



# **Market Commentary**

KFH Treasury



Report produced on

Tue, 19-Mar-2024

### **Forex Market**







CLOSE 1M %chg 3M %chg

149.14

-0.71%

4.48%

### JGB yields ticking lower into BOJ, from highs Friday - Reuters

19 Mar 2024 05:58:27 AM

- \* The yield on JGB 10s ticked up to 0.801% (TradeWeb) Friday
- \* They have since fallen back with the yield off to 0.750% in Asia today
- \* The feeling is that the BOJ will not change policy drastically
- \* The yield is currently in the 0.740%-0.763% ascending hourly Ichi cloud
- \* Having broken below the 0.769% 55-HMA, it is heading towards 0.747% 100-HMA
- \* The 200-HMA is below the cloud at 0.734%
- \* Seems some last-minute short-covering taking place ahead of the BOJ

CLOSE 1M %chg 3M %chg

1.0871

0.90%

-0.47%

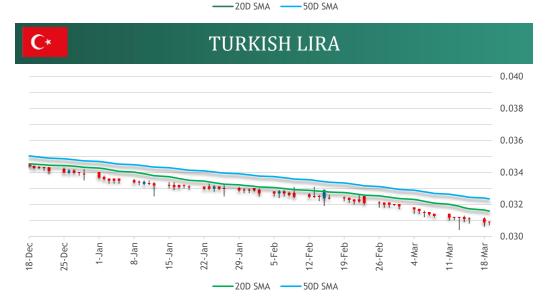
### EUR/USD-Opens lower ahead of BOJ and fed decisions - Reuters News

19 Mar 2024 03:16:09 AM

- \* EUR/USD closed -0.16% as US yields moved up to multi-week highs
- \* Key events start today with RBA & BOJ decisions followed by Fed Wednesday
- \* Market reaction to BOJ will likely impact EUR/JPY and EUR/USD as well
- \* EUR/USD range traded between the 10 & 21-day MAs on Monday
- \* The 10-day MA is at 1.0910 and 21-day MA is at 1.0869
- \* More support @ 1.0835/40 where 200-day MA converges with 50% of Feb-Mar rise

### **Forex Market**







CLOSE 1M %chg 3M %chg

1.2727

1.02%

0.67%

### Sterling trickles lower as recent longs lighten ahead of Fed, BoE - Reuters 18 Mar 2024 09:39:15 PM

- \* GBP\$ trickles lower into NorAm close, -0.04% at 1.2726; NY range 1.2748-20
- \* UST yield drift higher aids USD gain, range mute ahead of Fed, UK CPI, BoE
- \* Symmetrical risks to sterling as Fed, BoE loom
- \* GBP net spec long has risen from 46,312 contracts to 70,451 last 4-weeks
- \* Fed, BoE seen on hold, UK CPI Mar 21 may be a tie-breaker if UK prices dip
- \* GBP\$ supt 1.2720 Monday low, key 50% Fib of 1.2519-1.2894 at 1.2706
- \* Close sub-1.2706 puts 30DMA at 1.2680 and daily cloud base at 1.2649 in view
- \* Res Friday's 1.2758 high, 10-DMA at 1.2774, upper 30-d Bolli 1.2836

CLOSE 1M %chg 3M %chg

0.0309

-4.63% -10.17%

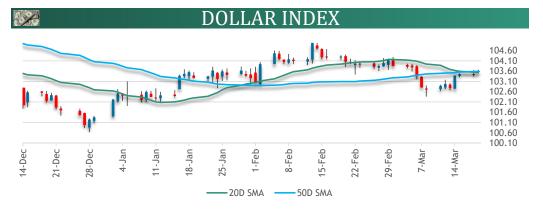
### Lira's unrelenting slide may spur big rate hike this week - Reuters 18 Mar 2024 12:39:59 PM

