



# **Market Commentary**

KFH Treasury



Report produced on

Wed, 13-Mar-2024

## **Forex Market**







CLOSE 1M %chg 3M %chg

147.68

-1.11%

1.55%

### USD/JPY, JPY crosses on back feet as rise met with sales - Reuters

13 Mar 2024 07:55:58 AM

- \* USD/JPY, JPY crosses fall back in Asia after overnight rise met with sales
- \* USD/JPY to 148.20 EBS on higher than eyed US CPI, lower since
- \* Asia 147.65 to 147.24, coincides with Nikkei fall from early high
- \* Nikkei rally to 39,147.80 early before falling back, @38,567 -0.6% on day
- \* Could be taking off of currency hedges by offshore players on stock sales
- \* Tech support from 146.82-147.30 hourly Ichi cloud, 55-HMA in cloud at 147.18
- \* Relatively firm US yields supportive, Treasury 2s @4.587%, 10s @4.148%

CLOSE 1M %chg 3M %chg

1.0924

1.42%

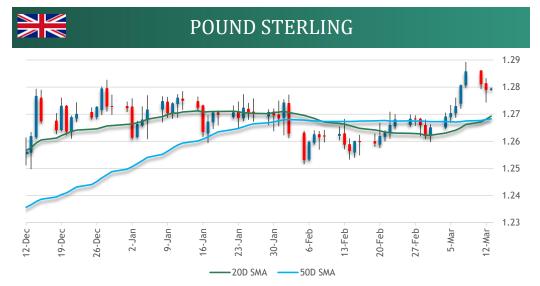
1.22%

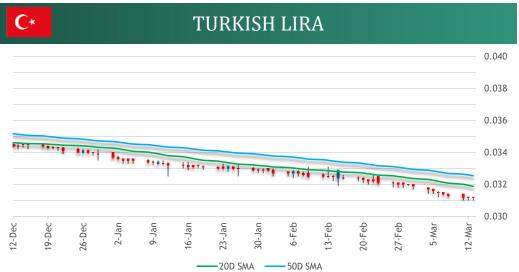
### EUR/USD-Steady in quiet Asia as hot US CPI shrugged off - Reuters News

13 Mar 2024 07:21:56 AM

- \* EUR/USD opened Asia unchanged at 1.0926 after a whippy reaction to US CPI
- \* The lack of net-net movement convinced traders in Asia to stay on sidelines
- \* EUR/USD only managed a 1.0923/29 range and is unchanged into the afternoon
- \* It is trending higher with the 5, 10 & 21-day MAs in a bullish alignment
- \* Support is at the 10-day MA at 1.0892 and break would warn a top is forming
- \* Resistance is at last week's 1.0980 high with sellers tipped ahead of 1.100
- \* More range trading expected as the market awaits fresh catalysts

## **Forex Market**







CLOSE 1M %chg 3M %chg

1.2791

1.31%

1.83%

### Sterling fades as UST-Gilt spread narrowed after above forecast core CPI - Reuters

12 Mar 2024 09:26:19 PM

- \* GBP\$ ending NorAm -0.3% at 1.2770; Tuesday range 1.2823-1.2747
- \* Initial whipsaw after above f/c core CPI gives way to selling
- \* UST yields rise, Fed 2024 cut odds fall amid high U.S. inflation
- \* Sterling falls after US CPI hints at less dovish Fed
- \* UST-Gilt spreads narrow; IRPR Dec 2024 now -85bp, was -92bp pre-CPI
- \* GBP\$ supt 1.2743 Tuesday low, 1.2730 rising 10-DMA, 1.2687 Mar 6 low
- \* Res 1.2803 100-HMA, 1.2823 Tuesday high, 1.2856 200-WMA
- \* U.S. PPI, IJC Thurs, more significant data Mar 20 UK CPI & FOMC, Mar 21 BoE

