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DAILY MARKET REPORT

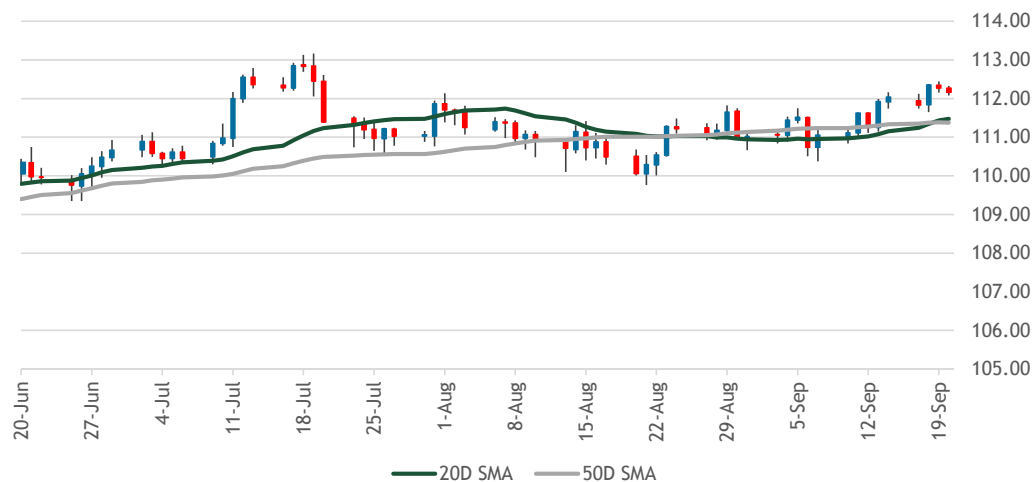
KFH Treasury

Thu, 20 Sep 2018



Forex Market

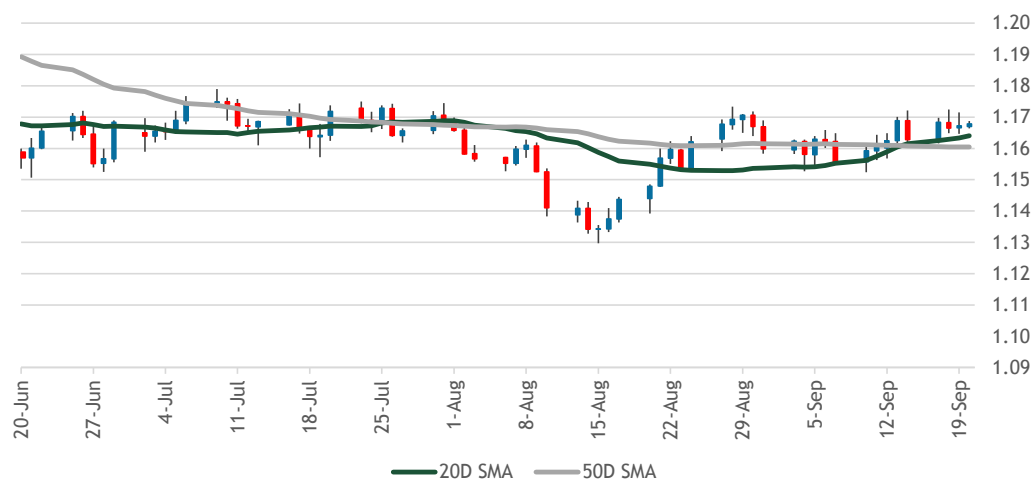
JAPANESE YEN



112.27 1M %chg **1.61%** 3M %chg **2.03%**

- The Yen barely budged yest after the BOJ stood pat on policy as expected. Gov Kuroda's presser also didn't deliver fresh policy cues.
- Ahead today, all eyes are on the 20yr JGB auction (robust demand expected) and the LDP vote.
- We retain our call to buy the Yen on dips on the view that risk aversion will come back into play ahead. USD/JPY was tightly ranged yest within 112.16/45, ending a touch softer at 112.28.
- There was scant reaction to the BOJ decision or Gov Kuroda's presser. It's topside was capped by large option barriers at 112.50 and exporter selling interest that trails up above that level, which has triggered profit-taking from leveraged names since then.
- Sell around 112.16/27, targeting a run down to 108.78, placing stops at 113.31.

