



# **Market Commentary**

KFH Treasury

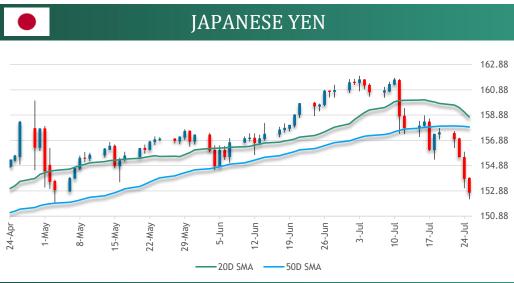


Report produced on

Thu, 25-Jul-2024

## **Forex Market**







CLOSE 1M %chg 3M %chg

**153.87** 

-3.58%

-0.95%

## USD/JPY diving toward 200 DMA as Asia risk-off accelerates

25 Jul 2024 07:38:05 AM

- \* USD/JPY dives to 152.37 from 153.85, lowest since Apr, down 1.0%
- \* Losses accelerate amid broad risk-off in Asia; Nikkei -3.0%
- \* China stocks slide despite another surprise rate cut
- \* Further USD/JPY downside available till 200 DMA 151.54
- \* Japanese FX officials decline comment on yen volatility
- \* UST yields down across the curve; 2y 4.406%, 10y 4.262%

CLOSE 1M %chg 3M %chg

1.0839

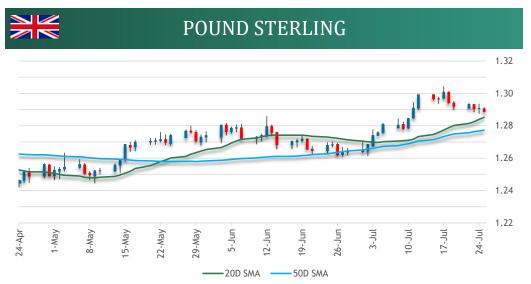
1.00%

1.33%

# **EUR/USD propped up by weak USD resulting from yen surge** 25 Jul 2024 07:32:23 AM

- \* EUR/USD propped up, last 1.0844, treading water above 21 DMA
- \* Moderate range 1.0835-1.0844 traded in Asia even as stocks slump
- \* Steady, amid broad USD weakness inspired by USD/JPY tanking
- \* 21 DMA and 38.2% Fibo coincide near 1.0840 to support
- \* 200 DMA not far below at 1.0819 reinforces the downside
- \* Traders may wait and see before US inflation data on Fri

## **Forex Market**







CLOSE 1M %chg 3M %chg

1.2906

1.79%

3.57%

### $GBP/USD\text{-}Drifts\ lower\ towards\ support\ as\ risk\ aversion\ rules$

25 Jul 2024 07:16:48 AM

- \* GBP/USD down 0.15%, traded a 1.29075-1.2887 range in risk-averse Asia
- \* Frail risk sentiment dented further by shock PBOC rate-cut, weighs
- \* Move taken as a sign of panic over weak economy; Shanghai Composite down 1%
- \* GBP/JPY decline accelerates, pair down 0.95% Thursday on carry trade unwind
- \* Working through 197.07, 100-DMA; daily close below reinforces bearish trend
- \* Focus turns to U.S. advance Q2 GDP Thu and Friday's core PCE price index
- \* Support at 1.2879, 38.2% of 1.2613-1.2972 rally held on Wednesday
- \* More support at 1.2850, resistance 1.2940

CLOSE 1M %chg 3M %chg

0.0304

0.33%

-0.98%

### **Turkey - Factors To Watch**

25 Jul 2024 08:15:45 AM

ISTANBUL, July 25 (Reuters) - The lira TRYTOM=D3 was quoted at 33.03 against the U.S. dollar overnight, after closing at 32.7990 on Wednesday. The main BIST 100 share index .XU100 closed 0.88% lower at 10,991.57 points on Wednesday.

## Gold, US Treasury & Dollar Index









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

4.26

0.89%

-7.91%

### PRECIOUS-Gold skids on profit-taking, US economic data on radar

25 Jul 2024 06:46:52 AM

July 25 (Reuters) - Gold prices fell nearly 1% on Thursday, as investors booked profits ahead of U.S. economic data that could offer more cues on when the central bank will cut interest rates this year and by how much. Spot gold XAU= fell 0.9% to \$2,377.29 per ounce. U.S. gold futures GCcv1 dropped 1.6% to \$2,376.70. Meanwhile, a Reuters poll showed that gold prices are poised for a fresh run to record highs in coming months while platinum and palladium will stay below \$1,000 per ounce in 2024. "A continuation of election-related uncertainty and rising geopolitical threats will add more volatility and likely impact broader macro variables," the World Gold Council said. "This, in turn, could drive investors to evaluate how they might mitigate risk in their own portfolios and draw them towards a safe-haven asset like gold." Among other metals, spot silver XAG= fell 2.8% to \$28.18 per ounce, platinum XPT= eased 0.8% to \$940.40 and palladium XPD= slipped 1.5% to \$918.63.

