



بيت التمويل الكويتي  
Kuwait Finance House



# Market Commentary

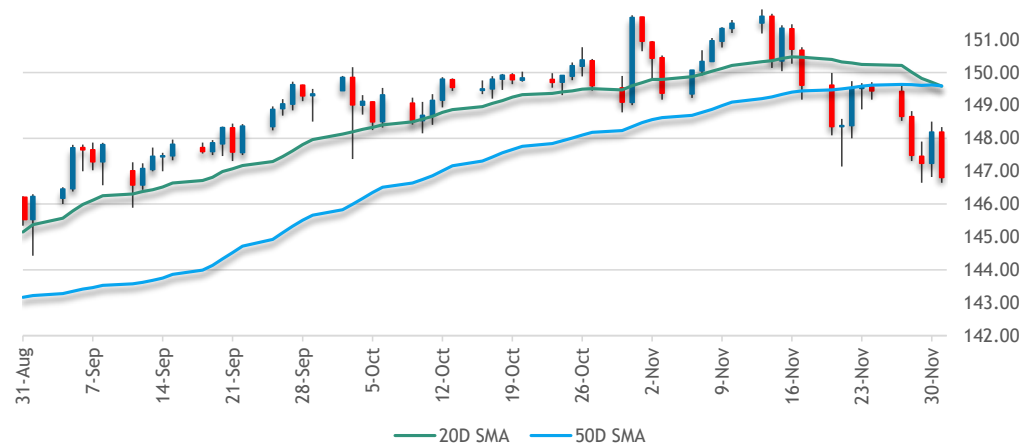
## KFH Treasury



*Report produced on*  
**Sun, 03-Dec-2023**

# Forex Market

## JAPANESE YEN



CLOSE  
**146.81**

1M %chg  
**-2.74%**

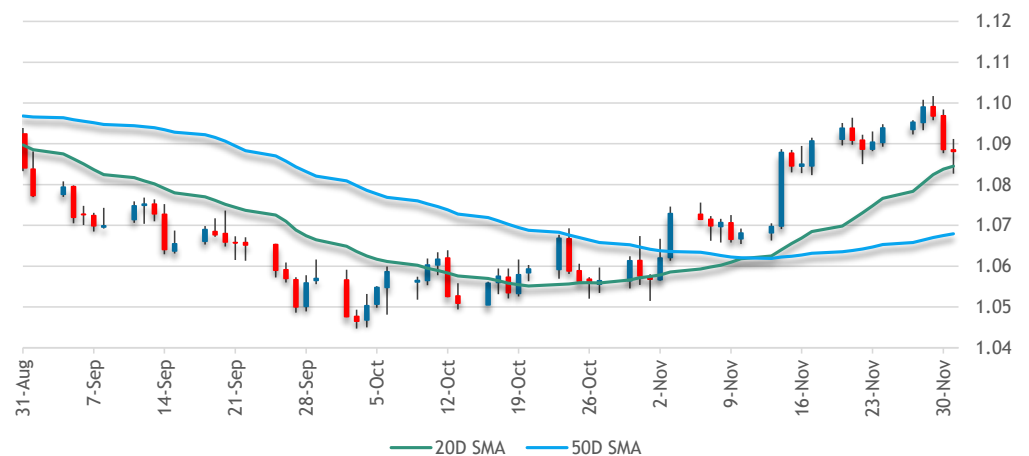
3M %chg  
**0.40%**

### COMMENT-Dollar's 2023 rise vs yen reverses as Fed faces disinflation facts - Reuters

02 Dec 2023 10:32:01 PM

Dec 1 (Reuters) - USD/JPY resumed its reversal of 2023's uptrend and looks headed for supports at 144.58 next as the Fed's facade of perhaps not yet having finished its tightening cycle has worn too thin for markets and, it seems, some policymakers. Friday's USD/JPY slide from Thursday's 148.82 month-end bounce high is threatening a close below the pivotal 100-day moving average at 147.17 and breakdown below the uptrend line from March's U.S. banking crisis lows at 146.45. The 144.58 support is the weekly kijun and 50% of the July-November leg of 2023's 127.215-151.92 advance, with November's 151.92 peak marking an extremely bearish double-top by 2022's 32-year high at 151.94. And given risk to hefty spec long positions, half of 2023's rise, the weekly cloud top and 161.8% Fibon off November's peak at 139.57/44 is possible medium-term.

