



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

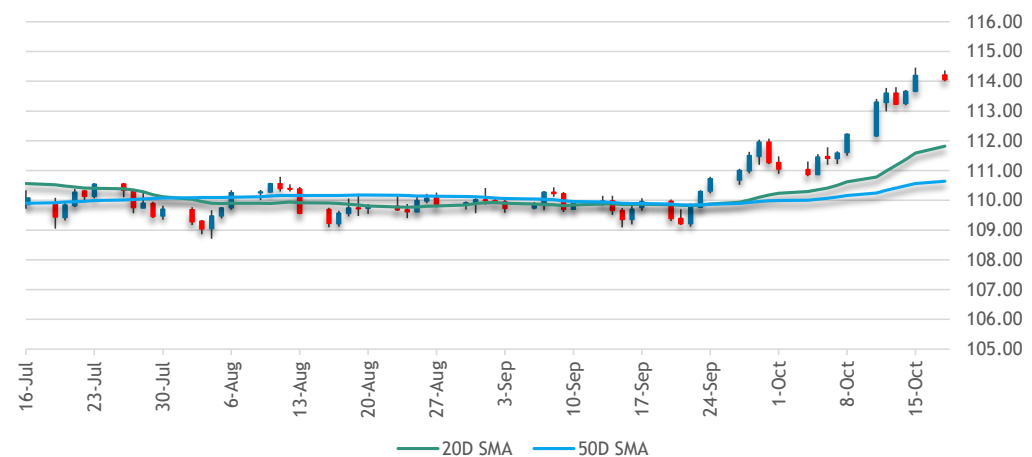
## KFH Treasury



*Report produced on*  
**Mon, 18/Oct/2021**

# Forex Market

## JAPANESE YEN



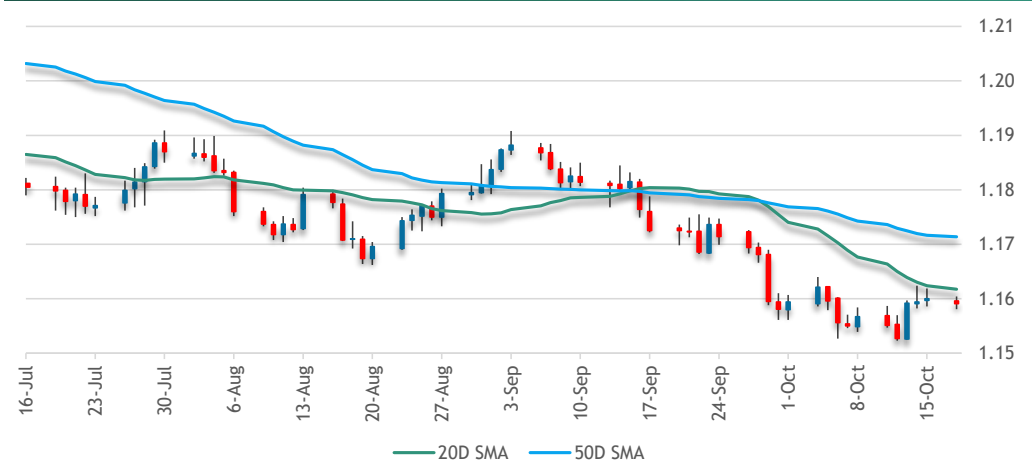
CLOSE **114.20** 1M %chg **4.43%** 3M %chg **3.95%**

### USD/JPY to 114.47 Friday, at multi-month highs - Reuters

18-Oct-2021 06:02:27 AM

- \* USD/JPY to up multi-month resistance zone dating back to May 2017
- \* Friday 113.68 in Asia to 114.47 in New York, Asia today 114.21-35 EBS
- \* 114+ resistance zone cap 114.73 Nov 2017, then 115.00, 115.51 Mar '17 high
- \* Japanese importers on bid on dips, to 114.00, good buys Fri into 114 handle
- \* Some verbal intervention maybe but Japan govt/BoJ OK with JPY to 125
- \* 125 considered the 'Kuroda ceiling' when USD/JPY rose to 125.86 in Jun '15
- \* Some option expiries below today - 113.50-114.00 total \$934 mln