CLOSE 1M %chg 3M %chg

0.0312

-4.00%

-9.30%

### Turkey logs \$2.556 bln current account deficit in January - Reuters

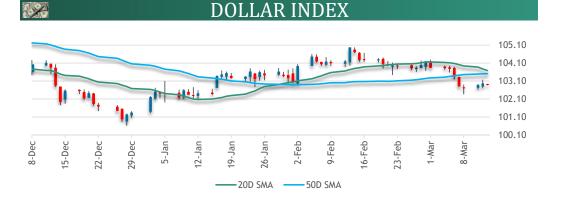
12 Mar 2024 11:37:11 PM

ISTANBUL, March 12 (Reuters) - Turkey's current account balance recorded a smaller-than-expected deficit of \$2.56 billion in January, central bank data showed on Tuesday. The data compares with a median forecast in a Reuters poll for a \$2.8 billion deficit. The forecasts ranged from \$2.5 billion to \$3.1 billion. The trade deficit, a major component of the current account, declined 56.4% in January year-on-year to \$6.23 billion, following government steps to reduce imports and boost exports. The current account deficit widened to \$48.8 billion in 2022, largely driven by energy and gold, and narrowed slightly to \$45.2 billion in 2023, although it was above the government forecast of \$42.5 billion.

## Gold, US Treasury & Dollar Index









US 10YT YIELD 1M %chg 3M %chg

4.15

-0.36%

-1.21%

## PRECIOUS-Gold subdued as US inflation surprise casts doubt on mid-year rate cut 13 Mar 2024 09:03:27 AM

March 13 (Reuters) - Gold prices were flat on Wednesday, after falling the most in a month in the previous session, as sticky U.S. inflation raised concerns an interest rate cut by the Federal Reserve may be delayed beyond June. Spot gold XAU= was little changed at \$2,157.88 per ounce. U.S. gold futures GCcv1 fell 0.1% to \$2,163.20. Gold's latest price drop comes as everything falls back to the inflation data, that feeds through into U.S. Fed's decision making, Michael Langford, chief investment officer at Scorpion Minerals Ltd said. Bullion fell 1.1% on Tuesday, after data showed U.S. consumer prices increased solidly in February, above forecasts and suggesting some stickiness in inflation. This was gold's worst single-day decline since Feb. 13, when data showed consumer prices also increased more than expected in January. Spot platinum XPT= fell 0.1% to \$923.45 per ounce, palladium XPD= dropped 0.5% to \$1,036.44 and silver XAG= shed 0.3% to \$24.08.

UPCOMING KEY ECONOM	IC INDICATOF	R RELEASES			
INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Foreign Bond Investment	JP	13-Mar 05:20	w/e	484.6	
Foreign Invest JP Bonds*	JP	13-Mar 05:20	w/e	572.5	
Foreign Stock Investment*	JP	13-Mar 05:20	w/e	-517.2	
Foreign Invest JP Stock	JP	13-Mar 05:20	w/e	283.9	
Construction O/P Vol MM*	GB	13-Mar 12:30	Jan	-0.5	-0.1
Construction O/P Vol YY*	GB	13-Mar 12:30	Jan	-3.2	-0.5
GDP Est 3M/3M*	GB	13-Mar 12:30	Jan	-0.3	-0.1
GDP Estimate MM*	GB	13-Mar 12:30	Jan	-0.1	0.2
GDP Estimate YY*	GB	13-Mar 12:30	Jan	0.0	-0.3
Industrial Output MM*	GB	13-Mar 12:30	Jan	0.6	0.0
Industrial Output YY*	GB	13-Mar 12:30	Jan	0.6	0.7

# **Daily Market Report**

ON

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1M



0.31								
.309				- AND THE	M			
.308			N. N.		<b>W</b>			
.307	<i></i>	M	1			V	1	
.306								
0.306								

MARKET SUMMARY					
INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0923	1.0945	1.0899	1.0924	-0.02%
GBP	1.2813	1.2833	1.2743	1.2791	-0.16%
JPY	146.94	148.13	146.61	147.68	0.50%
TRY	0.0312	0.0312	0.031	0.0312	0.00%
Dollar Idx	102.818	103.177	102.724	102.957	0.09%
Brent	82.45	83.01	81.69	81.92	-0.35%
WTC	78.94	79.68	78.29	78.51	-0.46%
Gold	2182.19	2184.59	2150.29	2157.99	-1.12%
KWSE Index	7445.3	7483.05	7445.17	7473.55	0.44%
KIBOR RATES					
Tenor	Value	Tenor		Value	

3M

6M

**1Y** 

4.31

4.50

4.69

2.50

3.75

4.00

CENTRAL BANK OF KUWAIT	
KWD (CBK FIX) CLOSE	3M% CHG

0.30675

0.00

2M

-0.44%

POLICY RATES IND	DICATOR	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		ue
ON	0.00		3M 5.58		58
SW	0.00		<b>6M</b> 5.64		64
1M	5.44		<b>1</b> Y	0.00	

