



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

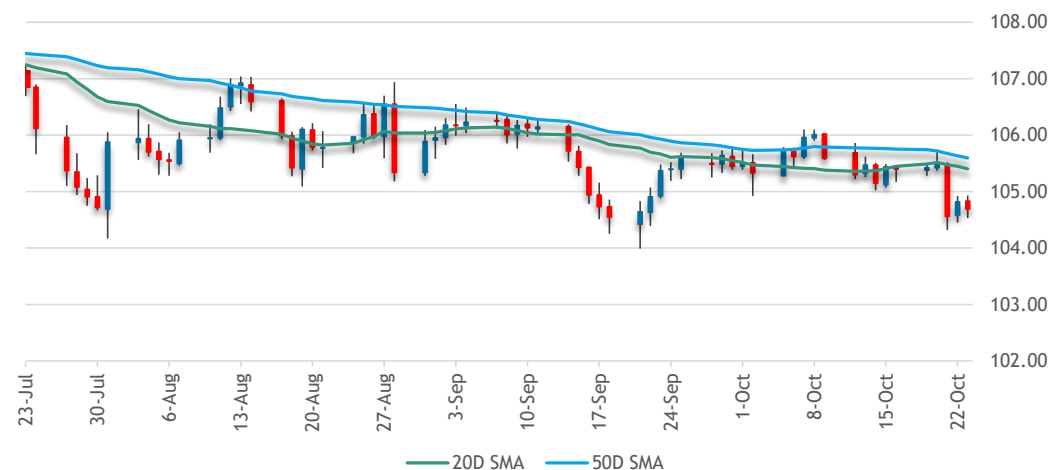
## KFH Treasury



*Report produced on*  
**Sun, 25-Oct-2020**

# Forex Market

## JAPANESE YEN



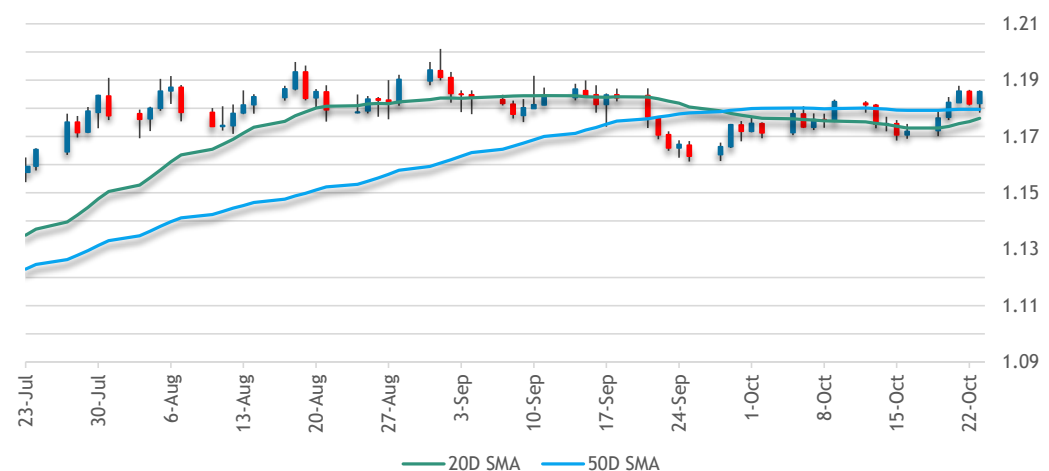
CLOSE **104.69**      1M %chg **-0.65%**      3M %chg **-2.02%**

### USD/JPY-Still consolidating Wednesday's wipeout, dollar dominant - Reuters

23-Oct-2020 10:40:01 PM

- \* Roughly repeat's Thursday's 104.48-93 range, halves Wed's drop at 104.93
- \* USD/JPY again supported by 76.4% Fibo of Sep-Oct rebound at 104.50
- \* Bears have the edge while below tenkan, kijun, prior Oct lows by 105.05
- \* Sub-104.50 close is needed to challenge Sep's key 104 low on EBS
- \* Rising Treasury-JGB yield spreads could cushion USD/JPY's fall
- \* But USD's negative correlation to risk acceptance drives broader weakening
- \* Thus, USD/JPY trading is linked to the dollar index to a fair extent
- \* Wed's dollar index low by 76.4% of Sep's rise at 92.44 is a USD/JPY prop