## EURO



CLOSE **1.1600** 1M %chg **-1.82%** 3M %chg **-1.79%**

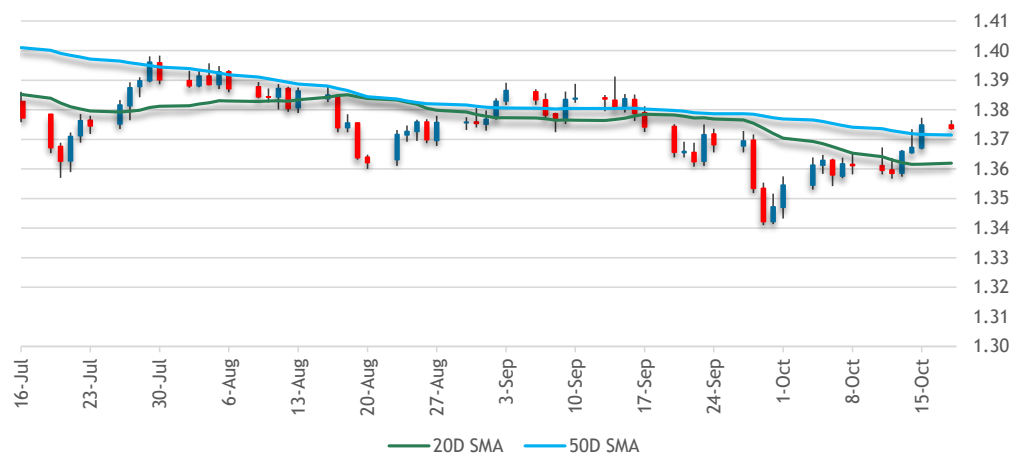
### EUR/USD-Consolidation around 1.1600 continues - Reuters News

18-Oct-2021 04:33:53 AM

- \* EUR/USD trading around 1.1600 after three straight closes at 1.1595/1.1600
- \* Higher US yields cap while buoyant risk appetite underpins for now
- \* Resistance is around 1.1625 where last week's high and 21-day MA converge
- \* A break above 1,1640 would reignite upward momentum and suggest more upside
- \* Support is at 10-day MA at 1.1575 and break would put pressure on downside

# Forex Market

## POUND STERLING



CLOSE

**1.3749**

1M %chg

**-0.64%**

3M %chg

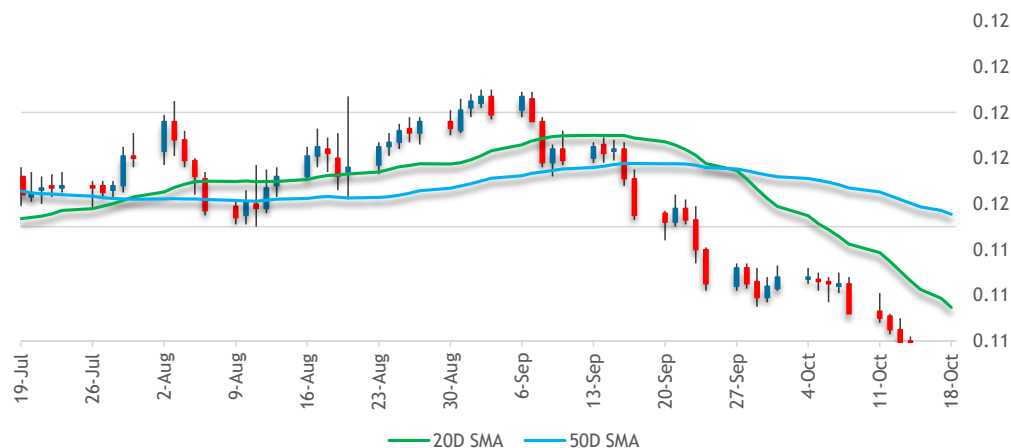
**-0.57%**

### COMMENT - Sterling sails higher with tailwind from BoE expectations - Reuters

15-Oct-2021 08:01:24 PM

Oct 15 (Reuters) - Sterling extended its march higher on Friday with the wind still at its back thanks to persistently elevated BoE rate-hike expectations, keeping upward targets such as the thin daily cloud at 1.3778-88 and 200-day moving average 1.3846 in focus. Cable barely missed a beat after above-forecast U.S. retail sales and was last up nearly 0.6% and near the day's highs following disappointing University of Michigan sentiment. Sterling's strength follows the pattern of currencies where central banks are on the path to normalization, as traders exit low-rate currencies like the EUR and JPY. The interest-rate currency driver such as the pound, CAD and kiwi, is particularly stark against the EUR and JPY. GBP/USD is up a scant 0.55% year-to-date, with the Fed also eager to reduce accommodation. But, GBP/JPY is up 11.7% YTD and EUR/GBP down 5.6%, with the BOJ and ECB expected to go slower.

