



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

## KFH Treasury



*Report produced on*  
**Wed, 01-Feb-2023**

# Forex Market

## JAPANESE YEN



CLOSE  
**130.09**

1M %chg  
**-0.78%**

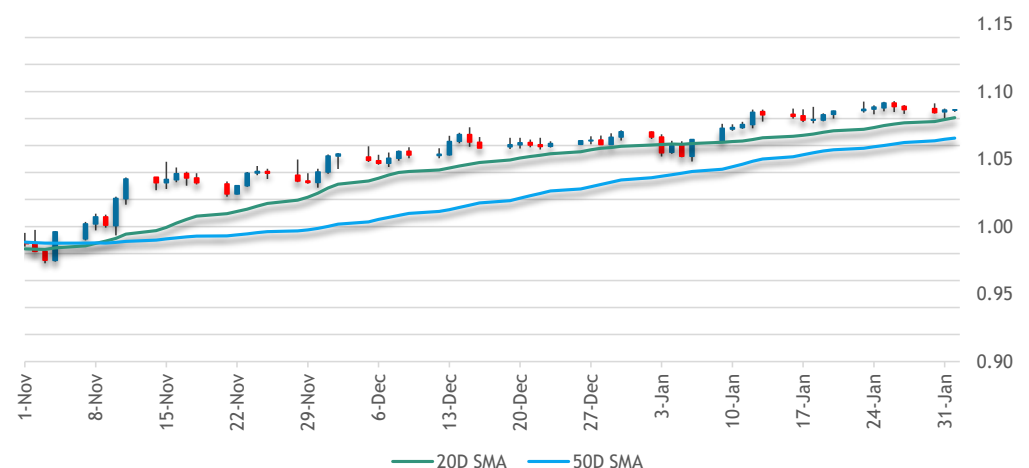
3M %chg  
**-12.52%**

### USD/JPY, JPY crosses mostly in stasis ahead of FOMC, ECB - Reuters

01-Feb-2023 07:56:40 AM

- \* USD/JPY does little in Asia ahead of FOMC, 129.85-130.20 EBS
- \* Fed widely expected to hike 25 bps, statement and Powell presser key
- \* Slew of recently weaker data has some eyeing less hawkish stance
- \* Notable option expiries between 128.85-129.20 today, in area tom too
- \* Eyes on US yields, in stasis too now, Tsy 10s @3.511%, 2s @4.206%
- \* Nikkei +0.2% @27,370, up more at Feb TSE start, E-Minis -0.2% @4080
- \* EUR/JPY 141.09-31 EBS, GBP/JPY 159.78-160.35, AUD/JPY 91.45-79
- \* Japan mfg PMI ignored, 48.9, unch from flash

