



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

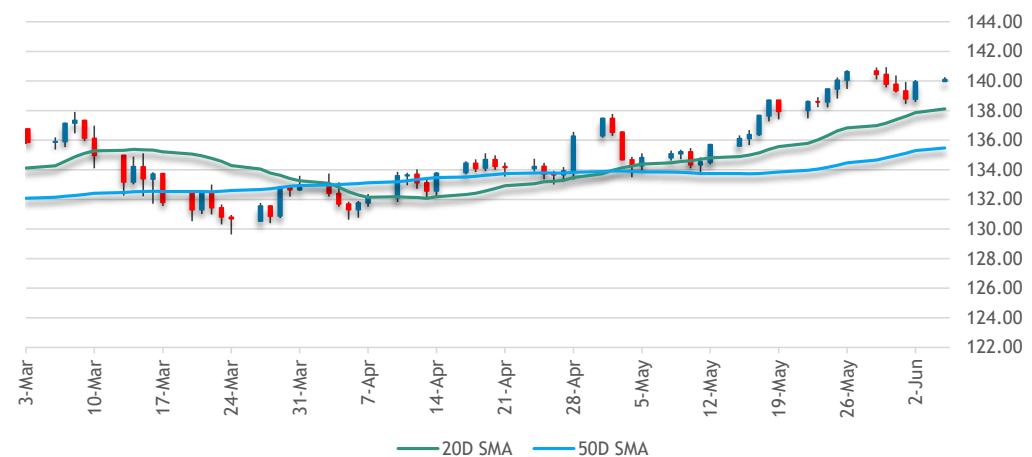
KFH Treasury



Report produced on
Mon, 05-Jun-2023

Forex Market

JAPANESE YEN



CLOSE
139.94

1M %chg
2.50%

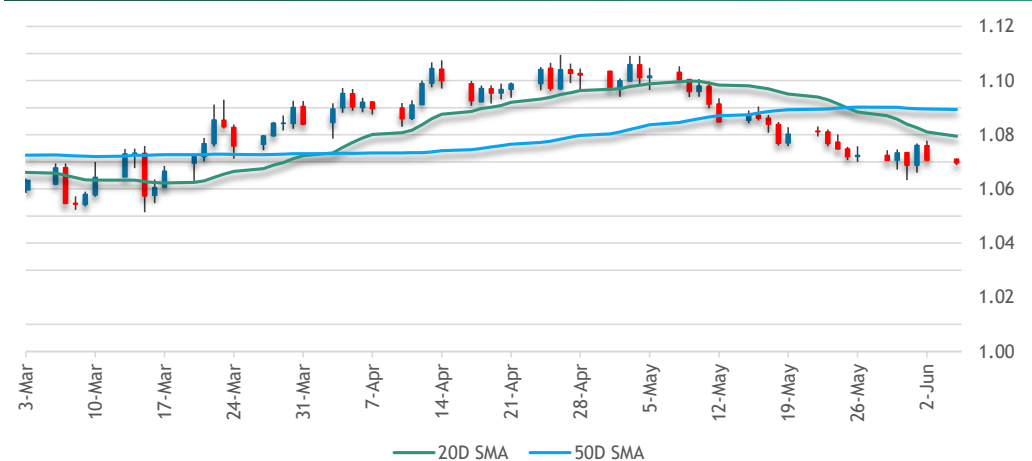
3M %chg
2.33%

USD/JPY holding relatively bid on 140, eyes on US yields - Reuters

05 Jun 2023 07:53:16 AM

- * USD/JPY relatively bid in Asia, 140.00-27 EBS, trading light
- * Awaiting fresh moves in US yields after moves higher Friday
- * US yields up some more in Asia, Tsy 2s currently @2.539%, 10s @3.719%
- * Nikkei supportive, +1.7% @32,045, offshore Nikkei buys being ccy hedged
- * Key resistance double top ahead of 141.00 May 29/30, stops above
- * Option expiries today 139.50-60 \$875 mln, 141.00 \$476 mln, not a factor
- * 140 strike in play however, massive expiries at strike from tomorrow
- * Importer demand on dips to @140.00, below, exporters from @140.50
- * JPY crosses buoyant, GBP/JPY, CAD/JPY still shine, 174.03-37 and 104.17-44