## TURKISH LIRA



CLOSE

**0.1077**

1M %chg

**-9.04%**

3M %chg

**-7.63%**

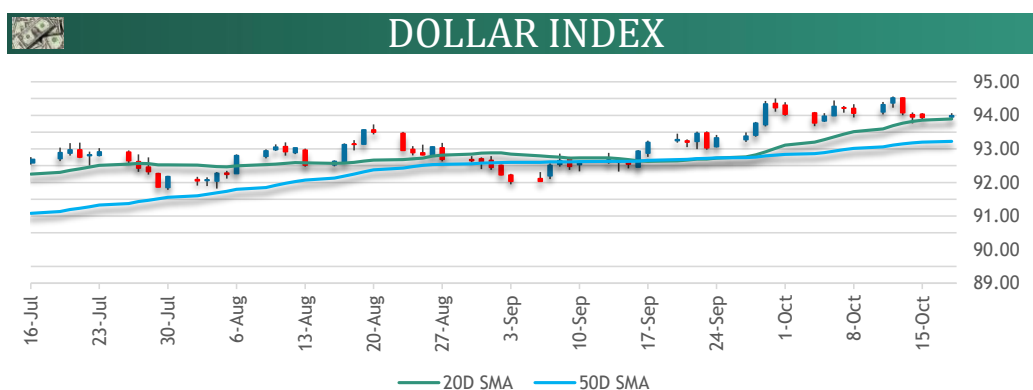
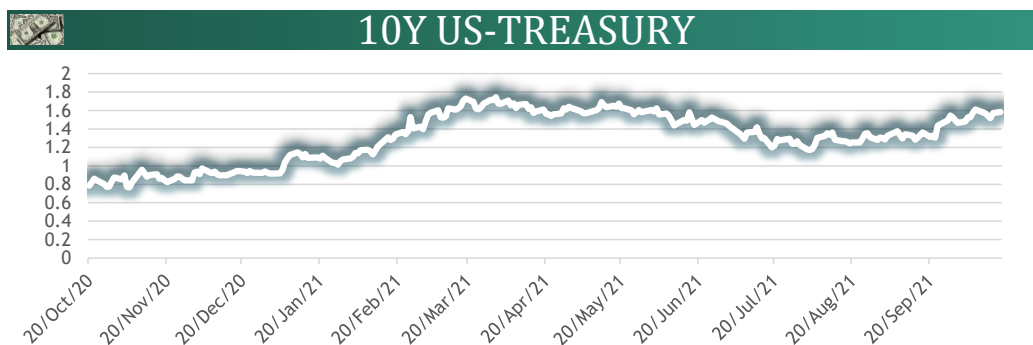
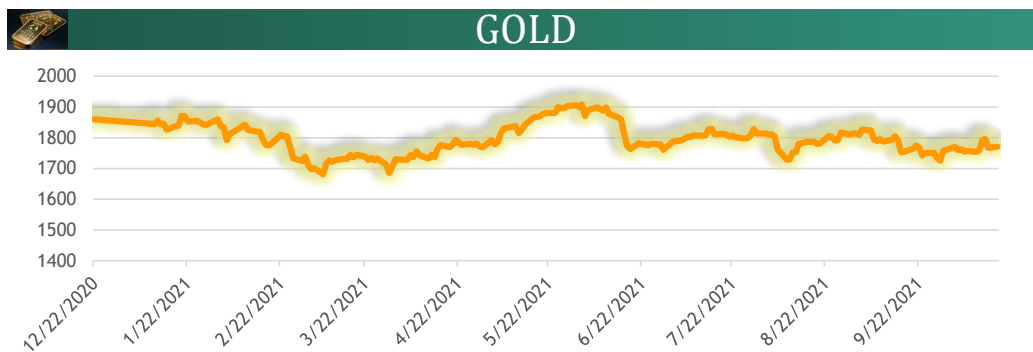
### Turkey - Factors to Watch

18-Oct-2021 10:05:39 AM

ISTANBUL, Oct 18 (Reuters) - The lira TRY= traded at 9.2570 against the dollar early on Monday, after closing at 9.2517 on Friday. The main BIST 100 share index .XU100 fell slightly to 1,409.56 points on Friday.

