



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

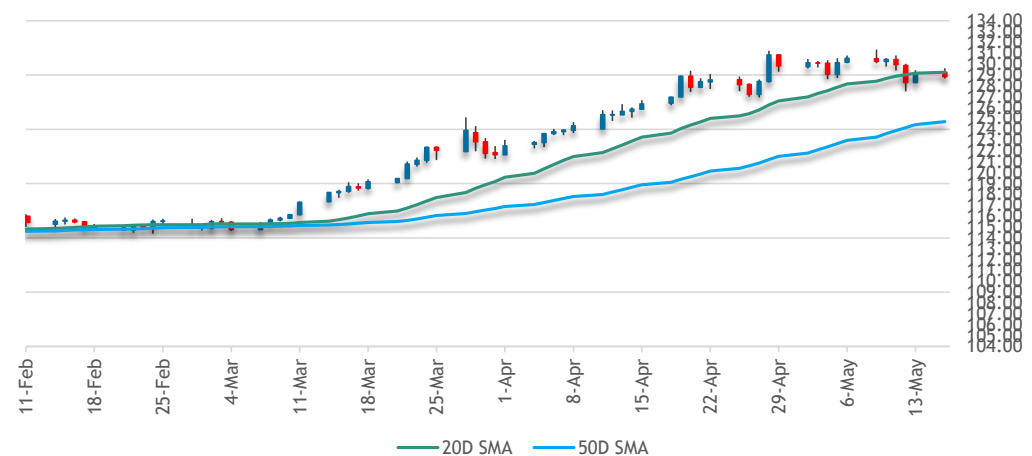
## KFH Treasury



*Report produced on*  
**Mon, 16/May/2022**

# Forex Market

## JAPANESE YEN



CLOSE **129.19**      1M %chg **2.81%**      3M %chg **11.94%**

### USD/JPY pushes back down after early rally to 129.67 - Reuters

16-May-2022 06:00:58 AM

- \* USD/JPY up to 129.67 EBS into Tokyo fix, falls back thereafter
- \* Low so far 129.07 on the back of spec sales
- \* Japanese importer bids eyed from @129.00, look to trail down
- \* US yields remain supportive, Treasury 10s to 2.953% before easing a bit
- \* 128.71-129.17 hourly Ichi likely to cushion further USD/JPY moves down
- \* Descending 55-HMA in area at 129.02, daily Ichi kijun 127.66 below

## EURO



CLOSE **1.0411**      1M %chg **-4.35%**      3M %chg **-8.27%**

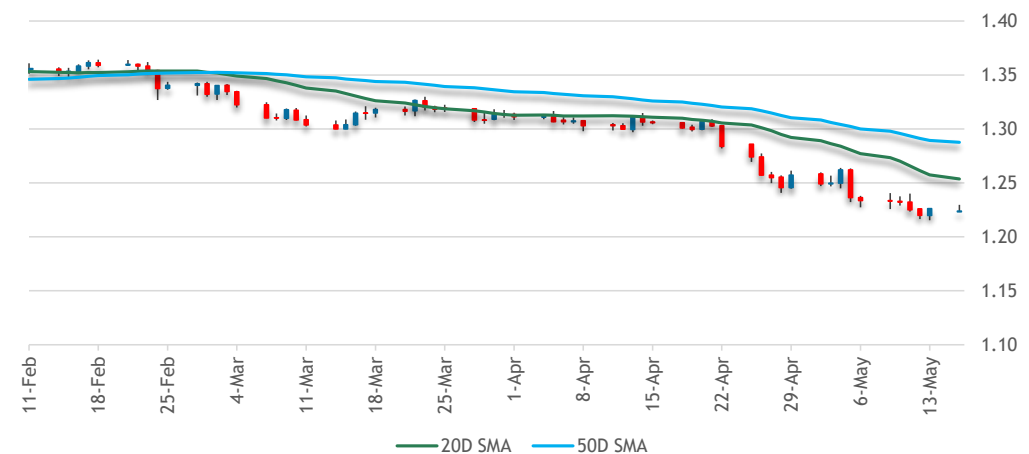
### EUR/USD-Steady start after basing ahead of 2017 low - Reuters News

