



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

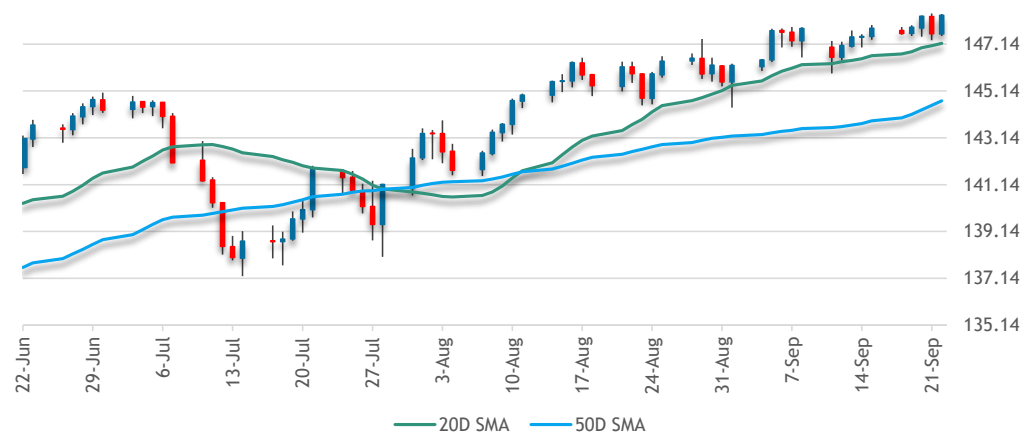
KFH Treasury



Report produced on
Sun, 24-Sep-2023

Forex Market

JAPANESE YEN



CLOSE
148.37

1M %chg
1.71%

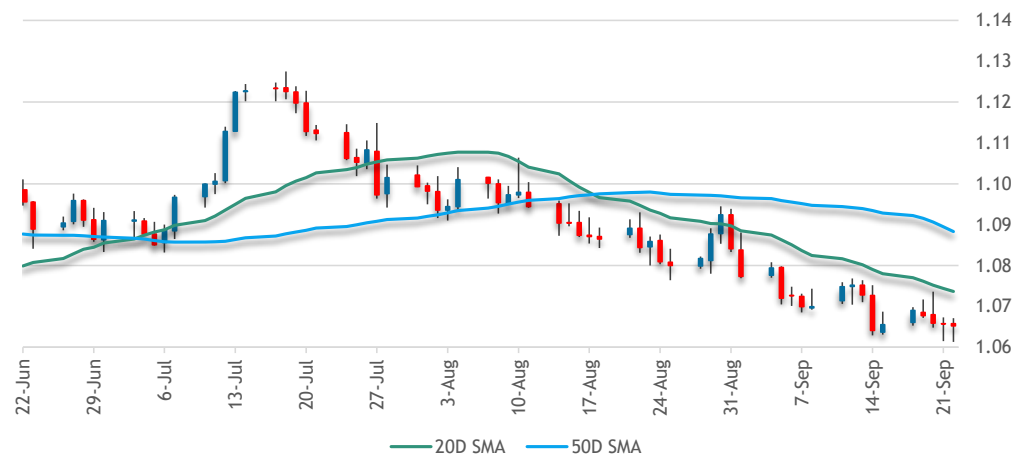
3M %chg
3.68%

COMMENT-USD/JPY could well soar due to huge Fed/BOJ gap - Reuters

22 Sep 2023 12:25:25 PM

Sept 22 (Reuters) - The huge gap between U.S. Federal Reserve and Bank of Japan monetary policies should help to fuel much bigger USD/JPY gains in the days and weeks ahead unless Japanese authorities step in. The yen fell on Friday after the BOJ stuck to its ultra-easy policy stance just days after the Fed signalled a hawkish pause, increasing the risk of Japan intervening to support its currency. USD/JPY is on course to register its fifth weekly close in a row above the 146.11 Fibbo, a 76.4% retrace of the 151.94 to 127.22 (2022 to 2023) fall. That will likely see spot soar through the Oct. 31, 2022, 148.84 EBS high. Fourteen-week momentum remains positive, reinforcing the bullish structure.

