

Business

NBK MONEY MARKETS REPORT

US debt talks enter crucial phase

Dollar index soars, crude oil futures gain

KUWAIT: The US dollar index soared to an eight-week peak reaching a monthly high of 103.624, before closing the week at 103.198. Furthermore, the EUR/USD currency pair fell by 0.48 percent for the week, ending the week at 1.0802, while GBP/USD closed slightly lower at 1.2444. The Japanese yen continued to weaken against the US dollar with the pair reaching a high of 138.74, a figure not seen since November of 2022. Stock indices across the globe finished the week with modest gains. The S & P 500 gained 1.87 percent, with the Dow Jones jumping 1.48 percent while the NASDAQ rose by 2.82 percent.

US debt ceiling talks

The US debt ceiling negotiations have entered its critical stages, as President Biden and his government hope that a deal can be struck with Republicans before the June 1st deadline. The current debt ceiling of \$31.4 trillion was reached on January 2023, and needs to be raised in order to fund payment obligations and budget deficits. The Treasury Department has been using sophisticated accounting measures to avoid default, however Treasury Secretary Janet Yellen has warned that these measures will be completely exhausted by the 1st of June deadline. President Joe Biden and US Republican congressman Kevin McCarthy voiced their willingness to reach an agreement soon. Biden stated, "We're going to come together because there's no alternative." McCarthy added, "We're on such a short timeline", but claimed that congress will "get it done." Biden left the G7 meeting in Japan in a hopeful bid to end the deadlock regarding the debt ceiling.

US retail sales

Retail sales in the United States increased by 0.4 percent m/m in April following two consecutive months of declines. However, the print was less than the forecasted figure of 0.8 percent. The increase on the month was driven by growth in online sales (1.2 percent) as well as food and drink sales (0.6 percent). Meanwhile, there was a noticeable decline in sales of motor vehicles and parts. Despite this, the subdued gain in retail sales relative to expectations raises concerns about the strength of consumers amid elevated inflation and interest rates. Markets are pricing in a pause for the next FOMC meeting following 10 consecutive rate hikes by the Fed.

US unemployment claims

The latest weekly unemployment claims reading to come out of the US showed a 22K decline from last week's reading of 264K, which was the highest since the week of October 30, 2021. The sudden surge in last

week's reading was played down by the state Department of Unemployment Assistance as they linked the sudden increase to an abnormal jump in applications in Massachusetts. According to the department, unemployment insurance in the state witnessed "fraudulent claim activities in which people attempted to gain access to active UI accounts or file new UI claims using stolen personal information so they can fraudulently obtain unemployment benefits." Rightly so, this week's reading showed the largest decline since the week of November 20, 2021.

Inflation in Canada

CPI in Canada rose by 4.4 percent in April, greater than market expectations of 4.1 percent and marking the first acceleration in headline figures since June 2022. On a monthly basis, this represents an increase of 0.7 percent versus a forecast and previous figure of 0.5 percent. The increase in inflation was driven by gains in food prices (7.7 percent), transportation prices (7.2 percent), and shelter prices (6.8 percent). Core CPI, which excludes such components, fell to 4.1 percent from 4.3 percent previously. The USD/CAD currency pair closed the week at 1.3498.

Europe

Eurozone GDP and employment growth

The Eurozone economy expanded by a modest 0.1 percent q/q for the first quarter of the year, in line with expectations, according to preliminary figures published by Eurostat. In the fourth quarter, GDP in the European Union eased 0.1 percent, while Eurozone GDP was flat. Year-on-year, GDP rose by 1.3 percent in the Eurozone from 1.8 percent in the fourth quarter, aligned with expectations. The Eurozone economy has been strained by higher energy and food prices in addition to the European Central Bank's aggressive tightening of monetary policy. Employment data released alongside GDP figures revealed the number of employed people doubled to 0.6 percent from 0.3 percent in the Eurozone and EU in the first quarter, the greatest increase since 2021.

According to Eurostat, annual inflation in the Eurozone accelerated to 7.0 percent in April from 6.9 percent in March, matching consensus and in line with expectations. Eliminating volatile elements of energy and food, core inflation eased to 5.6 percent from 5.7 percent a month earlier, similarly in line with consensus. Markets expect the ECB to hike its key interest rates by 25 basis points at each of its next two meetings, as numerous central bank policymakers reiterated that the ECB may need to continue raising interest rates longer than anticipated until underlying inflation reveals signs of easing.

UK unemployment rate

In the UK, unemployment surprisingly increased to 3.9 percent versus a consensus of 3.8 percent. Meanwhile, payrolls fell by 136,000 from March, marking the first fall in more than two years, while vacancies dropped for the 10th time in a row reaching its lowest level since mid-2021. Despite the data supporting some speculators' expectations that the Bank of England might opt to pause its hiking cycle, markets are still pricing in a higher chance of a 25 bps hike for the upcoming June meeting.

