



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

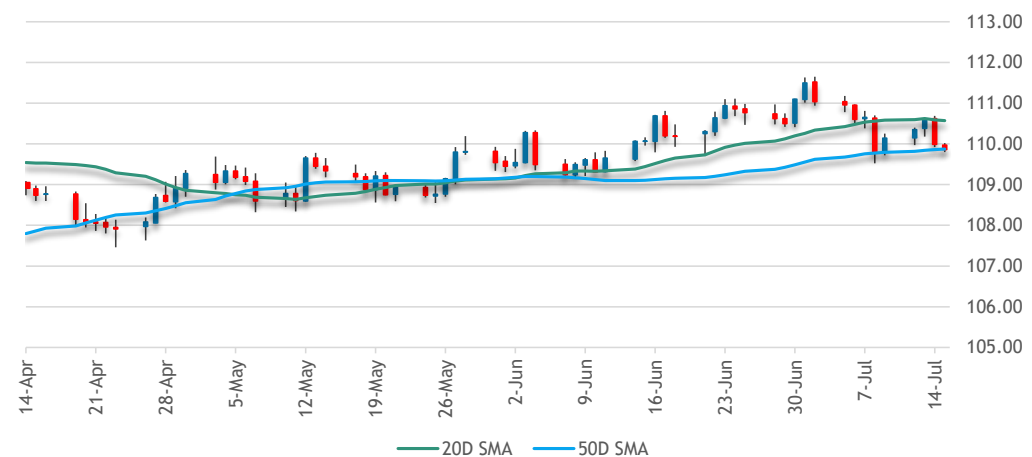
KFH Treasury



Report produced on
Thu, 15-Jul-2021

Forex Market

JAPANESE YEN



CLOSE **109.99** 1M %chg **-0.06%** 3M %chg **0.99%**

USD/JPY back down with US yields on dovish Powell - Reuters

- 15-Jul-2021 05:56:28 AM
- * USD/JPY off hard overnight on lower US yields following a dovish Powell
 - * Risk sentiment was neutral, Wall St closed mixed, Treasury 10s @1.343%
 - * USD/JPY from 110.70 to 109.94 EBS yesterday, so far today 109.95-110.02
 - * Pair holding just above ascending 55-DMA at 109.83
 - * Massive nearby option expiries to help contain downside, action today
 - * 109.80-90 total \$730 mln, 110.00-15 \$1.3 bln, 110.50-55 \$616 mln
 - * Some demand from Japanese importers, other buy-side players sub-110.00

EURO



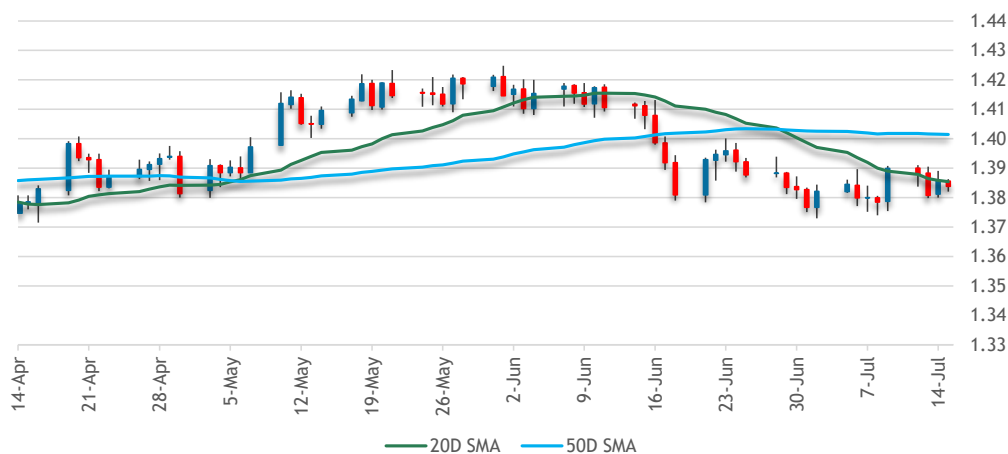
CLOSE **1.1835** 1M %chg **-2.34%** 3M %chg **-1.19%**

EUR/USD-Opens higher as USD slips on Powell testimony - Reuters News

- 15-Jul-2021 04:20:30 AM
- * EUR/USD opens 0.50% as USD broadly weakened on dovish Powell testimony
 - * EUR/USD recouped most of Tuesday's losses, as market remains whippy
 - * It is stalling @ the 10-day MA (1.1838) with resistance @ 21-day MA @ 1.1873
 - * Support has formed at the double-bottom at 1.1772
 - * EUR/USD trend lower stalled as 5-day MA starting to cross above 10-day MA
 - * A break above the 21-day MA (1.1873) would confirm downtrend is over

