



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

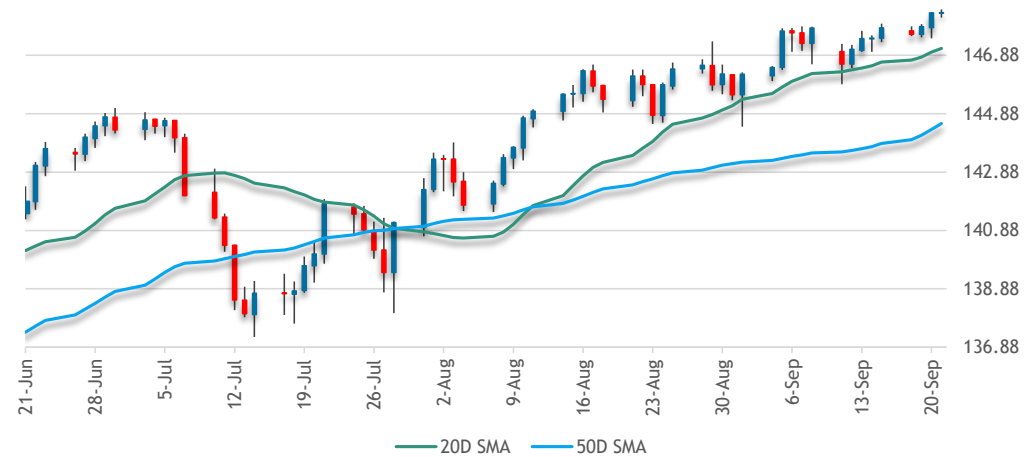
KFH Treasury



Report produced on
Thu, 21-Sep-2023

Forex Market

JAPANESE YEN



CLOSE **148.33** 1M %chg **2.04%** 3M %chg **4.87%**

USD/JPY bumps up on Fed's hawkish pause, 148.00 cleared - Reuters

21 Sep 2023 04:30:21 AM

- * USD/JPY sees bump up, from 147.48 NY low to 148.36 on Fed hawkish pause
- * Asia 148.19-34 EBS so far, on quiet side, caution prevails
- * Market to gauge any comments on FX from Japanese MOF, BOJ officials on FX
- * Oct 21 peak 151.94, Oct 24 high 149.70, Oct 25 149.10, sub-149.00 since
- * Japanese exporters likely to be active again from @148.50, towards 149.00
- * Japanese importer, other bids eyed below 148.00 now
- * US yields to remain supportive, Treasury 2s @5.176%, 17-yr high, 10s @4.408%
- * Option expiries today mostly to downside again, 147.00-50 total \$1.1 bln
- * 147.80-95 \$480 mln, 148.00 \$620 mln, 148.50 \$406 mln, 149.75-85 \$751 mln

EURO



CLOSE **1.0659** 1M %chg **-1.90%** 3M %chg **-2.35%**

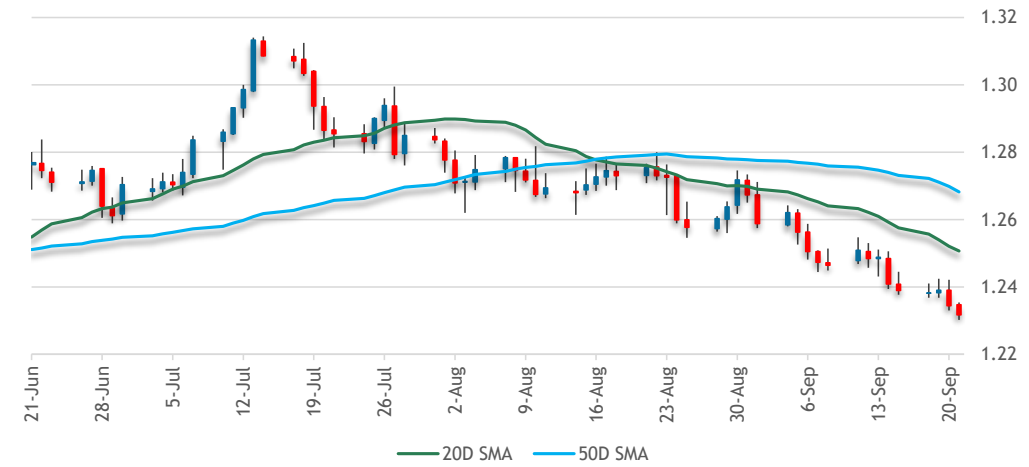
EUR/USD-Moves lower in Asia after hawkish Fed impact - Reuters News