Bank of England governor Andrew Bailey warned that there is significant uncertainty over when inflation will drop back to the central bank's target of 2 percent. Speaking at the British Chambers of Commerce's annual conference, Bailey said that the risk of inflation staying higher for longer is "skewed significantly to the upside." He reiterated that while the central bank is committed to bring inflation down, it will take time. The Bank of England delivered 12 consecutive rate hikes in an effort to combat double-digit inflation, and Bailey warned that "further tightening in monetary policy would be required" if inflation figures remain elevated. The GBP/USD currency pair is down 1.25 percent on the week, last trading at 1.2444.

Minutes of the Reserve Bank of Australia's policy meeting earlier this month revealed that members discussed whether to pause or raise the cash rate by 25 basis points. Ultimately, policymakers opted to raise rates to reduce risks of deep-rooted inflation in the economy. Strong population growth, in addition to low rental vacancy rates and a stingy labor market supported a rate hike of 25 basis points, taking the RBA's cash rate to 3.85 percent.

Australia's jobless rate rises

Australia's unemployment rate unexpectedly rose to 3.7 percent in April compared with the consensus and nearly 50-year low of 3.5 percent in March, indicating that higher interest rates have started to affect the job market, according to the Australian Bureau of Statistics (ABS). Employers cut 4,300 jobs, compared with a forecasted gain of 25,000 jobs, while the number of unemployed people rose by 18,000. Weaker employment data strengthens the argument for the bank to hold its cash rate at its next meeting on June 6. Following the release of the data, Reserve Bank of Australia's Governor Philip Lowe expressed the board's decision to closely monitor figures on the economy and inflation when concluding further policy decisions.

Kuwait

Kuwaiti dinar USD/KWD closed last week at 0.30705.

News in Brief

BoE to stop Revolut's UK bid

LONDON: The Bank of England is preparing to reject a bid by digital bank Revolut for a UK banking license, citing balance sheet issues. The Daily Telegraph newspaper reported Friday. Revolut, Britain's most valuable fintech company, told the paper the issue in fact surrounded auditor concerns over revenues. The Bank of England made no comment when approached by AFP. A license, which Revolut has in the European Union, would allow it to lend money as well as take deposits in the UK—and is seen also as a gateway to gaining bank licenses around the world. —AFP

UK unveils semiconductor strategy

LONDON: The British government unveiled a new £1 billion semiconductor strategy to invest in infrastructure, research and security as the UK tries to diversify its chip supply chain. The plan would "safeguard supply chains from disruption and protect tech against national security risks", the UK government's department for business, energy and industrial strategy said in a statement. The investment over the next decade would include up to £200 million (\$215 million) between now and 2025. The new 20-year strategy would "boost the UK's strengths and skills in design, R&D and compound semiconductors, while helping to grow domestic chip firms across the UK", the department added. —AFP

WestJet reaches deal to avert strike

MONTREAL: Canadian airline WestJet on Friday announced it had reached a tentative deal with its pilots union, a day after it canceled nearly 100 flights in anticipation of a strike. With the country beginning a long holiday weekend, Canada's second-largest airline said in a statement it was "ramping up its operations as quickly and efficiently as possible," but that "full resumption of operations will take time." The Air Line Pilots Association, Int'l (ALPA) had notified WestJet on Monday that 1,800 pilots would stop work starting early Friday morning if a deal was not reached with company executives by Thursday evening. — AFP



شركة الصفاة للاستثمار
AL SAFAT INVESTMENT COMPANY

KUWAIT BOURSA WEEKLY REPORT

WEEK ENDED ON 18 MAY 2023

(965) 22 675 140
Al-Safat Tower, Hawalli, Beirut St.
alsafatinvest.com
research@alsafatinvest.com
alsafatinvestment
al-safat-investment-company

Market	M. Cap (KD ml)	Last Close	WTD %	MTD %	YTD %	Quantity Traded	Value Traded	No. of Trades	P/E	P/B	% of Total M. Cap
Premier Market	32,163	7,499.45	-2.2%	-5.2%	-7.6%	390,225,175	153,571,642	35,595	15.1	1.2	78.3%
Main Market	8,935	5,445.20	-1.6%	-2.9%	-2.7%	145,661,917	23,728,506	10,728	13.8	0.7	21.7%
All Share	41,099	6,800.58	-2.1%	-4.8%	-6.7%	535,887,092	177,300,148	46,323	14.7	0.8	100%