16-May-2022 03:07:20 AM

- \* EUR/USD traded to 1.0349 Friday - just ahead of 2017 trend low at 1.0340
- \* It recovered during US session when risk assets rallied and USD & JPY eased
- \* EUR/USD trading around 1.0405 after closing Friday at 1.0412
- \* It is still trending lower with resistance at the 10-day MA at 1.0502
- \* A break above the 10-day MA would suggest a bottom may be forming
- \* Major support at the 2017 low at 1.0340 and break would put parity in focus
- \* Selling rallies the favoured strategy, as fundamentals still EUR-negative

# Forex Market

## POUND STERLING



CLOSE  
**1.2261**

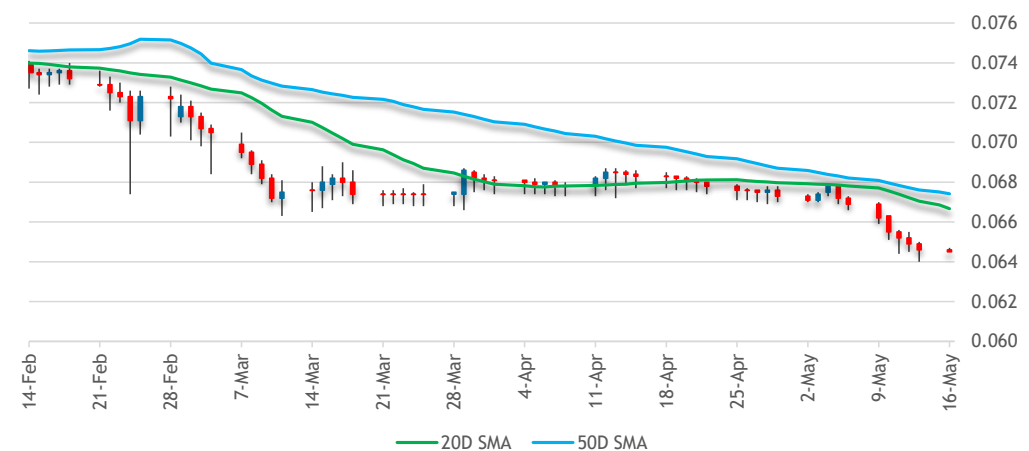
1M %chg  
**-6.51%**

3M %chg  
**-9.58%**

### COMMENT - Sterling bulls woes continue as new 2-year low at 1.2156 probed - Reuters

13-May-2022 08:02:39 PM  
May 13 (Reuters) - GBP/USD extended recent losses on Friday, falling to a two-year low of 1.2156, with intermittent rebounds serving to prepare bears for further moves lower, leaving the spotlight on the May 18, 2020 low at 1.2075 next. Current macro and geopolitical conditions present few obstacles for cable shorts, with the BoE intent on a campaign of only gentle rate hikes in the face of 7% inflation far out-stripping its 2% target as it braces for economic downturn. In contrast, the more aggressive Fed FEDWATCH is showing no signs of backing down from its inflation fight, adding to bearish GBP/USD momentum, while China's COVID-related lockdowns and the Ukraine conflict sap global growth and further undermine risk-sensitive sterling. GBP/USD bears will probably remain in control until the news flow changes or a policy shift from the Fed or BoE occurs. Cable was last trading flat at 1.2204. A close below the May 18, 2020 low at 1.2075 would put 1.1778, the March 26, 2020 low, in bears' sights.

