



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

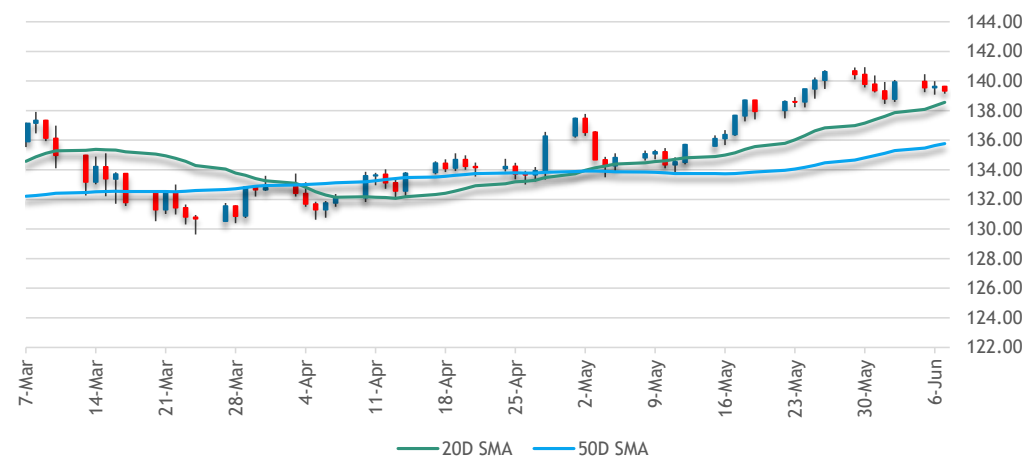
## KFH Treasury



*Report produced on*  
**Wed, 07-Jun-2023**

# Forex Market

## JAPANESE YEN



CLOSE  
**139.63**

1M %chg  
**3.56%**

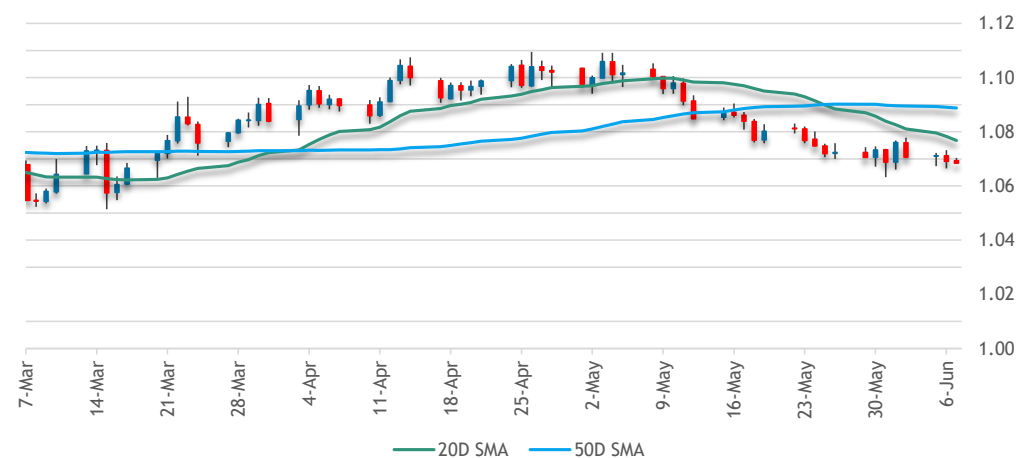
3M %chg  
**2.74%**

### USD/JPY falls back with Nikkei but still in recent range - Reuters

07 Jun 2023 07:44:43 AM

- \* USD/JPY falls back with the Nikkei index but remains in recent range
- \* Early 139.65 high to 139.17 EBS, Nikkei 32,708 early high to 31,992
- \* Retail and some offshore Nikkei profit-takes, latter reverse ccy hedges
- \* USD/JPY remains ensconced in recent 138.50-141 range, maybe 139-140
- \* Massive 139.00/140.00 option expiries today/this wk, to help contain action
- \* Japanese importer interest from ahead of 139.00, exporters pre-140.00 too
- \* US yields steady after recent volatility, Treasury 2s @4.487%, 10s @3.661%
- \* Dollar bloc still shine amongst JPY crosses, most hold below recent highs
- \* AUD/JPY 93.28 to 92.74, on profit-takes, CAD/JPY 103.80-104.21