## EURO



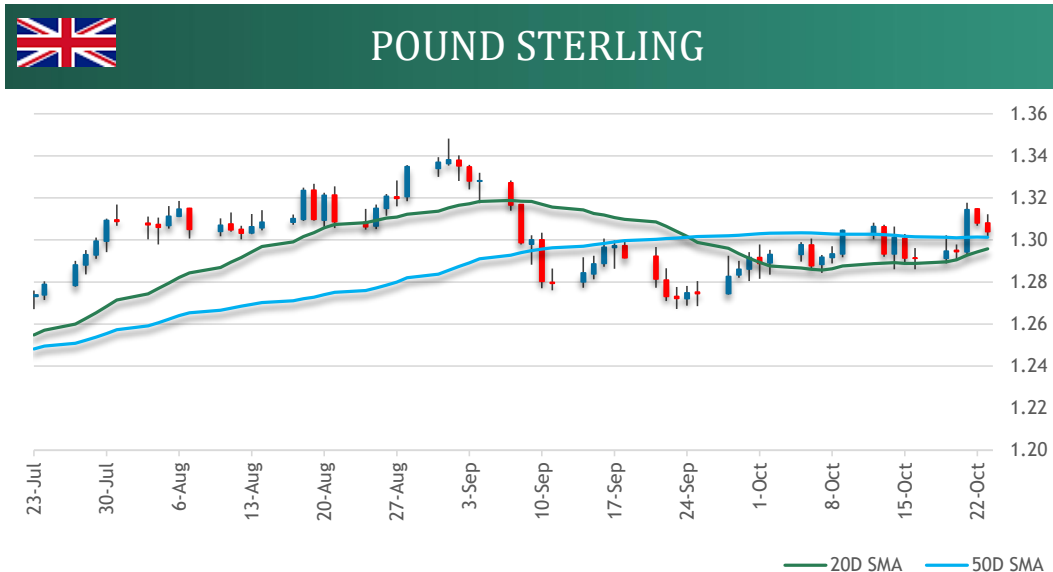
CLOSE **1.1859**      1M %chg **1.72%**      3M %chg **2.29%**

### COMMENT- EUR/USD rises as dollar relinquishes safe-haven gains late

23-Oct-2020 10:33:00 PM

Oct 23 (Reuters) - The dollar eased late on Friday, tracking Treasury yields lower and relinquishing gains scored when optimism over a pre-election relief bill faded. In a mixed day for risk sentiment, progress toward a Brexit deal was overshadowed by troubling pandemic news. EUR/USD managed modest gains, mostly on the sizeable EUR/GBP rise following the UK's downside PMI miss versus a roughly on-forecast euro zone PMI composite, even though Britain's reading remained in expansion above 50 while Europe contracted. EUR/USD found good technical support in its earlier dip to the 10-day moving average, but hasn't been able to clear this week's high due to some risk aversion demand for the dollar, despite the above-forecast U.S. Markit PMI composite reading of 55.5 versus 54.3 in September

