



بيت التمويل الكويتي  
Kuwait Finance House



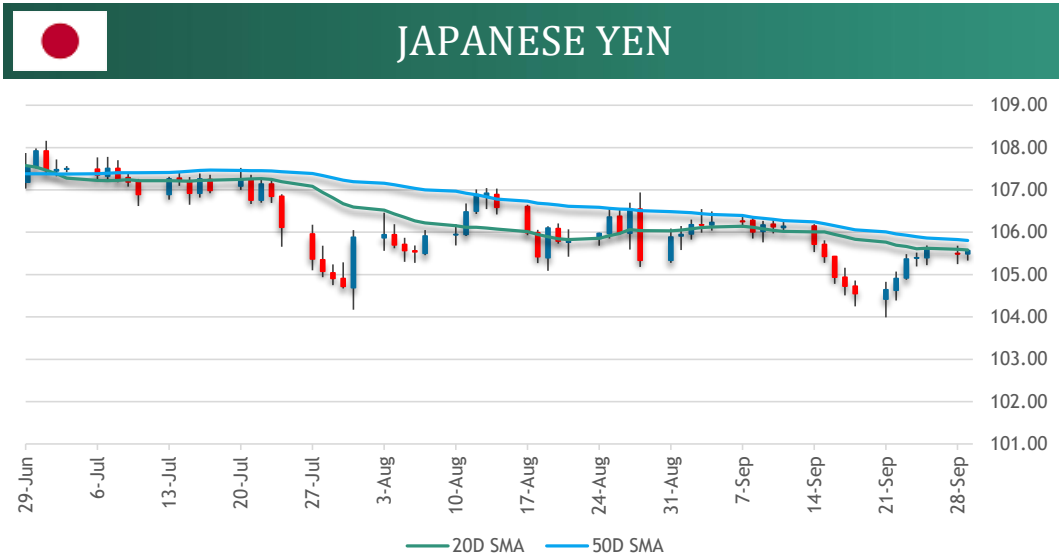
# Market Commentary

## KFH Treasury



Report produced on  
**Tue, 29-Sep-2020**

# Forex Market



CLOSE  
**105.49**

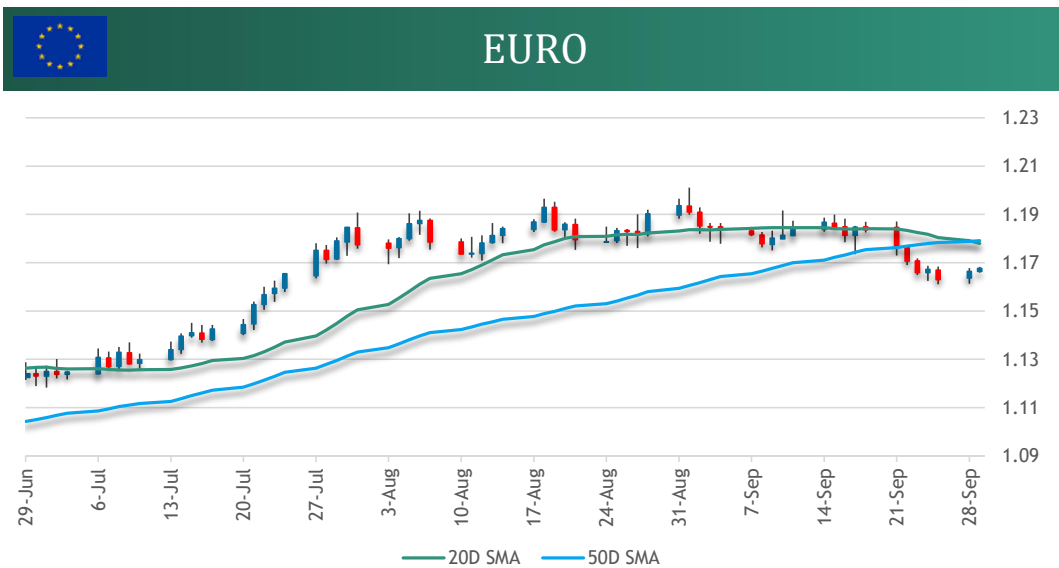
1M %chg  
**0.14%**

3M %chg  
**-1.60%**

### USD/JPY, JPY crosses in limbo pending US Pres debate - Reuters

29-Sep-2020 07:17:05 AM

- \* USD/JPY in limbo in Asia, 105.35-55 EBS ahead of US presidential debate
- \* JPY crosses in stasis too, EUR/JPY 123.05-16 EBS, AUD/JPY buoyant, 74.55-81
- \* USD/JPY upside limited, 105.70+ cap, plenty offers ahead of 106.00
- \* Downside limited too, massive option expiries today/tom help
- \* Sell-rally strategies still in play, bias to remain down