OTHER C-BANK RATES				
INDICATOR	As of	Value	Prior	Change
FED Target Rate	26-Jul-'23	5.50	4.25	1.25
<b>ECB Refinancing Rate</b>	07-Mar-'24	4.50	4.50	0.00
<b>BOE Bank Rate</b>	01-Feb-'24	5.25	5.25	0.00
<b>BOJ Prime Rate</b>	08-Mar-'24	1.60	1.50	0.10
TRY ON Lending Rate	22-Feb-'24	46.50	46.50	0.00

## **Global Top News**



### **KEY INTERNATIONAL STORIES**

### US small business optimism falls to lowest in 9 months, NFIB says

NEW YORK, March 12 (Reuters) - U.S. small business sentiment fell in February to the lowest level since May due to continued concerns around inflation, according to a report published. The monthly National Federation of Independent Business sentiment index fell to 89.4 in February from 89.9 in January. The reading marks the 26th-straight-month where the index remained below its 50-year average of 98. The share of owners citing inflation as their most pressing problem rose 3 points to 23%, according to the report. The share of owners expecting better business conditions on a six-month basis fell 1 point to a net-negative 39%.

### UK wage growth slowest since 2022, offering relief to Bank of England

LONDON, March 12 (Reuters) - British wages excluding bonuses grew at their slowest pace since October 2022 while the unemployment rate edged up unexpectedly, according to data which may slightly ease the Bank of England's inflation worries. Regular wage growth dropped to 6.1% in the three months to January from 6.2% in the final quarter of 2023, the Office for National Statistics said. Economists had expected another reading of 6.2%. The unemployment rate rose to 3.9% from 3.8%, reversing a dip in the final quarter of 2023 when it touched an 11-month low, although the statistics office is still overhauling its survey.

### ECB should 'make a bet' on rates before long, says Wunsch

BRUSSELS, March 13 (Reuters) - The European Central Bank will have to gamble soon with an interest rate cut even though wage inflation and price rises for services are uncomfortably high, Governing Council member Pierre Wunsch said. The ECB held rates unchanged at a record high last week, but its chief Christine Lagarde said discussions over easing policy have begun, hinting strongly that this easing would mostly likely happen in June, when wage data will have been published. Euro zone inflation fell in February to 2.6%, but underlying price growth remained stubbornly high, up 4.0% year-on-year and for services 3.9% higher.

### Japan's Feb wholesale prices rise faster than expected - Reuters

TOKYO, March 12 (Reuters) - Japan's wholesale prices rose a faster-than-expected 0.6% in February year-on-year, central bank data showed on Tuesday, accelerating from the previous month as persistent cost pressures fanned inflation and squeezed households. The Corporate Goods Price index measures the prices companies charge each other for items before they are processed and made into consumer goods and services and is closely watched by the Bank of Japan. The CGPI comes a day before annual labour-management talks wrap up, in which big firms are expected to offer employees hefty wage hikes, a prerequisite for achieving the BOJ's 2% inflation target.

### Brazil's inflation tops estimates in February to highest monthly figure in a year - Reuters

SAO PAULO, March 12 (Reuters) - Brazil's consumer prices rose slightly more than expected in February, reaching the highest monthly figure in one year driven by increased education prices, government statistics agency IBGE said. Inflation, measured by the IPCA index, was at 0.83% last month compared with January, while economists polled expected 0.78%. Education prices rose 4.98% in the month, responsible for 0.29 percentage points of the data as schools and universities hike tuition fees at the start of the year. Food and beverage prices also contributed to the results, IBGE said. The monthly figure was the highest since February last year, when it had registered inflation of 0.84%.

### Oil higher on strong US demand, Fed policy in focus - Reuters News

SINGAPORE, March 13 (Reuters) - Oil prices rose on Wednesday on expectations of strong global demand, including in the world's top consumer the United States, and as even somewhat sticky U.S. inflation did not significantly alter expectations the Fed might start cutting rates soon. Brent futures for May delivery LCOc1 rose 46 cents, or 0.6%, to \$82.38 a barrel. April U.S. West Texas Intermediate crude CLc1 contract gained 47 cents, or 0.6%, to \$78.03. The Organization of the Petroleum Exporting Countries stuck to its forecast of a strong oil demand growth globally of 2.25 million bpd in 2024 and by 1.85 million bpd in 2025 and raised its economic growth forecast for this year.

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