# Forex Market

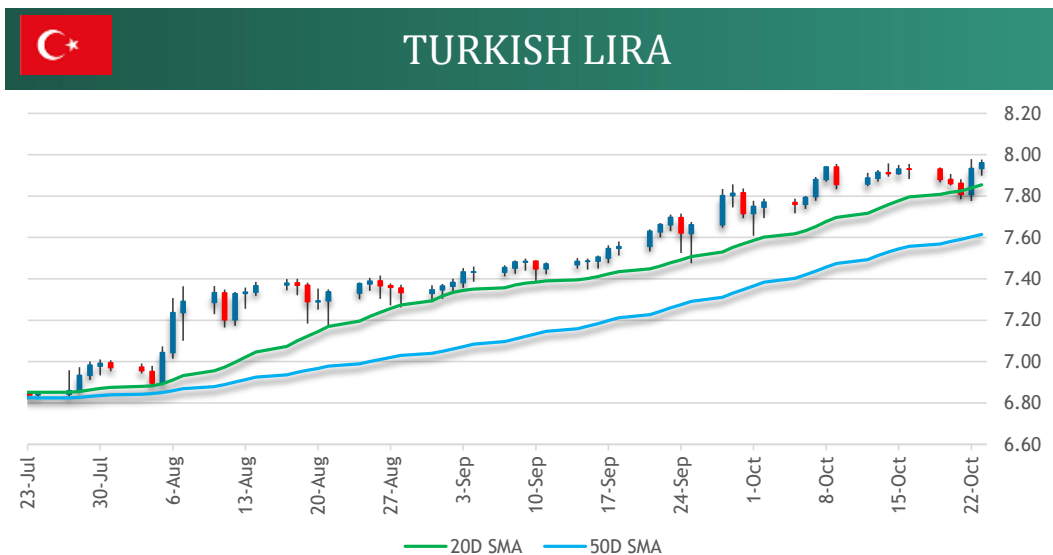


CLOSE **1.3040** 1M %chg **2.50%** 3M %chg **2.36%**

### Sterling set for weekly gain, even after PMI slip

23-Oct-2020 08:12:00 PM

LONDON, Oct 23 (Reuters) - The pound fell against the dollar and euro on Friday after the UK Purchasing Managers' Index (PMI) fell to a four-month low, but was still set to end the week up, after a new phase of intense Brexit talks restarted. The pound gave up some recent gains after an early flash PMI reading - a gauge of private sector growth - fell to a four month low of 52.9 in October from 56.5 in September. At 1431 GMT, the pound was at \$1.3031, down 0.4% on the day but up 0.9% on a weekly basis GBP=D3. The pound was at 90.77 pence per euro, having slipped around 0.5% on the day by 1432 GMT EURGBP=D3. Sterling had its best day in seven months on Wednesday, surging 1.7% against the dollar, when Britain and the EU said they would start a new phase of negotiations.



CLOSE **7.9610** 1M %chg **3.43%** 3M %chg **16.41%**

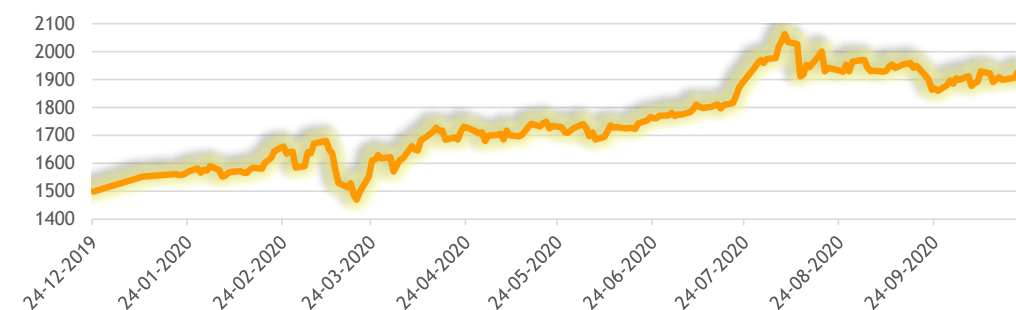
### Turkey - Factors to Watch on Oct 23 - Reuters News

ISTANBUL, Oct 23 (Reuters) - The lira TRYTOM=D3 stood at 7.9600 against the U.S. dollar at 0421 GMT, weakening from a close of 7.9450 on Thursday. The main BIST 100 share index .XU100 fell 1.09% to 1,198.32 on Thursday.

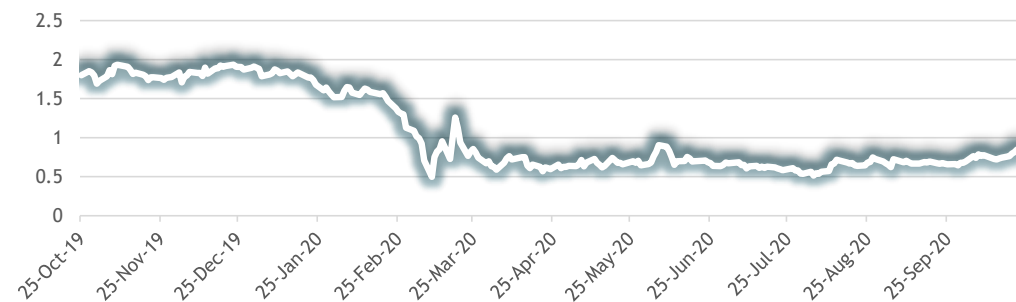
Turkey identified 2,102 new symptomatic cases of coronavirus in the last 24 hours, data from the Health Ministry showed on Thursday. The total number of patients increased to 355,528 and the death toll increased by 71 to 9,584.