EURO



CLOSE **1.1672** 1M %chg **2.05%** 3M %chg **0.72%**

- The Euro was initially on the backfoot yest amidst negative cross-flows (Aussie and Sterling), but pushed higher early in the European session.
- Part of this was down to leveraged buying in EUR/CHF (positioning ahead of today's SNB policy decision).
- That said, the Euro found failed to sustain any topside traction, and was subsequently weighed down by fresh Italian political/fiscal concerns.
- Italian dpty PM di Maio is seeking a EUR28 bln budget adjustment that include EUR10 bln for the "citizens income" proposal, which would increase the deficit to GDP ratio to 2.5%, well above FinMin Tria's pledge last wk of keeping it at 1.6%.
- Sell around 1.1681/94, targeting a run down to 1.1234, placing stops at 1.1814.

Forex Market

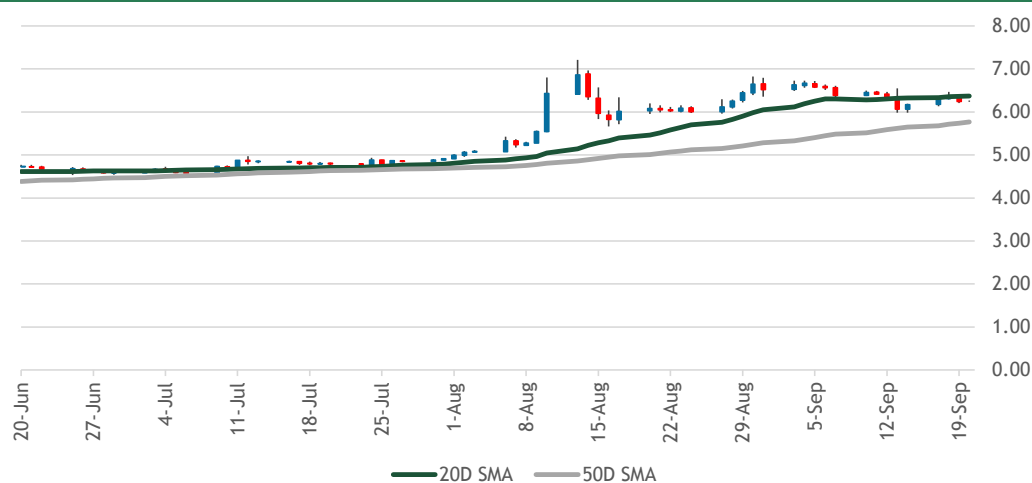
POUND STERLING



CLOSE	1M %chg	3M %chg
1.3142	3.07%	-0.27%

- The Sterling briefly retreated against the Euro yest, and it's early gains against the risk/commod-ccies were also unwound.
- These negative cross-flows conspired to weigh down on GBP/USD. There was also drag from EU President Tusk's warning that a no-deal scenario remains possible, even though "limiting damage caused by Brexit is a shared interest".
- On his part, Barnier said that the EU is ready to improve it's Irish backstop proposal.
- GBP/JPY however ended firmer amidst lift from the other Yen pairs. Early this morning, there was a knee-jerk pop higher after UK PM May ruled out a 2^nd Brexit vote in an interview with the Daily Express, and stated that "the withdrawal agreement is virtually agreed", "Chequers is about the future relationship" and that she's confident of striking a good deal for the UK.
- Sell around 1.3160, targeting a run down to 1.2517, placing stops at 1.3267.

TURKISH LIRA



CLOSE	1D %chg	1M %chg
6.2445	-1.94%	3.87%

-No updates as of today.