EURO



CLOSE
1.0652

1M %chg
-1.77%

3M %chg
-2.77%

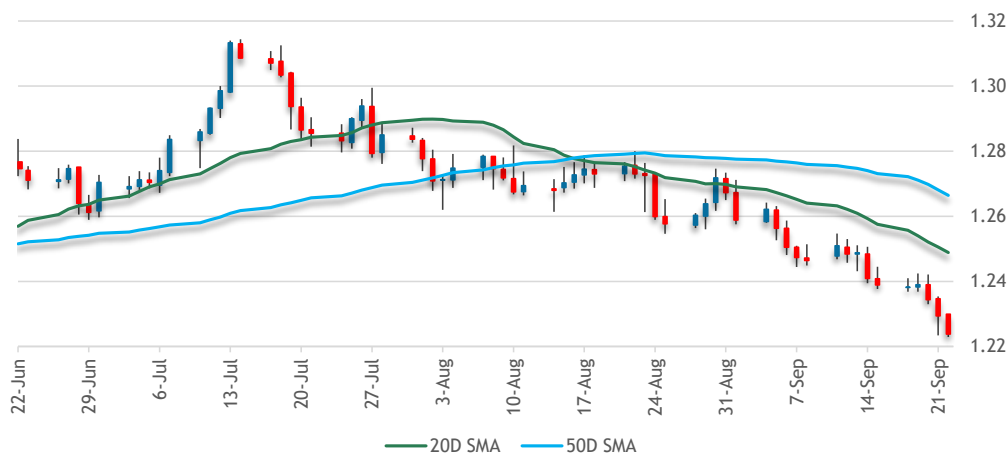
COMMENT-EUR/USD traders need to be wary of selling low - Reuters

22 Sep 2023 01:23:11 PM

Sept 22 (Reuters) - With EUR/USD approaching prior key lows and the target to correct its big September-July gains, traders in the pair need to be wary of selling low. The unimpressive break under June's 1.0635 low may be a sign that the long liquidation - fuelling the drop that's unfolded since July - is ebbing. For the pair to fall further traders may need to sell short, and shorts won't appeal unless bigger downside levels break. For that to happen EUR/USD would need to break and hold below the base of the rough 1.05-1.10 range that has dominated this year. The EUR/USD carry trade appeals when the pair is near the top of the range or higher, which was one reason for the snap back from July's high. At current levels for traders it is prudent to hedge for further trading within familiar ranges.

Forex Market

POUND STERLING



CLOSE

1.2238

1M %chg

-3.86%

3M %chg

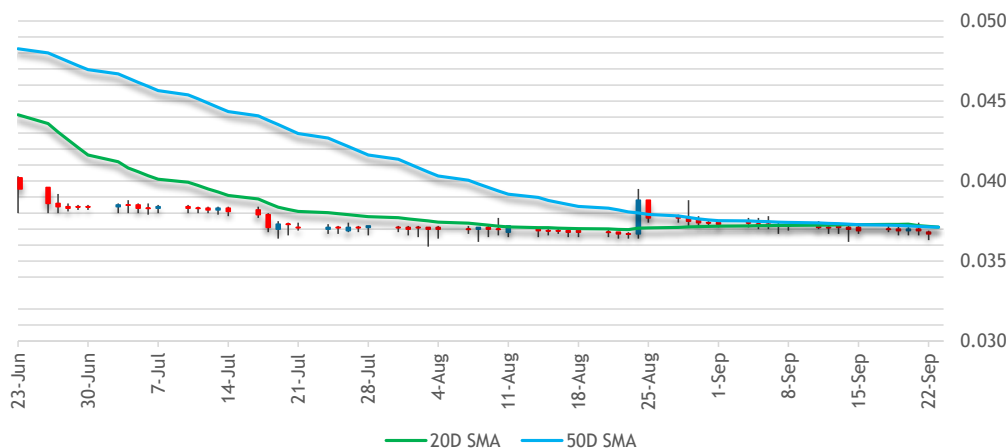
-3.99%

Sterling bears eye trend low 1.2231 after soft flash PMIs - Reuters

22 Sep 2023 09:23:08 PM

- * GBP\$ limps into NorAm close -0.35% at 1.2254, Fri range 1.2294-33
- * Pair finds support just ahead of Thursday's 6-mos, post-BoE low 1.2231
- * Today's bearish catalyst was UK disappointing UK flash PMIs, recession view
- * Sterling faces potential positioning time bomb after BoE surprise
- * Sept 25 CBI data and Sept 29 Q2 GDP data in focus for hints at UK growth
- * GBP\$ supt at 1.2231 the Sep 19 low, 1.2206's 55-WMA, 1.2192 the Mar 24 low
- * Res 1.2494 Friday's high, 1.2435 the 200-DMA, 1.2488 50% of 1.2746-1.2231
- * Risks skewed to downside amid falling growth, UK rate expectations