## EURO



CLOSE  
**1.0862**

1M %chg  
**1.50%**

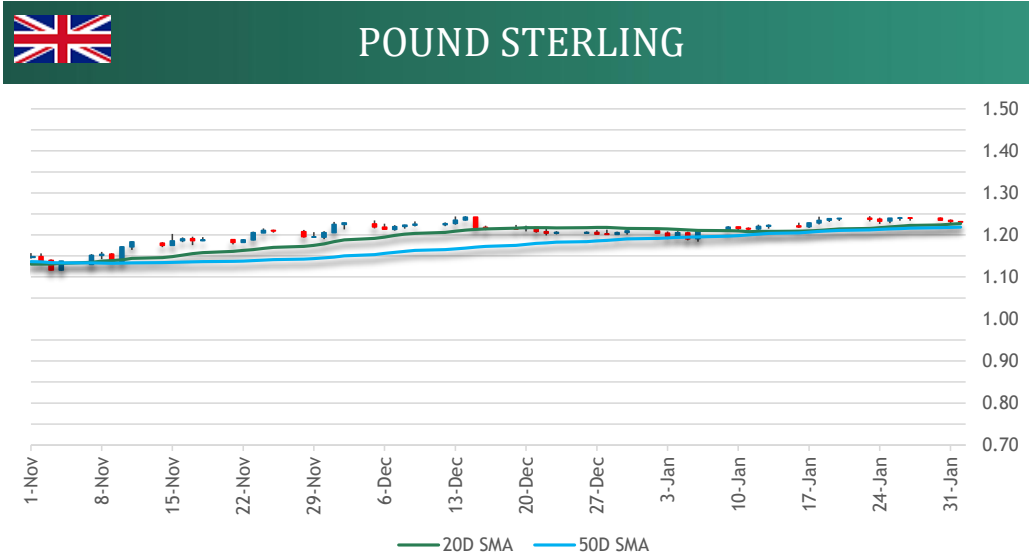
3M %chg  
**9.91%**

### EUR/USD-Shorts relent after upbeat risk emerged - Reuters

01-Feb-2023 10:36:32 PM

- \* EUR/USD hit 1.0802 on EBS overnight, NY opened near 1.0835, rally extended
- \* US\$ buys abated as rates EDZ3 softened, USD/CNH slid below 6.7550
- \* Slower US wage growth helped risk-on sentiment intensify
- \* Equities turned positive while commodities LCOc1 bounced off their lows
- \* EUR/USD turned positive, climbed above the 10-DMA, hit 1.0869 on EBS
- \* Techs lean bullish; daily RSI diverged on the low, daily bull hammer formed
- \* US Jan. ISM mfg-PMI & ADP, Fed meeting are key risks looming for Wednesday

# Forex Market

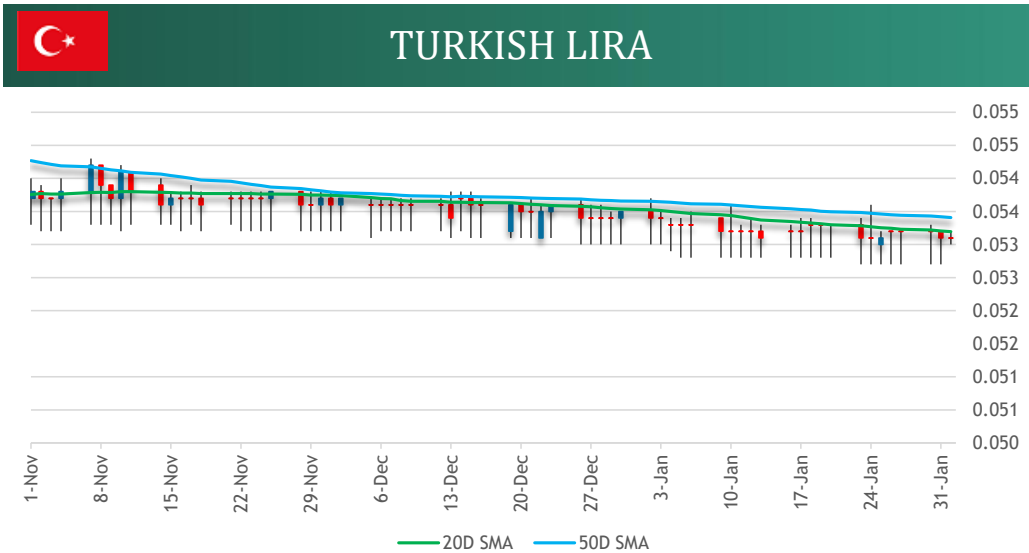


CLOSE **1.2320** 1M %chg **1.84%** 3M %chg **7.42%**

**GBP/USD-Rumours of a N.Ireland deal - potential GBP positive - Reuters**

01-Feb-2023 03:41:08 AM

- \* -0.05% after closing -0.25%, despite a softer U.S. dollar - EUR/GBP +0.35%
- \* UK and EU strike deal that could break N.Ireland deadlock -The Times
- \* If a true, a viable EU/UK compromise would be a strong sterling positive
- \* It could begin a closer trading relationship with UK's biggest customer
- \* Techs; 5, 10 & 21 day moving averages conflict, 21 day Bolli bands contract
- \* Momentum studies slide - neutral setup above pivotal 1.2262 21 DMA
- \* Sustained 1.2450 Dec/Jan range top break would target 1.2666 May high
- \* Close below 1.2262 21 day moving averages would be a bearish signal