## EURO



CLOSE  
**1.0881**

1M %chg  
**2.96%**

3M %chg  
**1.00%**

### COMMENT-What to watch in EUR/USD as Fed, ECB expectations tighten hold on mkt - Reuters

01 Dec 2023 07:12:15 PM

Dec 1 (Reuters) - EUR/USD fell below the 23.6% Fibonacci retracement of the 1.0448-1.1017 rally and November 23 daily low to strike a 7-session low as investors expectations for Fed and ECB monetary policies weigh and longs will need to be aware of two key influences should those expectations persist. German DE2YT=RR and U.S. US2YT=RR 2-year yields have been trending downward but German yield drops outpaced U.S. drops which widened the dollar's yield advantage over the euro to help pressure EUR/USD downward. German-U.S. 2-year spreads US2DE2=RR struck their widest since November 17. Since late August spreads have been trading within a rising channel. The channel base is coming into focus and a break of that base could lead to a sharp EUR/USD drop.

# Forex Market

## POUND STERLING



CLOSE

**1.2700**

1M %chg

**4.53%**

3M %chg

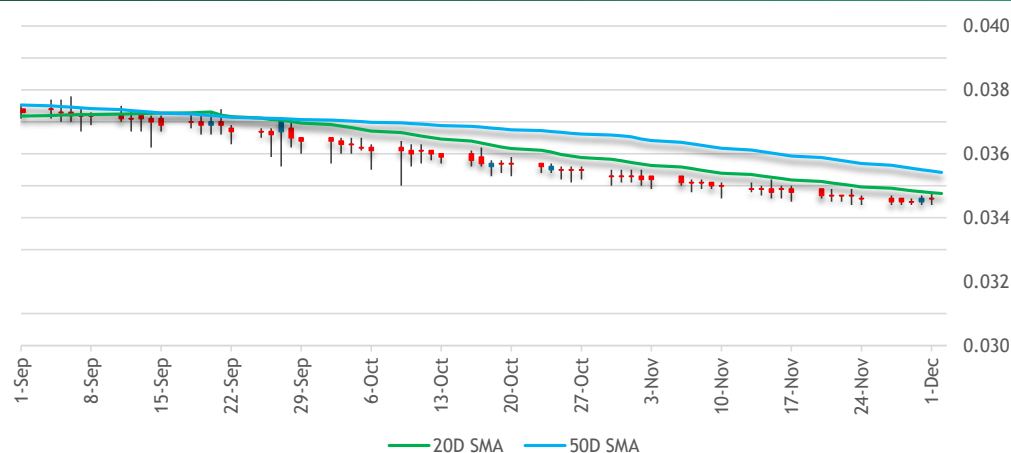
**0.89%**

### GBP/USD-Rides Fed rate cut rally back up to key Fibonaci hurdle - Reuters

02 Dec 2023 12:04:30 AM

- \* Sterling rose 0.55% amid the broad post-Powell USD sell-off
- \* Prices well off Thu/Fri 1.2604/15 lows by tenkan, week's lows
- \* Close above 61.8% of Jul-Oct drop at 1.2722 eyed for new leg up
- \* Have key US data next two weeks and Fed on Dec. 13
- \* BoE seen steady at Dec. 14 meeting, no cuts until May-Jun
- \* Fed priced to likely cut in Mar and by 130bp next yr vs 77bp by BoE

## TURKISH LIRA



CLOSE

**0.0346**

1M %chg

**-1.98%**

3M %chg

**-7.24%**

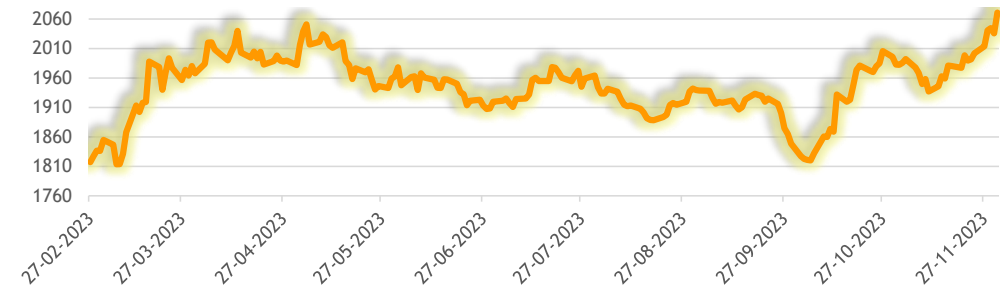
### Turkish cenbank's net forex reserves hit the highest since 2020 - Reuters