## TURKISH LIRA



CLOSE  
**0.0646**

1M %chg  
**-5.69%**

3M %chg  
**-12.70%**

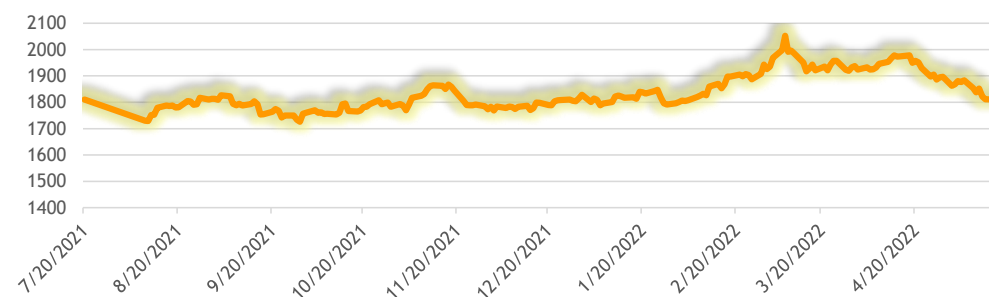
### Turkey - Factors to Watch

16-May-2022 08:27:20 AM  
ISTANBUL, May 16 (Reuters) - The lira TRY/TOM=D3 stood at 15.4950 against the dollar at 0425 GMT, having touched a low of 14.5035, after closing at 15.4870 on Friday. The main BIST 100 share index .XU100 rose 1.18% to 2,419.23 points on Friday.

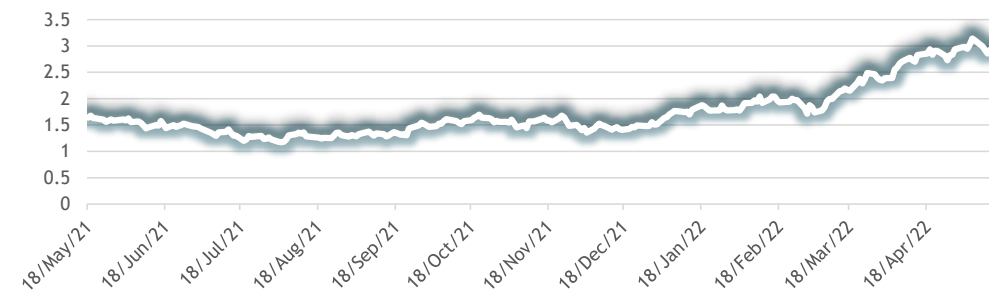
Turkey recorded 1,154 new COVID-19 infections in the last 24 hours, health ministry data showed on Sunday, with the daily death toll at 10 in the same period.

# Gold, US Treasury & Dollar Index

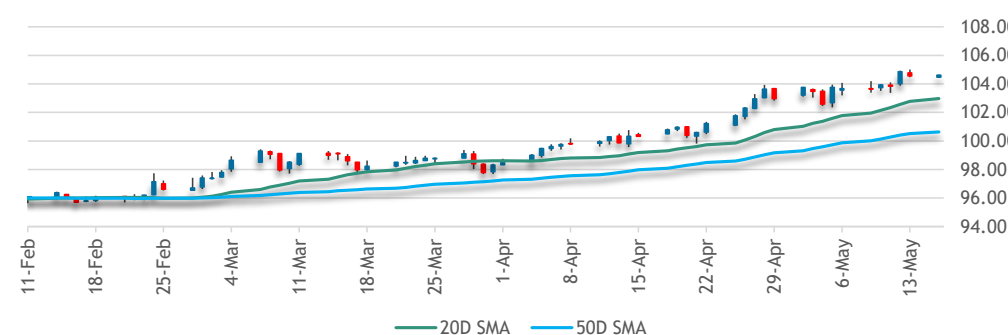
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