21 Sep 2023 07:51:47 AM

- * EUR/USD opened -0.18% at 1.0660 after falling from 1.0737 after Fed
- * It came under pressure in Asia as US yields continued to climb
- * Selling accelerated as EUR/USD bearish outside day sent longs to the exit
- * EUR/USD broke support at 1.0630 to a fresh 6-month low at 1.0617
- * Fed message of 'higher for longer' rammed home by Fed projections
- * EUR/USD found support ahead of 38.2 of 0.9528/1.1276 move at 1.0608
- * Resistance is at the 10-day MA at 1.069 and 21-day MA at 1.0746

Forex Market

POUND STERLING



CLOSE
1.2344

1M %chg
-3.03%

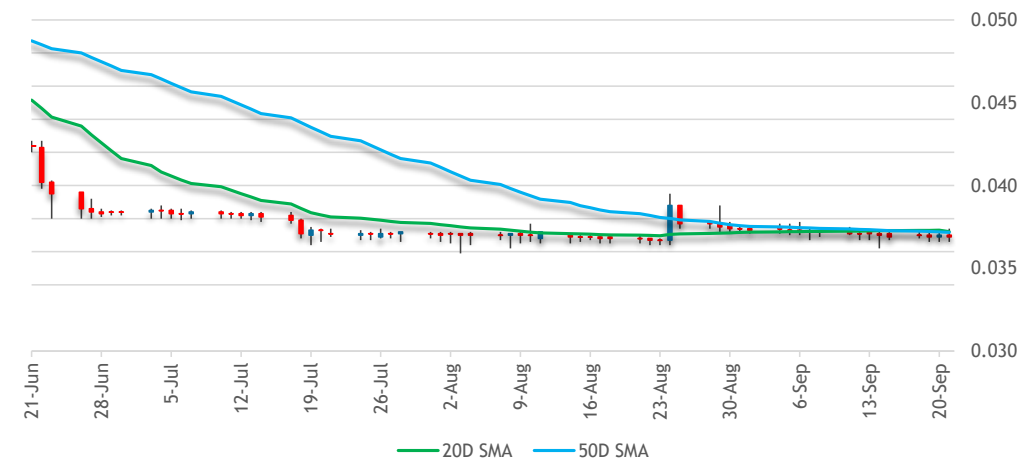
3M %chg
-3.27%

GBP remains on back foot into BoE policy announcement - Reuters

21 Sep 2023 07:25:39 AM

- * GBP remained heavy in Asia, lower against both USD and JPY
- * Cable 1.2346 to 1.2305, GBP/JPY 183.25 to 182.34 before steadying
- * GBP/USD essentially in a downtrend from 1.3144 on July 13
- * UK economy also seen very weak, recession at hand?
- * Key GBP/USD support pre-1.2300, June low 1.2328, May low 1.2308
- * Break below 1.2300 puts ascending 55-WMA at 1.2307 in view
- * Nearby option expiries today 1.2300-05 GBP853 mln, 1.2330-35 624 mln
- * GBP/JPY to top of 179.54-182.44 daily Ichi cloud, 100-DMA 171.13 in cloud

TURKISH LIRA



CLOSE
0.0370

1M %chg
0.54%

3M %chg
-12.74%

Turkey to hike rates another 500 pts after Erdogan changes tune

21 Sep 2023 08:36:00 AM

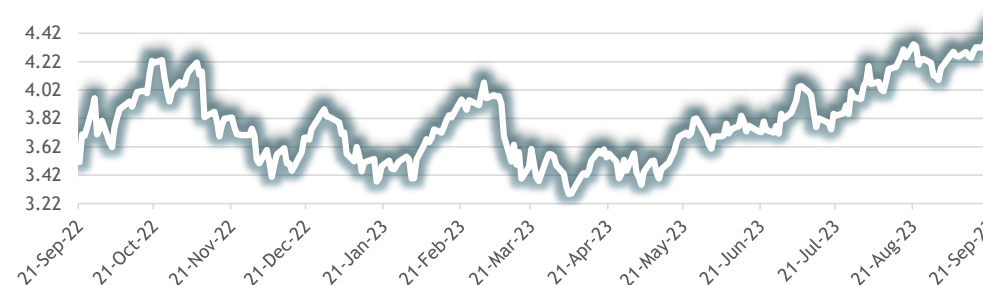
ISTANBUL, Sept 15 (Reuters) - Turkey's central bank is expected to deliver another hefty rate hike of 500 basis points next week, a Reuters poll showed Friday, after President Tayyip Erdogan set aside years of opposition to tight policy and publicly backed it. The key interest rate was seen rising to 30% from 25%, according to the median response of 16 institutions in the poll, with forecasts ranging from 27.5% to 31%. Last month the bank shocked with a 750-point hike that was seen to signal a new determination to battle inflation. Rates rose three times more than expected and sparked the biggest single-day lira rally since 2021. Based on the Reuters poll, economists expect continued monetary tightening to lift the policy rate to 35% by year-end, according to the median, with forecasts ranging between 30% and 40%.