- \* US yields neutral, Treasury 10s @0.659%, Nikkei -0.3% @23,433
- \* EUR/JPY more buoyant today but bias also down on ECB EUR view



CLOSE  
**1.1664**

1M %chg  
**-2.01%**

3M %chg  
**3.99%**

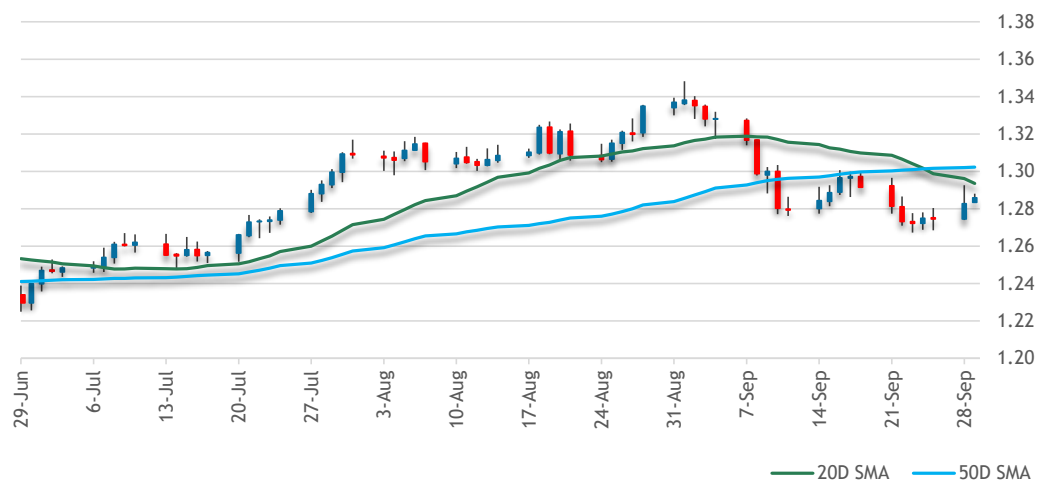
### EUR/USD-Firms as US aid bill hopes boost risk - Reuters News

29-Sep-2020 08:03:12 AM

- \* EUR/USD opened 0.29% higher at 1.1665 and moved up to 1.1684 in early Asia
- \* Sellers ahead of 1.1700 capped and it settled at 1.1675 into the afternoon
- \* Risk assets were firm on US aid bill hopes and USD was broadly heavy
- \* A break above 1.1700 targets the 10-day MA at 1.1728
- \* Support is at the 50% of 1.1167/1.2014 move at 1.1591
- \* Market focus now switches to Trump-Biden debate

