



بيت التمويل الكويتي
Kuwait Finance House



Market Commentary

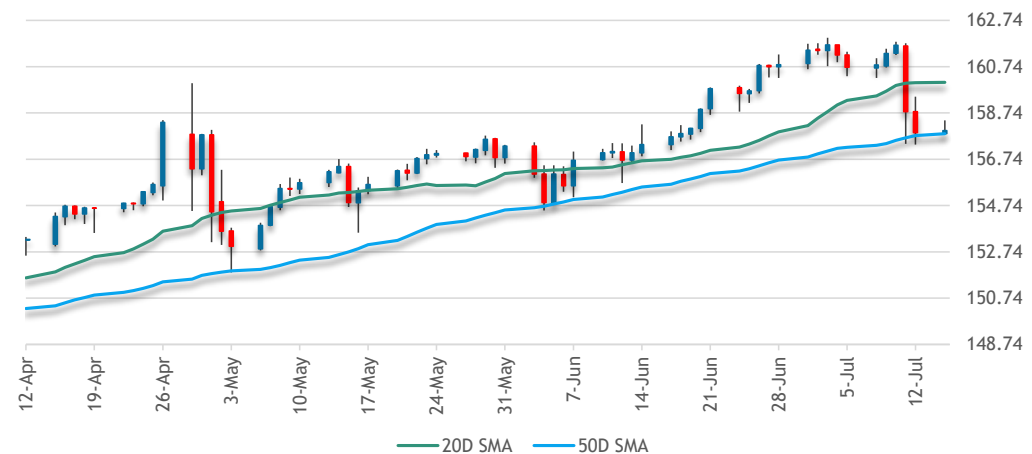
KFH Treasury



Report produced on
Mon, 15-Jul-2024

Forex Market

JAPANESE YEN



CLOSE
157.89

1M %chg
0.75%

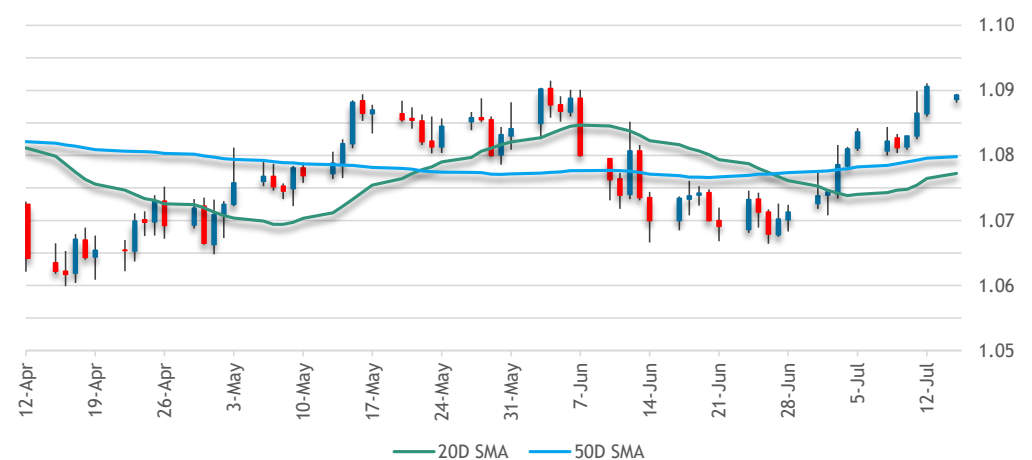
3M %chg
3.01%

USD/JPY-Recovery fizzles; Fed expectations, intervention fears cap

15 Jul 2024 07:51:45 AM

- * USD/JPY unchanged after early rally on Trump-victory trade runs out of steam
- * Traders bet attack on Trump made his U.S. election victory more likely
- * Upside limited as Fed Sep rate cut bets gain ground; Powell interview Monday
- * Markets thin due to Japan holiday; traders on lookout for intervention
- * Japan households inflation expectations heighten; may help BOJ justify hike
- * Resistance 158.50, 159.00, support 157.50, 157.30; Mon range 157.87-158.415