Gold, US Treasury & Dollar Index

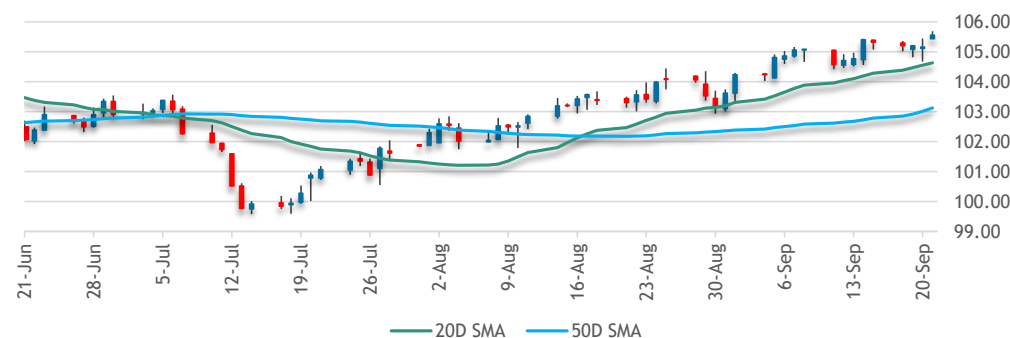
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.44

1M %chg

2.26%

3M %chg

16.64%

PRECIOUS-Gold prices dip as US Fed hardens hawkish policy stance

21 Sep 2023 07:35:00 AM

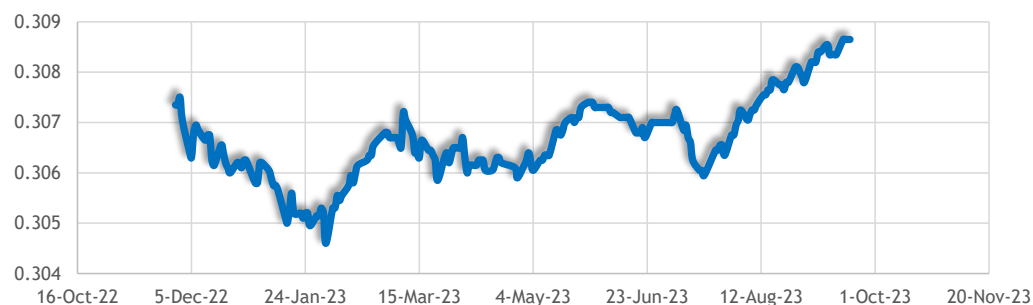
Sept 21 (Reuters) - Gold prices retreated on Thursday as the U.S. dollar and bond yields powered higher after the Federal Reserve signalled another rate hike this year and lesser chances of monetary policy easing through 2024. Spot gold eased 0.1% to \$1,927.63 per ounce, while U.S. gold futures shed 1% to \$1,947.80. Prices on Wednesday hit their highest since Sept. 1 before the U.S. Fed revised its economic projections with higher-for-longer rate warnings. Prices on Wednesday hit their highest since Sept. 1 before the U.S. Fed revised its economic projections with higher-for-longer rate warnings. The U.S. dollar index climbed 0.4% to its highest since March 9, while two-year Treasury yields rose to 17-year high after the Fed held interest rates steady but stiffened a hawkish monetary policy stance. Higher interest rates discourage the buying of non-interest-paying bullion, which is priced in dollars. In other metals, spot silver fell 0.5% to \$23.12 per ounce, platinum slipped 0.9% to \$920.45 and palladium dropped 1.1% to \$1,260.37.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
GfK Consumer Confidence*	GB	21-Sep 04:31	Sep	-25	-27
CPI, Core Nationwide YY	JP	21-Sep 05:00	Aug	3.1	3.0
CPI Less Food and Energy*	JP	21-Sep 05:00	Aug	104.9	
CPI Ex Fresh Fd and Eng	JP	21-Sep 05:00	Aug	4.3	
CPI MM NSA*	JP	21-Sep 05:00	Aug	0.5	
CPI Index Ex Fresh Food*	JP	21-Sep 05:00	Aug	105.4	
CPI, Overall Nationwide	JP	21-Sep 05:00	Aug	3.3	
CPI NSA*	JP	21-Sep 05:00	Aug	105.7	
CPI Nationwide Excl Food & Ener	JP	21-Sep 05:00	Aug	0.5	
CPI Nationwide Excl Food & Ener	JP	21-Sep 05:00	Aug	0.5	
Foreign Bond Investment	JP	21-Sep 05:20	w/e	3631.9	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.068	1.0736	1.0648	1.0659	-0.17%
GBP	1.239	1.2421	1.233	1.2344	-0.37%
JPY	147.83	148.36	147.46	148.33	0.32%
TRY	0.0369	0.0373	0.0366	0.037	0.27%
Dollar Idx	105.109	105.441	104.665	105.157	-0.04%
Brent	94.49	94.72	92.76	93.53	-0.86%
WTC	-	-	-	90.3	-0.94%
Gold	1931.19	1947.29	1927.6064	1929.6838	-0.07%
KWSE Index	6998.55	7001.05	6958.6	6965.68	-0.34%