30 Nov 2023 03:54:21 PM

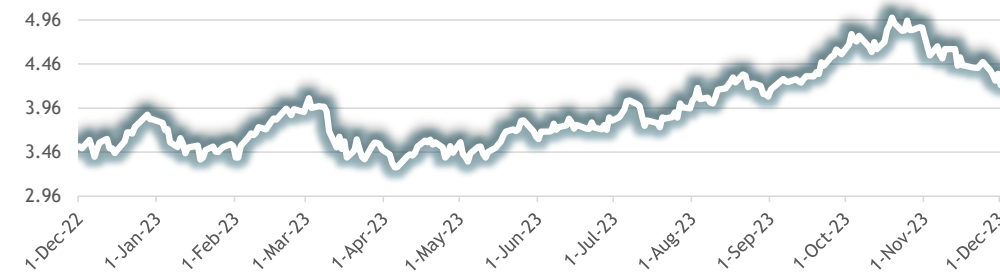
ISTANBUL, Nov 30 (Reuters) - The Turkish central bank's net international reserves rose some \$6.8 billion to \$35.81 billion in the week to Nov. 24, hitting its highest since March 2020, data showed on Thursday. Reserves have rebounded since early June - just after presidential elections - when they had fallen to minus \$5.7 billion, their lowest since data publication began in 2002. The rate used by Reuters on Thursday was 28.7786 lira to the dollar. In early March of 2020, the net international reserves stood at \$37.11 billion. Earlier this week, five bankers' calculations showed that the Turkish central bank's total reserves rose \$2 billion last week to a record of \$136.5 billion. Bankers' also said net fx reserves will rise to around \$36 billion.

# Gold, US Treasury & Dollar Index

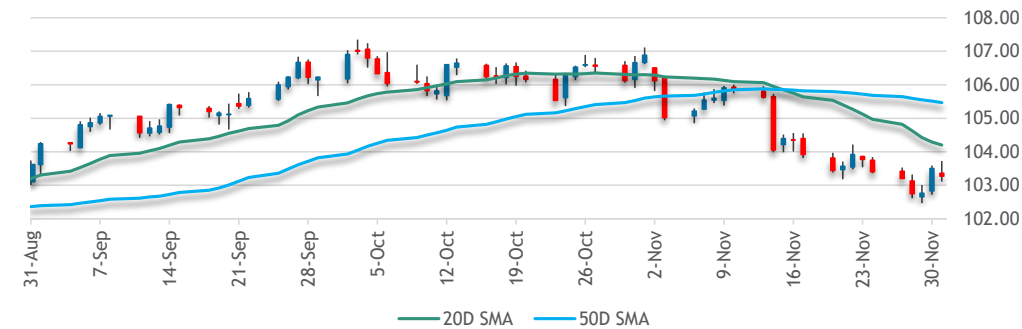
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

**4.22**

1M %chg

**-13.35%**

3M %chg

**1.22%**

### PRECIOUS-Gold hits record high on bets for March start to Fed rate cuts - Reuters News

02 Dec 2023 12:55:14 AM

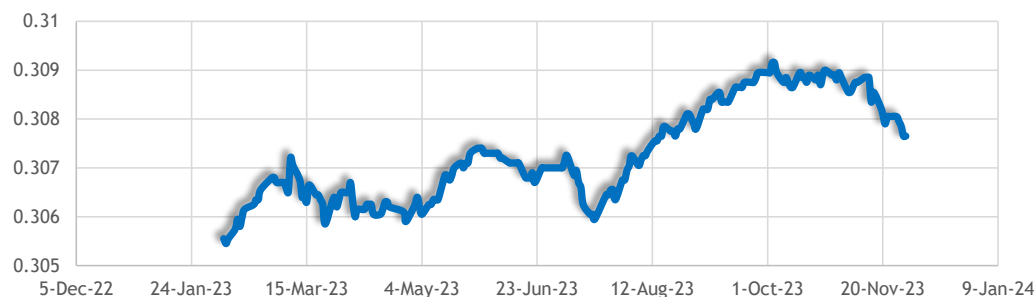
Dec 1 (Reuters) - Gold prices rallied to an all-time high on Friday after remarks from Federal Reserve Chair Jerome Powell increased traders' confidence the U.S. central bank had completed its monetary policy tightening and could cut rates starting March. Spot gold XAU= climbed 1.6% to \$2,069.10 per ounce by. Prices were 3.4% higher so far this week, and earlier rose to \$2,075.09 per ounce to beat the previous all-time high of \$2,072.49 scaled in 2020. U.S. gold futures GCcv1 also settled 1.6% higher at a record peak of \$2,089.7. "Gold has had a Santa Claus rally and I expect that to continue until the end of this year. It is certainly within the realm of possibility that gold re-tests record highs," said Everett Millman, chief market analyst at Gainesville Coins. Silver XAG= gained 0.9% to a more than six-month high at \$25.47 per ounce, set for a third consecutive weekly rise. Platinum XPT= rose 0.6% to \$932.44 and palladium XPD= lost 0.3% to \$1,004.92.