EURO



CLOSE
1.0906

1M %chg
0.92%

3M %chg
2.48%

EUR/USD-Soft start at the range top - Fed Chair Powell speaks

15 Jul 2024 07:44:00 AM

- * Off 0.2% in a 1.0881-1.0903 range with the U.S. dollar up 0.15%
- * EZ industrial production leads Monday's data - unlikely to be a major impact
- * Federal Reserve Chair Jerome Powell speaks in Washington - leads event risk
- * Charts; positive daily momentum studies, 21-day Bollinger bands rise
- * 5, 10 & 21-day moving averages climb - the daily signals remain supportive
- * Friday's 1.0862 low and then last week's 1.0791 base are initial supports
- * The 1.0911 high on Friday, then the 1.0916 June top are the first resistance
- * 1.0895 1.956 BLN, and 1.0900 4.317BLN July 15th strikes likely cap in Asia

Forex Market

POUND STERLING



CLOSE
1.2992

1M %chg
1.53%

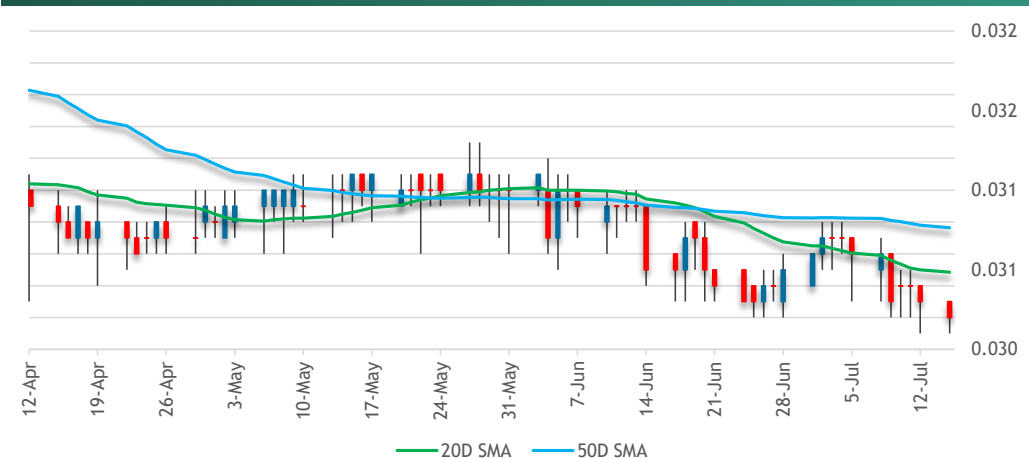
3M %chg
4.35%

COMMENT-Sterling prepares for a satisfying summer

12 Jul 2024 06:53:36 PM

GBP/USD rallied to a 2024 peak of 1.2975, undeterred by above-forecast U.S. producer price inflation as cable extended its gradual climb toward July 2023 highs above 1.30. In the wake of soft U.S. CPI on Thursday, the market appears to be under the sway of more dovish Fed policy expectations, no matter the PPI, which lifted GBP/USD from lows near 1.28 to its 11-1/2 month high at 1.2975. With Fed policy expectations fairly well known, after Wednesday's dip in core and headline CPI, the wild cards for sterling bulls are likely to be UK data and BoE guidance. While there had been a pickup in dovish BoE expectations, as evidenced by the recent 7-2 vote to hold rates, with an additional vote to cut rates, the June BoE statement noted employment remains tight.