Commodities

GOLD



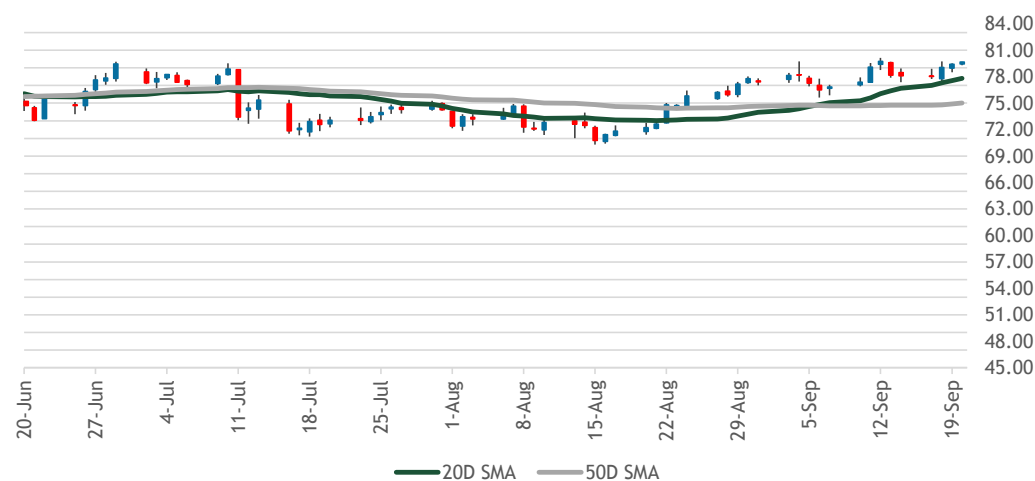
CLOSE
1203.58

1D %chg
0.50%

1W %chg
-0.16%

-Gold prices held steady on Thursday, after rising in the previous session, as the dollar softened amid easing Sino-U.S. trade tensions and investors wait on direction from next week's U.S. Federal Reserve meeting.
-Spot Gold was little changed at \$1,203.86 by 0106 GMT, after rising 0.5 percent in the previous session.
-U.S. Gold futures were up 0.1 percent at \$1,209 an ounce.

BRENT



CLOSE
79.40

1D %chg
0.47%

1W %chg
-0.43%

-Oil rose for a third day on Thursday amid another drawdown in U.S. inventories and strong U.S. gasoline demand, while signs OPEC may not raise output to address shrinking supplies from Iran also supported prices.
-Global benchmark Brent crude was up by 20 cents, or 0.3 percent, at \$79.60 by 0214 GMT, after gaining half-a-percent on Wednesday.
-U.S. West Texas Intermediate crude was up 55 cents, or 0.8 percent, at \$71.67 a barrel, after rising nearly 2 percent the previous session.

Daily Market Report



MARKET SUMMARY					
INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1666	1.1715	1.1647	1.1672	0.06%
GBP	1.3147	1.3213	1.3093	1.3142	-0.04%
JPY	112.34	112.44	112.15	112.27	-0.07%
TRY	6.3839	6.4156	6.2070	6.2445	-1.94%
Dollar Idx	94.5380	94.7270	94.3200	94.5370	-0.11%
Brent	78.97	79.50	78.51	79.40	0.47%
WTC	-	-	-	71.08	1.73%
Gold	1197.43	1206.12	1197.40	1203.58	0.50%
KWSE Index	6603.5800	6643.2400	6601.5900	6633.4400	0.00%

UPCOMING ECONOMIC RELEASES					
INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
CPI, Core Nationwide YY	JP	20/Sep 01:30	Aug	0.8	0.9
CPI, Overall Nationwide	JP	20/Sep 01:30	Aug	0.9	
CPI MM NSA*	JP	20/Sep 01:30	Aug	0.10	
Jobless Claims 4-Wk Avg	US	20/Sep 14:30	w/e	208.00	
Philly Fed 6M Index*	US	20/Sep 14:30	Sep	38.80	

KIBOR RATES			
Tenor	Value	Tenor	Value
ON	0.63	3M	2.00
SW	1.06	6M	2.25
1M	1.69	1Y	2.50

CENTRAL BANK OF KUWAIT				
KWD (CBK FIX) CLOSE		1D %chg		
0.30260		0.03%		
POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	20/Sep/'18	2.00	2.00	0.00
1W Repo Rate	20/Sep/'18	2.25	2.25	0.00
1M Repo Rate	20/Sep/'18	2.75	2.75	0.00
KWD ON Rate	20/Sep/'18	10.00	10.00	0.00
Discount Rate	20/Sep/'18	3.00	3.00	0.00

LIBOR RATES			
Tenor	Value	Tenor	Value
ON	1.92	3M	2.34
SW	1.97	6M	2.57
1M	2.17	1Y	2.88
2M	2.24		