Sector	M. Cap (KD ml)	Last Close	WTD %	MTD %	YTD %	Quantity Traded	Value Traded	No. of Trades	P/E	P/B	% of Total M. Cap
Banking	24,712	1,664.61	-2.5%	-5.2%	-7.2%	171,584,749	92,547,944	18,116	20.1	1.2	60.13%
Basic Materials	490	867.72	-0.1%	-2.7%	0.3%	4,598,474	2,932,966	1,591	4.5	1.3	1.19%
Consumer Discretionary	990	1,476.36	-0.4%	1.3%	-0.7%	27,185,817	6,142,013	2,174	13.3	0.8	2.41%
Consumer Staples	158	520.11	6.0%	13.8%	8.4%	4,839,071	2,049,362	590	NM	1.0	0.39%
Energy	208	997.30	2.4%	1.9%	-12.4%	1,052,122	104,602	149	9.4	0.6	0.51%
Financial Services	4,217	1,173.88	-2.1%	-4.6%	-6.6%	189,310,258	25,430,929	8,932	20.7	0.7	10.26%
Health Care	227	457.01	-1.2%	0.0%	-1.0%	53,933	26,044	25	10.1	1.0	0.55%
Industrials	3,353	967.93	-1.1%	-3.7%	-10.3%	39,394,756	18,092,726	6,032	16.3	0.8	8.16%
Insurance	884	2,146.19	1.6%	1.5%	38.4%	2,155,998	3,365,610	205	10.0	0.8	2.15%
Real Estate	2,335	1,087.56	-1.6%	-5.0%	-10.0%	58,288,929	9,472,334	3,844	11.9	0.5	5.68%
Technology	8	582.00	0.0%	0.0%	-16.4%	2,060	165	2	NM	0.7	0.02%
Telecommunications	3,313	1,084.25	-2.6%	-7.7%	-8.2%	31,203,792	16,001,791	4,328	11.0	1.3	8.06%
Utilities	202	484.21	1.1%	5.1%	-2.1%	6,217,133	1,133,660	335	15.1	1.8	0.49%

Top Gainers

Stock	last Close	Change %	Volume	Value	Trades
THURAYA	110	15.55%	1,005	102	19
IPG	460	9.52%	2,525	1,061	6
KFOUC	451	8.94%	2,123,428	1,009,513	828
OSOUL	92.2	8.34%	3,726	309	16
MUNSHAAT	70	7.69%	457,570	32,261	47

Top Losers

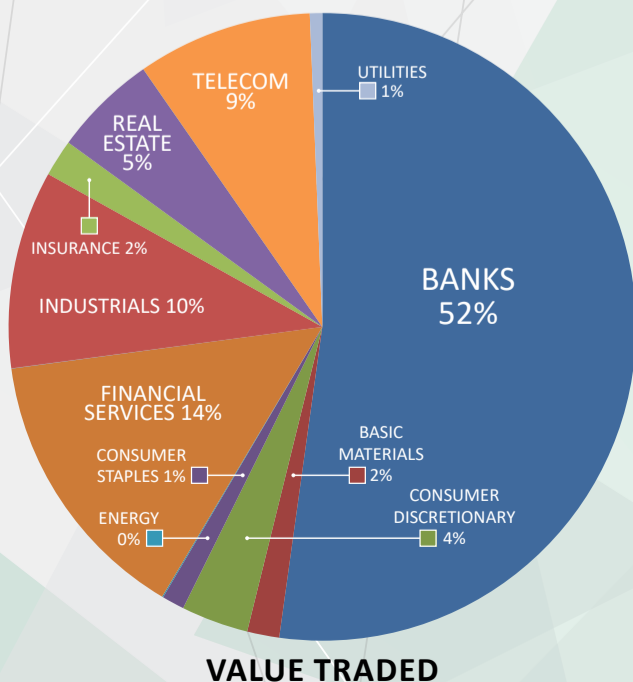
Stock	last Close	Change %	Volume	Value	Trades
AQAR	46	-20.00%	351,671	17,305	56
KBT	56.5	-17.40%	1,629,552	98,389	105
KHOT	116	-13.43%	675	83	4
MASAKEN	15	-11.83%	711,144	11,131	58
OSOS	88.4	-11.60%	77,042	7,364	9

Top Volume

Stock	Last	Change %	Volume	Value	Trades
KFH	716	-2.05%	58,075,222	41,487,517	7,002
GFH	77.1	0.39%	30,789,563	2,367,817	920
ZAIN	516	-2.09%	28,754,693	14,825,987	3,585
AAYAN	146	2.82%	27,244,722	3,831,520	578
NBK	933	-2.81%	24,221,811	22,595,747	3,508

Top Value

Stock	Last	Change %	Volume	Value	Trades
KFH	716	-2.05%	58,075,222	41,487,517	7,002
NBK	933	-2.81%	24,221,811	22,595,747	3,508
ZAIN	516	-2.09%	28,754,693	14,825,987	3,585
BOUBYAN	582	-6.13%	23,643,030	14,055,968	3,535
AGLTY	612	-0.81%	9,574,302	5,854,792	2,247



Market Summary:

- Premier market volume and value increased by 11% and 7%, respectively. The Main Market volume dropped by 3% while value increased by 13%.
- Premier and Main indexes are in a downtrend, except for the Premier index which shows some positivity on Thursday.
- Technically, the All Share index closed at 6800, with support levels at 6787 and 6759, while resistance at 6805. The Premier index closed at 7499, with support levels at 7411 and 7345, while resistance at 7512. The Main index closed at 5445, with support levels at 5425 and 5393, while resistance was at 5447.