



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

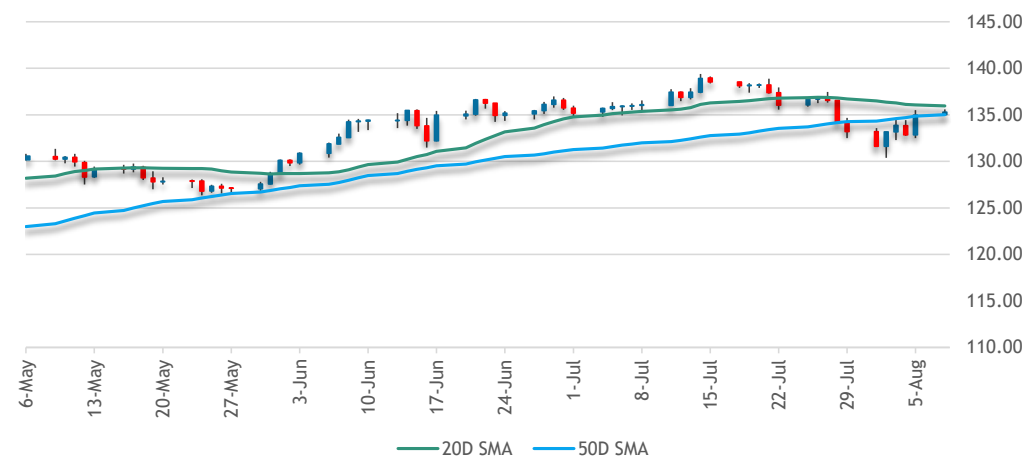
## KFH Treasury



*Report produced on*  
**Mon, 08-Aug-2022**

# Forex Market

## JAPANESE YEN



CLOSE  
**134.97**

1M %chg  
**-0.66%**

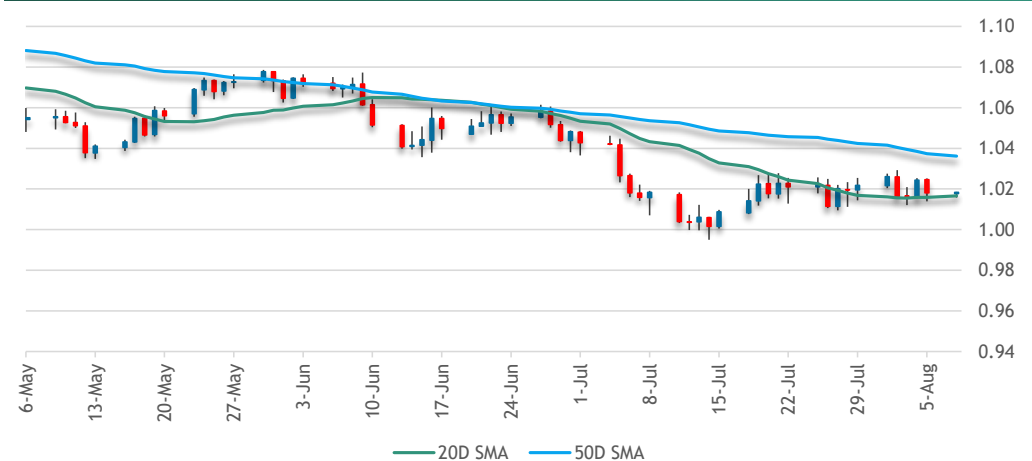
3M %chg  
**3.72%**

### USD/JPY-Surges with US yields; 75bps Fed hike back on table - Reuters News

08-Aug-2022 03:49:24 AM

- \* USD/JPY up 0.2% early after 1.6% Fri rise on strong US jobs data
- \* Boosted by broad advance in US yields; 10-yr yield up 14 bps, 2-yr +18 bps
- \* U.S. rate futures price in 69% chance of 75 bps hike in September
- \* Hawkish weekend comments from Fed officials to provide further boost for USD
- \* Fed's Bowman: more 75 basis-point hikes should be on the table
- \* "We need to leave our minds open"- Fed's Daly when asked out Sept meeting
- \* US CPI Wed pivotal; strong resistance 135.55-60, 135.95-136.00
- \* Support 134.55-65, 134.00-10; Fri range 132.53-135.52, Asia Mon134.95-135.32