Turkey logged 24,114 new COVID-19 cases on Sunday, health ministry data showed. Turkey recorded 186 deaths from the virus in the same period.

# Gold, US Treasury & Dollar Index



US 10YT YIELD

**1.58**

1M %chg

**20.70%**

3M %chg

**21.01%**

## PRECIOUS-Gold ticks higher as U.S. bond yields, dollar ease

18-Oct-2021 07:53:00 AM

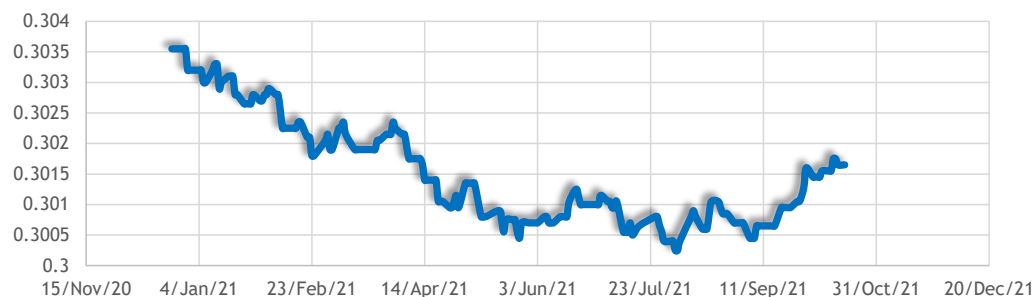
Oct 18 (Reuters) - Gold prices edged up on Monday, recouping some losses after a steep sell-off in the previous session as U.S. bond yields and the dollar softened, restoring some of the precious metal's appeal. Spot gold XAU= rose 0.2% to \$1,770.26 per ounce by 20Z GMT, after slipping 1.6% on Friday. U.S. gold futures GCv1 were up 0.1% at \$1,770.50. Benchmark U.S. 10-year Treasury yields US10YT=RR eased after rising to a high of 1.5904% on Monday, reducing non-yielding gold's opportunity cost. Treasury yields rose sharply on Friday after data showed U.S. retail sales unexpectedly rose in September which bolstered expectations for sooner-than-anticipated interest rate hikes from the Federal Reserve. Also supporting bullion, the dollar index =USD slipped 0.6% from last week's 2021 highs. Spot silver XAG= rose 0.2% to \$23.34 per ounce, while platinum XPT= eased 0.4% to \$1,050.80 and palladium XPD= fell 0.7% to \$2,059.18.

## UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Foreign Buying, T-Bonds	US	18/Oct 01:30	Aug	10.2	
Capacity Utilization SA*	US	18/Oct 18:45	Sep	76.4	76.5
Manuf Output MM*	US	18/Oct 18:45	Sep	0.2	0.1
Industrial Production MM*	US	18/Oct 18:45	Sep	0.4	0.2
NAHB Housing Market Indx	US	18/Oct 19:30	Oct	76	76
Trade Balance Total Yen	JP	19/Oct 05:20	Sep	-635.4	-519.2
Building Permits: Number *	US	19/Oct 18:00	Sep	1.721	1.680
Build Permits: Change MM *	US	19/Oct 18:00	Sep	5.6	
Housing Starts Number *	US	19/Oct 18:00	Sep	1.615	1.620
Redbook YY *	US	19/Oct 18:25	w/e	14.8	
Foreign Stock Investment*	JP	20/Oct 05:20	w/e	119.2	

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1597	1.1619	1.1586	1.16	0.05%
GBP	1.3671	1.3773	1.3666	1.3749	0.56%
JPY	113.67	114.46	113.63	114.2	0.48%
TRY	0.1087	0.1089	0.1076	0.1077	-0.92%
Dollar Idx	94.034	94.066	93.847	93.937	-0.02%
Brent	84.3	85.1	84.16	84.86	1.02%
WTC	-	-	-	82.39	1.18%
Gold	1795.5551	1796.28	1763.69	1767.2563	-1.58%
KWSE Index	6900.45	6917.13	6899.49	6913.64	0.40%