## EURO



CLOSE  
**1.0691**

1M %chg  
**-2.96%**

3M %chg  
**0.12%**

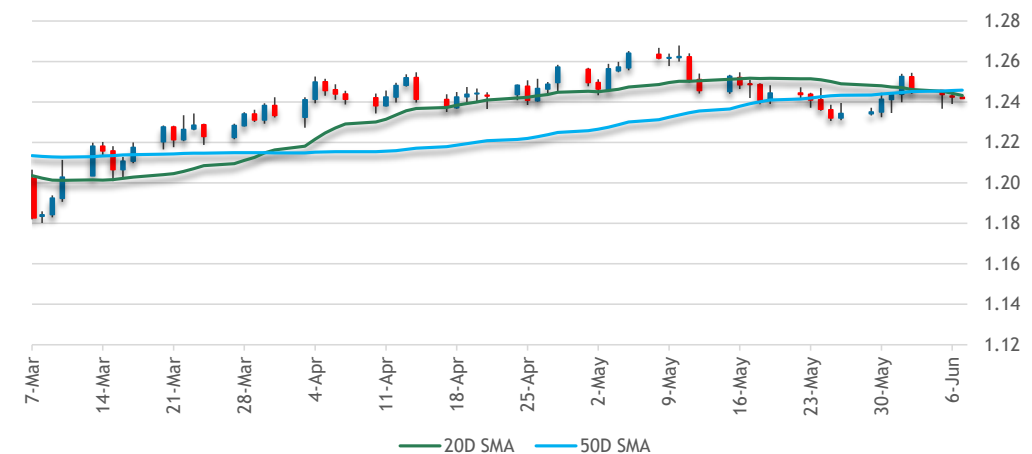
### EUR/USD-Narrow range as sellers above 1.0700 cap in Asia - Reuters News

07 Jun 2023 07:31:08 AM

- \* EUR/USD opened -0.16% at 1.0693 after a whippy outside trading day
- \* It edged up to 1.0704 early Asia before EUR/JPY selling capped
- \* Heading into the afternoon it is little changed around 1.0690
- \* Trading lacks direction, but EUR/USD is trading with a heavy tone
- \* Resistance is at 1.0780 where the 21-day MA and June high converge
- \* Support is at the May 31 low at 1.0635 and break targets 1.0516
- \* Lack of key data this week keeping traders on the sidelines