EURO



CLOSE
1.0706

1M %chg
-2.66%

3M %chg
1.04%

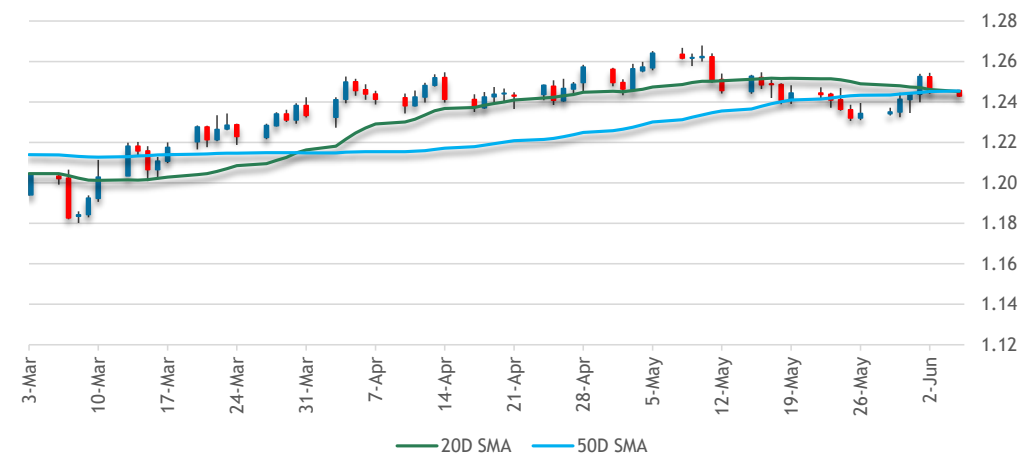
EUR/USD-Trades with heavy tone as US yields firm - Reuters News

05 Jun 2023 07:37:45 AM

- * EUR/USD opened at 1.0713 after closing Friday -0.51% at 1.0707
- * USD moved up early Asia when US yields continued the post-US jobs climb
- * The 2-year Treasury yield moved up 4 bps to 4.54% in Asia
- * The EUR/USD fell to 1.0690 before settling around 1.0700
- * News Saudi Arabia was decreasing oil supply initially sent oil prices higher
- * WTI soared 4.6% higher before giving back the gains to be up 1.2%
- * EUR/USD resistance is at the 10-day MA at 1.0728 with stronger at 1.0810
- * The 21-day MA, 100-day MA and 38.2 of 1.1096/1.0635 converge around 1.0810

Forex Market

POUND STERLING



CLOSE
1.2448

1M %chg
-0.13%

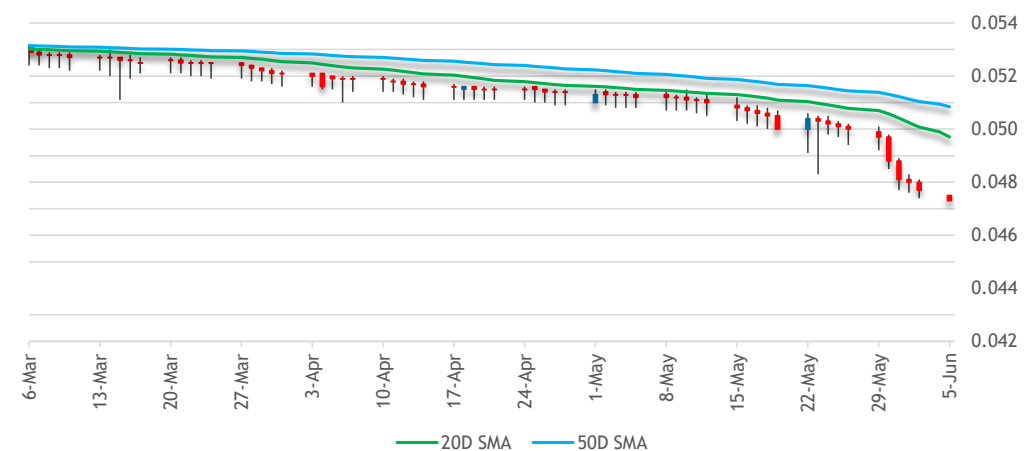
3M %chg
4.25%

COMMENT - Sterling steady near flat after post-payroll whipsaw - Reuters

02 Jun 2023 06:15:19 PM

Sterling rallied off post-payroll lows of 1.2495, moving back to flat on the day as markets shrugged off a significant non-farm payrolls beat and focused instead on falling wage growth and reduced workweek, which should pave the way for a Fed pause in June and further GBP/USD gains. The pound has rallied since late May on expectations the Fed may pause hiking rates as many Fed members, noting the drop in inflation from 9.1% in June 2022 to the recent nadir at 4.9%, are willing to wait for prior tightening to take hold. The BoE, on the other hand, is expected to continue hiking rates IRPR as tightening so far has not materially changed the UK inflation outlook INFMON. The diverging U.S.-UK rate outlook is likely to keep GBP/USD anchored near recent trend highs, just below its May 10 peak at 1.2679. Further GBP/USD gains are by no means guaranteed, since the BoE rate hike cycle is subject to risks of its own. Recent MPC votes have included two votes to hold rates.