# Forex Market

## POUND STERLING



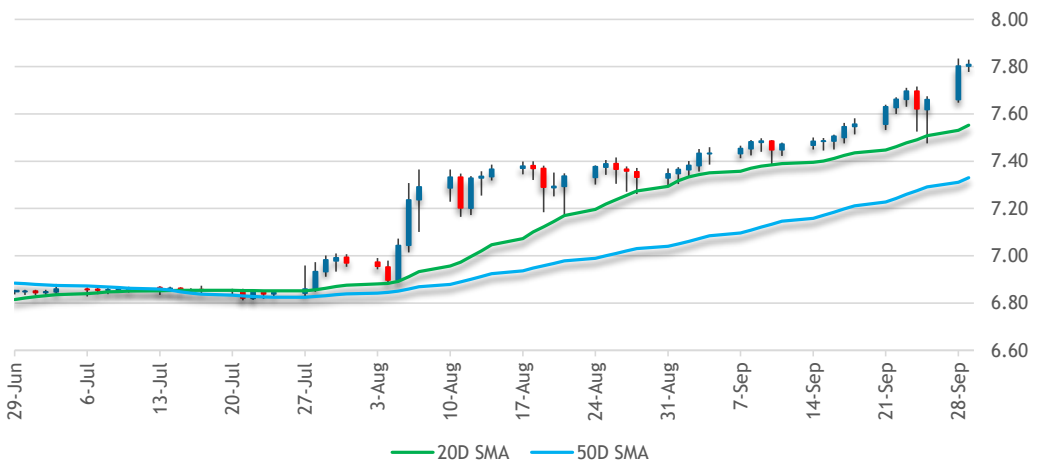
|               |               |              |
|---------------|---------------|--------------|
| CLOSE         | 1M %chg       | 3M %chg      |
| <b>1.2827</b> | <b>-3.91%</b> | <b>4.01%</b> |

### GBP/USD-Pound gets early short-covering flurry, but risks linger - Reuters

28-Sep-2020 10:49:25 PM

- \* Oversold sterling sees mini-short-squeeze above Friday's 1.2805 high
- \* 1.2803 was 38.2% Fibo of the Sep. 16-23 drop, buy stops run above it
- \* Rise aided by dollar's risk-on drop, but 76.4% Fibo caps at 1.2930
- \* Prices back near the 10-DMA at 1.2835 as risks weighed
- \* Sep trend lows caught by 100-, 200-DMAs, 38.2% of March-September rise
- \* Yet to be seen if GBP bounce just period-end profit-taking
- \* Also inconsistencies from BOE regarding negative rates
- \* Pound tightly linked to S&Ps, closes above 50-DMA there looks pivotal
- \* EUR/GBP rebounds from 50% Fibo of September's rise & 100-DMA

## TURKISH LIRA



|               |              |               |
|---------------|--------------|---------------|
| CLOSE         | 1M %chg      | 3M %chg       |
| <b>7.8024</b> | <b>6.40%</b> | <b>13.89%</b> |

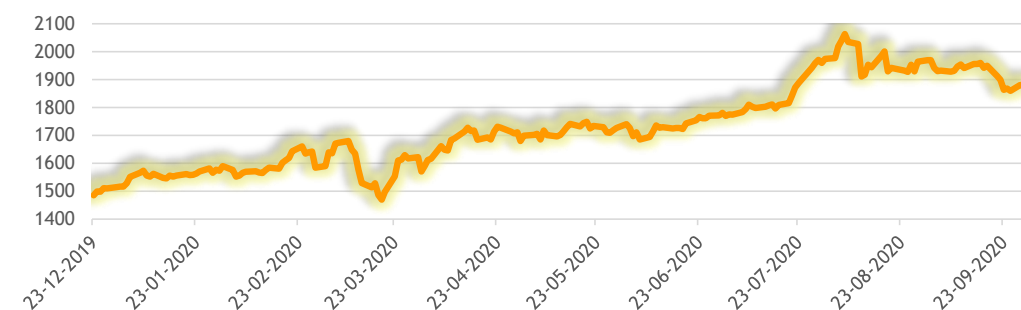
### Turkish lira skids to new lows as Caucasus clashes weigh

