

Treasury Daily Newsletter

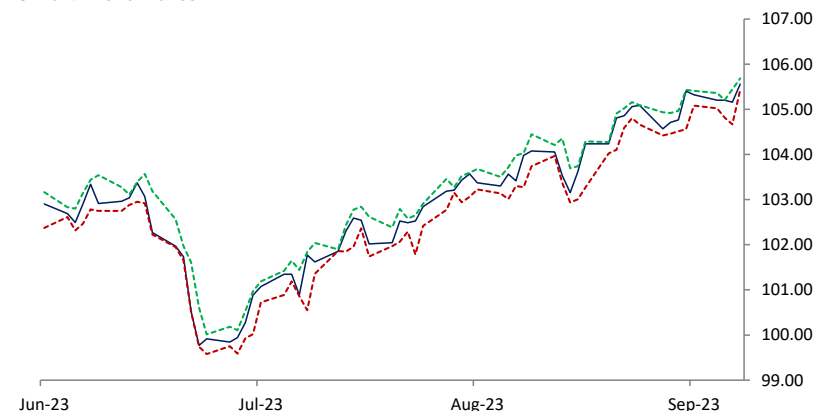
21-Sep-23

Kuwaiti Dinar Today

0.30875 / 0.30885

Key Market Highlights:

- Inflation in the United Kingdom fell more than expected coming in at 6.7% annually versus 6.8% previously. This represents an increase of 0.3% on a monthly basis. Expectations were that figures would come in at 7% annually and 0.7% monthly amid a rise in energy prices globally. The Office for National Statistics stated, "The largest downward contributions to the monthly change in both CPIH and CPI annual rates came from food, where prices rose by less in August 2023 than a year ago, and accommodation services, where prices can be volatile and fell in August 2023." Core CPI which excludes food and energy also fell drastically more than anticipated coming in at 6.2% from 6.9% previously. The Office for National Statistics explained the difference between headline and core figures citing "Rising prices for motor fuel led to the largest upward contribution to the change in the annual rates." Following the surprising figures, markets have increased their bets for a pause by the Bank of England in their upcoming meeting, pricing in a 47% probability of no change but still slightly favoring a 25bps hike.
- The U.S Federal Reserve left its benchmark interest rate unchanged at the target range of 5% to 5.25%, as widely expected by the market. The central bank signaled borrowing costs will likely stay higher for longer after one more hike this year. Twelve out of nineteen Fed officials said that they still expect to raise rates once more this year. Projections also showed that they expect inflation to fall below 3% next year and then return to their initial target of 2% by 2026. In other words, the so called "soft landing" was a bit far-fetched 3 months ago, but now seems within reach.

U.S Dollar Index
3-Month Performance


Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.0515	1.0575	1.0635	1.0690	1.0740
GBP	1.2225	1.2275	1.2320	1.2390	1.2430
JPY	147.30	147.80	148.28	148.85	149.35
CHF	0.8900	0.8945	0.8998	0.9055	0.9110

Currencies	Closing	YTD %	Closing	YTD %	
EUR/USD	1.0659	0.65	EUR/GBP	0.8635	2.41
GBP/USD	1.2344	1.81	GBP/JPY	183.09	15.22
USD/JPY	148.3300	13.14	EUR/JPY	158.12	12.44
USD/CHF	0.8984	2.66	EUR/CHF	0.9579	3.29

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.0615 level during morning trading session and currently trading at 1.0635. EUR/USD Support levels are at (1.0515-1.0575) any break below would take the pair down to 1.0470. Short term outlook is Bearish.

GBP/USD: The pair moved down to the 1.2302 level during morning trading session and currently trading at 1.2320. GBP/USD Support levels are at (1.2225-1.2275) any break below would take the pair down to 1.2180. Short term outlook is Bearish.

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	97.30	0.61	Dow Jones	34,440.88	0.22
Brent	95.90	1.91	Nikkei 225	32,624.34	1.21
West Texas	90.30	0.00	S&P 500	4,402.20	0.94
Gold	1,928.77	0.05	KuwaitSE	6,965.68	0.22

Economic Events	Country	Event	Actual	Forecast	Previous
20-Sep-23	CNY	1-Y Loan Prime Rate	3.45%	-0.2%	0.5%
20-Sep-23	GBP	CPI y/y	6.7%	7.1%	6.8%
20-Sep-23	USD	Federal Funds Rate	5.50%	5.50%	5.50%
21-Sep-23	CHF	SNB Policy Rate		2.00%	1.75%
21-Sep-23	GBP	Official Bank Rate		5.50%	5.25%
21-Sep-23	USD	Unemployment Claims		222,000	220,000
22-Sep-23	JPY	Policy Rate		-10.0%	-10.0%
22-Sep-23	EUR	Flash services PMI		47.7	47.9
22-Sep-23	GBP	Flash services PMI		49.0	49.5
22-Sep-23	USD	Flash services PMI		50.8	50.5

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	3.69	4.00	4.25	4.50	4.75
USD	5.31	5.32	5.40	5.47	5.46
EUR	3.78	3.89	3.93	4.07	4.22
GBP	5.19	5.31	5.37	5.44	5.49

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	5.44	5.18	4.60	4.43	4.46
Germany	3.75	3.28	2.76	2.71	2.86
United Kingdom	5.01	4.83	4.40	4.22	4.62
Japan	-0.05	0.02	0.30	0.74	1.68

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