# Gold, US Treasury & Dollar Index

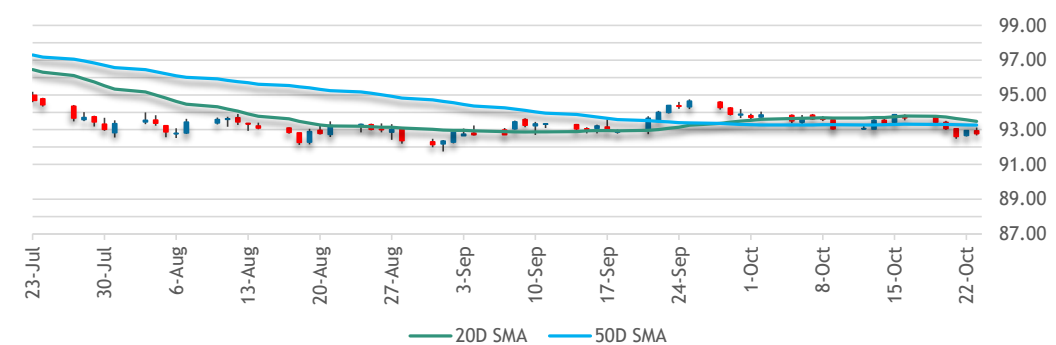
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

**0.84**

1M %chg

**24.41%**

3M %chg

**44.50%**

### Gold slips as dollar stems declines; election uncertainty caps losses

23-Oct-2020 11:57:00 PM

Oct 23 (Reuters) - Gold eased on Friday as the dollar recouped some losses, but uncertainty going into the Nov. 3 U.S. elections limited bullion's losses. Spot gold XAU= fell 0.1% to \$1,903.07 per ounce by 2:06 p.m. EDT (1806 GMT). U.S. gold futures GCc1 settled unchanged at \$1,905.20. "Gold's moves are really mirroring the dollar at this point," said Tai Wong, head of base and precious metals derivatives trading at BMO. Gold is in a "restive" \$1,890-\$1,930 range with any dips to the bottom being lapped up, he added. Denting appeal for greenback-denominated bullion, the dollar index .DXY pared some of its losses, but was set to decline about 1% for the week. Silver XAG= dipped 0.8% to \$24.55 per ounce but was set for a weekly rise. Platinum XPT= gained 2% to \$904.36 and palladium XPD= rose 0.6% to \$2,389.07.

### UPCOMING KEY ECONOMIC INDICATOR RELEASES

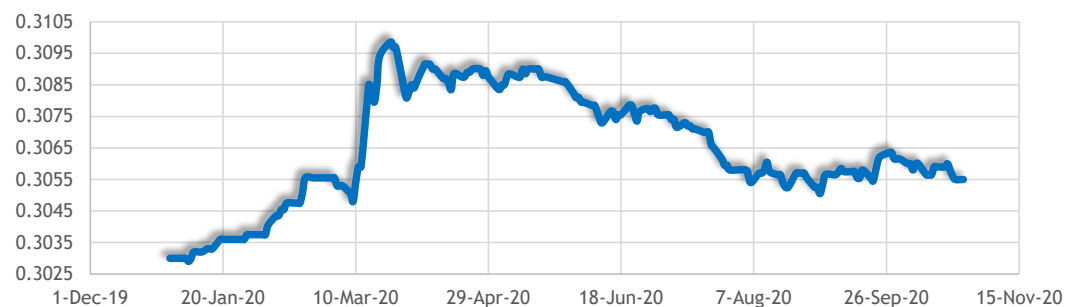
INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
New Home Sales-Units	US	26-Oct 19:30	Sep	1.011	1.025
New Home Sales Chg MM *	US	26-Oct 19:30	Sep	4.8	2.8
Money-M3 Annual Grwth*	EU	27-Oct 14:30	Sep	9.5	9.6
CBI Distributive Trades	GB	27-Oct 16:30	Oct	11	0
Durable Goods *	US	27-Oct 18:00	Sep	0.5	0.5
Durables Ex-Defense MM *	US	27-Oct 18:00	Sep	0.9	
Durables Ex-Transport	US	27-Oct 18:00	Sep	0.6	0.4
Nondefe Cap Ex-Air *	US	27-Oct 18:00	Sep	1.9	0.5
Monthly Home Price YY*	US	27-Oct 18:30	Aug	6.5	
CaseShiller 20 MM NSA	US	27-Oct 18:30	Aug	0.6	
CaseShiller 20 MM SA	US	27-Oct 18:30	Aug	0.6	0.5