TURKISH LIRA



CLOSE

0.0367

1M %chg

0.00%

3M %chg

-8.71%

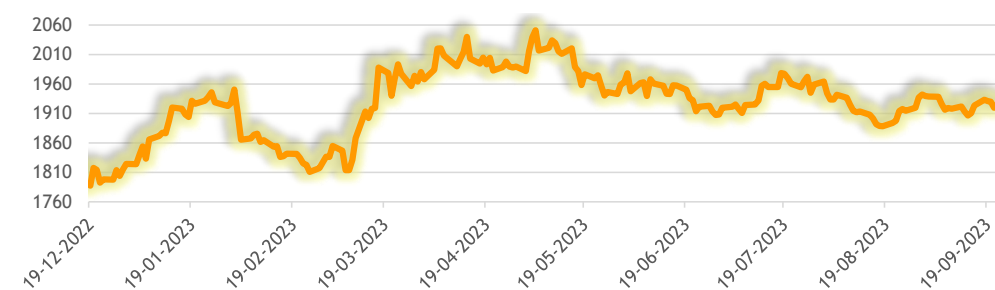
BUZZ-Turkish lira may attract attention for a different reason - Reuters

21 Sep 2023 01:45:51 PM

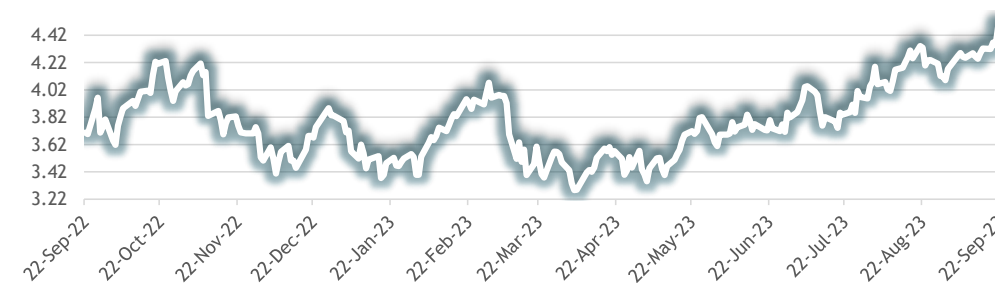
- * Turkish Cenbank expected to hike interest rates to 30% on Thursday
- * Forecasts range from 27.5% to 31%
- * Ultra-high yields may attract investors now willing to gamble
- * Some economists believe repo could reach 40% by the end of this year
- * If correct there is potential to earn 3% per month, 2% after today's meeting
- * TRY longs vs EUR, CHF and JPY earn bigger interest rate returns
- * The pursuit of conventional monetary policy may pay dividends given time
- * While TRY has surrendered most gains since Aug hike, record low intact

Gold, US Treasury & Dollar Index

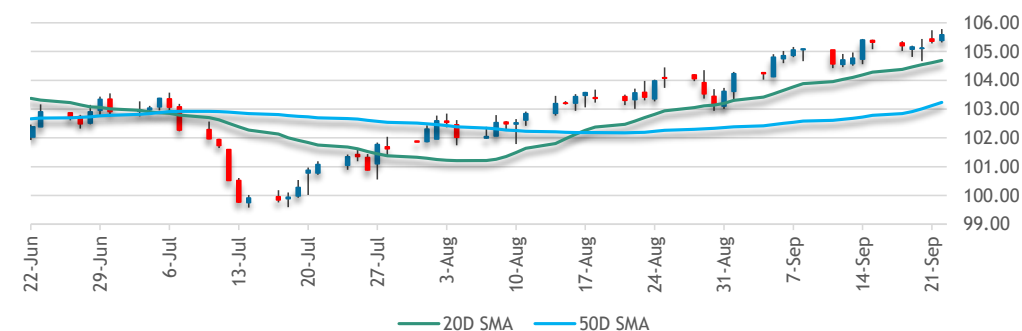
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.44