TURKISH LIRA



CLOSE
0.0303

1M %chg
-1.94%

3M %chg
-1.94%

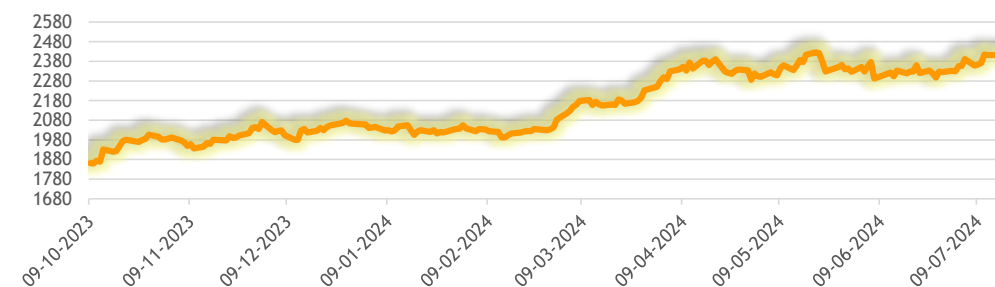
Turkey's current account deficit seen at \$1.5 bln in May

12 Jul 2024 09:26:37 AM

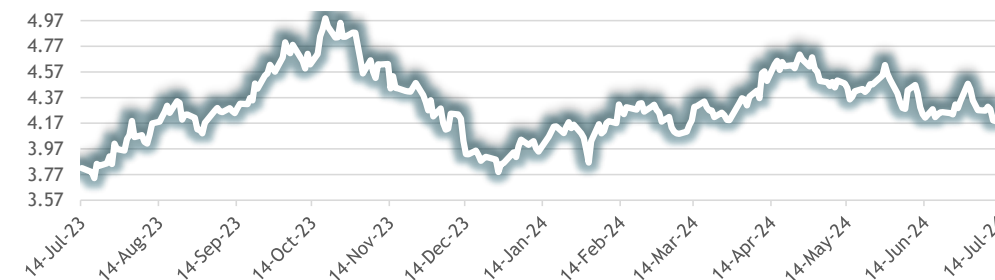
ISTANBUL, July 5 (Reuters) - Turkey's current account balance is expected to show a sharply lower of deficit of \$1.5 billion in May, with the deficit in 2024 as a whole forecast to narrow to \$26.5 billion, a Reuters poll showed on Friday. In April, the current account deficit was \$5.285 billion. Economists expect the current account deficit to continue to improve this year as monetary and fiscal policy remains tight. The May current account deficit forecasts by nine economists polled ranged from \$1.0 billion to \$2.1 billion. The central bank, pledging to fight inflation, has gradually hiked its policy interest rate to 50% from 8.5% since June last year. The government has introduced tax and fee hikes to boost its budget income.

Gold, US Treasury & Dollar Index

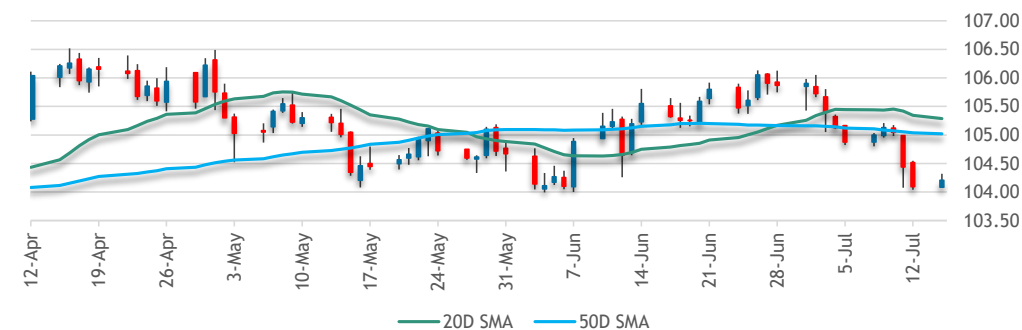
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.19