CLOSE **0.0531** 1M %chg **-0.75%** 3M %chg **-1.12%**

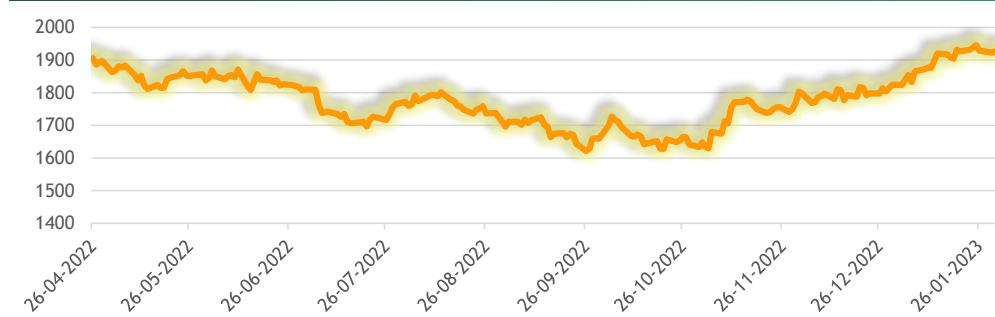
**Turkey - Factors to Watch**

01-Feb-2023 08:32:28 AM

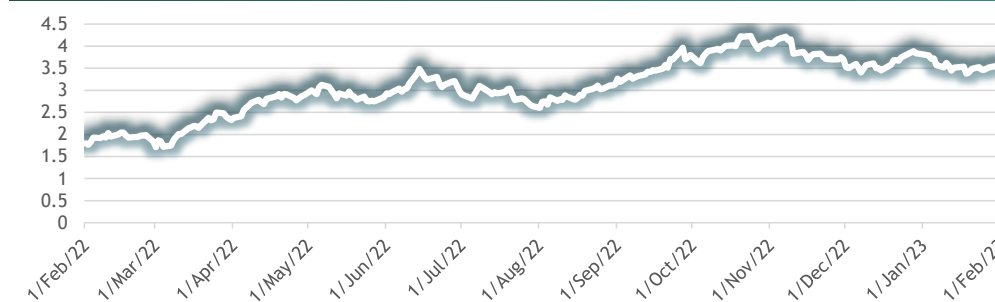
ISTANBUL, Feb 1 (Reuters)- The lira TRY/TOM=D3 traded at 18.8105 against the dollar early on Wednesday, unchanged when compared to Tuesday's close. The main BIST 100 share index .XU100 closed 2.35% lower at 4,976.55 points on Tuesday. Turkey's government is expecting some 100 billion lira (\$5.32 billion) in payment as part of a restructuring of public debt worth 1 trillion lira under a draft law, an impact analysis report submitted to a parliamentary commission showed.

# Gold, US Treasury & Dollar Index

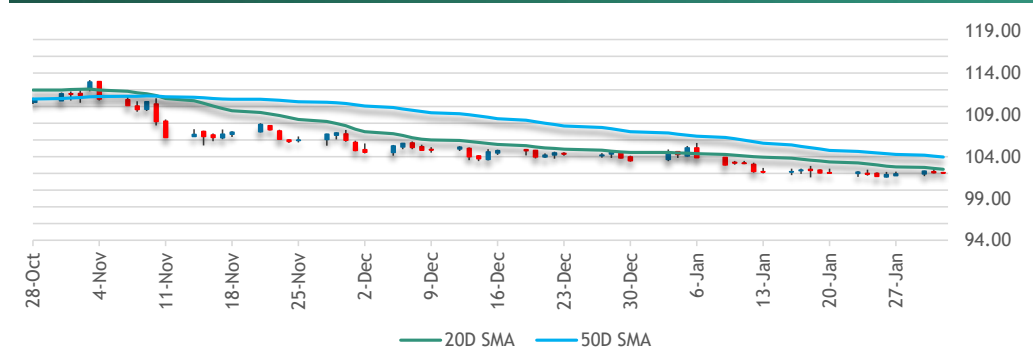
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