## EURO



CLOSE  
**1.0181**

1M %chg  
**-0.83%**

3M %chg  
**-3.41%**

### EUR/USD-Soft in early Asia on hawkish Fed and Italy concerns - Reuters News

08-Aug-2022 07:59:19 AM

- \* EUR/USD fell to 1.0159 early Asia after closing -0.51% Friday at 1.0195
- \* Hawkish Fed comments and Italy worries led to the selling
- \* Early USD strength dissipated and EUR/USD back at 1.0180 into the afternoon
- \* EUR/USD support is at Friday's 1.0142 low and 50% of 0.9952/1.0294 at 1.0123
- \* Sellers are lined up around 1.0250 with resistance at 1.0294
- \* Hawkish shift in Fed expectations to limit EUR/USD gains ahead of US CPI Wednesday
- \* Range proving stubborn and break below 61.8 fibo @ 1.0082 needed to break it

# Forex Market

## POUND STERLING



CLOSE  
**1.2071**

1M %chg  
**0.95%**

3M %chg  
**-2.37%**

### COMMENT-Sterling hit after US payroll beat lifts Fed hike expectations - Reuters

05-Aug-2022 07:02:37 PM

Aug 5 (Reuters) - Sterling has slipped to a new 10-day low at 1.2004, after U.S. payroll data (Full Story) surprised significantly to the upside. The NFP and earnings beats are adding weight to Fed member musings that expectations for rate cuts in early 2023, are misplaced. GBP/USD bears are testing support at 1.2026, the 50% Fib of 1.1761-1.2992. A close below 1.2026 can increase bearish momentum putting a series of July lows at risk, including July 21's 1.1891 and July 14's daily low at 1.1761. The more-hawkish Fed rate path is likely to keep downward pressure on GBP/USD, as the BoE's attempt to keep pace with the Fed by hiking 50bps on Thursday, will have little effect closing the gap between diverging Fed-BoE hike paths. U.S. rate futures 0#ED: currently price a 70% chance of a third 75bp hike at the Fed's Sept. 27 meeting. In contrast, UK rate futures are pricing a 50% chance for a 50bp hike at the BoE's Sept. 15 meeting, even as the BoE has forecast UK inflation rising above 13% by fall 2022.

