

## Treasury Daily Newsletter

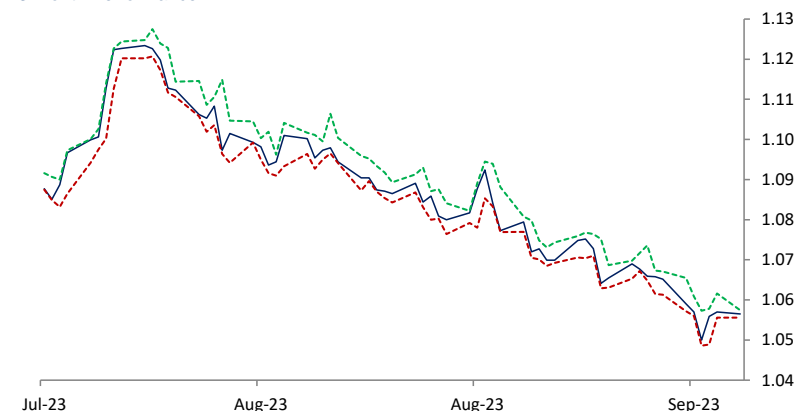
2-Oct-23

Kuwaiti Dinar Today

0.30895 / 0.30905

**Key Market Highlights:**

- Headline PCE inflation came in at 3.5% from 3.4% previously with the monthly figure rising to 0.4% versus 0.2% on the back of higher energy prices. Core PCE, which excludes energy and food, fell to 3.9% from 4.3% previously and to 0.1% versus 0.2% on a monthly basis. Furthermore, consumer spending drastically fell to 0.4% from 0.9% previously as student loan repayments resume in October. Core PCE has been the Fed's preferred gauge for inflation and monetary policy decisions, and the drop in numbers is certainly a welcome sign. However, the recent rise in oil prices is expected to add upwards pressure on inflation and could trickle down to services and other measures included in the core report. Markets have dimmed down their bets for a rate hike unlike the majority of Fed committee voters, pricing in no hikes by year-end and anticipating a cut as early as July 2024.
- Annual inflation in the Euro area fell to lows last seen in October 2021, coming in at 4.3% from 5.2% previously, which represents a fall to 0.3% from 0.5% previously on a monthly basis. Furthermore, core inflation, which excludes energy and food, also fell to 4.5% from 5.3% in August. The print comes amid a series of disappointing data in the Eurozone, including contracting PMI figures in both the services and manufacturing sector, as well as a general weakness in consumer demand. The ECB decided to hike interest rates at the last meeting to take rates to 4%, however a weakness in consumer demand and business activities, as well as signals by multiple ECB speakers, have caused markets to price in no further rate hikes. The theme with several key central bank speakers in the Eurozone seems to be "higher for longer" with French central bank Governor Francois Villeroy de Galhau stating that it is still "premature" to talk about rate cuts.

**EUR/USD**  
3-Month Performance


Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.0486	1.0520	1.0570	1.0658	1.0762
GBP	1.2110	1.2150	1.2190	1.2266	1.2344
JPY	147.25	148.86	149.82	150.30	151.94
CHF	0.8972	0.9083	0.9154	0.9216	0.9300

Currencies	Closing	YTD %	Closing	YTD %	
EUR/USD	1.0570	1.29	EUR/GBP	0.8665	1.98
GBP/USD	1.2197	0.70	GBP/JPY	182.20	15.03
USD/JPY	149.3500	14.20	EUR/JPY	157.89	12.76
USD/CHF	0.9149	0.90	EUR/CHF	0.9672	2.15

**Brief Technical Commentary**

EUR/USD: EUR remains on a bearish trend, we would expect to re test the 1.05 figure support. Both daily and 4-hour chart is negative for the EURO and a strong US dollar is anticipated. Any correction, we would be around the 1.06.

GBP / USD: Last support area to be tested was 1.2118, and such can again be crucial. With a strong US dollar, we might see volatility (GBP being GBP) of profit taking from the overbought US dollar hence a retracement might be close to the 1.2250 area.

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	96.90	2.36	Dow Jones	33,507.50	0.47
Brent	96.88	0.02	Nikkei 225	31,920.15	0.20
West Texas	90.82	0.11	S&P 500	4,288.05	0.27
Gold	1,842.70	0.30	KuwaitSE	6,917.72	0.22

Economic Events	Country	Event	Actual	Forecast	Previous
2-Oct-23	USD	ISM Manufacturing PMI		47.8	47.6
3-Oct-23	AUD	Cash Rate		4.10%	4.10%
3-Oct-23	CHF	CPI m/m		0.0%	0.2%
3-Oct-23	USD	JOLTS Job Openings		8.85M	8.83M
4-Oct-23	NZD	Official Cash Rate		5.50%	5.50%
4-Oct-23	USD	ADP Non-Farm Employment Change		155,000	177,000
4-Oct-23	USD	ISM Services PMI		53.5	54.5
4-Oct-23	ALL	OPEC Meeting			
5-Oct-23	USD	Unemployment Claims			204,000
6-Oct-23	USD	Non-Farm Employment Change		168,000	187,000
6-Oct-23	USD	Average Hourly Earnings m/m		0.3%	0.2%

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	3.69	4.00	4.25	4.44	4.69
USD	5.31	5.32	5.40	5.47	5.47
EUR	3.87	3.85	3.95	4.13	4.23
GBP	5.19	5.20	5.29	5.38	5.46

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	5.44	5.08	4.65	4.61	4.73
Germany	3.67	3.20	2.78	2.85	3.04
United Kingdom	5.03	4.90	4.52	4.43	4.91
Japan	-0.04	0.05	0.32	0.77	1.75

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