28-Sep-2020 04:42:00 PM

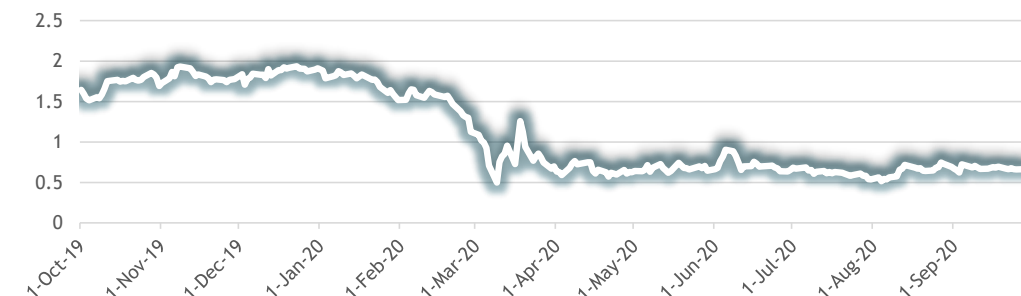
ISTANBUL, Sept 28 (Reuters) - The lira skidded to record lows against the dollar, euro and pound on Monday amid concern that Turkey could get more involved in a fast-escalating conflict in the Caucasus, despite last week's surprise rate hike meant to support the currency. The Turkish lira EURTRY= slid 2% against the dollar and was on track for its worst day since early August, when the latest bout of selling began hitting the currency that has shed half its value in less than three years. The selloff erased a rally late last week when Turkey's central bank unexpectedly hiked interest rates by 200 basis points to 10.25%, tightening policy for the first time in two years to stabilize the lira and address inflation.

# Gold, US Treasury & Dollar Index

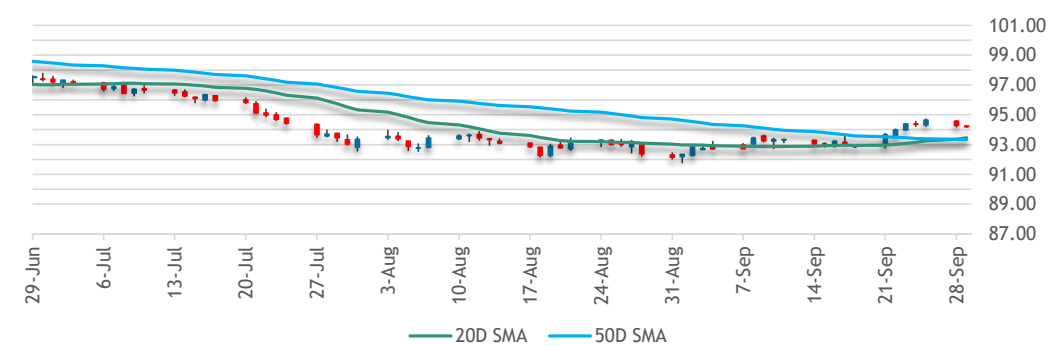
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

**0.66**

1M %chg

**-9.05%**

3M %chg

**3.92%**

### Gold edges higher on dollar retreat, eyes on Trump-Biden debate

29-Sep-2020 05:29:00 AM

Sept 29 (Reuters) - Gold edged higher on Tuesday buoyed by a softer dollar, with investors focusing on the first U.S. presidential debate and progress on a new U.S. stimulus bill. Spot gold XAU= rose 0.15% to \$1,883.69 per ounce by 0058 GMT. Prices rose 1.1% in the previous session, its biggest one-day gain since late August. U.S. gold futures GCv1 were up 0.4% at \$1,889.70. The dollar index .DXY was down 0.1% against rivals, having recorded its biggest daily percentage drop in a month on Monday. Holdings in SPDR Gold Trust GLD, the world's largest gold-backed exchange-traded fund, rose 0.16% to 1,268.89 tonnes on Monday. Silver XAG= fell 0.1% to \$23.68 per ounce, platinum XPT= fell 0.2% to \$880.56 and palladium XPD= gained 0.5% to \$2,265.25.

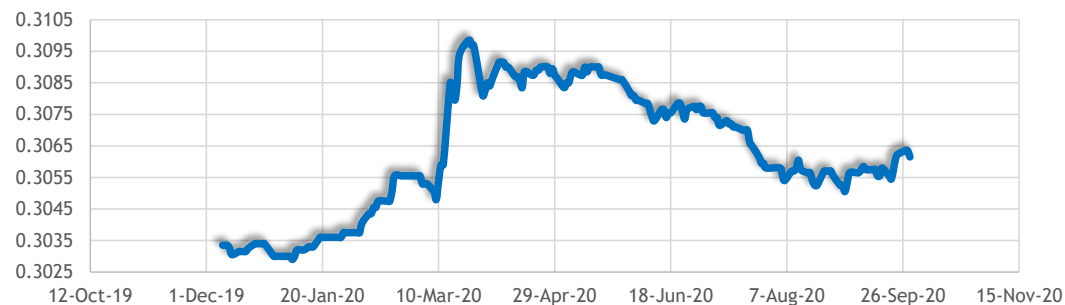
### UPCOMING KEY ECONOMIC INDICATOR RELEASES

