



#### Highlights in the Foreign Exchange Market:

- Ukraine's government has defiantly rejected Russian calls for forces in Mariupol to surrender the city. European Union governments will gather this week with US President Joe Biden for a series of summits to consider whether to impose an oil embargo on Russia over its invasion of Ukraine. In an attempt to force a military withdrawal from Ukraine by President Vladimir Putin, the EU & US have already imposed an array of sanctions. Still, the Kremlin has not moved to change course even after four rounds of EU sanctions imposed over the past three weeks. That leaves the EU with a difficult decision whether to join the US and Britain in targeting Russian oil - a tough choice considering the blocs dependence on Russian gas for energy.
- High volatility has defined Wall Street in the first quarter of 2022, evident by last week's 6.6% rebound in the S&P 500 index after shedding 12% of its value since January. Starting off this week, US equity futures slipped while stocks were steady as prices for crude oil jumped. Meanwhile, the bond market continues to illustrate caution with the Treasury yield curve flattening and some portions inverted. Yields on 3-year notes rose above yields on 5-year notes just two days after the Federal Reserve hike decision. Today, the gap between the 2-year and 10-year yields have narrowed significantly, last seen at 1.94% and 2.15% respectively.
- The JPY continues to be on the back foot against the Dollar as the BoJ kept its dovish policy on Friday. This contrasted with the Fed's approach, which saw it hike its interest rate the previous Wednesday. Although we might see some corrections this week, the market expects the dollar to appreciate further against the yen as the gap between US and Japanese interest rates widen. The dollar was up on Monday morning, recording slight gains on the Japanese yen to as much as 119.3 yen and challenging the six-year peak of 119.39 touched on Friday.

#### Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.0947	1.1000	1.1045	1.1140	1.1233
GBP	1.3000	1.3107	1.3154	1.3211	1.3248
JPY	118.00	118.75	119.22	120.25	120.75
CHF	0.9260	0.9300	0.9332	0.9460	0.9490

#### Major Currencies

CCY	Closing Rate	YTD %	Major Crosses	CCY	Closing Rate	YTD %
EUR/USD	1.1055	(2.89)	EUR/GBP	0.8386	(0.11)	
GBP/USD	1.3180	(2.76)	GBP/JPY	157.07	1.00	
USD/JPY	119.1700	3.63	EUR/JPY	131.66	1.04	
USD/CHF	0.9312	2.35	EUR/CHF	1.0295	(0.56)	

#### Brief Technical Commentary

EUR / USD: EUR corrected from the 5-week downtrend to currently 1.1041, yet a mixed performance as the ECB are pushing back any rate hike anytime soon. It will be as well volatile as any break of the 1.10 will resume to the 1.09 area support level. The 1.11 and 1.1150 are strong resistance to break.

GBP / USD: Cable corrected on the daily chart from the low of 1.30 figure to as high as 1.3211 but the US dollar was too strong for a rally towards resistance levels of 1.32 and 1.3260. On the daily chart, a bearish trend is still intact; yes, previous week had its bullish trend to 1.3182 and 1.32 due to the overbought US dollar.

#### Local & Global Rates

CCY	O/N	1-Month	3-Month	6-Month	1-Year
KWD	1.06	1.44	1.69	1.94	2.19
USD	0.30	0.31	0.52	0.85	1.34
EUR	-0.57	-0.56	-0.49	-0.39	-0.21
GBP	0.69	0.69	0.85	1.11	1.46

#### Economic Events

Date	Country	Event	Actual	Forecast	Previous
18-Mar-22	JPY	BoJ Policy Rate	-0.10%	-0.10%	-0.10%
23-Mar-22	GBP	CPI y/y		6.0%	5.5%
23-Mar-22	USD	Crude Oil Inventories			4.3M
24-Mar-22	EUR	German Flash Manufacturing PMI		55.9	58.4
24-Mar-22	EUR	German Flash Services PMI		54.3	55.8
24-Mar-22	GBP	Flash Manufacturing PMI		57.0	58.0
24-Mar-22	GBP	Flash Services PMI		58.0	60.5
24-Mar-22	USD	Flash Manufacturing PMI		56.6	57.3
24-Mar-22	USD	Flash Services PMI		56.0	56.5
25-Mar-22	GBP	Retail Sales m/m		0.6%	1.9%

#### Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	1.02	1.94	2.14	2.15	2.35
Germany	-0.71	-0.36	0.08	0.37	0.55
United Kingdom	1.11	1.18	1.23	1.49	1.70
Japan	-0.09	-0.04	0.03	0.19	0.88

#### Commodities

Index	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	111.72	4.07	Dow Jones	34,754.93	0.80
Brent	111.47	3.28	Nikkei 225	26,827.43	0.65
West Texas	108.11	3.26	S&P 500	4,463.12	1.17
Gold	1,924.72	0.16	KuwaitSE	7,888.69	0.29

This Treasury Newsletter is a publication of the National Bank of Kuwait ("NBK"). Although the information in this document has been prepared in good faith and from sources which we believe to be reliable, we do not represent or warrant its accuracy and such information may not necessarily represent the actual market data. NBK accepts no liability whatsoever for any loss or damage arising from the use of this document or reliance on the information contained herein. NBK will not be responsible for the consequence of reliance upon any opinion or statement contained herein. For further information or discussion, please contact the Treasury Services Desk on TSD\_LIST@NBK.COM or +965 2221 6603 (FAX +965 2229 1441).