1M %chg

-2.51%

3M %chg

-6.93%

PRECIOUS-Gold eases, investors seek more cues on Fed's rate path

15 Jul 2024 07:15:00 AM

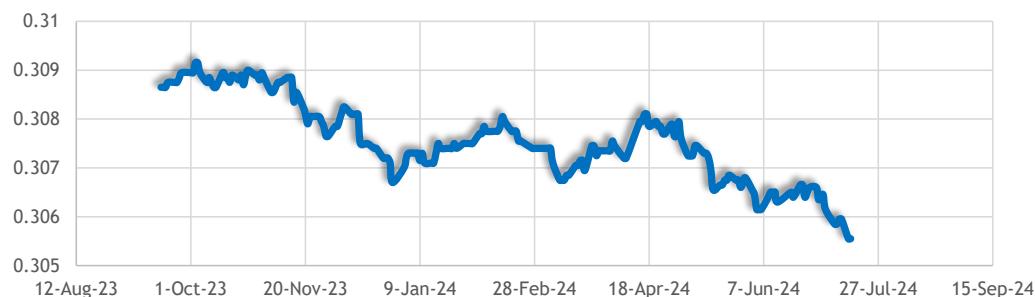
July 15 (Reuters) - Gold prices were little changed on Monday, as investors awaited comments from Federal Reserve officials and economic data for further cues on the trajectory of U.S. interest rates. Spot gold XAU= was steady at \$2,411.25 per ounce. U.S. gold futures GCcv1 slipped 0.1% to \$2,417.40. Markets see a 93% chance of U.S. cut rate in September, according to the CME FedWatch Tool. "I'm not convinced a Trump victory or loss directly links to a binary outcome for gold's direction in the same way Fed policy expectations have been. But, if Trump stirs up trade wars, then you'd think it builds a good case for gold to perform well under his presidency," said City Index senior analyst Matt Simpson. On the physical front, gold dealers in India continued to offer discounts to entice consumers amid elevated prices. Spot silver XAG= rose 0.6% to \$30.94, platinum XPT= slipped 0.3% to \$995.63 and palladium XPD= dropped 0.8% to \$960.88.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
House Price Rightmove MM*	GB	15-Jul 00:00	Jul	0.0	
House Price Rightmove MM*	GB	15-Jul 00:00	Jul	0.0	
House Price Rightmove YY*	GB	15-Jul 00:00	Jul	0.6	
House Price Rightmove YY*	GB	15-Jul 00:00	Jul	0.6	
Industrial Production MM	EU	15-Jul 14:30	May	-0.1	-1.0
Industrial Production YY	EU	15-Jul 14:30	May	-3.0	
Reserve Assets Total*	EU	15-Jul 15:30	Jun	1253.08	
NY Fed Manufacturing	US	15-Jul 18:00	Jul	-6.00	-6.00
Bean Oil Stocks*	US	15-Jul 21:30	Jun	1,724	
Reuters Tankan N-Man Idx	JP	16-Jul 04:30	Jul	31	
Reuters Tankan Man'f Idx	JP	16-Jul 04:30	Jul	6	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.0864	1.0911	1.086	1.0906	0.38%
GBP	1.2909	1.2993	1.2899	1.2992	0.64%
JPY	158.8	159.44	157.37	157.89	-0.57%
TRY	0.0304	0.0304	0.0301	0.0303	-0.33%
Dollar Idx	104.518	104.546	104.041	104.093	-0.33%
Brent	85.69	86.35	84.95	85.03	-0.43%
WTC	84.68	85	83.44	83.49	-0.51%
Gold	2416.09	2418.19	2391.35	2411.2744	-0.15%
KWSE Index	7109.74	7146.59	7109.74	7126.03	0.40%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.38	3M	4.31
SW	3.75	6M	4.50
1M	4.00	1Y	4.69

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30555

-0.41%

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	5.06	3M	5.55
SW	0.08	6M	5.59
1M	5.44	1Y	6.04
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
ECB Refinancing Rate	06-Jun-'24	4.25	4.50	-0.25
BOE Bank Rate	20-Jun-'24	5.25	5.25	0.00
BOJ Prime Rate	11-Jun-'24	1.80	1.70	0.10
TRY ON Lending Rate	21-Mar-'24	53.00	46.50	6.50