**2.90**

1M %chg

**8.33%**

3M %chg

**52.63%**

### PRECIOUS-Gold up from 3-month lows as U.S. bond yields weaken

16-May-2022 07:07:20 AM

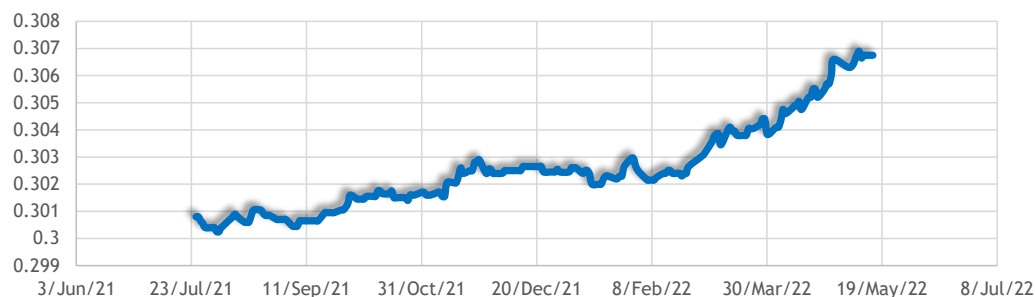
May 16 (Reuters) - Gold edged up on Monday from a more than three-month trough hit in the previous session, as lower U.S. Treasury yields kept demand for zero-yield bullion afloat above the key psychological support level of around \$1,800 per ounce. Spot gold XAU= was up 0.1% at \$1,812.15 per ounce, as of 0227 GMT. U.S. gold futures GCv1 gained 0.1% to \$1,809.80. Marking their fourth straight weekly decline, gold prices fell more than 1% on Friday to the lowest since Feb. 4 at \$1,798.86 per ounce, before closing at \$1,811.15. The dollar =USD started the week just off a 20-year high against peers, as investors sought safety due to fears about global growth, and continued to make rival safe-haven gold less attractive for buyers holding other currencies. However, benchmark U.S. 10-year Treasury yields fell, demand for non-interest bearing gold. Spot silver XAG= was down 0.1% at \$21.06 per ounce, platinum XPT= was unchanged at \$938.46, and palladium XPD= rose 0.3% to \$1,949.88.

### UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
NY Fed Manufacturing	US	16/May 18:00	May	24.60	17.00
GDP QQ	JP	17/May 05:20	Q1	1.1	-0.4
GDP QQ Annualised	JP	17/May 05:20	Q1	4.6	-1.8
GDP QQ Pvt Consmp Prelim	JP	17/May 05:20	Q1	2.4	-0.5
GDP QQ External Demand	JP	17/May 05:20	Q1	0.2	-0.3
Claimant Count Unem Chng*	GB	17/May 11:30	Apr	-46.9	-38.8
GDP Flash Estimate QQ	EU	17/May 14:30	Q1	0.2	0.2
GDP Flash Estimate YY	EU	17/May 14:30	Q1	5.0	5.0
Retail Control *	US	17/May 18:00	Apr	-0.1	0.5
Retail Sales MM *	US	17/May 18:00	Apr	0.5	0.8
Retail Sales Ex-Autos MM *	US	17/May 18:00	Apr	1.1	0.3

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0377	1.0419	1.0348	1.0411	0.31%
GBP	1.2198	1.2265	1.2154	1.2261	0.51%
JPY	128.33	129.45	128.23	129.19	0.68%
TRY	0.0649	0.065	0.064	0.0646	-0.46%
Dollar Idx	104.769	105.005	104.465	104.563	-0.27%
Brent	108.25	111.69	107.79	111.55	3.82%
WTC	-	-	-	110.52	4.12%
Gold	1822.225	1828.52	1798.86	1811.1544	-0.58%
KWSE Index	8132.03	8146.69	7811.73	7868.83	0.00%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	0.81	3M	1.88
SW	1.25	6M	2.13
1M	1.56	1Y	2.38

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

**0.30675**

3M% CHG

**1.44%**

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	05/May/'22	1.38	1.13	0.25
1W Repo Rate	05/May/'22	1.63	1.38	0.25
1M Repo Rate	05/May/'22	2.13	1.88	0.25
KWD ON Rate	05/May/'22	10.00	10.00	0.00
Discount Rate	05/May/'22	2.00	1.75	0.25

