## Daily Market Commentary Gulf Bank Treasury Sales Desk

CBK USD/KWD 0.30655 0.30665

## **Foreign Exchange Development**

The dollar skidded to multi-month lows after U.S. core inflation hit its slowest in three years, pulling forward expectations for rate cuts in the world's biggest economy and drawing bets that the U.S. currency may have peaked, for now.

The Australian dollar, which had surged 1%, hit a fourmonth high at \$0.6714 but then paused after an unexpected rise in Australian unemployment. It was last at \$0.6687.

The euro edged up to a two-month high at \$1.0895. The New Zealand dollar also hit a two-month high at \$0.6140. Sterling made a one-month high at \$1.27.

Oil prices extended gains from the previous session on signs of stronger demand in the U.S. where data showed slower inflation than markets expected, bolstering the argument for an interest rate cut which could drive even greater consumption.

Gold prices inched up following a sharp rise in the last session as the dollar and bond yields weakened on the increasing likelihood of rate cuts by the U.S. Federal Reserve as early as September.

| Currencies & Commodities |        |         |       |       |  |  |  |  |
|--------------------------|--------|---------|-------|-------|--|--|--|--|
| Currency                 | Price  | MTD%    | 3M%   | YTD%  |  |  |  |  |
| EUR/USD                  | 1.0885 | 2.03    | 0.99  | -1.40 |  |  |  |  |
| GBP/USD                  | 1.2689 | 1.54    | 0.67  | -0.37 |  |  |  |  |
| USD/CHF                  | 0.9009 | -2.05   | 2.27  | 7.01  |  |  |  |  |
| USD/JPY                  | 153.98 | -2.43   | 2.50  | 9.15  |  |  |  |  |
| AUD/USD                  | 0.6682 | 3.23    | 2.30  | -1.89 |  |  |  |  |
| USD/CAD                  | 1.3609 | -1.23   | 0.92  | 2.74  |  |  |  |  |
| USD INDEX                | 104.23 | -1.88   | -0.06 | 2.86  |  |  |  |  |
| Gold                     | Silver | KWT OSP | Brent | WTI   |  |  |  |  |
| 2394.50                  | 29.66  | 85.41   | 82.91 | 80.43 |  |  |  |  |

USD/JPY - 1 Month



May 16, 2024

## **Economic Updates**

Japan's economy fell faster than expected in the first quarter as the weak yen continued to batter consumers, throwing a fresh challenge to the central bank's push to get interest rates further away from near zero.

U.S. consumer prices increased less than expected in April, suggesting that inflation resumed its downward trend at the start of the second quarter. The consumer price index rose 0.3% last month after advancing 0.4% in March and February.

Stress in the euro zone market for home loans is "manageable" despite higher interest rates stretching borrowers and lax checks by some banks, the European Central Bank said.

Saudi Arabia's annual inflation rate held at 1.6% in April, the same as the previous month, government data showed, underpinned once again by an increase in housing rents.

| Global Markets                |                      |          |                     |                 |        |          |  |  |  |
|-------------------------------|----------------------|----------|---------------------|-----------------|--------|----------|--|--|--|
| Inde                          | Index Price          |          | Change              | МТ              | 0%     | YTD%     |  |  |  |
| DOWJO                         | NES                  | 39,908.0 | 00 349.89           | 5.5             | 3      | 5.89     |  |  |  |
| FTSE 10                       | <b>00</b> 8,445.8    |          | 0 17.67             | 3.7             | 0      | 9.21     |  |  |  |
| KUWAIT                        | <b>T ALL</b> 7,175.5 |          | 1 -19.83            | 1.7             | 7      | 5.25     |  |  |  |
| Benchr                        | Benchmark            |          | h 3 Month           | 6 Mo            | nth    | 12 Month |  |  |  |
| TERM S                        | TERM SOFR            |          | 5 5.32933           | 5.29            | 573    | 5.15640  |  |  |  |
| EURIBO                        | URIBOR 3             |          | 3.8240              |                 | 90     | 3.6380   |  |  |  |
| KIBOR                         |                      | 4.0625   | 4.2500              | 4.50            | 00     | 4.6875   |  |  |  |
| SAIBOR                        | 1                    | 5.8953   | 2 6.22116           | 6.05            | 558    | 5.93854  |  |  |  |
| Benchr                        | nchmark 1 Ye         |          | r 3 Year            | 5 Year          |        | 10 Year  |  |  |  |
| US TRS                        | US TRSY 5.           |          | 4.497               | 4.497 4.329     |        | 4.321    |  |  |  |
| Benchr                        | Benchmark            |          | 3 Month             | 3 Month 6 Month |        | 12 Month |  |  |  |
| СВК ВС                        | K BOND -             |          | 4.375               | 4.5             | 00     | 4.625    |  |  |  |
| SOFR                          |                      | 5.310    | 10                  |                 |        |          |  |  |  |
| Country                       |                      | KWT      | US                  | EUF             | २०     | UK       |  |  |  |
| INT. RA                       | INT. RATES           |          | 5.500               |                 | 0      | 5.250    |  |  |  |
| Upcoming Indicators / Events  |                      |          |                     |                 |        |          |  |  |  |
|                               | Co                   | untry    | Indicator Na        | ame             | Prior  | Forecast |  |  |  |
| 16May                         | United States        |          | Housing Starts N    | lumber          | 1.32   | 1.4233   |  |  |  |
| 16May                         | United States        |          | Initial Jobless Clm |                 | 231.00 | 218.8    |  |  |  |
| 16May                         | United States        |          | Industrial Product  | ion MM          | 0.40   | 0.13     |  |  |  |
| 17May                         | Euro                 | o Zone   | HICP Final          | ſY              | 2.40   | 2.4      |  |  |  |
| 22May                         | Unite                | d States | Existing Home       | Sales           | 4.19   | 4.183    |  |  |  |
| 23May                         | Unite                | d States | New Home Sales      | s-Units         | 0.69   | 0.6747   |  |  |  |
| 24May                         | United States        |          | Durable Goo         | ds              | 2.60   | 0.91     |  |  |  |
| Source: Reuters and Bloomberg |                      |          |                     |                 |        |          |  |  |  |

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