Forex Market

POUND STERLING



CLOSE **1.3856** 1M %chg **-1.81%** 3M %chg **0.57%**

Rising UK inflation, dovish Powell lift GBP; offers remain near 1.39 - Reuters

14-Jul-2021 11:37:43 PM

- * Sterling unable to hold early NorAm gain to 1.3890, ends NY +0.32% at 1.3857
- * Powell testimony, transitory tone; tempers stronger than f/c PPI data
- * Dovish Powell statement adds to sterling's post-UK CPI strength
- * Strong UK CPI had initially lifted GBP off Asia lows
- * Post-UK CPI, UK rates hint at BoE 25bp hike in Jun 2022, vs Fed Sept 2022
- * EUR/GBP +0.08% at 0.8536, Wed range 0.8542-05; UK inflation rising faster than EZ favors GBP strength

TURKISH LIRA



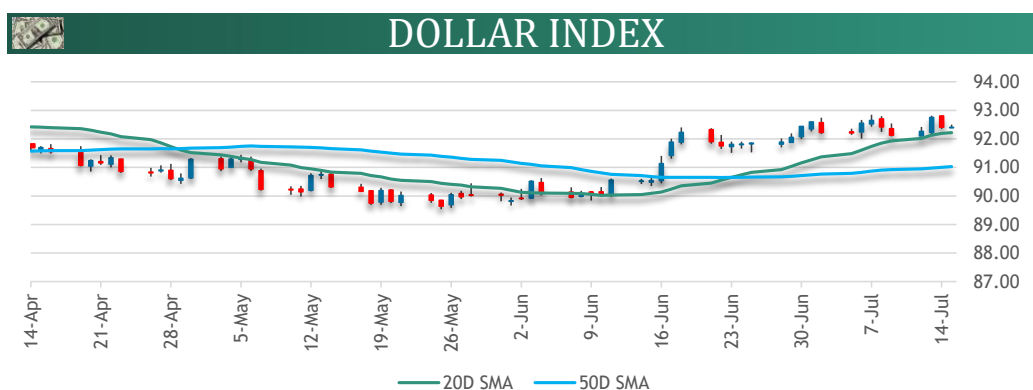
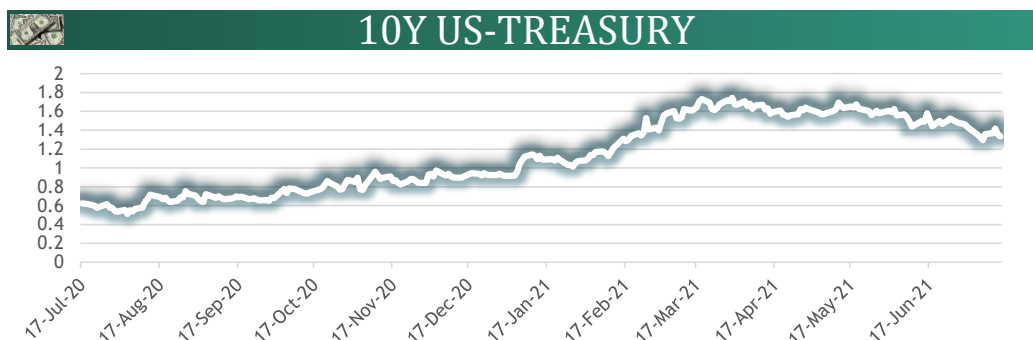
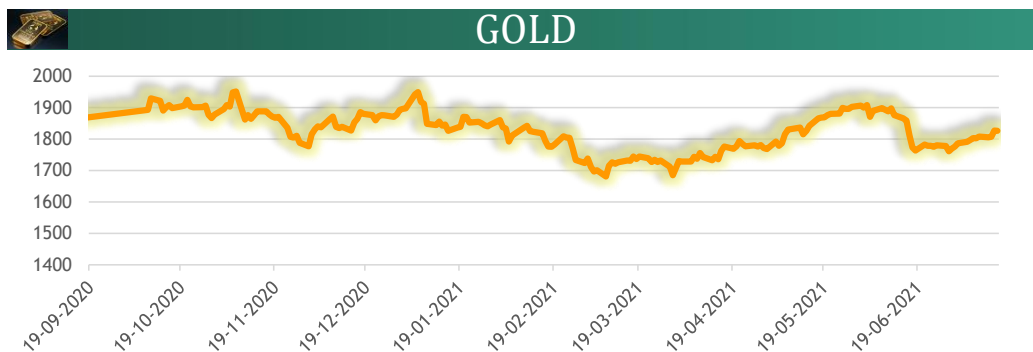
CLOSE **0.1163** 1M %chg **-1.36%** 3M %chg **-5.91%**