## TURKISH LIRA



CLOSE  
**0.0558**

1M %chg  
**-4.94%**

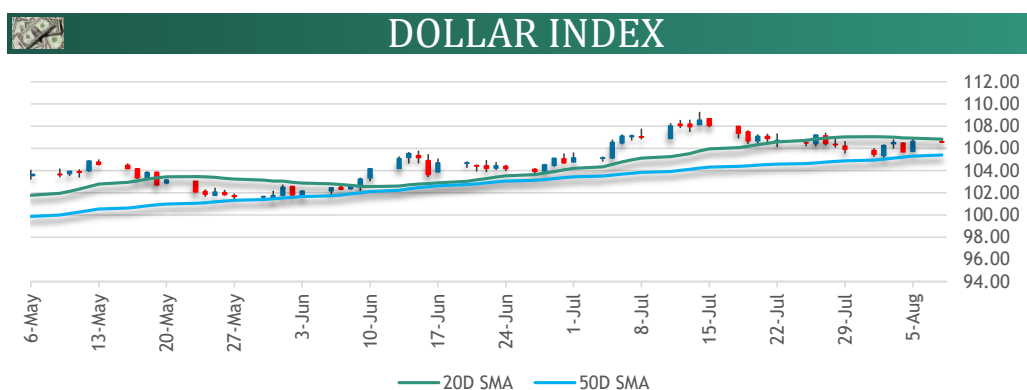
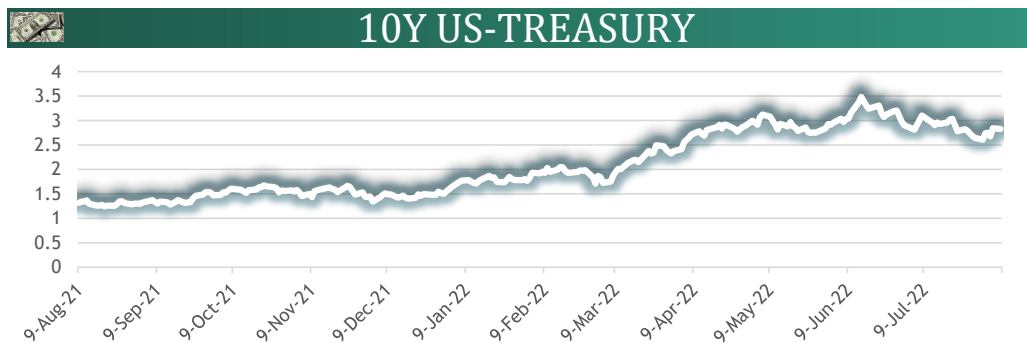
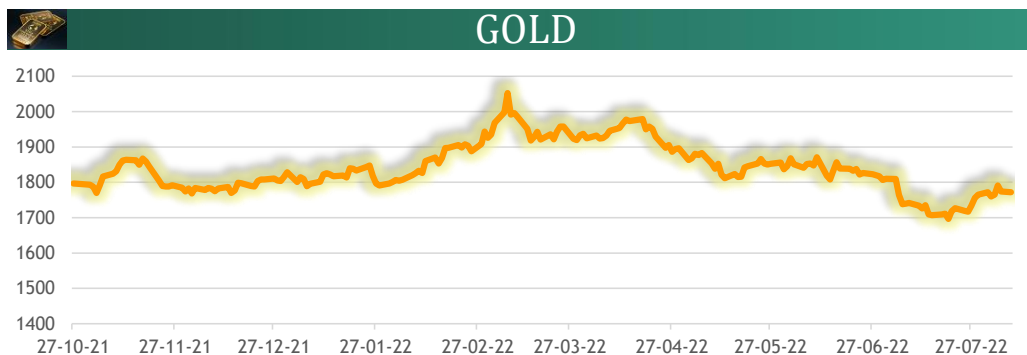
3M %chg  
**-16.96%**

### Turkish factory activity seen expanding 6.7% in June - Reuters News

05-Aug-2022 07:29:42 PM

ISTANBUL, Aug 5 (Reuters) - Turkey's industrial production is seen expanding 6.7% annually in June, continuing a strong two-year run despite rampant inflation and an ailing currency, a Reuters poll showed on Friday. Output has made a strong recovery from the initial coronavirus wave in April of 2020. Economists expect the pace of growth in the index to slow in coming months. A potential drop in external demand or a supply chain disruption due to Russia's invasion of Ukraine could also hit production. The median estimate in the Reuters poll of six institutions showed year-on-year growth of 6.7% in the calendar-adjusted industrial production index in June. Forecasts for the index, seen as a preliminary indicator of economic growth, ranged between 5.5% and 9.9%. The currency crisis and resulting jump to 80% inflation, as well as fallout from war, are expected to hamper growth in 2022.