| INDICATOR                      | Ctry / Regn | Time         | For | Prior  | Consensus |
|--------------------------------|-------------|--------------|-----|--------|-----------|
| Industrial O/P Prelim MM SA*   | JP          | 29-Sep 05:20 | Aug | 8.7    | 1.5       |
| Retail Sales YY                | JP          | 29-Sep 05:20 | Aug | -2.8   | -3.5      |
| BOE Consumer Credit*           | GB          | 29-Sep 14:00 | Aug | 1.200  | 1.450     |
| Mortgage Lending*              | GB          | 29-Sep 14:00 | Aug | 2.700  | 3.650     |
| Mortgage Approvals*            | GB          | 29-Sep 14:00 | Aug | 66.300 | 71.000    |
| Industrial Sentiment           | EU          | 29-Sep 14:30 | Sep | -12.7  | -10       |
| Consumer Confid. Final         | EU          | 29-Sep 14:30 | Sep | -13.9  | -13.9     |
| Economic Sentiment             | EU          | 29-Sep 14:30 | Sep | 87.7   | 89.0      |
| Selling Price Expec            | EU          | 29-Sep 14:30 | Sep | -2.1   |           |
| Services Sentiment             | EU          | 29-Sep 14:30 | Sep | -17.2  | -15.7     |
| Retail Inventories Ex-Auto Adv | US          | 29-Sep 18:00 | Aug | 0.6    |           |

# Daily Market Report



## KWD - CBK FIX



## MARKET SUMMARY

| INSTRUMENT | OPEN    | HIGH      | LOW     | CLOSE     | %CHG 1D |
|------------|---------|-----------|---------|-----------|---------|
| EUR        | 1.1636  | 1.1678    | 1.1613  | 1.1664    | 0.29%   |
| GBP        | 1.2745  | 1.2925    | 1.274   | 1.2827    | 0.64%   |
| JPY        | 105.5   | 105.68    | 105.25  | 105.49    | -0.10%  |
| TRY        | 7.6608  | 7.8344    | 7.6481  | 7.8024    | 1.85%   |
| Dollar Idx | 94.577  | 94.636    | 94.15   | 94.278    | -0.38%  |
| Brent      | 41.87   | 42.62     | 41.48   | 42.43     | 1.22%   |
| WTC        | -       | -         | -       | 40.47     | 0.12%   |
| Gold       | 1858    | 1882.7217 | 1848.81 | 1880.8511 | 1.12%   |
| KWSE Index | 5588.92 | 5593.87   | 5556.45 | 5566.72   | -0.32%  |

## KIBOR RATES

| Tenor | Value | Tenor | Value |
|-------|-------|-------|-------|
| ON    | 0.88  | 3M    | 1.56  |
| SW    | 1.13  | 6M    | 1.81  |
| 1M    | 1.31  | 1Y    | 2.13  |

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

**0.30635**

3M% CHG

**-0.45%**

| POLICY RATES INDICATOR | As of      | Value | Prior | Change |
|------------------------|------------|-------|-------|--------|
| ON Repo Rate           | 16-Mar-'20 | 1.00  | 2.00  | -1.00  |
| 1W Repo Rate           | 16-Mar-'20 | 1.25  | 2.25  | -1.00  |
| 1M Repo Rate           | 16-Mar-'20 | 1.75  | 2.75  | -1.00  |
| KWD ON Rate            | 16-Mar-'20 | 10.00 | 10.00 | 0.00   |
| Discount Rate          | 16-Mar-'20 | 1.50  | 2.50  | -1.00  |

