



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

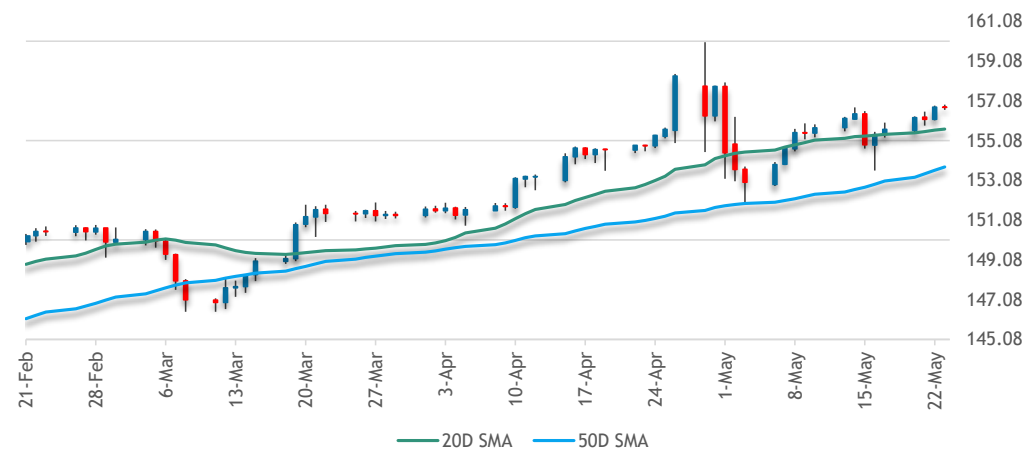
KFH Treasury



Report produced on
Thu, 23-May-2024

Forex Market

JAPANESE YEN



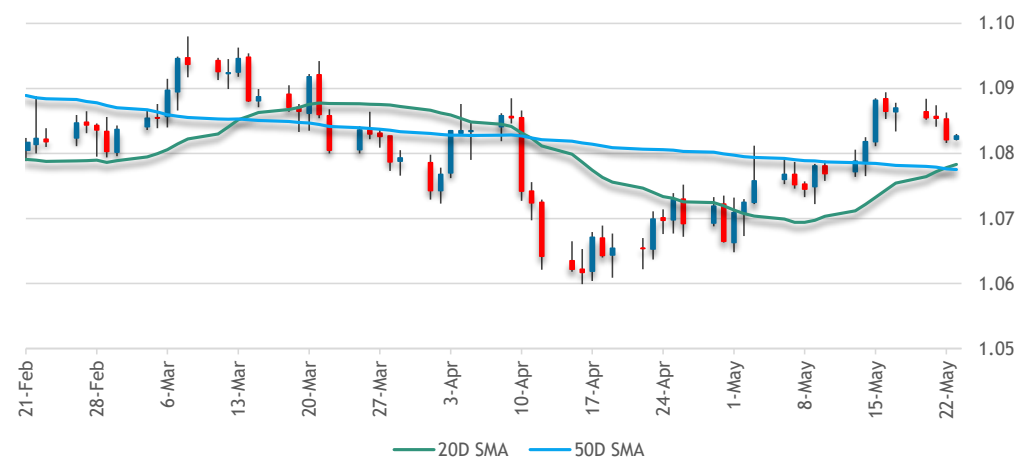
CLOSE **156.77** 1M %chg **1.25%** 3M %chg **4.16%**

USD/JPY bid with US yields firm, some JPY crosses shine

23 May 2024 07:41:22 AM

- * USD/JPY bid in Asia with US yields firm, range 156.65-90 EBS
- * US Treasury 2s @4.871%, 10s @4.427%, hold below overnight highs
- * USD/JPY resistance ahead of 157.00 still, Japanese exporter offers
- * Also, tomorrow sees massive \$2.75 bln option expiries at strike
- * Plenty of option-related offers, also area of last FX intervention
- * Japanese importer bids on dips, esp towards 156.00, daily kijun 156.05
- * Hourly Ichi tenkan 156.76, kijun 156.55, 55-HMA 156.39, cloud 156.02-21
- * EUR/JPY 169.60-84 EBS, near recent highs, AUD/JPY heavy, 103.59-91