UPCOMING KEY ECONOMIC INDICATOR RELEASES						
	INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
	Redbook YY *	US	23-Jul 18:25	w/e	4.9	
	CPI Tokyo Ex fresh food YY	JP	25-Jul 05:00	Jul	2.1	2.2
	CPI, Overall Tokyo	JP	25-Jul 05:00	Jul	2.3	
	Loans to Households*	EU	25-Jul 13:30	Jun	0.3	
	Loans to Non-Fin*	EU	25-Jul 13:30	Jun	0.3	
	Money-M3 Annual Grwth*	EU	25-Jul 13:30	Jun	1.6	1.8
	CBI Trends - Orders	GB	25-Jul 15:30	Jul	-18	
	CBI Business Optimism	GB	25-Jul 15:30	Q3	9	
	Core PCE Prices Advance*	US	25-Jul 18:00	Q2	3.7	2.7
	GDP Deflator Advance*	US	25-Jul 18:00	Q2	3.1	2.6
	Durable Goods *	US	25-Jul 18:00	Jun	0.1	0.3

# **Daily Market Report**



**Value** 5.55

5.57 6.04

0.31								
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.308		<b>`</b>			VII.			
.307			M		7			
.306						Anna A		
.306						1	h	

MARKET SUMMARY					
INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0853	1.0866	1.0824	1.0839	-0.11%
GBP	1.2905	1.2937	1.2874	1.2906	0.01%
JPY	155.54	155.98	153.09	153.87	-1.10%
TRY	0.0304	0.0305	0.0302	0.0304	0.00%
Dollar Idx	104.477	104.555	104.122	104.391	-0.06%
Brent	81.46	82.23	80.93	81.71	0.86%
WTC	79.11	79.44	78.23	78.78	0.69%
Gold	2408.49	2431.89	2395.99	2397.5859	-0.48%
KWSE Index	7140.07	7167.89	7133.75	7154.95	0.32%

KIBOR RATES				
Tenor	Value	Tenor	Value	
ON	2.31	3M	4.25	
SW	3.75	6M	4.44	
1M	4.00	<b>1Y</b>	4.69	

KWD (CBK FIX) CLOSE

3M% CHG

0.30560

-0.68%

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
ON	5.06	3M

W	0.08	6M
M	5.46	<b>1</b> Y
2M	0.15	

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>	18-Jul-'24	4.25	4.25	0.00		
<b>BOE Bank Rate</b>	20-Jun-'24	5.25	5.25	0.00		
<b>BOJ Prime Rate</b>	11-Jun-'24	1.80	1.70	0.10		
TRY ON Lending Rate	21-Mar-'24	53.00	46.50	6.50		

## **Global Top News**



### **KEY INTERNATIONAL STORIES**

### US goods trade deficit shrinks; new home sales extend decline

WASHINGTON, July 24 (Reuters) - The U.S. trade deficit in goods narrowed in June for the first time this year amid a broad rebound in exports, but that probably was insufficient to prevent trade from remaining a drag on economic growth in the second quarter. Goods exports increased 2.5% to \$172.3 billion, led by a 4.9% surge in shipments of food. Capital goods exports rose 3.6%. Imports of goods gained 0.7% to \$269.2 billion. Consumer goods imports shot up 3.3%, likely reflecting solid domestic demand. Capital goods imports advanced 2.6%, which bodes well for business spending on equipment.

### Bank of England to trim Bank Rate on Aug 1 and once more this year, economists say

LONDON, July 24 (Reuters) - The Bank of England will trim Bank Rate to 5% next week, a majority of economists said in a Reuters poll, and with inflation expected to hover around target, it will embark on a slow and steady reduction path with one more cut this year. However, markets are only pricing in around a 45% chance of a cut and several economists declined to say whether the first cut would come in August or September. Bank Rate has been at a 16-year high of 5.25% since last August. The BoE was one of the first central banks to start raising borrowing costs after the COVID-19 pandemic and, like its peers, is now looking at easing policy.

### German business activity contracts in July, PMI shows

BERLIN, July 24 (Reuters) - German business activity contracted unexpectedly in July following three months of expansion, a preliminary survey showed on Wednesday. The HCOB German flash composite Purchasing Managers' Index, compiled by S&P Global, fell to 48.7 in July from 50.4 in June, well below the 50.7 forecast in a Reuters poll. The services sector index eased in July to 52.0 from 53.1 in June. Analysts polled by Reuters expected the index to rise to 53.3. Manufacturing remained mired in a downturn, tumbling further to 42.6 in July from 43.5 in June. Analysts polled by Reuters had expected the index would rise to 44.0.

### Japan's corporate service inflation hits 9-year high

TOKYO, July 25 (Reuters) - The price Japanese companies charge each other for services rose 3.0% in June from a year earlier, data showed on Thursday, the fastest pace in more than nine years in a sign of heightening inflationary pressures. The data comes ahead of the BOJ's two-day policy meeting that ends on Wednesday, when the board is likely to debate whether to raise interest rates and lay out a plan to taper its huge bond buying in coming years. Service-sector inflation is closely watched by the central bank for clues on whether prospects of rising wages are prodding firms to hike prices and leading to broader-based inflation, a prerequisite for raising interest rates.

### Mexico's consumer prices overshoot all estimates in mid-July

July 24 (Reuters) - Consumer prices in Mexico rose much more than expected during the first half of July, data from national statistics agency INEGI showed on Wednesday, driving 12-month inflation further away from the central bank's target. Prices in Latin America's second-largest economy were up 0.71% in the period, accelerating from the 0.21% rise seen in the previous month and overshooting all estimates in a Reuters poll of economists, whose median forecast stood at 0.39%. Annual headline inflation came in at 5.61%, up from 4.78% a month before, hitting its highest level since May 2023. Economists had forecast it to reach 5.27%.

### Oil falls on weak China demand concerns, Mideast ceasefire talks

July 25 (Reuters) - Oil prices eased on Thursday as concerns over weak demand in China, the world's largest crude importer, and expectations of a nearing ceasefire deal in the Middle East overcame gains in the previous session after draws in U.S. inventories. Brent crude futures for September LCOc1 fell 63 cents, or 0.8%, to \$81.08 a barrel. U.S. West Texas Intermediate crude for September CLc1 slid 63 cents, or 0.8%, to \$76.96 per barrel. Both benchmarks settled higher on Wednesday, snapping consecutive sessions of declines after the Energy Information Administration said U.S. crude inventories fell by 3.7 million barrels last week.

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