OTHER C-BANK RATES				
INDICATOR	As of	Value	Prior	Change
FED Target Rate	13/Jun/'18	2.00	0.75	1.25
ECB Refinancing Rate	10/Mar/'16	0.00	0.05	-0.05
BOE Bank Rate	02/Aug/'18	0.75	0.50	0.25
BOJ Prime Rate	10/Jul/'17	1.00	0.95	0.05
TRY ON Lending Rate	13/Sep/'18	24.00	19.25	4.75

Economic Calendar & News



ECONOMIC CALENDAR - Upcoming shortly

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
CPI, Core Nationwide YY	JP	20/Sep 01:30	Aug	0.8	0.9
CPI Ex Fresh Fd and Eng	JP	20/Sep 01:30	Aug	0.3	
CPI MM NSA*	JP	20/Sep 01:30	Aug	0.10	
CPI Index Ex Fresh Food*	JP	20/Sep 01:30	Aug	100.9	
CPI, Overall Nationwide	JP	20/Sep 01:30	Aug	0.9	
CPI NSA*	JP	20/Sep 01:30	Aug	101.0	
Nationwide Core CPI MM*	JP	20/Sep 01:30	Aug	-0.10	
Nationwide Core CPI YY*	JP	20/Sep 01:30	Aug	0.0	
Foreign Bond Investment	JP	20/Sep 01:50	w/e	297.6	
Foreign Invest JP Stock	JP	20/Sep 01:50	w/e	-1063.20	
Retail Sales MM	GB	20/Sep 10:30	Aug	0.7	-0.20
Retail Sales YY	GB	20/Sep 10:30	Aug	3.5	2.3
Retail Sales Ex-Fuel MM	GB	20/Sep 10:30	Aug	0.9	-0.20
Retail Sales Ex-Fuel YY	GB	20/Sep 10:30	Aug	3.7	2.5
Retail Sales Ex-Fuel YY	GB	20/Sep 10:30	Aug	3.7	2.5
Initial Jobless Claims	US	20/Sep 14:30	w/e	204	210
Jobless Claims 4-Wk Avg	US	20/Sep 14:30	w/e	208.00	
Continued Jobless Claims	US	20/Sep 14:30	w/e	1.696	1.705
Philly Fed 6M Index*	US	20/Sep 14:30	Sep	38.80	
Philly Fed Capex Index*	US	20/Sep 14:30	Sep	27.10	
Philly Fed Business Indx*	US	20/Sep 14:30	Sep	11.9	17.0
Philly Fed Employment*	US	20/Sep 14:30	Sep	14.30	
Philly Fed New Orders*	US	20/Sep 14:30	Sep	9.90	
Philly Fed Prices Paid*	US	20/Sep 14:30	Sep	55.00	

NEWS AND STREET BUZZ

Global Top News

- Asian stocks rose in early trade on Thursday following a second day of gains on global share markets amid easing investor concern over the impact from the U.S.-China trade war, but markets remained cautious.
- Yemen's central bank, based in territory controlled by its exiled government, nearly doubled its interest rate on Wednesday in an effort to stabilise the riyal after violent demonstrations against a plunging currency.
- The government of Abu Dhabi is looking at proposals to restructure some \$1.2 billion of troubled bonds that were issued by Abu Dhabi state-owned carrier Etihad Airways in partnership with other airlines, sources familiar with the matter said.
- The United Arab Emirates central bank has cut its forecast for economic growth this year after non-oil growth slowed slightly in the second quarter, according to a report released by the bank on Wednesday.
- Alibaba Chairman Jack Ma said the company can no longer meet its promise to create 1 million jobs in the United States due to U.S.-China trade tensions, Chinese news agency Xinhua reported on Wednesday.
- Prime Minister Theresa May appealed directly to fellow European Union leaders on Wednesday to drop "unacceptable" Brexit demands that she said could rip Britain apart, urging the bloc to respond in kind to her "serious and workable" plan.
- Prime Minister Shinzo Abe was expected to win a ruling party leadership vote on Thursday, setting him on track to become Japan's longest-serving premier and try to cement his legacy, including by revising the pacifist constitution.
- Major Chinese broker Nanhua Futures is planning to start trading on the London Metal Exchange in the first half of next year as the market experiences a wave of fresh interest from China.
- Qatar has appointed Mansour Ibrahim al-Mahmoud as chief executive of the Qatar Investment Authority, one of the world's largest sovereign wealth funds, the state news agency said on Wednesday.

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