Turkey central bank keeps rates on hold, urges patience on inflation

14-Jul-2021 08:46:00 PM

ISTANBUL, July 14 (Reuters) - Turkey's central bank kept its policy rate unchanged at 19% on Wednesday and said inflation could be volatile through the summer after it unexpectedly rose to 17.5%, though it gave no clear indication that expected easing was imminent. The bank repeated a mostly hawkish stance and gave an optimistic take on the current account that could underpin its view that inflation will fall toward year end. The central bank last changed its one-week policy rate TRINT=ECI in March when former governor Naci Agbal raised it to head off inflation, which has risen since last September and has been double digits for most of the past four years.

Gold, US Treasury & Dollar Index



US 10YT YIELD

1.33

1M %chg

-9.89%

3M %chg

-17.43%

PRECIOUS-Gold prices hover near four-week peak on dovish Fed stance

15-Jul-2021 07:01:00 AM

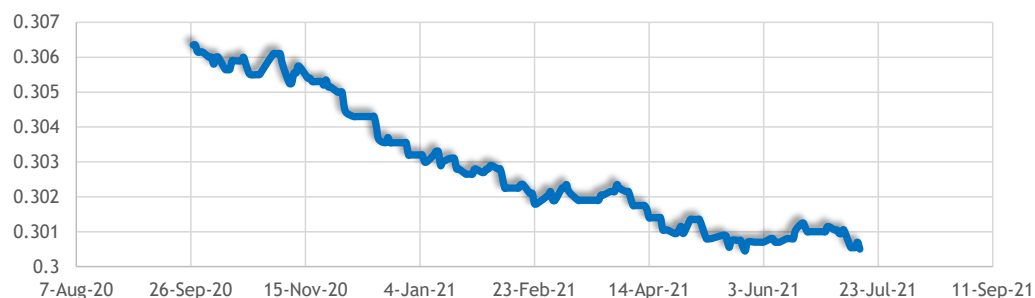
July 15 (Reuters) - Gold prices were flat on Thursday, hovering near a four-week high scaled in the previous session, after U.S. Federal Reserve Chair Jeremy Powell signalled "powerful support" for economic recovery and boosted the metal's appeal as an inflation hedge. Spot gold XAU= was steady at \$1,824.81 per ounce, as of 0050 GMT, having hit a peak since June 16 on Wednesday at \$1,829.55. U.S. gold futures GCv1 edged up 0.1% to \$1,826.40 per ounce. Bond yields dipped globally, with the 10-year U.S. Treasuries yield slipping to 1.348% US10YT=RR, having peaked out at 1.423% on Wednesday. The dollar retreated from recent peaks on Thursday, following further reassurance from Federal Reserve chair Jerome Powell that he was in no rush to tighten policy, though losses were kept in check by investor nerves ahead of Chinese growth data. Silver XAG= fell 0.3% to \$26.16 per ounce, palladium XPD= dropped 0.8% to \$2,806.78, and platinum XPT= dipped 0.5% to \$1,123.83.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Tertiary Ind Act NSA*	JP	15-Jul 10:00	May	-12.6	
Reserve Assets Total*	EU	15-Jul 15:30	Jun	885.46	
Refinitiv IPSOS PCSI	GB	15-Jul 15:30	Jul	55.70	
NY Fed Manufacturing	US	15-Jul 18:00	Jul	17.40	18.00
Export Prices MM*	US	15-Jul 18:00	Jun	2.2	1.2
Import Prices MM*	US	15-Jul 18:00	Jun	1.1	1.2
Import Prices YY*	US	15-Jul 18:00	Jun	11.3	
Initial Jobless Clm*	US	15-Jul 18:00	w/e	373	360
Jobless Clm 4Wk Avg*	US	15-Jul 18:00	w/e	394.50	
Cont Jobless Clm*	US	15-Jul 18:00	w/e	3.339	3.313
Philly Fed 6M Index*	US	15-Jul 18:00	Jul	69.20	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1774	1.1838	1.177	1.1835	0.52%
GBP	1.3812	1.3891	1.38	1.3856	0.35%
JPY	110.62	110.69	109.92	109.99	-0.56%
TRY	0.1158	0.1166	0.1154	0.1163	0.43%
Dollar Idx	92.802	92.829	92.349	92.41	-0.37%
Brent	76.28	76.72	73.79	74.76	-2.26%
WTC	-	-	-	73.06	-2.90%
Gold	1807.4451	1829.55	1803.39	1827.0616	1.09%
KWSE Index	6360.43	6372.65	6358.14	6368.45	0.17%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	0.56	3M	1.50
SW	0.88	6M	1.75
1M	1.25	1Y	2.00