# Forex Market

## POUND STERLING



CLOSE  
**1.2424**

1M %chg  
**-1.72%**

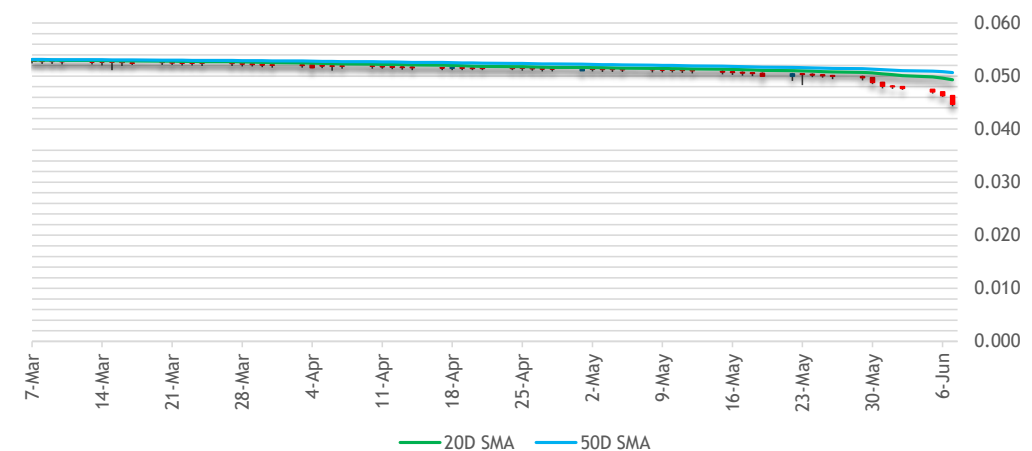
3M %chg  
**3.35%**

### GBP/USD-Markets on hold ahead of upcoming rate decisions - Reuters

07 Jun 2023 07:22:29 AM

- \* Steady at the base of a 1.2420-1.2438 range with only occasional flow on D3
- \* No tier 1 UK data or scheduled BoE speeches, so USD, risk to lead sterling
- \* Markets on hold ahead of upcoming Fed, ECB, and BoE rate decisions
- \* Charts, daily momentum studies, 5, 10 & 21-day moving averages conflict
- \* 21-day Bollinger bands contract - mixed signals suggest consolidation
- \* 1.2308 May low and Friday's 1.2543 June high are the significant levels
- \* 1.2438 Asian high then Tuesday's 1.2459 peak are initial resistance
- \* 1.2392 NY low, then this week's 1.2369 base are initial supports

## TURKISH LIRA



CLOSE  
**0.0463**

1M %chg  
**-9.57%**

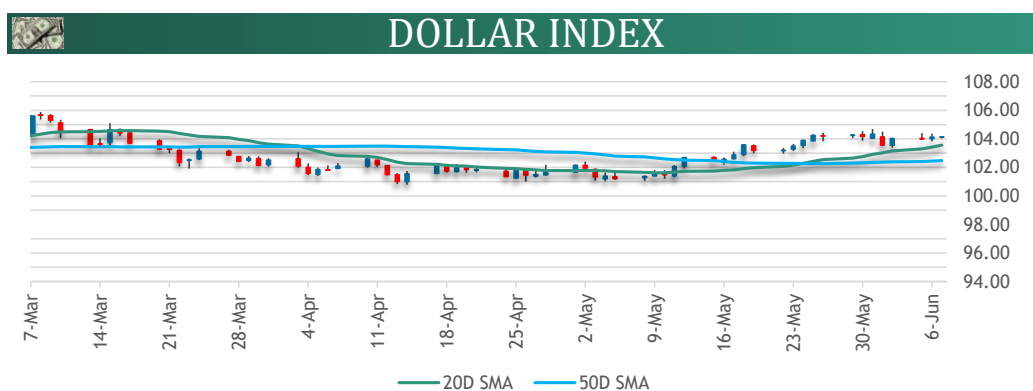
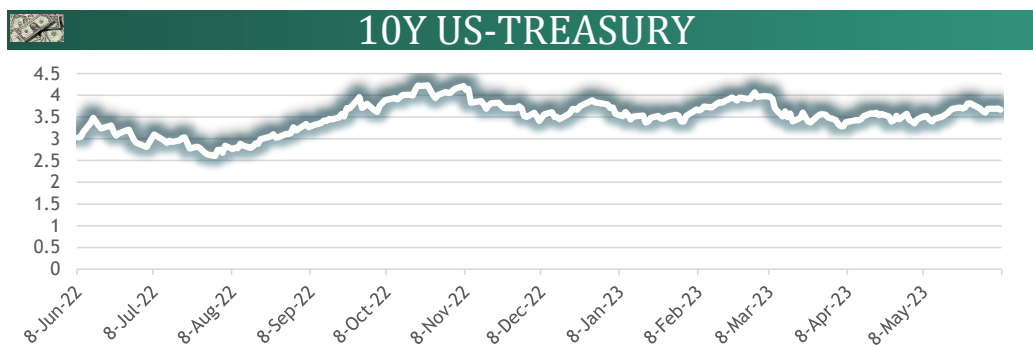
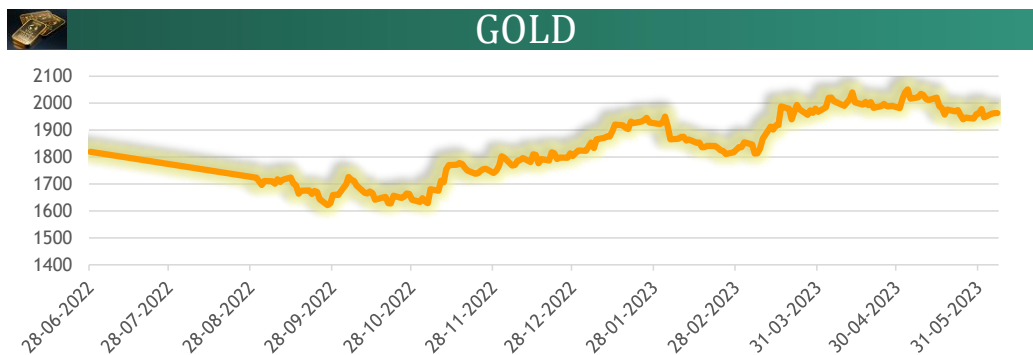
3M %chg  
**-12.48%**

### Turkey -Factors to Watch - Reuters News

07 Jun 2023 08:29:10 AM

ANKARA, June 7 (Reuters) - The lira TRYTOM=D3 weakened as much as 2.88% to 22.1500 against the dollar by 0415 GMT from a close of 21.5290 on Tuesday. The main BIST 100 share index .XU100 closed 0.30% higher at 5,388.80 points.