EURO



CLOSE **1.0821** 1M %chg **1.57%** 3M %chg **-0.02%**

EUR/USD-US yields, dollar hold sway

22 May 2024 03:40:05 PM

- * EUR/USD traded 1.08633 on EBS overnight, sellers emerged in Europe's morning
- * Pair opened NY near 1.0840, slide extended, 1.08285 hit, pair down -0.22%
- * US yield US2YT=RR gains drove US\$ buying which weighed down EUR/USD
- * USD/CNH rally to 7.2500, equity ESv1 & gold XAU= drops also weighed
- * EUR/USD pierced the 10-DMA & neared the 21-DMA, daily RSI is falling
- * Monthly RSI is rising though & pair is above the daily cloud & 200-DMA
- * Tech signals are a mixed as investors await a catalyst to spark a move

Forex Market

POUND STERLING



CLOSE **1.2715** 1M %chg **2.96%** 3M %chg **0.44%**

Sterling hits resistance at post-CPI high 1.2761, support holds by 1.27

22 May 2024 10:32:24 PM

- * GBP/USD ekes out gain into NY cls, +0.16% at 1.2727; Wed range 1.2761-01
- * Pair soared to 2-wk high 1.2761 in Europe trade after hotter than f/c UK CPI
- * UK CPI still ticked lower, tempered GBP gains as UK-UK rates remain anchored
- * No news on Fed ins release; Fed remains wary of persistent inflation
- * IRPR- UK rate cut odds slip considerably for June, August; Sept cut odds 80%
- * Path for higher sterling opens after strong UK CPI surprise
- * GBP\$ res 1.2761 Wednesday high, 1.2803 Mar 21 high, 1.2861 200-WMA
- * Supt 1.2701 Wed low, 1.2687 38.2% Fib of 1.2446-1.2761, 1.2650 dly cloud top

TURKISH LIRA



CLOSE **0.0310** 1M %chg **0.98%** 3M %chg **-3.73%**

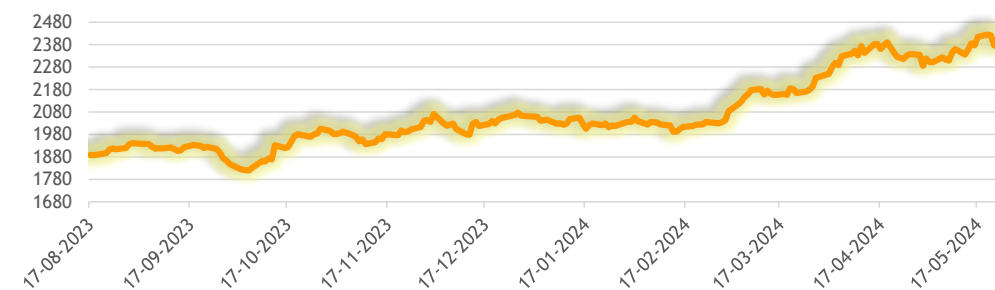
COMMENT-Lure of huge returns will draw FX investors to Turkey

22 May 2024 02:37:58 PM

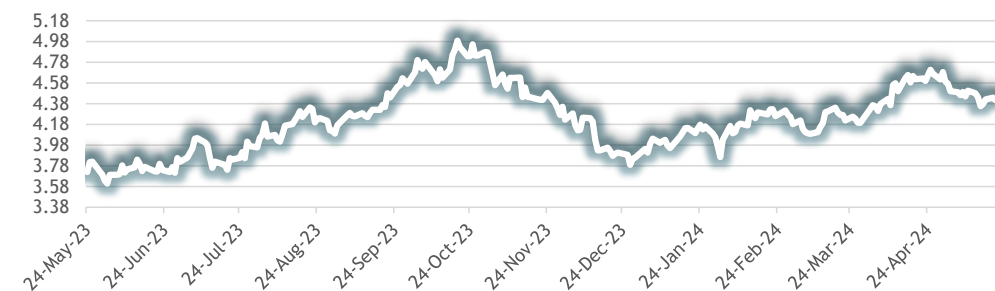
May 22 (Reuters) - With the prospect of a 50 percent return on the table for cash invested for one year, investors will be drawn to consider investing in Turkey's lira. Because the lira has stabilized in the wake of the enormous hike in Turkey's interest rate, it is already a more attractive proposition, and those invested in lira this year would have seen a much bigger return on their investment from interest rates than losses resulting from lira's slide. This year USD/TRY has risen almost 9% which is substantially less than the return due to interest rates in the period. In the month-to-date USD/TRY is down 0.6%. When added to the more than 3% reaped from rate differentials, the rough 4% gain for a three-week investment may be worth the gamble.