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

0.30865

3M% CHG

0.60%

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	5.90
1M	5.44	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

Fed keeps rates steady, toughens policy stance as 'soft landing' hopes grow

WASHINGTON, Sept 20 (Reuters) - The U.S. Federal Reserve held interest rates steady on Wednesday but stiffened a hawkish monetary policy stance that its officials increasingly believe can succeed in lowering inflation without wrecking the economy or leading to large job losses. The Fed's benchmark overnight interest rate may still be lifted one more time this year to a peak 5.50%-5.75% range, according to updated quarterly projections released by the U.S. central bank, and rates kept significantly tighter through 2024 than previously expected. Indeed, monetary policy is expected to remain slightly restrictive into 2026 while the economy continues to largely grow at its estimated trend level of around 1.8%.

Bank of England on brink of rate hike pause after inflation surprise

LONDON, Sept 21 (Reuters) - The Bank of England will announce on Thursday whether it is halting a run of interest rate hikes that stretches back to December 2021, a day after signs that it had turned a corner in tackling Britain's high inflation problem. Investors piled into bets on the BoE keeping Bank Rate at 5.25% on Wednesday as soon as official data showed a surprise fall in the pace of price growth. At 6.7% in August, inflation is falling towards the 5% level that the BoE predicts for the coming months and which British Prime Minister Rishi Sunak has promised to voters ahead of an election expected next year. But it remains more than three times the BoE's 2% target and the highest in the Group of Seven economies.

Bank of Canada struck intentionally hawkish tone after last rate decision -minutes

OTTAWA, Sept 20 (Reuters) - The Bank of Canada wanted to send the message that interest rates would not be coming down soon when it left them at a 22-year high after a policy meeting on Sept 6, minutes published on Wednesday showed. The Bank of Canada (BoC) kept its key rate at 5%, noting the economy had entered a period of weaker growth, but said it could hike again should price pressures persist. A day later, Governor Tiff Macklem said rates may not be high enough to bring inflation back down to its 2% target even after 10 hikes of a total of 475 basis points since March 2022.

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BOJ will end negative interest rates in 2024, most economists say

TOKYO, Sept 21 (Reuters) - The Bank of Japan will end its negative interest rate policy next year, the majority of economists said in a Reuters poll, as the market has begun to envisage the demise of its ultra-easy monetary settings. Although none of the economists surveyed saw the chance of the BOJ rolling back its easy stance at this week's meeting, nearly 80% of them said the central bank will also abolish the 10-year yield control scheme by the end of 2024. Thirteen of 25 economists, or 52%, expected the BOJ to end its negative rate policy, which has set Japan's short-term deposit rate to minus 0.1% over the past seven years, some time in 2024, the Sept 8-19 poll found. That was up from 41% in an August poll.

Brazil central bank delivers rate cut, signals more of the same

BRASILIA, Sept 20 (Reuters) - Brazil's central bank cut its benchmark interest rate by 50 basis points on Wednesday and flagged further cuts of the same magnitude ahead, while stressing the government's role in meeting its fiscal targets to reduce inflation expectations. After kicking off the easing cycle with a split decision in August, the bank's rate-setting committee, called Copom, voted unanimously to cut its benchmark Selic rate to 12.75%, in line with the expectations of all 48 economists surveyed by Reuters. Despite lower-than-expected inflation in August, the central bank raised its inflation estimates in Wednesday's policy statement, projecting a 5.0% increase this year, up from 4.9% previously, above its official 3.25% target.

Oil falls as rate hike expectations offset US stock draw

Sept 21 (Reuters) - Oil prices fell in early Asian trade on Thursday, after posting the largest fall in a month in the previous session, as U.S. interest rate hike expectations offset the impact of drawdowns in U.S. crude stockpiles. Brent futures for November delivery were down 67 cents, or 0.72%, to \$92.86 a barrel. U.S. West Texas Intermediate crude (WTI) fell 71 cents, or 0.79%, to \$88.95. Fed policymakers still see the bank's benchmark overnight rate range peaking this year at 5.50% to 5.75%, a quarter of a percentage point above the current range. "Our balance shows a deficit of more than 2 million barrels per day through the fourth quarter of this year," said ING analyst Warren Patterson.