1M %chg

2.59%

3M %chg

16.87%

PRECIOUS-Gold ekes out gains as US dollar, yields ease - Reuters News

23 Sep 2023 10:43:22 PM

Sept 22 (Reuters) - Gold prices edged higher on Friday, helped by a slight pullback in the dollar and bond yields as investors digested a still hawkish stance from the Federal Reserve. Spot gold XAU= rose 0.3% to \$1,925.21 per ounce, following three sessions of losses. U.S. gold futures GCcv1 settled 0.3% higher at \$1,945.60 per ounce. The dollar .DXY retreated from a six-month peak against a basket of major currencies, making gold less expensive for other currency holders, while benchmark 10-year Treasury yields slipped from 16-year highs. The U.S. central bank held interest rates steady this week, but they could be raised one more time by 25 basis points before the end of year, according to the Fed's updated quarterly projections. Non-yielding gold tends to fall out of favour among investors when interest rates rise. Silver XAG= was up 0.7% at \$23.54 per ounce after hitting its highest since Sept. 5. Platinum XPT= climbed 0.8% to \$926.45 and palladium XPD= fell 1% to \$1,250.78.

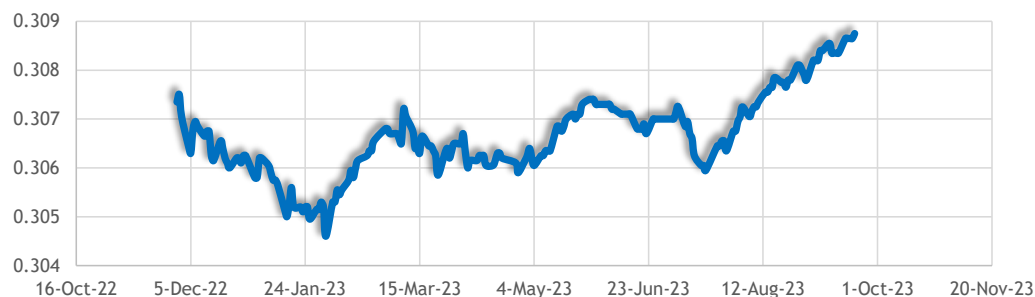
UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Service PPI*	JP	25-Sep 05:20	Aug	1.70	
CBI Distributive Trades	GB	25-Sep 15:30	Sep	-44	
National Activity Index*	US	25-Sep 18:00	Aug	0.12	
Dallas Fed Mfg Bus Idx*	US	25-Sep 20:00	Sep	-17.2	
Build Permits R Numb*	US	26-Sep 17:30	Aug	1.543	
Build Permits R Chg MM*	US	26-Sep 17:30	Aug	6.9	
Redbook YY*	US	26-Sep 18:25	w/e	3.6	
Monthly Home Price Index*	US	26-Sep 18:30	Jul	405.8	
Monthly Home Price MM*	US	26-Sep 18:30	Jul	0.3	
Monthly Home Price YY*	US	26-Sep 18:30	Jul	3.1	
CaseShiller 20 MM NSA	US	26-Sep 18:30	Jul	0.9	

Daily Market Report



KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0658	1.0673	1.0615	1.0652	-0.01%
GBP	1.2347	1.2354	1.2234	1.2238	-0.46%
JPY	148.32	148.45	147.31	148.37	0.54%
TRY	0.037	0.0374	0.0366	0.0367	-0.54%
Dollar Idx	105.437	105.738	105.278	105.583	0.21%
Brent	93.08	94.6	92.2	93.27	-0.03%
WTC	-	-	-	90	0.49%
Gold	1930.39	1931.39	1912.7	1924.9875	0.28%
KWSE Index	6970.82	6978.2	6936.46	6936.46	-0.42%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.31	3M	4.25
SW	3.69	6M	4.50
1M	4.00	1Y	4.75

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30875

0.67%

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	27-Jul-'23	3.88	3.63	0.25
1W Repo Rate	27-Jul-'23	4.13	3.88	0.25
1M Repo Rate	27-Jul-'23	4.38	4.38	0.00
KWD ON Rate	27-Jul-'23	10.00	10.00	0.00
Discount Rate	27-Jul-'23	4.25	4.00	0.25