- \* Lira falling to record low ahead Mar 21 Turkish interest rate decision
- \* CBRT last hiked by 2.5% to 45% in Jan
- \* Cenbank said could tighten if inflation outlook sours
- \* Weaker lira is supporting inflation undermining tighter policy
- \* Futures suggest a further modest rise in rates perhaps 2%
- \* Much larger rate increase may be needed to halt lira's slide
- \* USD/TRY has risen 30.26 to 32.39 since Jan 25 rate hike
- \* EUR/TRY which was 32.91 on Jan 25 trading toward 35.40 on Mar 18

## Gold, US Treasury & Dollar Index









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

4.33

1.05%

9.71%

## PRECIOUS-Gold holds ground as investors seek direction from Fed - Reuters News 19 Mar 2024 08:35:53 AM

March 19 (Reuters) - Gold held steady on Tuesday as investors stayed on the sidelines ahead of the U.S. Federal Reserve policy meeting this week, which could offer further clues on the timing of likely interest rate cuts this year. Spot gold XAU= was little changed at \$2,160.79 per ounce. U.S. gold futures GCcv1 were flat at \$2,164.10. "Gold is staying above the \$2,150/oz support level and as long as it can stay above that level, gains could be in store in the short term depending on what tone gets delivered by Fed Chair Jerome Powell this week," said Tim Waterer, chief market analyst at KCM Trade. Higher interest rates reduce the appeal of holding non-yielding gold. Gold prices fell 1% last week after data showed that U.S. consumer prices increased solidly in February and producer prices rose more than expected, reducing hopes around early Fed rate cuts. Spot silver XAG= gained 0.3% to \$25.10 per ounce, platinum XPT= rose 0.3% to \$915.65, palladium slipped 1.3% to \$1,019.26.

UPCOMING KEY ECONOMI	C INDICATOR	RELEASES			
INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Foreign Buying, T-Bonds	US	19-Mar 01:30	Jan	33.8	
Net L-T Flows,Exswaps	US	19-Mar 01:30	Jan	160.2	
Overall Net Capital Flows	US	19-Mar 01:30	Jan	139.8	
Net L-T Flows,Incl.Swaps	US	19-Mar 01:30	Jan	160.2	
Capacity Utilization MM SA*	JP	19-Mar 10:00	Jan	-0.1	
Industrial O/P Rev MM SA *	JP	19-Mar 10:00	Jan	-7.5	
Industrial O/P Rev YY SA*	JP	19-Mar 10:00	Jan	-7.5	
Labour Costs YY	EU	19-Mar 15:30	Q4	5.3	
Wages In Euro Zone	EU	19-Mar 15:30	Q4	5.3	
ZEW Survey Expectations*	EU	19-Mar 15:30	Mar	25.0	
Building Permits: Number *	US	19-Mar 18:00	Feb	1.489	1.495

# **Daily Market Report**



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308				<b>1</b>		
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306	V					

MARKET SUMMARY					
INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0891	1.0905	1.0864	1.0871	-0.15%
GBP	1.2729	1.2746	1.2716	1.2727	-0.09%
JPY	149	149.32	148.88	149.14	0.08%
TRY	0.0311	0.0312	0.0306	0.0309	-0.64%
Dollar Idx	103.446	103.649	103.335	103.432	0.00%
Brent	85.32	87.18	85.25	86.89	1.82%
WTC	82.32	83.77	82.08	83.68	2.12%
Gold	2154.99	2163.39	2145.7	2159.9861	0.21%
KWSE Index	7444.05	7446.57	7407.37	7408.04	-0.40%

KIBOR RATES	KIBOR RATES					
Tenor	Value	Tenor	Value			
ON	2.50	3M	4.31			
SW	3.81	6M	4.50			
1M	4.06	<b>1Y</b>	4.69			

CENTRAL	BANK	OF	KUWAIT

2M

KWD (CBK FIX) CLOSE

3M% CHG

0.30705

0.00

-0.15%

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	5.59
SW	0.00	6M	5.69
1M	5.44	1Y	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 home builder confidence rises to highest level since July, NAHB says