## LIBOR RATES

| Tenor | Value | Tenor | Value |
|-------|-------|-------|-------|
| ON    | 0.08  | 3M    | 0.22  |
| SW    | 0.10  | 6M    | 0.27  |
| 1M    | 0.15  | 1Y    | 0.37  |
| 2M    | 0.18  |       |       |

## 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-Sep-'20 | 11.75 | 9.75  | 2.00   |

## KEY INTERNATIONAL STORIES

### U.S. income inequality narrowed slightly over last three years -Fed

WASHINGTON, Sept 28 (Reuters) - Income inequality in the United States narrowed in the first three years of the Trump administration as rising wages and a low unemployment rate fueled gains for lower-income and less educated families, according to U.S. Federal Reserve data released on Monday. Wealth inequality was largely unchanged, with the top 10% of families holding about 71% of family wealth in 2019, roughly the same as in 2016, the Fed found in its latest Survey of Consumer Finances, conducted every three years. Although the top 10% retained a steady share of wealth, the period did see some reshuffling among the rest of the population.

### Bank of England's Ramsden sees floor for rates above zero

LONDON, Sept 28 (Reuters) - Bank of England Deputy Governor Dave Ramsden said he thought the floor for the central bank's key interest rate was 0.1% but the BoE was "duty-bound" to consider going below zero as part of its efforts to help the economy through its coronavirus crisis. "For me, I see the effective lower bound still at 0.1 which is where Bank Rate is at present," Ramsden said in an interview with Britain's Society of Professional Economists posted online. The BoE said this month it would look at how it might be able to implement negative rates if they were needed, building on an announcement in August that the option was part of its toolbox.

### Lagarde's peace at risk as ECB splits over virus response

FRANKFURT, Sept 28 (Reuters) - European Central Bank policymakers are increasingly divided over how to steer the economy through a second wave of COVID-19, threatening President Christine Lagarde's hard-won peace, conversations with eight ECB insiders show. Lagarde has managed to end the public infighting that left the ECB in disarray in the final months of Mario Draghi's tenure last year and she has seamlessly pushed through several record stimulus packages to keep the economy afloat amid the pandemic.

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### China's factory activity likely grew at slightly faster pace in Sept

BEIJING, Sept 28 (Reuters) - China's factory activity likely expanded at a slightly faster pace in September, a Reuters poll showed on Monday, as the economy extends a steady recovery from the coronavirus crisis. The official manufacturing Purchasing Manager's Index (PMI) is expected to pick up moderately to 51.2 in September from August's 51, according to the median forecast of 28 economists polled by Reuters. A reading above 50 indicates an expansion in activity on a monthly basis. China's vast industrial sector is steadily returning to the levels seen before the pandemic paralysed huge swathes of the economy early this year.

### Pandemic to keep Asia's growth at lowest since 1967, warns World Bank

TOKYO, Sept 29 (Reuters) - The coronavirus pandemic is expected to lead to the slowest growth in more than 50 years in East Asia and the Pacific as well as China, while up to 38 million people are set to be pushed back into poverty, the World Bank said in an economic update on Monday. The bank said the region this year is projected to grow by only 0.9%, the lowest rate since 1967. Growth in China was expected to come in at 2% this year, boosted by government spending, strong exports and a low rate of new coronavirus infections since March, but held back by slow domestic consumption. The rest of the East Asia and Pacific region was projected to see a 3.5% contraction, the World Bank said.

### Oil slips as demand worries offset hopes for stimulus

MELBOURNE, Sept 29 (Reuters) - Oil prices fell on Tuesday as demand concerns driven by COVID-19 outweighed hopes that U.S. lawmakers and the White House were nearing an agreement on a new stimulus package to revive the world's biggest economy. U.S. West Texas Intermediate (WTI) crude CLc1 futures slipped 17 cents, or 0.4%, to \$40.43 at 0120 GMT, while Brent crude LCOc1 futures also fell 17 cents, or 0.4%, to \$42.26 a barrel. Both benchmarks rose about 1% on Monday. The market will be looking for signs of U.S. demand growth in data due on Tuesday from the American Petroleum Institute and the Energy Information Administration on Wednesday.