KEY INTERNATIONAL STORIES

US producer price data points to subsiding inflation pressures

WASHINGTON, July 12 (Reuters) - U.S. producer prices increased slightly more than expected in June amid a rise in the cost of services, but that did not change expectations that the Federal Reserve could start cutting interest rates in September. The producer price index for final demand rose 0.2% last month after being unchanged in May, the Labor Department's Bureau of Labor Statistics said on Friday. Economists polled by Reuters had forecast the PPI nudging up 0.1%. In the 12 months through June, the PPI increased 2.6%. That was the largest year-on-year gain since March 2023 and followed a 2.4% advance in May.

Rebounding UK economy offers no long-term relief to Keir Starmer

LONDON, July 12 (Reuters) - Britain's new government has inherited an economy that is gathering momentum but the recent, stronger-than-expected growth figures do not mean Prime Minister Keir Starmer and his team have found a way out of their bind on public spending. In May alone, the economy grew by 0.4%, double the forecast in a Reuters poll of economists and adding to signs that last year's shallow recession is firmly in the rear-view mirror. "The question two months ago was whether growth would reach 1.0% this year. It is now possibly whether it will hit 1.5%," Philip Shaw, an economist with Investec, a bank, said.

Australia's budget surplus could be higher than forecast, treasurer says

SYDNEY, July 15 (Reuters) - Australia's budget surplus could be larger than initial forecasts, Treasurer Jim Chalmers said on Monday, as the centre-left Labor government looks set to record its second straight surplus helped by strong employment and high commodity prices. Figures from Treasury in May showed the government was expected to post a surplus of A\$9.3 billion (\$6.3 billion) for the fiscal year that ended on June 30. But that could now reach "the middle teens of billions", Chalmers told Channel Nine, ahead of the final figures expected in September. "The difference is not actually more tax revenue, it's about less spending."

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China's economy falters as property, consumer pain worsens

BEIJING, July 15 (Reuters) - China's economy grew much slower than expected in the second quarter, as a protracted property downturn and job insecurity squeezed domestic demand, keeping alive expectations Beijing will need to unleash even more stimulus. The world's second-largest economy grew 4.7% in April-June, official data showed, its slowest since the first quarter of 2023 and missing a 5.1% analysts' forecast in a Reuters poll. It was also down from the 5.3% expansion in the previous quarter. On a quarterly basis, growth came in at 0.7% from a downwardly revised 1.5% in the previous three months.

Brazil's services activity holds steady in May, beating forecasts

SAO PAULO, July 12 (Reuters) - Services activity in Brazil was unchanged in May from April, statistics agency IBGE said on Friday, holding steady after two consecutive increases and becoming the third activity indicator in the month to give markets a positive surprise. Economists polled by Reuters had expected services activity to drop 0.8% in May from the previous month. The service sector, IBGE said in a report, also grew 0.8% in May from a year earlier, well above the 0.1% contraction forecast by economists. The sector is now 12.7% larger than its pre-pandemic levels, although 0.9% smaller than a record high reached in December 2022.

Oil regains ground on political uncertainty in US, Mideast

SINGAPORE, July 15 (Reuters) - Oil regained ground, with political uncertainty in the U.S. and the Middle East supporting prices, offsetting downward pressure from a stronger dollar and weak demand in top importer China. Brent crude futures rose 15 cents, or 0.2%, to \$85.18 a barrel after settling down 37 cents on Friday. U.S. West Texas Intermediate crude stood at \$82.41 a barrel, up 20 cents, or 0.2%. Last week, Brent fell more than 1.7% after four weeks of gains while WTI futures slid 1.1% as a fall in China's crude imports, the world's top importer, countered robust summer consumption in the United States. China's crude oil imports fell 2.3% in the first half of this year to 11.05 million barrels a day.



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