# Daily Market Report

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## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.186	1.1866	1.181	1.1859	-0.38%
GBP	1.3148	1.3152	1.3068	1.304	-0.31%
JPY	104.58	104.92	104.45	104.69	-0.12%
TRY	7.8078	7.9788	7.7759	7.961	0.35%
Dollar Idx	92.668	92.973	92.61	92.768	-0.20%
Brent	41.59	42.79	41.46	41.77	-1.63%
WTC	-	-	-	39.73	-1.80%
Gold	1923.89	1925.6436	1894.41	1900.7946	-0.17%
KWSE Index	5661.18	5663.32	5613.03	5618.43	-0.69%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	0.81	3M	1.63
SW	1.13	6M	1.81
1M	1.38	1Y	2.13

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

**0.30550**

**-0.33%**

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	0.25
1M	0.16	1Y	0.34
2M	0.19		

## 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

### Threats to U.S. Treasury market liquidity still exist, Fed says

NEW YORK, Oct 23 (Reuters) - The U.S. Treasury market still runs the risk of abrupt freezes in liquidity like the one seen in March and April, as the COVID-19 pandemic roiled the financial system, a member of the Federal Reserve Bank of New York's Market Committee said on Friday. The market shock in March, which helped drive yields across maturities to all-time lows, was "truly an exceptional event," Lorie Logan said in a speech to the Brookings-Chicago Booth Task Force on Financial Stability.

### UK's economic recovery fades in October as pandemic flares up

LONDON, Oct 23 (Reuters) - Britain's economic recovery lost more steam this month as a resurgence of the coronavirus pandemic hit the hospitality and transport sectors and prompted a drop in consumer morale, surveys showed on Friday. An early "flash" reading of the IHS Markit/CIPS UK Composite Purchasing Managers' Index (PMI), a gauge of private sector growth, fell to a four-month low of 52.9 in October from 56.5 in September. A Reuters poll of economists pointed to a smaller decline to 53.9.

### Euro zone economy at risk of double-dip recession - PMIs

LONDON, Oct 23 (Reuters) - Euro zone economic activity slipped back into decline this month as a second wave of the coronavirus sweeps across the continent, heightening expectations for a double-dip recession, surveys showed on Friday. Renewed restrictions to control the pandemic forced many businesses in the bloc's dominant service industry to limit operations, and nearly 90% of economists polled by Reuters this week said there was a high risk the coronavirus resurgence would halt the nascent euro zone economic recovery.

### China to set five-year plan for steering economy through choppy waters

BEIJING, Oct 23 (Reuters) - China's top leaders will chart the country's economic course for 2021-2025 at a key meeting starting on Monday, seeking to balance growth and reforms to avoid stagnation amid an uncertain global outlook and deepening tensions with the United States. President Xi Jinping and members of the Central Committee, the largest of the ruling Communist Party's elite decision-making bodies, will meet on Oct. 26-29 behind closed doors to lay out the 14th five-year plan, a blueprint for economic and social development. Policy sources have told Reuters that China's leaders are set to endorse a lower growth target compared with 2016-2020.

### Japan Sept factory output to rise for 4th straight month

TOKYO, Oct 23 (Reuters) - Japan's factory output likely grew for a fourth straight month in September thanks to a recovery in external demand as economic activity gradually picked up, a Reuters poll found on Friday. But retail sales likely fell for the seventh straight month last month, suggesting a patch recovery as the pandemic hammered the broader economy. Industrial output is forecast to have risen 3.2% in September from the previous month, the poll of 16 economists showed on Friday, but the pace of increase has been slowing down from a record 8.7% jump in July.

### Oil falls about 2% on Libyan output, COVID-19 demand concerns

NEW YORK, Oct 23 (Reuters) - Oil fell nearly 2% on Friday, finishing lower for the week, in anticipation of a surge in Libyan crude supply and demand concerns caused by surging coronavirus cases in the United States and Europe. Crude prices sank after Libya's National Oil Corp (NOC) said it lifted force majeure on exports from key ports and output would reach 1 million barrels per day in four weeks. U.S. crude CLc1 settled at \$39.85 a barrel, falling 79 cents, or 1.9%. Brent crude LCOc1 settled at \$41.77 a barrel, losing 69 cents, or 1.6%. For the week, U.S. crude futures lost 2.5% and Brent futures shed 2.7%.

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