# Gold, US Treasury & Dollar Index



US 10YT YIELD

**3.67**

1M %chg

**7.37%**

3M %chg

**-7.11%**

## PRECIOUS-Gold trades in tight range as investors await Fed decision - Reuters News

07 Jun 2023 08:43:39 AM

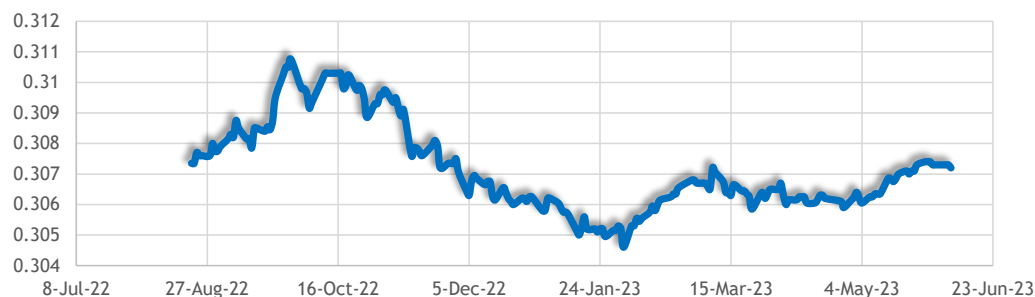
June 7 (Reuters) - Gold prices steadied on Wednesday, trading in a tight range as support from a weaker dollar countered concerns surrounding the U.S. Federal Reserve's next interest rate decision. Spot gold XAU= was little changed at \$1,964.09 per ounce. U.S. gold futures GCcv1 eased 0.1% to \$1,980.10. The dollar index weakened slightly, making gold less expensive for buyers holding other currencies. The uptrend in gold is intact and the big question now is when will the Fed end its rate-hike campaign, said Ilya Spivak, head of global macro at TastyLive, adding that gold could see higher moves once there was more clarity on that. Meanwhile, exports from top bullion consumer China shrank much faster than expected in May and imports fell, albeit at a slower pace, as manufacturers struggled to find demand abroad and domestic consumption remained sluggish. Spot Platinum XPT= rose 0.6% to \$1,037.56 per ounce, palladium advanced 0.4% to \$1,419.38. Silver XAG= was flat at \$23.575.

## UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Consumer Credit*	US	07-Jun 00:30	Apr	26.51	22.00
RICS Housing Survey*	GB	07-Jun 04:31	May	-39	-38
Bank Lending YY	JP	07-Jun 05:20	May	3.2	
Bank Lending YY	JP	07-Jun 05:20	May	3.2	
Foreign Bond Investment	JP	07-Jun 05:20	w/e	1028.8	
Current Account Bal SA*	JP	07-Jun 05:20	Apr	10091	
Current Account, Goods*	JP	07-Jun 05:20	Apr	-454.429	
Current Account NSA JPY	JP	07-Jun 05:20	Apr	2278.1	1663.8
GDP Deflator YY Final*	JP	07-Jun 05:20	Q1	2.1	
Foreign Invest JP Bonds*	JP	07-Jun 05:20	w/e	-646.6	
Foreign Stock Investment*	JP	07-Jun 05:20	w/e	-656.9	

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0712	1.0732	1.0665	1.0691	-0.20%
GBP	1.2429	1.2458	1.239	1.2424	-0.10%
JPY	139.54	139.99	139.08	139.63	0.06%
TRY	0.047	0.047	0.0461	0.0463	-1.49%
Dollar Idx	104.01	104.367	103.816	104.125	0.12%
Brent	76.55	76.75	74.72	76.29	-0.55%
WTC	-	-	-	71.71	-0.60%
Gold	1961.61	1966.3	1953.3	1962.8475	0.06%
KWSE Index	6858.63	6909.53	6856.15	6905.87	0.00%