TURKISH LIRA



CLOSE
0.0477

1M %chg
-7.02%

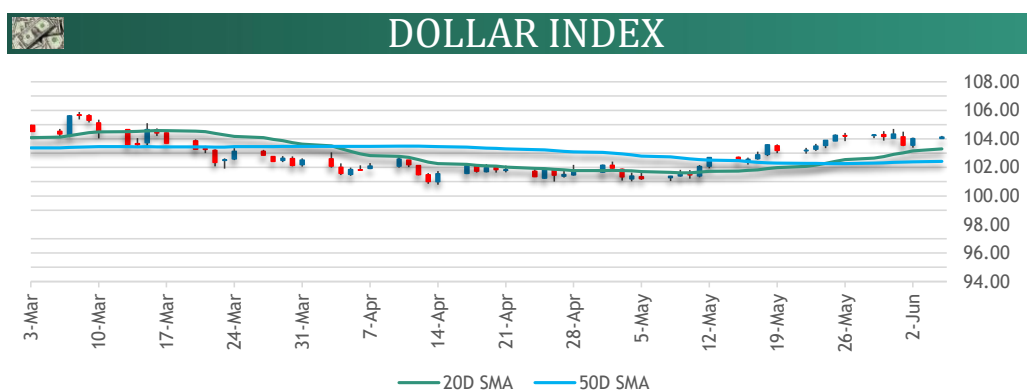
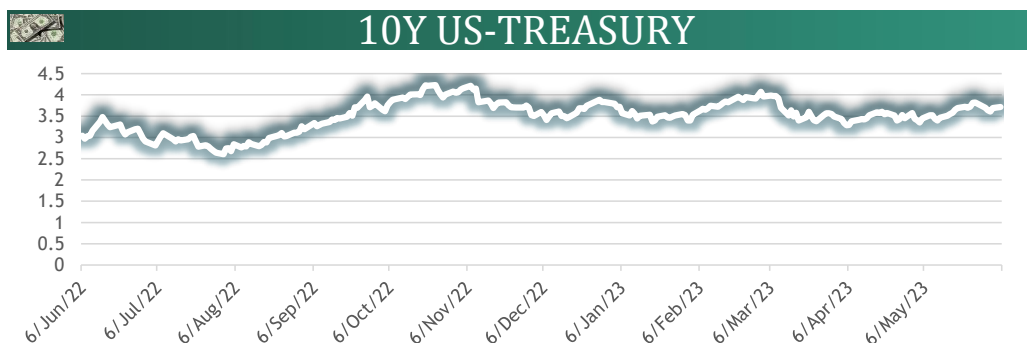
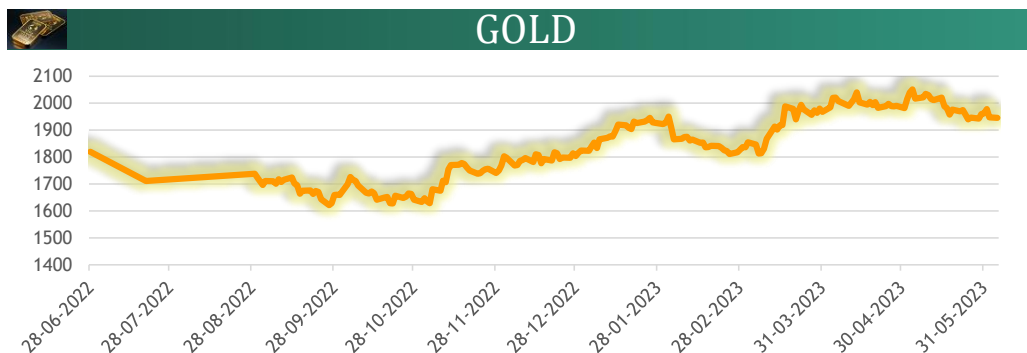
3M %chg
-10.00%

Turkish lira slips despite appointment of well-regarded finance minister - Reuters News