# Gold, US Treasury & Dollar Index



US 10YT YIELD

**2.83**

1M %chg

**1.03%**

3M %chg

**-7.43%**

PRECIOUS-Gold subdued as strong U.S. data lifts aggressive Fed rate-hike bets

08-Aug-2022 07:29:19 AM

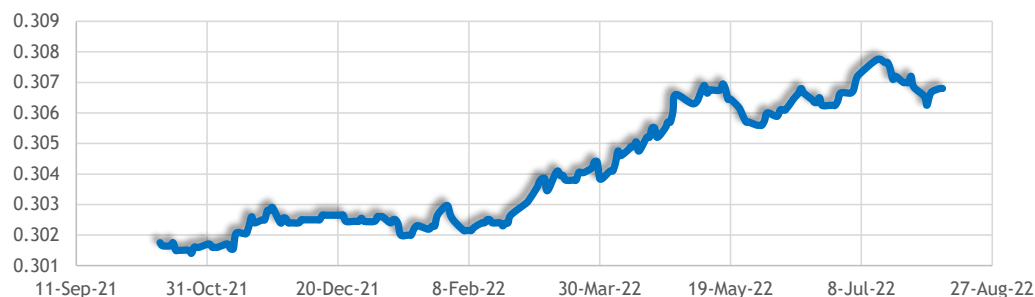
Aug 8 (Reuters) - Gold prices edged lower on Monday after solid U.S. jobs report last week boosted the prospect of aggressive interest rate hikes by the U.S. Federal Reserve, lifting the dollar and Treasury yields. Spot gold XAU= was down 0.1% at \$1,772.27 per ounce, as of 0303 GMT, after dropping 1% in the previous session. U.S. gold futures GCv1 eased 0.1% to \$1,790. Stunning U.S. payrolls report pushed back against talk of recession and lifted the dollar index =USD to its highest since July 28, making gold more expensive for other currency holders. While benchmark U.S. 10-year Treasury yields US10YT=RR hovered near their highest level in more than two weeks scaled on Friday. Meanwhile, holdings of SPDR Gold Trust GLD, the world's largest gold-backed exchange-traded fund, fell 0.12% to 999.16 tonnes on Friday, its lowest since mid-Jan. Spot silver XAG= was flat at \$19.87 per ounce, platinum XPT= fell 0.2% to \$929.96, and palladium XPD= edged 0.1% lower at \$2,123.94.

## UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
BRC Retail Sales YY	GB	08-Aug 04:31	Jul	-1.3	
Sentix Index*	EU	08-Aug 14:00	Aug	-26.4	-24.7
Corp Goods Price MM	JP	09-Aug 05:20	Jul	0.7	0.4
Corp Goods Price YY	JP	09-Aug 05:20	Jul	9.2	8.4
Unit Labor Costs Prelim *	US	09-Aug 18:00	Q2	12.6	9.0
Productivity Prelim*	US	09-Aug 18:00	Q2	-7.3	-4.6
RICS Housing Survey*	GB	10-Aug 04:31	Jul	65	60
MBA 30-Yr Mortgage Rate	US	10-Aug 16:30	w/e	5.43	
Core CPI MM, SA*	US	10-Aug 18:00	Jul	0.7	0.5
Core CPI YY, NSA*	US	10-Aug 18:00	Jul	5.9	6.1
CPI MM, SA*	US	10-Aug 18:00	Jul	1.3	0.2

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0246	1.0252	1.0139	1.0181	-0.61%
GBP	1.2156	1.2168	1.2001	1.2071	-0.71%
JPY	132.85	135.49	132.5	134.97	1.60%
TRY	0.0558	0.0559	0.0551	0.0558	0.00%
Dollar Idx	105.721	106.93	105.694	106.621	0.88%
Brent	93.65	96.4	92.78	94.92	0.85%
WTC	-	-	-	91.77	0.53%
Gold	1790.16	1794.79	1764.56	1774.15	-0.95%
KWSE Index	7737.5	7746.27	7712.2	7712.74	-0.26%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	1.25	3M	2.38
SW	1.75	6M	2.63
1M	2.06	1Y	2.94

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

**0.30680**

3M% CHG

**0.13%**

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	28-Jul-'22	1.88	1.63	0.25
1W Repo Rate	28-Jul-'22	2.13	1.88	0.25
1M Repo Rate	28-Jul-'22	2.63	2.38	0.25
KWD ON Rate	28-Jul-'22	10.00	10.00	0.00
Discount Rate	28-Jul-'22	2.50	2.25	0.25