LIBOR RATES

Tenor	Value	Tenor	Value
ON	0.00	3M	5.66
SW	0.00	6M	5.91
1M	5.43	1Y	0.00
2M	0.00		

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	26-Jul-'23	5.50	4.25	1.25
ECB Refinancing Rate	14-Sep-'23	4.50	4.25	0.25
BOE Bank Rate	03-Aug-'23	5.25	5.00	0.25
BOJ Prime Rate	08-Sep-'23	1.45	1.40	0.05
TRY ON Lending Rate	01-Sep-'23	26.50	19.00	7.50

KEY INTERNATIONAL STORIES

US current account deficit narrows in second quarter - Reuters News

WASHINGTON, Sept 21 (Reuters) - The U.S. current account deficit narrowed sharply in the second quarter as surpluses on services and primary income offset a shortfall on goods, data showed on Thursday. The Commerce Department said the current account deficit, which measures the flow of goods, services and investments into and out of the country, contracted by \$2.4 billion, or 1.1%, to \$212.1 billion last quarter. That was the lowest level since the second quarter of 2021. The current account gap represented 3.166% of gross domestic product compared to 3.234% in the first quarter.

British retail sales grow in August after washout in July - Reuters News

LONDON, Sept 22 (Reuters) - British retail sales partially recovered in August after a rainy July washout, official figures showed on Friday, adding to signs that the country's consumers were mostly coping with the cost-of-living squeeze. Sales volumes rose by 0.4% on a month-on-month basis after a sharp 1.1% fall in July, the Office for National Statistics said. Economists polled by Reuters had forecast a slightly stronger 0.5% rise in August. Britain's inflation rate stood at 6.7% last month, down from a peak of over 11% last October but still the highest among the world's large rich economies.

Russian banks' profits rise 8% in August, m/m - Reuters

MOSCOW, Sept 21 (Reuters) - Russian banks' profits rose almost 8% in August, month-on-month, to 353 billion roubles (\$3.71 billion), the central bank said on Thursday. Russian banks' business has rebounded after a collective 90% drop in profit last year, with lenders now jostling for business from the state, particularly a burgeoning defence budget, and big corporate accounts. In January-August, banks made profits of 2.4 trillion roubles, the central bank said. Corporate lending was up 1.7% in August, month-on-month, while consumer lending increased by 2.4%.

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Australia will announce A\$22.1 bln budget surplus for year ended June 2023 - Reuters News

SYDNEY, Sept 21 (Reuters) - Australia will announce a final budget surplus of A\$22.1 billion (\$14.16 billion) for the year to June 2023, as strong jobs growth and bumper mining profits helped the country post the first surplus in 15 years under the Labor government. Figures from the Treasury will show that is around 0.9% of gross domestic product, and the government will return 95% of revenue upgrades to the budget bottom line, according to excerpts reviewed by Reuters on Thursday. Treasurer Jim Chalmers said in July that the budget surplus was likely to be a little over A\$20 billion for the past financial year, up from the A\$4.2 billion projected in the May budget.

Brazil's government slightly improves 2023 primary deficit budget forecast

BRASILIA, Sept 22 (Reuters) - Brazil's Planning Ministry marginally narrowed its forecast for the central government's primary budget deficit this year, but the projection remains higher than the indications provided by economic officials. In its latest bi-monthly revenue and expenditure report, the ministry estimated the 2023 shortfall at 141.4 billion reais, down from the 145.4 billion reais estimate from July. The primary deficit is expected to reach 1.3% of the gross domestic product, compared to the 1.4% shortfall calculated in the previous report, still above the 1% deficit. Regarding expenses, the government has made only a modest change, increasing estimates for the year by 1.3 billion reais.

Oil ends week lower as demand concerns face Russia supply ban

HOUSTON, Sept 22 (Reuters) - Oil prices held steady on Friday but closed the week lower on profit-taking and as markets weighed supply concerns stemming from Russia's fuel export ban against demand woes from future rate hikes. Brent futures LCOc1 settled 3 cents lower at \$93.27 a barrel. It fell 0.3% in the week, breaking a three week streak of gains. U.S. West Texas Intermediate crude (WTI) futures CLc1 rose 40 cents, or 0.5%, to \$90.03 a barrel, as U.S. oil rig counts fell. The benchmark fell 0.03% for the week, the first decline in four weeks. The contracts have rallied more than 10% in the previous three weeks on concerns about tight supply.