**3.51**

1M %chg

**-7.88%**

3M %chg

**-13.44%**

### PRECIOUS-Gold holds tight range as traders focus on Fed decision

01-Feb-2023 07:10:00 AM

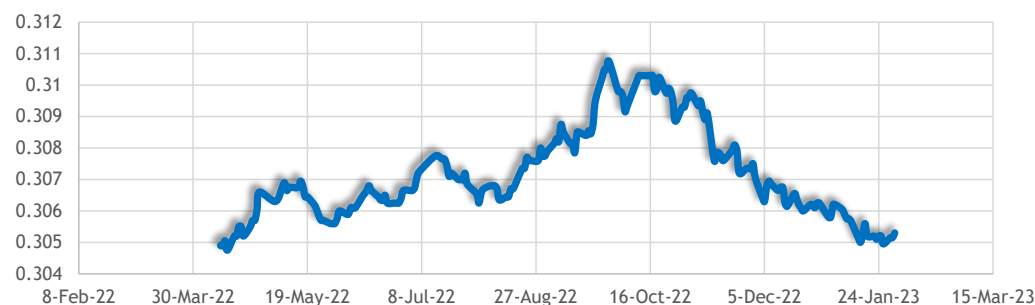
Feb 1 (Reuters) - Gold traded in a narrow price range on Wednesday, as investors refrained from taking big bets ahead of the U.S. Federal Reserve's policy decision due later in the day. Spot gold XAU= was down 0.1% at \$1,925.09 per ounce. U.S. gold futures GCv1 fell 0.3% to \$1,940.50. The U.S. central bank is widely expected to scale back rate hikes to 25 basis points (bps) from 50 bps in December. "There is a semi-decent chance that Powell will not deliver the dovish hike markets want... So, that leaves gold vulnerable to a bump in the road at these highs, if we see the inevitable higher dollar and yields in case Powell keeps quiet on a pause or pivot," said Simpson. The Bank of England and the European Central Bank are expected to raise rates by 50 bps on Thursday. Among other precious metals, spot silver XAG= lost 0.4% to \$23.61 per ounce, platinum XPT= dropped 0.3% to \$1,008.62 and palladium XPD= inched 0.1% lower to \$1,647.17.

### UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Fed Funds Tgt Rate *	US	01-Feb 00:30	N/A	4.375	4.625
Fed Funds Tgt Rate *	US	01-Feb 00:30	N/A	4.375	4.625
Nationwide house price yy*	GB	01-Feb 12:30	Jan	2.8	1.9
Nationwide house price mm*	GB	01-Feb 12:30	Jan	-0.1	-0.3
S&P Global Mfg Final PMI	EU	01-Feb 14:30	Jan	48.8	48.8
S&P GBLBL/CIPS Mfg PMI FNL	GB	01-Feb 15:00	Jan	46.7	46.7
HICP Flash YY	EU	01-Feb 15:30	Jan	9.2	9.0
HICP-X F&E Flash YY	EU	01-Feb 15:30	Jan	6.9	6.9
Unemployment Rate	EU	01-Feb 15:30	Dec	6.5	6.5
Mortgage Refinance Index	US	01-Feb 17:30	w/e	502.3	
ISM Manuf Employment Idx	US	01-Feb 20:30	Jan	51.4	49.0

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0849	1.0874	1.08	1.0862	0.17%
GBP	1.2348	1.237	1.2281	1.232	-0.26%
JPY	130.44	130.53	129.73	130.09	-0.27%
TRY	0.0532	0.0532	0.0527	0.0531	-0.19%
Dollar Idx	102.192	102.607	102.008	102.097	-0.18%
Brent	85.18	85.25	83.73	84.49	-0.48%
WTC	-	-	-	78.95	1.26%
Gold	1922.75	1930.99	1900.6	1927.88	0.28%
KWSE Index	7284.55	7284.85	7235.19	7277.29	-0.06%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.50	3M	4.19
SW	3.63	6M	4.44
1M	3.88	1Y	4.69

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

**0.30530**

**-1.29%**

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	26-Jan-'23	3.63	3.13	0.50
1W Repo Rate	26-Jan-'23	3.88	3.38	0.50
1M Repo Rate	26-Jan-'23	4.38	3.88	0.50
KWD ON Rate	26-Jan-'23	10.00	10.00	0.00
Discount Rate	26-Jan-'23	4.00	3.50	0.50

## LIBOR RATES

Tenor	Value	Tenor	Value
ON	4.31	3M	4.81
SW	0.00	6M	5.09
1M	4.57	1Y	5.33
2M	0.00		

## OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	14-Dec-'22	4.50	3.00	1.50
ECB Refinancing Rate	15-Dec-'22	2.50	2.00	0.50
BOE Bank Rate	15-Dec-'22	3.50	3.00	0.50
BOJ Prime Rate	11-Jan-'23	1.40	1.25	0.15
TRY ON Lending Rate	25-Nov-'22	10.50	12.00	-1.50