Gold, US Treasury & Dollar Index

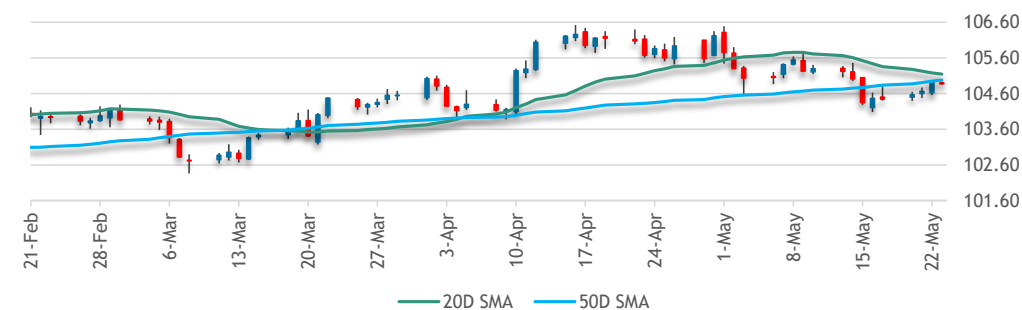
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.43

1M %chg

-4.09%

3M %chg

2.47%

PRECIOUS-Gold prices drift lower on hawkish Fed minutes

23 May 2024 07:49:45 AM

May 23 (Reuters) - Gold prices fell for a third straight session on Thursday after minutes from the most recent Federal Reserve meeting indicated that some officials were inclined to raise interest rates. Spot gold XAU= fell 0.3% at \$2,370.74 per ounce, after falling more than 1% in the previous session. Bullion hit a record high of \$2,449.89 on Monday. U.S. gold futures GCcv1 were down 0.8% at \$2,373.00.

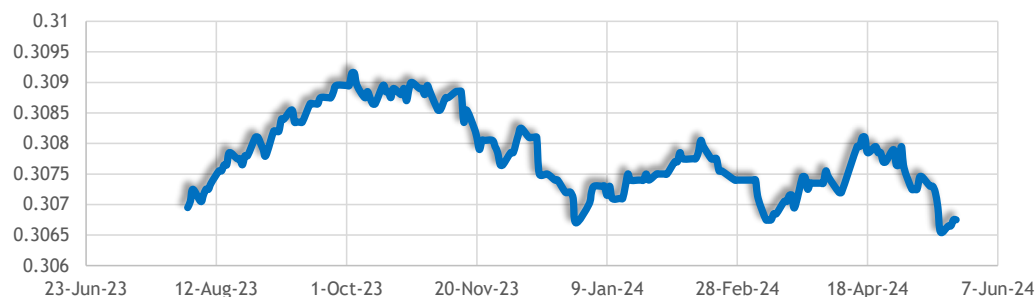
Bullion is known as an inflation hedge, but higher rates increase the opportunity cost of holding non-yielding gold. "There is a chance gold could drift back to support levels around the \$2,355 region if the dollar keeps the upward momentum going," Waterer said, adding that the medium to longer-term outlook still looks constructive for gold, but that is very much predicated on the next rate move being lower not higher from the Fed. Spot silver XAG= fell 0.8% to \$30.52, platinum edged 0.2% lower to \$1,032.54 and palladium XPD= dropped 1.1% to \$988.25.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
GfK Consumer Confidence*	GB	23-May 04:31	May	-19	-18
CPI, Core Nationwide YY	JP	23-May 05:00	Apr	2.6	2.2
CPI Less Food and Energy*	JP	23-May 05:00	Apr	106.3	
CPI Ex Fresh Fd and Eng	JP	23-May 05:00	Apr	2.9	
CPI MM NSA*	JP	23-May 05:00	Apr	0.3	
CPI Index Ex Fresh Food*	JP	23-May 05:00	Apr	106.8	
CPI, Overall Nationwide	JP	23-May 05:00	Apr	2.7	
CPI NSA*	JP	23-May 05:00	Apr	107.2	
CPI Nationwide Excl Food & Ener	JP	23-May 05:00	Apr	0.2	
CPI Nationwide Excl Food & Ener	JP	23-May 05:00	Apr	0.2	
JibunBK Mfg PMI Flash SA	JP	23-May 06:00	May	49.6	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0853	1.0863	1.0816	1.0821	-0.30%
GBP	1.2708	1.2761	1.2697	1.2715	0.06%
JPY	156.15	156.84	156.1	156.77	0.40%
TRY	0.0311	0.0311	0.0306	0.031	0.00%
Dollar Idx	104.617	104.969	104.557	104.933	0.26%
Brent	82.58	82.63	81.57	81.9	-1.18%
WTC	79.5	80.01	78.96	79.15	-1.87%
Gold	2423.38	2426.48	2374.7529	2378.2471	-1.79%
KWSE Index	7138.62	7153.24	7132.86	7142.74	0.06%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.38	3M	4.31
SW	3.81	6M	4.44
1M	4.06	1Y	4.69

