



Highlights in the Foreign Exchange Market:

- Following the US Federal Reserve's 75 basis point hike last week, Treasury Secretary Janet Yellen aimed to calm fears of a recession in the US economy on Sunday. In an interview with ABC, Yellen said "I expect the economy to slow," adding that "It's been growing at a very rapid rate, as the economy, as the labor market, has recovered and we have reached full employment. It's natural now that we expect a transition to steady and stable growth, but I don't think a recession is at all inevitable." Yellen added the US labor market is the strongest in the post-war period, predicting inflation would slow "in the months ahead."
- Talks of a recession have accelerated this year alongside high inflation and the central bank's aggressive action to counter it. Despite Yellen's optimism, the global economy is still facing serious threats with the continued war in Ukraine, soaring inflation, and the repercussions of the Covid-19 pandemic.
- So far this month, the dollar index gained 2.62% after declining 1.41% in May. YTD, the index is up over 9%, leaving the euro and pound 7.3% and 9.6% lower respectively while the safe-haven Japanese yen trades at its lowest level in 20 years. Moving to Wall Street, sentiment remains fragile under the Fed's determination to manage inflation. The S&P 500 index has dipped below last year's low after suffering an 11.4% drop just this month.

Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.0420	1.0470	1.0523	1.0590	1.0640
GBP	1.2120	1.2170	1.2232	1.2290	1.2340
JPY	133.70	134.25	134.88	135.45	135.95
CHF	0.9560	0.9610	0.9668	0.9730	0.9795

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.0530 level during morning trading session and currently trading at 1.0523. EUR/USD Support levels are at (1.0470-1.0420) any break below would take the pair down to 1.0370. Short term outlook is Bearish.

GBP/USD: The pair moved up to the 1.2253 level during morning trading session and currently trading at 1.2232. GBP/USD Support levels are at (1.2170-1.2120) any break below would take the pair down to 1.2040. Short term outlook is Bearish.

Economic Events

Date	Country	Event	Actual	Forecast	Previous
16-Jun-22	CHF	SNB Policy Rate	-0.25%	-0.75%	-0.75%
16-Jun-22	GBP	Official Bank Rate	1.25%	1.25%	1.00%
17-Jun-22	JPY	BoJ Policy Rate	-0.10%	-0.10%	-0.10%
20-Jun-22	EUR	ECB President Lagarde Speaks			
21-Jun-22	AUD	RBA Governor Lowe Speaks			
22-Jun-22	GBP	CPI y/y		9.1%	9.0%
22-Jun-22	USD	Fed Chair Powell Testifies			
23-Jun-22	EUR	German Flash Manufacturing PMI		54.0	54.8
23-Jun-22	EUR	German Flash Services PMI		54.6	55.0
24-Jun-22	GBP	Retail Sales m/m		-0.6%	1.4%

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.0498	(7.38)	EUR/GBP	0.8588	2.43
GBP/USD	1.2224	(9.57)	GBP/JPY	164.95	6.29
USD/JPY	134.9600	17.26	EUR/JPY	141.64	9.01
USD/CHF	0.9697	5.84	EUR/CHF	1.0177	(1.96)

Major Crosses

Local & Global Rates

CCY	O/N	1-Month	3-Month	6-Month	1-Year
KWD	1.50	1.81	2.13	2.38	2.69
USD	1.45	1.51	1.93	2.51	3.17
EUR	-0.57	-0.49	-0.17	0.29	1.12
GBP	1.19	1.20	1.48	2.01	2.66

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.84	3.17	3.34	3.23	3.28
Germany	0.44	1.06	1.46	1.66	1.85
United Kingdom	2.14	2.17	2.19	2.48	2.66
Japan	-0.10	-0.07	0.06	0.23	1.20

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	114.07	(6.38)	Dow Jones	29,888.78	(0.13)
Brent	113.76	0.57	Nikkei 225	25,693.24	(1.04)
West Texas	109.61	0.09	S&P 500	3,674.84	0.22
Gold	1,843.58	0.20	KuwaitSE	7,177.92	(3.18)

Global Indices

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).