

Treasury Daily Newsletter

13-May-26

Kuwaiti Dinar Today 0.30630 / 0.30640

Key Market Highlights:

- The US dollar held firm above 98 after stronger-than-expected inflation data pushed investors to reassess the Federal Reserve's policy outlook. Annual US inflation accelerated to 3.8% in April, its highest level since May 2023, above forecasts of 3.7% and up from 3.3% in March, as energy prices surged on the back of Middle East tensions. The rise in gasoline and fuel oil costs revived concerns that geopolitical risks could feed into broader price pressures, while core inflation also edged higher to 2.8%. As a result, markets largely priced out hopes for Fed rate cuts this year, with attention now turning to producer inflation for further evidence of how the oil shock is affecting the US economy. The stronger inflation backdrop supported the dollar, while stalled diplomatic efforts over the US-Iran conflict and the upcoming Trump-Xi meeting kept investors cautious.
- Asian equities traded mixed as investors balanced optimism over the anticipated Trump-Xi meeting against renewed concerns over inflation, geopolitics, and technology valuations. Sentiment was pressured by stronger US inflation data, which triggered a tech-led decline on Wall Street. In Hong Kong, the Hang Seng was little changed as investors weighed rising Middle East tensions and oil-related inflation risks against hopes that trade discussions between Washington and Beijing could ease uncertainty. Chinese technology shares remained in focus, with investors demanding clearer returns from heavy AI spending by major firms such as Alibaba and Tencent ahead of earnings season. While some names such as AIA Group and Pop Mart advanced, weakness in Tencent, SMIC, and Techtronic Industries reflected a cautious regional tone.

Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.1600	1.1650	1.1735	1.1800	1.1850
GBP	1.3445	1.3510	1.3535	1.3660	1.3700
JPY	155.00	156.75	157.70	158.00	159.60
CHF	0.7600	0.7670	0.7805	0.7850	0.7925

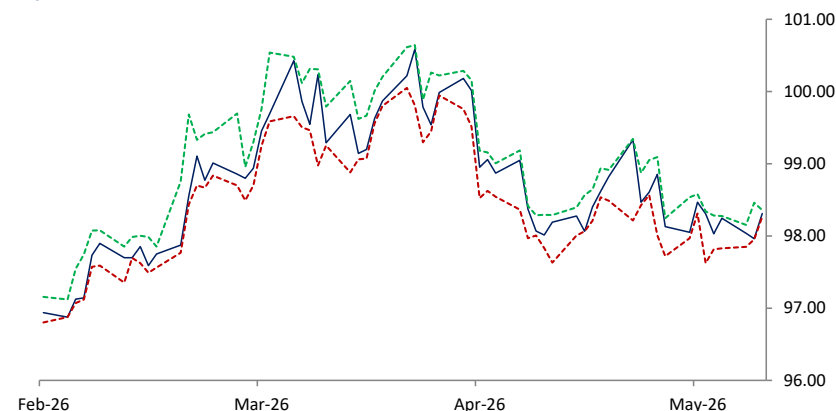
Brief Technical Commentary

The EURUSD price fluctuated during recent intraday trading, the pair is attempting a new higher low that may act as a base for a potential bullish move.

The USDJPY pair remains stable with slight gains during recent intraday trading, supported by trading above the 4H EMA50, while a short-term bullish corrective wave continues.

Economic Events	Country	Event	Actual	Forecast	Previous
11-May-26	CNY	CPI y/y	1.2%	0.9%	1.0%
12-May-26	USD	CPI y/y	3.8%	3.7%	3.3%
12-May-26	USD	Fed Chair Nominaion Vote	Pass	Pass	
12-May-26	USD	10-y Bond Auction	4.47 2.4x		4.28 2.4x
13-May-26	JPY	Bank Lending y/y	5.4%	4.6%	4.8%
13-May-26	AUD	Wage Price Index q/q	0.8%	0.8%	0.8%
13-May-26	USD	Core PPI m/m		0.3%	0.1%
13-May-26	USD	Crude Oil Inventories			-2.3M
14-May-26	GBP	GDP m/m		-0.2%	-0.5%
14-May-26	USD	Core Retail Sales m/m		0.6%	1.9%

U.S. Dollar Index 3-Month Performance



Currencies	Closing	YTD %	Closing	YTD %	
EUR/USD	1.1737	0.10	EUR/GBP	0.8669	0.63
GBP/USD	1.3536	0.54	GBP/JPY	213.28	1.21
USD/JPY	157.61	0.66	EUR/JPY	185.00	0.58
USD/CHF	0.7804	1.53	EUR/CHF	0.9163	1.63

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	107.24	1.59	Dow Jones	49,760.56	0.11
Brent	97.99	3.24	Nikkei 225	63,069.15	5.98
West Texas	91.74	3.51	S&P 500	7,400.96	0.16
Gold	4,744.70	1.07	KuwaitSE	8,805.12	0.24

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	2.38	3.38	3.56	3.75	3.94
USD	3.60	3.63	3.65	3.67	3.75
EUR	1.90	1.95	2.25	2.49	2.78
GBP	3.73	3.74	3.85	4.03	4.31

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	3.77	3.98	4.12	4.46	5.02
Germany	2.48	2.69	2.81	3.09	3.62
United Kingdom	4.32	4.52	4.62	5.09	5.77
Japan	1.11	1.38	1.92	2.58	3.81