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30675

-0.26%

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	5.72
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	11-Apr-'24	4.50	4.50	0.00
BOE Bank Rate	09-May-'24	5.25	5.25	0.00
BOJ Prime Rate	10-May-'24	1.70	1.60	0.10
TRY ON Lending Rate	21-Mar-'24	53.00	46.50	6.50

KEY INTERNATIONAL STORIES

US home sales post second straight monthly drop; house prices accelerate

WASHINGTON, May 22 (Reuters) - U.S. existing home sales unexpectedly fell in April as higher mortgage rates and house prices weighed on demand, dealing another setback to the housing market. Though the report from the National Association of Realtors on Wednesday showed inventory increasing last month to a 2-1/2-year high entry-level homes remained scarce, accounting for the second straight monthly decline in sales. Home sales slipped 1.9% last month to a seasonally adjusted annual rate of 4.14 million units. Economists polled by Reuters had forecast home resales would rise to a rate of 4.21 million units.

UK inflation pressure stays hot, dashing hopes for June rate cut

LONDON, May 22 (Reuters) - Inflation in Britain eased less than expected and a key core measure of prices barely dropped, prompting investors to pull bets on a Bank of England rate cut next month which could have boosted embattled Prime Minister Rishi Sunak before an election. The consumer price index rose by 2.3% in the 12 months to April, down sharply from March's 3.2% increase and its lowest since July 2021, the Office for National Statistics said. But the BoE and economists polled by Reuters had forecast a bigger drop to 2.1%, just above the central bank's 2% target, after a big cut to household energy tariffs in April.

Bank of Canada could tilt to July rate cut to benefit from flood of data

OTTAWA, May 22 (Reuters) - The Bank of Canada (BoC) may dash hopes of a June interest rate cut and instead move in July, which will give it seven more weeks of key data to confirm the recent trend of a slowing economy and continued easing of inflation, some economists said. Despite April's cooling inflation data released, the money markets are factoring in only a 53% chance of a 25 basis points cut in June, while odds of a July rate cut is fully priced in. The April consumer prices rose at its slowest pace in three years to 2.7%, data showed, and has consistently stayed below 3%, which is the upper range of the BoC's inflation target.

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Japan's factory activity expands for first time in a year, PMI shows

TOKYO, May 23 (Reuters) - Japan's factory activity crept into expansion for the first time in a year in May, a business survey showed on Thursday, as manufacturing gathered pace after months of weakness. The au Jibun Bank flash Japan manufacturing purchasing managers' index (PMI) climbed to 50.5 in May from 49.6 in April, breaching the 50.0 threshold separating growth from contraction last seen in May last year. The au Jibun Bank flash Japan composite PMI, which combines both manufacturing and service sector activity, went up slightly to 52.4 in May from 52.3 in April, the highest since last August.

Brazil raises primary deficit estimate to \$2.8 billion for this year

BRASILIA, May 22 (Reuters) - Brazil's government expects Petrobras will pay out all of its extraordinary dividends, according to a revenue projection for this year, even though the state oil company has yet to make a decision on that. Despite the anticipated contribution from Petrobras, the Planning and Finance ministries raised Brazil's primary deficit projection to 14.5 billion reais (\$2.81 billion) this year, up from 9.3 billion reais estimated in March. The Planning and Finance ministries' bi-monthly revenue and expenditure report raised the year's dividend revenue estimate by 14.3 billion reais, with 13 billion reais expected from Petrobras, according to Ceron.

Oil prices fall for fourth straight day as US rate hike prospects emerge

May 23 (Reuters) - Oil prices eased for a fourth straight session on Thursday after the minutes of a U.S. Federal Reserve meeting revealed discussions of a further tightening of interest rates if inflation remained sticky, a move that could hurt oil demand. Brent crude futures LCOc1 fell 46 cents, or 0.6%, to \$81.44 a barrel. U.S. West Texas Intermediate crude (WTI) futures CLc1 were down 54 cents, or 0.7%, at \$77.03. Both benchmarks fell more than 1% on Wednesday. Also weighing on the market, U.S. crude stocks rose by 1.8 million barrels last week, according to the Energy Information Administration, compared with an estimate for a 2.5 million-barrel draw.