### UPCOMING KEY ECONOMIC INDICATOR RELEASES

| INDICATOR                       | Ctry / Regn | Time         | For | Prior | Consensus |
|---------------------------------|-------------|--------------|-----|-------|-----------|
| Monetary Base YY*               | JP          | 03-Dec 05:20 | Nov | 9.49  |           |
| CPI Tokyo Excl Food & Energy M/ | JP          | 04-Dec 05:00 | Nov | 0.4   |           |
| CPI Tokyo Excl Food & Energy Y/ | JP          | 04-Dec 05:00 | Nov | 2.7   |           |
| CPI Tokyo Ex fresh food YY      | JP          | 04-Dec 05:00 | Nov | 2.7   | 2.4       |
| CPI, Overall Tokyo              | JP          | 04-Dec 05:00 | Nov | 3.3   |           |
| Sentix Index*                   | EU          | 04-Dec 15:00 | Dec | -18.6 | -16.4     |
| Durables Ex-Def, R MM *         | US          | 04-Dec 20:30 | Oct | -6.7  |           |
| Durables Ex-Transp R MM *       | US          | 04-Dec 20:30 | Oct | 0.0   |           |
| Durable Goods, R MM *           | US          | 04-Dec 20:30 | Oct | -5.4  |           |
| Factory Orders MM *             | US          | 04-Dec 20:30 | Oct | 2.8   | -2.6      |
| Factory Ex-Transp MM *          | US          | 04-Dec 20:30 | Oct | 0.8   |           |

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

| INSTRUMENT | OPEN    | HIGH    | LOW     | CLOSE     | %CHG 1D |
|------------|---------|---------|---------|-----------|---------|
| EUR        | 1.0969  | 1.0984  | 1.0877  | 1.0881    | -0.75%  |
| GBP        | 1.2695  | 1.271   | 1.26    | 1.27      | 0.62%   |
| JPY        | 147.24  | 148.51  | 146.82  | 146.81    | -0.93%  |
| TRY        | 0.0345  | 0.0347  | 0.0344  | 0.0346    | 0.00%   |
| Dollar Idx | 102.827 | 103.59  | 102.719 | 103.268   | -0.22%  |
| Brent      | 82.78   | 84.75   | 82.58   | 78.88     | -4.77%  |
| WTC        | -       | -       | -       | 73.7      | -2.59%  |
| Gold       | 2044.59 | 2046.99 | 2031.59 | 2070.9011 | 1.73%   |
| KWSE Index | 6601    | 6654.11 | 6568.17 | 6653.84   | 0.76%   |

## KIBOR RATES

| Tenor | Value | Tenor | Value |
|-------|-------|-------|-------|
| ON    | 2.56  | 3M    | 4.31  |
| SW    | 3.81  | 6M    | 4.56  |
| 1M    | 4.06  | 1Y    | 4.75  |

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

**0.30765**

**-0.05%**

| 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    | 5.64  |
| SW    | 0.00  | 6M    | 5.77  |
| 1M    | 5.46  | 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 | 26-Oct-'23 | 4.50  | 4.50  | 0.00   |
| BOE Bank Rate        | 02-Nov-'23 | 5.25  | 5.25  | 0.00   |
| BOJ Prime Rate       | 10-Nov-'23 | 1.60  | 1.50  | 0.10   |
| TRY ON Lending Rate  | 24-Nov-'23 | 41.50 | 36.50 | 5.00   |



## KEY INTERNATIONAL STORIES

### US consumer spending cools; labor market gradually slowing - Reuters News

WASHINGTON, Nov 30 (Reuters) - U.S. consumer spending rose moderately in October, while the annual increase in inflation was the smallest in more than 2-1/2 years, signs of cooling demand that bolstered expectations the Federal Reserve's interest rate hiking campaign was over. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, increased 0.2% last month after an unrevised 0.7% gain in September, the Commerce Department's Bureau of Economic Analysis said. Inflation-adjusted consumer spending rose 0.2% last month. Economists expect spending this quarter to slow to around a 2% pace.