## KEY INTERNATIONAL STORIES

### U.S. consumer confidence ebbs in January; inflation expectations rise

WASHINGTON, Jan 31 (Reuters) - U.S. consumer confidence unexpectedly fell in January as households continued to worry about the economy's prospects over the next six months, a survey showed on Tuesday. The Conference Board said its consumer confidence index slipped to 107.1 this month from 109.0 in December. Consumers' 12-month inflation expectations rose to 6.8% from 6.6% last month. The present situation index, based on consumers' assessment of current business and labor market conditions, increased to 150.9 from 147.4 last month. But the expectations index, based on consumers' short-term outlook for income, business, and labor market conditions, dropped to 77.8 from 83.4 in December.

### UK shop price inflation hits record 8% in January: BRC

LONDON, Feb 1 (Reuters) - Prices in British shops in January were 8.0% higher than a year before, the biggest annual increase since at least 2006 when comparable records started, figures from the British Retail Consortium (BRC) showed on Wednesday. Inflation hit a record high in all the main categories monitored by the BRC, led by a 15.7% increase in the cost of fresh food, which reflected high wholesale prices for fruit and vegetables and increased processing costs. Overall food prices, which include longer-life goods, rose by 13.8%, while non-food prices were 5.1% higher. Food and drink prices were up 16.8% on the year in December, the most since 1977.

### Euro zone economy unexpectedly expands in Q4, avoids recession

FRANKFURT, Jan 31 (Reuters) - The euro zone eked out growth in the final three months of 2022, avoiding a recession even as sky-high energy costs, waning confidence and rising interest rates took a toll on the currency bloc's economy, data from Eurostat. Gross domestic product in the euro zone expanded by 0.1% in the fourth quarter, outperforming expectations in a Reuters poll for a 0.1% drop. Compared to a year earlier, growth was 1.9%, above expectations of 1.8%. The IMF now sees growth at 0.7% for the full year, above its 0.5% forecast of October and the 0.5% predicted by the European Central Bank in December.

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### Canada's economy inched up in November, likely stalled at year-end

OTTAWA, Jan 31 (Reuters) - Canada's economy expanded slightly in November, matching expectations, and likely stalled in December, data showed on Tuesday, broadly in line with the Bank of Canada's expectations for the economy to flatline during the first half of this year. November gross domestic product (GDP) rose 0.1% in November, Statistics Canada said, and was likely flat in December, according to a preliminary estimate. If the flash estimate proves correct, the economy expanded 3.8% in 2022 from the previous year, above the central bank's 3.6% forecast. Canada's service-producing sector grew 0.2% in November, buoyed by a third straight month of gains in transportation and warehousing.

### Brazil creates 2 million net formal jobs in 2022, down 26.6%

BRASILIA, Jan 31 (Reuters) - Brazil's net creation of formal jobs fell 26.6% in 2022 from the previous year, Labor Ministry figures showed on Tuesday, but it still showed a strongly positive result on the back of the post-pandemic recovery. Brazil added a net 2.038 million formal jobs in 2022, down from 2.777 million in 2021, according to the government adjusted series. The average monthly salary for new jobs created last year fell 4.5% from 2021, to 1,944 reais (\$381.5), indicating that the improvement in the formal labor market has been based mainly on jobs with lower wages. According to the ministry, the total number of formally registered workers in Brazil decreased 1% in December from the previous month, to 42.7 million. But in the year there was an increase of 5%.

### Oil rises as slowing U.S. inflation eases recession concerns

Feb 1 (Reuters) - Oil prices rose on Wednesday as signs of slowing inflation in the United States eased fears that the world's largest oil user may face a recession because of further interest rate hikes and a weaker dollar supported some buying interest. Brent crude LCOc1 futures gained 32 cents, or 0.4%, to \$85.78 a barrel. U.S. West Texas Intermediate (WTI) crude CLc1 futures rose 42 cents, or 0.5%, to \$79.29 a barrel. Both benchmarks were up for a second day, after gaining about 1% in the previous session. Distillate stocks, which include diesel and heating oil, rose by about 1.5 million barrels, contrary to analysts' expectations of a 1.3 million barrel drop.