05 Jun 2023 07:08:14 AM

June 5 (Reuters) - Turkey's lira slid almost 1% on Monday in thin trading during the Asian day to weaken past 21 per dollar, in a shaky initial reaction to the appointment of highly-regarded Mehmet Simsek as finance minister. The lira TRY/TOM=D3 hit 21.1 to the dollar, not far above a record low of 21.8 made last week. Simsek, 56, won markets' confidence during terms as finance minister and deputy prime minister between 2009 and 2018. He said on Sunday the country has no choice but to return to "rational ground". Turkey's annual consumer price inflation hit a 24-year peak beyond 85% last year, and stood at 44% in April in a sign that further monetary tightening was required, according to Elmi. "A simple return to credible economic policy could see a marked change in Turkey's investment appeal," he said.

Gold, US Treasury & Dollar Index



US 10YT YIELD

3.72

1M %chg

7.39%

3M %chg

-9.33%

PRECIOUS-Gold eases as firmer dollar offsets support from bets on Fed pause

05 Jun 2023 07:37:45 AM

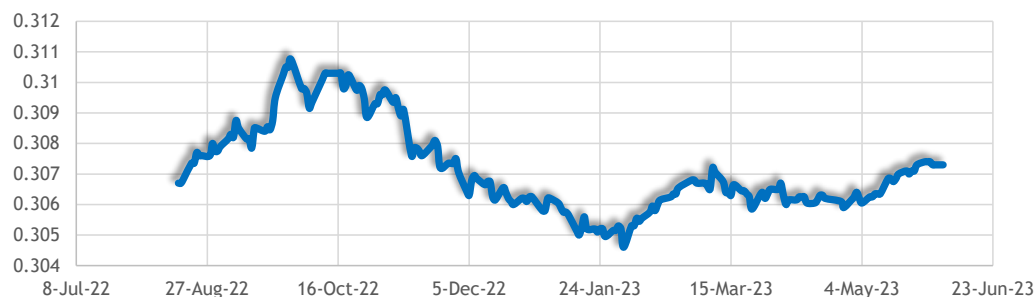
June 5 (Reuters) - Gold prices edged lower in rangebound trading on Monday as the dollar firmed after a strong U.S. payrolls report, overshadowing support from prospects that the Federal Reserve would pause its rate hikes this month. Spot gold XAU= was down 0.2% at \$1,944.69 per ounce as of 0256 GMT, trading in a \$6 range. Prices were hovering near their lowest levels since May 30. U.S. gold futures GCcv1 fell 0.4% to \$1,961.30. Gold prices slipped more than 1% on Friday after data showed U.S. nonfarm payrolls rose by 339,000 jobs last month, exceeding a 190,000 forecast by economists polled by Reuters. But the unemployment rate surged to a seven-month high of 3.7% from a 53-year low of 3.4% in April. Non-interest-bearing bullion tends to become less attractive in a high interest rate environment. Spot silver XAG= inched down 0.2% to \$23.53 per ounce, platinum XPT= rose 0.2% to \$1,005.00 per ounce, while palladium XPD= shed 0.6% to \$1,412.46.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
BRC Retail Sales YY	GB	05-Jun 04:31	May	5.2	
All Household Spending MM*	JP	05-Jun 05:00	Apr	-0.8	0.6
Overall Lab Cash Earnings	JP	05-Jun 05:00	Apr	0.8	
Overtime Pay*	JP	05-Jun 05:00	Apr	1.1	
JibunBK SVC PMI Final SA *	JP	05-Jun 06:00	May	56.3	
S&P Global Comp Final PMI	EU	05-Jun 13:30	May	53.3	53.3
HCOB Services Final PMI	EU	05-Jun 13:30	May	55.9	55.9
Sentix Index*	EU	05-Jun 14:00	Jun	-13.1	-15.1
Composite PMI Final	GB	05-Jun 14:00	May	53.9	53.9
S&P GLBL/CIPS SVC PMI FNL	GB	05-Jun 14:00	May	55.1	55.1
Reserve Assets Total*	GB	05-Jun 14:00	May	188758.15	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.076	1.0778	1.0703	1.0706	-0.51%
GBP	1.2524	1.2544	1.244	1.2448	-0.61%
JPY	138.77	140.07	138.59	139.94	0.83%
TRY	0.048	0.0481	0.0474	0.0477	-0.63%
Dollar Idx	103.563	104.087	103.382	104.015	0.44%
Brent	74.28	76.5	74.18	76.13	2.49%
WTC	-	-	-	71.76	2.38%
Gold	1977.87	1983.29	1947.19	1947.6322	-1.53%
KWSE Index	6790.08	6853.09	6782.28	6848.25	0.90%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.38	3M	4.25
SW	3.69	6M	4.44
1M	3.94	1Y	4.69