## 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

**0.23%**

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	5.06	3M	5.51
SW	0.00	6M	5.66
1M	5.19	1Y	5.78
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

### U.S. public sees no clear winner in debt ceiling deal

WASHINGTON, June 6 (Reuters) - Neither President Joe Biden's Democrats nor Republicans in Congress emerged as a clear winner in the battle to raise the \$31.4 trillion debt ceiling, according to a new Reuters/Ipsos poll. The survey, conducted after Congress passed a bipartisan deal to raise the borrowing limit, found that 50% of Americans thought neither party emerged as a winner, while another 20% said both sides won. The deal would cut spending by \$1.3 trillion, less than the \$4.8 trillion Republicans had sought. It does little to slow growth in federal debt that is on pace to exceed \$50 trillion in a decade.

### High inflation and recession risk - the Bank of England's dilemma

LONDON, June 6 (Reuters) - The Bank of England is trying to curb an inflation rate that is running higher in Britain than in the United States and the euro zone, without pushing the economy into a recession after having already increased borrowing costs 12 times since late 2021. The BoE is expected to raise rates again, to 4.75% from 4.5%, on June 22 after inflation slowed by less than it hoped in April. Investors see a roughly 60% chance that Bank Rate will climb to 5.5% later this year. British consumer price inflation (CPI) fell to 8.7% in annual terms in April, down from 10.1% in March but higher than the BoE's forecast of 8.4%.

### Euro zone consumers more hopeful on inflation

FRANKFURT, June 6 (Reuters) - Euro zone consumers lowered their inflation expectations, a fresh European Central Bank survey showed on Tuesday, a relief for policymakers after an unexpected surge a month earlier, even if underlying price growth is still likely to be stubborn. The ECB has raised interest rates by a combined 375 basis points over the past year to arrest runaway price growth and it could still take until 2025 for inflation to slow back to its 2% target as rapid wage growth and robust demand for services keep pressure on prices. Still, Knot warned that it could still take some time before inflation, at 6.1% in May, is fully under control.

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### Australia's c.bank says hike this week due to inflation risks, warns more may come

SYDNEY, June 7 (Reuters) - Australia's central bank chief stepped up a warning of more rate hikes ahead to temper rising price pressures, even as risk of a steep economic downturn heightens with data showing GDP expanded at its weakest pace in 1-1/2 years last quarter. The RBA has projected headline inflation which is at about 7% now - to return to the top of the bank's target of 2%-3% by mid-2025, a slower path than many other economies as Lowe wants to preserve strong gains in the labour market. GDP data earlier on Wednesday showed the Australian economy expanded 0.2% in the first quarter, its weakest pace since the third quarter 2021 when COVID lockdowns paralysed activity.

### Philippine GDP to grow faster than expected this year - World Bank

MANILA, June 7 (Reuters) - The Philippine economy is poised to expand faster than expected this year, albeit still seen to post a slowdown versus 2022, thanks to resilient domestic demand despite high inflation and tight fiscal conditions, the World Bank said on Wednesday. The World Bank sees the Philippines' GDP growing 6.0% this year, upgrading its previous forecasts of 5.4% in December and 5.6% in April. It retained its growth forecasts at 5.9% for both 2024 and 2025. Philippine annual inflation eased for the fourth straight month in May to 6.1%. Headline inflation in the first five months of 2023 averaged 7.5%, still well above the central bank's 2.0%-4.0% target for the year.

### Oil extends losses as economic slowdown concerns return

TOKYO, June 7 (Reuters) - Oil extended losses on Wednesday as concerns over global economic headwinds deepened, erasing the price gains booked after top crude exporter Saudi Arabia's surprise weekend pledge to deepen output cuts. Brent crude futures LCOc1 were down 40 cents, or 0.5%, at \$75.89 a barrel at 0456 GMT. The U.S. West Texas Intermediate crude futures CLc1 fell 35 cents, also 0.5%, to \$71.39 a barrel. Both benchmarks had jumped more than \$1 on Monday, boosted by Saudi Arabia's decision over the weekend to reduce output by 1 million barrels per day (bpd) to 9 million bpd in July.