

Treasury Daily Newsletter

26-Mar-26

Kuwaiti Dinar Today 0.30660 / 0.30670

Key Market Highlights:

- UK inflation held at 3% in February, in line with expectations but still above the 2% target, with lower food prices offset by rises in other categories such as clothing, pushing core inflation up to 3.2%. The outlook has worsened since the Middle East conflict drove oil and gas prices higher after disruptions to shipping through the Strait of Hormuz, raising the risk of renewed price pressures. The Bank of England, which had recently expected inflation to fall toward target and allow rate cuts, kept policy unchanged at its latest meeting, and markets now anticipate rate hikes instead, with traders pricing in two increases by year-end and another in early 2027.
- The head of the European Central Bank, Christine Lagarde, said policymakers are prepared to raise interest rates even if the expected rise in Eurozone inflation turns out to be temporary, after the bank revised its forecasts higher. Inflation had been below the 2% target before the Iran conflict but has since risen, with surging oil and gas prices following disruptions in the Strait of Hormuz forcing the ECB to reassess its outlook. The bank now expects inflation to average 2.6% in 2026, with risks that it could climb to around 4% in a more adverse scenario and above 6% in a severe energy-shock case. Although rates were kept unchanged at the latest meeting, markets are currently pricing in about three rate hikes by the end of the year.

**GBP/USD
3-Month Performance**


Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.1470	1.1520	1.1570	1.1630	1.1700
GBP	1.3260	1.3310	1.3365	1.3430	1.3480
JPY	158.40	158.90	159.40	160.00	160.50
CHF	0.7800	0.7850	0.7915	0.7960	0.8000

Currencies	Closing	YTD %	Closing	YTD %	
EUR/USD	1.1558	1.61	EUR/GBP	0.8645	0.75
GBP/USD	1.3363	0.88	GBP/JPY	213.02	0.95
USD/JPY	159.46	1.81	EUR/JPY	184.31	0.18
USD/CHF	0.7914	0.00	EUR/CHF	0.9150	1.63

Brief Technical Commentary

The USD remains supported due to the uncertainty surrounding the conflict. EURUSD traded at a low of 1.1554 overnight, currently the pair is at 1.1570. If we see a break below the low we may target support at 1.1520 followed by 1.1470. Resistance is at 1.1630 followed by 1.1700.

USDJPY is steadily approaching the 160.00 resistance level, the pair is currently at 159.40 with support at 158.90 followed by 158.40. The 160 level is notable as the "line in the sand" for Japan which previously carried intervention risks.

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	130.31	1.83	Dow Jones	46,429.49	0.66
Brent	104.53	2.26	Nikkei 225	53,749.62	2.87
West Texas	92.34	2.24	S&P 500	6,591.90	0.54
Gold	4,422.29	1.83	KuwaitSE	8,467.30	0.22

Economic Events	Country	Event	Actual	Forecast	Previous
24-Mar-26	EUR	German Flash Manufacturing PMI	51.7	49.6	50.9
24-Mar-26	EUR	German Flash Services PMI	51.2	52.5	53.5
24-Mar-26	GBP	Flash Manufacturing PMI	51.4	50.0	51.7
24-Mar-26	GBP	Flash Services PMI	51.2	52.8	2.25%
24-Mar-26	USD	Flash Manufacturing PMI	52.4	51.5	51.6
24-Mar-26	USD	Flash Services PMI	51.1	52	51.7%
25-Mar-26	AUD	CPI y/y	3.7%	3.8%	3.8%
25-Mar-26	GBP	CPI y/y	3.0%	3.0%	3.0%
26-Mar-26	USD	Unemployment Claims		211K	205K
27-Mar-26	GBP	Retail Sales m/m		-0.6%	1.8%

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	2.63	3.44	3.63	3.81	4.00
USD	3.63	3.68	3.71	3.75	3.81
EUR	1.90	1.96	2.18	2.59	2.93
GBP	3.73	3.74	3.87	4.06	4.25

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	3.76	3.93	4.02	4.37	4.93
Germany	2.36	2.62	2.71	2.97	3.43
United Kingdom	4.34	4.38	4.40	4.82	5.42
Japan	1.13	1.32	1.74	2.27	3.52