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

0.30730

3M% CHG

0.20%

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	5.07	3M	5.50
SW	0.00	6M	5.62
1M	5.19	1Y	5.66
2M	0.00		

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	03-May-'23	5.25	4.00	1.25
ECB Refinancing Rate	04-May-'23	3.75	3.50	0.25
BOE Bank Rate	11-May-'23	4.50	4.25	0.25
BOJ Prime Rate	11-Apr-'23	1.40	1.45	-0.05
TRY ON Lending Rate	20-Mar-'23	10.00	10.50	-0.50

KEY INTERNATIONAL STORIES

Fed rate-hike pause still likely despite strong data

WASHINGTON, June 2 (Reuters) - Federal Reserve officials, whose hike, skip or pause messaging on interest rates has become a high-stakes word puzzle for investors, seem ready to end the U.S. central bank's run of 10 straight rate increases later this month while leaving the door open to a future rise in borrowing costs. For a central bank that says it is "data-dependent," the decision may be more complex than it wants, with the release on Friday of a May employment report that blew through expectations as employers added 339,000 jobs across a broad set of industries. Key inflation data since the last policy meeting also rose.

ECB compromised on smaller rate hike with promise to do more, accounts show

FRANKFURT, June 1 (Reuters) - Many European Central Bank policymakers preferred a larger rate hike last month but agreed to a 25 basis-point move as long as the bank signalled that further increases are still coming, given stubborn inflation, the accounts of the meeting showed. The central bank governors of Germany, Netherlands and Ireland, among others, have all said that July needs to remain in play given persistent price growth, particularly for services, primarily driven by wage costs. Markets currently consider the June increase a done deal and see another move in either July or September, putting the deposit rate at 3.75%.

Australia hikes minimum wage as living costs surge

SYDNEY, June 2 (Reuters) - Australia will raise the minimum wage by 5.75% from July 1 as families grapple with soaring living costs, a decision that businesses and some economists say risks further stoking inflation and interest rates. The independent Fair Work Commission (FWC) on Friday decided on a 5.75% pay rise for workers on awards with wages linked to movement in the minimum wage. It also made a technical reclassification for the national minimum wage, which the union says will take the increase to 8.6% for the lowest-paid employees, about 0.7% of the workforce.

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Japan's service activity expands at record pace in May - PMI

TOKYO, June 5 (Reuters) - Japan's service sector activity expanded at a record pace in May, a private-sector survey showed on Monday, thanks to a recovery in overseas demand and a surge of foreign tourists as pandemic restrictions were eased further. The final au Jibun Bank Japan Services purchasing managers' index (PMI) rose to a seasonally adjusted 55.9 last month from the previous peak of 55.4 in April. That compared with the flash reading of 56.3 and was well above the 50-mark that separates expansion from contraction for a ninth straight month. The composite PMI, The index advanced to 54.3 in May from 52.9 in April.

Indonesia inflation returns to c.bank target range in May

JAKARTA, June 5 (Reuters) - Indonesia's annual inflation rate eased to 4% in May, matching the upper end of the central bank's target range earlier than expected, data from the statistics bureau showed on Monday. Inflation in Southeast Asia's largest economy had been above Bank Indonesia's (BI) 2% to 4% target range since June 2022 due to pressures from rising global food and energy prices. Peaking near 6% in September, inflation has since eased gradually after the central bank hiked interest rates by a total of 225 basis points. A Reuters poll of analysts had expected May inflation at 4.22%. In April, the rate was 4.33%.

Oil jumps 2% on Saudi plan to deepen output cuts from July

SINGAPORE, June 5 (Reuters) - Oil prices jumped more than \$1 a barrel on Monday after the world's top exporter Saudi Arabia pledged to cut production by another 1 million barrels per day from July, counteracting macroeconomic headwinds that have depressed markets. Brent crude futures LCOc1 were at \$77.64 a barrel, up \$1.51, or 2%, at 0014 GMT after earlier hitting a session-high of \$78.73 a barrel. U.S. West Texas Intermediate crude CLc1 climbed \$1.41, or 2%, to \$73.15 a barrel, after touching an intraday high of \$75.06 a barrel. Drilling has slowed since December due to weaker prices, higher costs and as companies divert spending to repaying shareholders.