## 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

**0.30165**

3M% CHG

**0.38%**

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	0.07	3M	0.12
SW	0.07	6M	0.16
1M	0.08	1Y	0.28
2M	0.10		

## 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	23/Sep/'21	19.50	20.50	-1.00

## KEY INTERNATIONAL STORIES

### **Rising prices flatter U.S. retail sales; demand for goods remains strong**

WASHINGTON, Oct 15 (Reuters) - U.S. retail sales unexpectedly rose in September in part as more expensive motor vehicles boosted receipts at auto dealerships, but there are fears that supply constraints could disrupt the holiday shopping season amid continued shortages of goods. Given the partial lift from inflation, the surprise increase in retail sales reported by the Commerce Department on Friday did little to change economists' expectations that consumer spending probably stalled in the third quarter. Inflation-adjusted sales, which rose moderately last month, are what is included in the calculation of gross domestic product.

### **Bank of England will have to act to contain inflation - Bailey**

LONDON, Oct 17 (Reuters) - Bank of England Governor Andrew Bailey sent a fresh signal on Sunday that the British central bank is gearing up to raise interest rates for the first time since the onset of the coronavirus crisis as inflation risks mount. Bailey said he continued to believe that the recent jump in inflation would be temporary, but that a surge in energy prices would push it higher and make its climb last longer, raising the risk of higher inflation expectations. Investors are speculating that the BoE might become the first of the world's biggest central banks to raise rates, later this year or early in 2022.

### **Bank of Canada chief: Supply chain problems mean inflation set to be more stubborn**

OTTAWA, Oct 14 (Reuters) - Global supply chain bottlenecks are not easing as quickly as expected, meaning inflation in Canada and among IMF members will probably take a little longer to come down, the governor of the Bank of Canada said on Thursday. Those issues will weigh on Canada's near-term economic recovery, meaning it is reasonable to expect that an expected rebound will not be as fast as the central bank forecast in July. Canada's inflation rate accelerated to 4.1% in August, well above the 2% midpoint of the bank's 1-3% control range.

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### **China's economy stumbles on power crunch, property woes**

BEIJING, Oct 18 (Reuters) - China's economy hit its slowest pace of growth in a year in the third quarter, hurt by power shortages, supply chain bottlenecks and major wobbles in the property market and raising pressure on policymakers to do more to prop up the faltering recovery. Data released on Monday showed gross domestic product (GDP) grew 4.9% in July-September from a earlier, the weakest clip since the third quarter of 2020 and missing forecasts. "The domestic economic recovery is still unstable and uneven," said National Bureau of Statistics (NBS) spokesperson Fu Linghui at a briefing in Beijing on Monday.

### **Philippine c.bank sees no policy adjustments through to year end, says governor**

MANILA, Oct 18 (Reuters) - The Philippine central bank sees no need to adjust policy rates until the end of the year with a rise in inflation likely to be transitory, its governor said on Monday. "It would appear there won't be any policy rate adjustments between now and the end of the year," Bangko Sentral ng Pilipinas (BSP) Governor Benjamin Diokno told ANC news channel. The central bank, which will hold rate setting meetings in November and December, has kept interest rates PHCBIR=ECI steady at a record low of 2.0% in its last seven meetings to support the economy.

### **Oil prices climb to highest in years as COVID recovery, power generators stoke demand**

SINGAPORE, Oct 18 (Reuters) - Oil prices hit their highest in years on Monday as demand continues its recovery from the COVID-19 pandemic, boosted by more custom from power generators turning away from expensive gas and coal to fuel oil and diesel. Brent crude oil LCOc1 futures rose 87 cents, or 1%, to \$85.73 a barrel by 0111 GMT, the highest price since October 2018. U.S. West Texas Intermediate (WTI) crude CLc1 futures climbed \$1.12, or 1.4%, to \$83.40 a barrel, highest since October 2014. The U.S. oil and gas rig count, an early indicator of future output, rose 10 to 543 in the week to Oct. 15, its highest since April 2020, energy services firm Baker Hughes Co said last week.