales were down 1.9%, the biggest calendar-year fall since these records began in 1996.

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Canadian retail sales jump in November, but December looks gloomier

OTTAWA, Jan 22 (Reuters) - Canadian retail sales jumped by much more than expected in November, but preliminary figures for December suggest a sharp drop as novel coronavirus restrictions were re-imposed, Statistics Canada said on Friday. Food and drink sales rose by 5.9% and helped push overall retail trade up by 1.3%, its seventh consecutive monthly gain and significantly greater than the 0.1% increase predicted by analysts in a Reuters poll. Overall November sales were up in 7 of 11 sub-sectors, representing 53.4% of retail trade, while in volume terms, retail sales rose 1.2%.

Japan's consumer prices fall at decade-fast pace, add to deflation fears

TOKYO, Jan 22 (Reuters) - Japan's core consumer prices slumped in December at the fastest annual pace in a decade, a sign of intensifying deflationary pressures that sharpen the case for the central bank to come up with better ways to combat the deepening impact of the COVID-19 pandemic. The nationwide core CPI, which includes oil but excludes fresh food costs, fell 1.0% in December from a year earlier, government data showed, slightly less than a median market forecast for a 1.1% drop. When stripping away the effect of fresh food, energy and the impact of the government's travel discount campaign, consumer prices rose 0.1% in December.

Oil falls on China's COVID-19 cases, high crude build

NEW YORK, Jan 22 (Reuters) - Oil prices settled lower on Friday, weighed down by a build in U.S. crude inventories and worries that new pandemic restrictions in China will curb fuel demand in the world's biggest oil importer. Brent crude LCOc1 futures fell 69 cents to settle at \$55.41 a barrel, for a 0.4% change on the week. U.S. West Texas Intermediate (WTI) crude CLc1 futures fell 86 cents, or 1.6%, settling at \$52.27, nearly unchanged from the beginning of the week. Overall U.S. crude inventories surprisingly rose by 4.4 million barrels in the most recent week, versus expectations for a draw of 1.2 million barrels.