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30070

-0.23%

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	0.13
SW	0.09	6M	0.15
1M	0.09	1Y	0.24
2M	0.12		

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	18-Mar-'21	20.50	18.50	2.00



KEY INTERNATIONAL STORIES

U.S. producer prices post biggest annual gain in more than 10-1/2 years

WASHINGTON, July 14 (Reuters) - U.S. producer prices accelerated in June, leading to the largest annual increase in more than 10-1/2 years, suggesting inflation could remain high as robust demand fueled by the economy's recovery from the COVID-19 pandemic strains the supply chain. The report from the Labor Department on Wednesday followed on the heels of news on Tuesday that consumer prices increased by the most in 13 years in June. There are, however, signs that inflation is close to peaking. Underlying producer prices rose at a moderate pace on a monthly basis in June.

UK inflation tests BoE as it jumps to highest since 2018

LONDON, July 14 (Reuters) - British inflation surged further above the Bank of England's target in June to strike 2.5%, its highest since August 2018, increasing speculation that the BoE will have to consider sooner whether to ease off its huge stimulus programme. Prices for food, fuel, second-hand cars, clothing and footwear rose as the economy bounced back from its lockdown slump, the Office for National Statistics said. The jump was sharper than forecast by economists in a Reuters poll, who had mostly seen CPI edging up to 2.2% from May's 2.1%, and comes a day after U.S. inflation hit its highest in 13 years at 5.4%.

Bank of Canada rosy on rebound, sees hot inflation in near term

OTTAWA, July 14 (Reuters) - The Bank of Canada on Wednesday took a mostly optimistic stance on the country's economy, saying the threat of the COVID-19 pandemic had largely passed while warning inflation would remain hot in the near-term. The central bank held its key interest rate at a record low 0.25% and cut its weekly net purchases of Canadian government bonds to a target of C\$2 billion, expressing confidence growth would rebound strongly and this time be more durable. The central bank said Canada's economy is now expected to grow 6.0% in 2021, down from the April forecast of 6.5%, while it revised up its 2022 growth estimate to 4.6% from 3.7%.

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China's economy grows more slowly than expected in Q2

BEIJING, July 15 (Reuters) - China's economy grew more slowly than expected in the second quarter, as slowing manufacturing activity, higher raw material costs and new COVID-19 outbreaks weighed on the recovery momentum. Gross domestic product (GDP) expanded 7.9% in the April-June quarter from a year earlier, official data showed on Thursday, missing expectations for a rise of 8.1% in a Reuters poll of economists. Growth slowed significantly from a record 18.3% expansion in the January-March period, when the year-on-year growth rate was heavily skewed by the COVID-induced slump in the first quarter of 2020.

World Bank cuts Thai GDP growth outlook to 2.2% this year

BANGKOK, July 15 (Reuters) - Thailand's economy is forecast to grow 2.2% this year, down from the 3.4% projected earlier, due to the impact of a third wave of COVID-19 infections and weak tourism, the World Bank said on Thursday, as the country battles its biggest outbreak yet. Thailand's tourism-reliant economy contracted 6.1% last year, its deepest slump in over two decades, with the tourism sector devastated by the impact of the pandemic. "Economic activity is not expected to return to its pre-pandemic levels until 2022, and the recovery is projected to be slow and uneven," the World Bank said in a report.

Oil falls 1% on prospect of more supplies

SINGAPORE, July 15 (Reuters) - Oil prices fell more than 1% on Thursday, extending losses as investors braced for more supplies following a compromise between top OPEC producers and as U.S. fuel stocks rose, raising concerns about demand in the world's largest consumer. Brent crude futures LCOc1 for September dropped 91 cents, or 1.2%, to \$73.85 a barrel by 0158 GMT while U.S. WTI crude for August CLc1 was at \$72.21 a barrel, down 92 cents, or 1.3%. Both benchmarks slid more than 2% on Wednesday after Reuters reported that Saudi Arabia and the UAE reached a compromise that should pave the way for a deal to supply more crude to a tight oil market and cool soaring prices.