### UK housing market shows new signs of strength - Nationwide - Reuters News

LONDON, Dec 1 (Reuters) - British house prices rose unexpectedly in monthly terms for the third time running in November, adding to signs that the housing market downturn has abated, mortgage lender Nationwide said. House prices rose by 0.2% on the month in November, after a 0.9% increase in October. A poll of economists had pointed to a fall of 0.4%. Compared with a year ago, house prices were 2% lower the smallest such drop in nine months. Britain's housing market, which boomed during the COVID-19 pandemic, had been hit by higher borrowing costs as the Bank of England battles the highest rate of inflation among large advanced economies.

### Accelerating inflation to force Bank of Russia into one more rate hike this year

MOSCOW, Dec 1 (Reuters) - Accelerating inflation will force Russia's central bank into another 100-basis-point interest rate hike before the end of the year to 16%, a Reuters poll forecast on Friday. Economic growth was predicted to outperform early expectations, with the average of 17 analysts and economists polled by Reuters anticipating a 3.1% gross domestic product (GDP) rise in 2023 after a 2.1% contraction in 2022. Growth is seen slowing to 1.2% in 2024 and, with the rouble having recovered from tumbling past 100 to the dollar in August to around 90 now, the main intrigue is what step the Bank of Russia will take at its next meeting on Dec. 15.

DISCLAIMER: This document and its contents do not reflect the opinions, views, policies or positions of Refinitiv or its affiliates and they are prepared for Kuwait Finance House (KFH)'s and their clients internal consumption only and do not constitute an offer, or the solicitation of an offer, or advice to buy or sell a security or to make a particular investment or follow a particular strategy or enter into any agreement. The information and any views expressed are given as of the date of writing and are subject to change. While the information has been obtained from sources believed to be reliable, Refinitiv does not warrant that it is accurate or complete and it should not be relied on as such. Responsibility for any decisions taken by KFH (including but not limited to its affiliates and subsidiaries) on the basis of information contained herein solely rest with the end user i.e. KFH's clients. Market Data and News Source is Refinitiv Eikon. Refinitiv its affiliates, subsidiaries, employees, and contractors accept no liability for any direct or indirect loss arising out of the use of this document or its contents.

### China new home prices inch up for third month in November - survey - Reuters News

BEIJING, Dec 1 (Reuters) - China's new home prices rose slightly for a third straight month in November, a private survey showed on Friday, as the crisis-hit property sector struggles to stabilise despite a slew of government support measures. Prices rose 0.05% on average from the previous month after gains of 0.07% and 0.05%, according to the survey by real estate research firm China Index Academy. China's property sector, which makes up about one-quarter of the world's second-biggest economy, has stumbled from crisis to crisis in a major blow to consumer and investor confidence, keeping economic growth from resuming a solid footing this year.

### Brazil's industrial production posts sluggish growth in October - Reuters

SAO PAULO, Dec 1 (Reuters) - Industrial production in Brazil rose less than expected in October, data from statistics agency IBGE showed, pointing to a sluggish start to the fourth quarter as the sector continues to show 'lack of dynamism' amid high interest rates. Output was up 0.1% in October from September, IBGE said, below the 0.3% growth estimated in a poll of economists, and increased 1.2% on a yearly basis, also falling short of expectations of a 1.3% rise. Brazil's central bank has reduced its benchmark interest rate by a total 150 basis points since August after holding it at a six-year high of 13.75% for nearly a year to tame high inflation, but lending costs remain in restrictive territory.

### Oil prices fall more than 2% as investors skeptical of OPEC+ cuts

NEW YORK, Dec 1 (Reuters) - Oil prices slumped more than 2% on Friday on investor skepticism about the depth of OPEC+ supply cuts and concern about sluggish global manufacturing activity. Brent crude futures LCOc1 for February settled down \$1.98, or 2.45%, at \$78.88 a barrel. U.S. West Texas Intermediate crude futures (WTI) dropped \$1.89, or 2.49%, to \$74.07 a barrel. For the week, Brent posted a decline of about 2.1%, while WTI lost more than 1.9%. OPEC+ producers agreed on Thursday to remove around 2.2 million bpd of oil from the global market in the first quarter of next year, with the total including a rollover of Saudi Arabia and Russia's 1.3 million bpd of current voluntary cuts.