NEW YORK, March 18 (Reuters) - U.S. home builder confidence rose in March to the highest level since July due to lower mortgage rates and an improved pricing environment amid a continued existing home inventory shortage, the National Association of Home Builders said. The NAHB/Wells Fargo Housing Market Index of builder confidence rose to 51 this month from an unrevised 48 in February. A poll showed economists expected the outlook to remain unchanged at 48 in March. Traffic slowed during the second half of last year on the back of the Fed Reserve's interest rate hikes, which were launched in March of 2022 in an effort to curb rising inflation.

### Asking prices for UK homes rise by most in 10 months, survey shows

LONDON, March 18 (Reuters) - Prices of homes put up for sale in Britain have risen by the most in nearly a year as the housing market recovery boosts the confidence of sellers, with London seeing the biggest increase in demand, an industry survey showed. Property website Rightmove said asking prices for residential properties rose by 1.5% in the four weeks to March 9, the strongest four-week increase in 10 months, although they remained nearly 5,000 pounds below their May 2023 peak. Rightmove's measure of buyer demand in the period between Feb. 11 and March 9 was up by 8% compared with a year earlier, and sales were up by an annual 13%.

### Russia to hold rates at 16% with first cut expected in June

MOSCOW, March 18 (Reuters) - Russia will hold interest rates at 16% on Friday, a poll showed, with many economists expecting the bank to start easing monetary policy in June as inflation is stubbornly high. Inflation has eroded Russians' living standards over the last decade. President Vladimir Putin, fresh from securing a new six-year term in office, has recycled old promises with new deadlines and pledged more than 11.5 trillion roubles of public spending. Inflation, the bank's main area of concern, stood at 7.4% in 2023, following on from an 11.9% reading in 2022. Economists expect it to remain well above the central bank's 4% target this year.

### Japan poised to end negative rates, closing era of radical policy

TOKYO, March 19 (Reuters) - The Bank of Japan is expected to end eight years of negative interest rates and other remnants of its unorthodox policy on Tuesday, making a historic shift away from a focus of reflating growth with decades of massive monetary stimulus. While the move would mark Japan's first interest rate hike in 17 years, it would still keep interest rates stuck around zero as a fragile economic recovery forces the central bank to go slow in any further rise in borrowing costs, analysts say. Under previous Governor Kuroda, the BOJ deployed a huge asset-buying programme in 2013, originally aimed at firing up inflation to a 2% target within roughly two years.

### Brazil's economic activity beats expectations in January

BRASILIA, March 18 (Reuters) - Economic activity in Brazil started the year growing above expectations, central bank data showed, amid strength in the retail and services sectors, and a buoyant labor market. The IBC-Br economic activity index, a leading indicator of gross domestic product, increased by a seasonally adjusted 0.60% in January from the previous month, surpassing the 0.26% growth forecast by economists surveyed by Reuters. On a non-seasonally adjusted basis, the IBC-Br expanded by 3.45% over January 2023 and grew by 2.47% over the past 12 months. In contrast, Brazil's industrial production recorded its worst monthly performance in nearly three years in January.

### Oil slips as Russia lifts supplies, jet fuel demand stirs caution -Reuters News

SINGAPORE, March 19 (Reuters) - Oil prices dipped on Tuesday due in part to the prospect of rising supply from Russia, slower-than-expected downstream demand in sectors such as jet fuel, and cautious trading ahead of the Fed's decision on U.S. interest rates. The Brent crude oil futures LCOc1 contract for May delivery slipped 15 cents to \$86.74 a barrel, while U.S. West Texas Intermediate (WTI) prices fell 14 cents to \$82.02. The WTI April contract, with expires tomorrow, fell 15 cents to \$82.57. Both benchmarks reached four-month highs in the previous session, buoyed by lower crude exports from Saudi Arabia and Iraq and signs of stronger demand and economic growth in China and the U.S.

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