## LIBOR RATES

Tenor	Value	Tenor	Value
ON	2.31	3M	2.87
SW	0.00	6M	3.43
1M	2.37	1Y	3.86
2M	0.00		

## OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	27-Jul-'22	2.50	0.75	1.75
ECB Refinancing Rate	21-Jul-'22	0.50	0.00	0.50
BOE Bank Rate	04-Aug-'22	1.75	1.25	0.50
BOJ Prime Rate	10-Jun-'22	1.20	1.10	0.10
TRY ON Lending Rate	17-Feb-'22	15.50	15.50	0.00

## KEY INTERNATIONAL STORIES

### Unusually large U.S. jobs number stokes case for 'unusually large' rate hike

Aug 5 (Reuters) - The U.S. Federal Reserve faces renewed pressure to deliver another 75 basis point interest rate hike at its upcoming meeting in September as fresh data showed job gains unexpectedly accelerating and overall employment at a record high despite soaring inflation and rising borrowing costs. The economy added 528,000 jobs last month, the Labor Department said in its closely watched employment report on Friday, a far larger-than-expected number than expected. Data for June was revised higher to show 398,000 jobs created instead of the previously reported 372,000.

### BoE's Bailey rebuffs talk of less central bank independence in UK

LONDON, Aug 5 (Reuters) - Bank of England Governor Andrew Bailey pushed back at suggestions by the front-runner to become Britain's next prime minister Liz Truss and her supporters that the government should have a bigger role in how the central bank operates. The BoE was given operational independence on monetary policy in 1997, since when it has been tasked with meeting an inflation target - currently 2% - that is set by the government. With inflation on course to surpass 13% later this year - its highest since 1980 - Truss has said she wants to set "a clear direction of travel" for monetary policy.

### Euro zone consumers brace for recession and high inflation - ECB survey

FRANKFURT, Aug 5 (Reuters) - Consumers in the euro zone are bracing for the economy to shrink and for high inflation to continue eating into their income in the next year, a European Central Bank survey showed on Thursday. The Consumer Expectations Survey, used by policymakers for input in their deliberations and published on Thursday for the first time, showed households were beginning to lose faith in the ECB's ability to bring inflation back down to its 2% goal. Consumers also expected the economy to contract by 1.3% in the coming 12 months.

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### Japan's economy likely rebounded in Q2 with unleashing of consumers

TOKYO, Aug 5 (Reuters) - Japan's economy likely rebounded in April-June from contraction in the previous quarter thanks to solid consumer spending in face-to-face services no longer hindered by coronavirus curbs, a Reuters poll showed on Friday. For the current quarter, however, analysts are concerned about rising risks, including the possibility of global economic slowdown and a resurgence of COVID-19 cases in Japan. Wholesale prices were estimated to be 8.4% higher in July than a year earlier, the pace of rises decelerating for a third month, the poll also showed. Wholesale price inflation hit a record 9.9% in April.

### Thai c.bank to raise rates on August 10 as inflation surges

BENGALURU, Aug 8 (Reuters) - Thailand's central bank will raise interest rates for the first time in around four years from a record low on Aug. 10 as the central bank shifts its focus from economic growth to rising inflation, a Reuters poll found. High inflation, a global phenomenon from disrupted supply chains, has also affected Thailand and it has remained above the central bank's target of 1-3% since early 2022. It hit a 14-year high of 7.66% in June from a year earlier and remained around that level in July. That shift was evident in June when calls for rate hikes grew louder and three of seven monetary policy members voted in favour of a rate hike.

### Oil slides amid recession fears, slow recovery in China imports

SINGAPORE, Aug 8 (Reuters) - Oil prices dropped on Monday, hovering near multi-month lows, as recession fears hurt demand outlook and data pointed to a slow recovery in China's crude imports last month. Brent crude futures LCOc1 dropped 74 cents, or 0.8%, to \$94.18 a barrel by 0039 GMT. Front-month prices hit the lowest levels since February last week, tumbling 13.7% and posting their largest weekly drop since April 2020. U.S. West Texas Intermediate crude CLc1 was at \$88.34 a barrel, down 67 cents, or 0.8%. The U.S. clean energy sector received a boost after the Senate on Sunday passed a sweeping \$430 billion bill intended to fight climate change, among other issues.