## LIBOR RATES

Tenor	Value	Tenor	Value
ON	0.83	3M	1.44
SW	0.00	6M	2.00
1M	0.89	1Y	2.65
2M	0.00		

## OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	04/May/'22	1.00	-0.50	1.50
ECB Refinancing Rate	10/Mar/'16	0.00	0.05	-0.05
BOE Bank Rate	05/May/'22	1.00	0.75	0.25
BOJ Prime Rate	10/Febr/'22	1.10	1.00	0.10
TRY ON Lending Rate	17/Febr/'22	15.50	15.50	0.00

## KEY INTERNATIONAL STORIES

### U.S. import prices unchanged in April as petroleum falls - Reuters News

WASHINGTON, May 13 (Reuters) - U.S. import prices were unexpectedly flat in April as a decline in the cost of petroleum offset gains in food and other products, government data showed on Friday. The unchanged reading in import prices followed a 2.9% surge in March, the Labor Department said. In the 12 months through April, import prices increased 12.0% after accelerating 13.0% in March. Economists polled by Reuters had forecast import prices, which exclude tariffs, increasing 0.6%.

### Economists sound the alarm over UK's post-Brexit finance plans

LONDON, May 16 (Reuters) - More than 50 economists warned on Monday that Britain's post-Brexit plans to boost the competitiveness of its huge finance industry risked creating the kind of problems that led to the global financial crisis. The government, seeking to use its "Brexit freedoms", announced this month that it would require regulators to help the City of London to remain a global financial centre after the country left the European Union. Banks have sought more focus on competitiveness than proposed, but the government has faced push-back from the BoE.

### ECB policymaker says rates will rise 'very soon'

FRANKFURT, May 14 (Reuters) - The European Central Bank (ECB) will likely decide at its next meeting to end its stimulus programme in July, and raise interest rates "very soon" after that, ECB policymaker Pablo Hernández de Cos said on Saturday. The ECB has been lagging global peers in raising borrowing costs and is even still pumping cash into the financial system via its Asset Purchase Programme (APP), the legacy of a decade fighting too-low inflation. Euro zone inflation hit a record 7.5% in April and even measures that strip out energy and food costs have been well above the ECB's 2% target.

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### China's economy cools sharply in April as lockdowns bite

BEIJING, May 16 (Reuters) - China's economic activity cooled sharply in April as widening COVID-19 lockdowns took a heavy toll on consumption, industrial production and employment, adding to fears the economy could shrink in the second quarter. Retail sales in April shrank 11.1% from a year earlier, the biggest contraction since March 2020, data from the National Bureau of Statistics (NBS) showed on Monday, and worse than forecast. The 6.7% jobless rate in 31 major cities in April is the highest since records started in 2018. The government aims to keep the jobless rate below 5.5% in 2022.

### Thailand's economy likely grew modestly in Q1, stung by high inflation

BENGALURU, May 13 (Reuters) - Thailand's economy likely grew modestly in the first quarter, thanks to robust exports and an easing of COVID-19 restrictions and despite low tourist arrivals and high inflation dampening consumer spending, a Reuters poll found. Southeast Asia's second-largest economy is estimated to have expanded 2.1% in the January-March period compared with the same period a year earlier, according to a May 6-13 poll of 15 economists. It showed annual growth of 1.9% in the previous quarter. In 2019, before the coronavirus pandemic, Thailand received nearly 40 million visitors.

### Oil prices drop on profit-taking, supply fears linger

TOKYO, May 16 (Reuters) - Oil prices slipped on Monday, giving up earlier gains as investors took profits after a surge in the previous session, but global supply fears loomed with the European Union preparing to phase in a ban on imports from Russia. Brent crude LCOc1 futures were down 64 cents, or 0.6%, at \$110.91 a barrel at 0137 GMT, while U.S. West Texas Intermediate (WTI) crude CLc1 futures dropped 60 cents, or 0.5%, to \$109.89 a barrel. Both benchmarks, which jumped about 4% last Friday, earlier increased by more than \$1 a barrel, with WTI reaching its highest since March 28 of \$111.71.