

## Treasury Daily Newsletter

22-Feb-24

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### Key Market Highlights:

- Despite inflation showing signs of cooling, the US Federal Reserve remains cautious of prematurely lowering interest rates. Minutes from their recent meeting revealed most officials prioritized ensuring inflation stays restrained over concerns about harming the economy with high rates. While rates have likely peaked, exact timing of cuts remains uncertain. Interestingly, some support slowing the pace of reducing the Fed's asset portfolio, suggesting a gradual shift towards easing policy in the future. The overall message is clear: the Fed won't rush to cut rates and risks delaying action to avoid reigniting inflation later. This cautious view has translated to lower bond prices and a slightly down stock market. With recent economic data suggesting inflation isn't fully tamed, expect the Fed to maintain a watchful eye before easing their grip on interest rates.
- Oil prices remain stuck in a narrow range despite mixed signals. While tighter supply and geopolitical tensions in the Middle East offer support, concerns about weak demand, particularly from China, and a cautious Federal Reserve keep prices in check. In addition, Minutes from the Fed meeting reveal they're wary of premature rate cuts, potentially impacting energy demand. Meanwhile, there is still uncertainty going in the middle east situation which could influence future oil price movements. Overall, uncertainty and conflicting forces are keeping oil prices in a holding pattern.

Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.0720	1.0780	1.0827	1.0870	1.0930
GBP	1.2515	1.2575	1.2635	1.2685	1.2770
JPY	149.20	149.75	150.31	150.75	151.80
CHF	0.8650	0.8725	0.8785	0.8815	0.8885

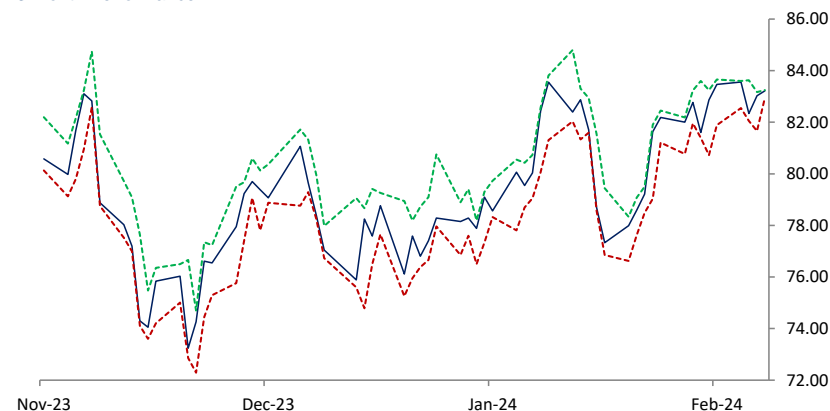
### Brief Technical Commentary

Fed officials noted that they wanted to see more evidence before starting to cut rates. EUR/USD currently trading at (1.0827). Resistance level at (1.0870), and support level at (1.0780).

BoE's Bailey said that inflation in the UK has fallen and that the technical recession last year is expected to have little effect. Cable currently trading at (1.0827). Resistance level at (1.2685) and support at (1.2575).

Economic Events	Country	Event	Actual	Forecast	Previous
20-Feb-24	AUD	Monetary Policy Meeting Minutes			
20-Feb-24	CAD	CPI m/m	0.0%	0.4%	-0.3%
21-Feb-24	AUD	Wage Price Index q/q	0.9%	0.9%	1.3%
21-Feb-24	USD	FOMC Meeting Minutes			
22-Feb-24	EUR	French Flash Manufacturing PMI		43.5	43.1
22-Feb-24	EUR	French Flash Services PMI		45.7	45.4
22-Feb-24	GBP	Flash Manufacturing PMI		47.5	47.0
22-Feb-24	GBP	Flash Services PMI		54.5	54.3
22-Feb-24	USD	Flash Manufacturing PMI		50.1	50.7
22-Feb-24	USD	Flash Services PMI		52.0	52.5

### Brent Crude Oil 3-Month Performance



Currencies	Closing	YTD %	Closing	YTD %	
EUR/USD	1.0817	1.85	EUR/GBP	0.8560	1.17
GBP/USD	1.2634	0.68	GBP/JPY	189.92	5.83
USD/JPY	150.2800	6.54	EUR/JPY	162.62	4.61
USD/CHF	0.8794	4.35	EUR/CHF	0.9516	2.42

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	87.13	1.72	Dow Jones	38,612.24	0.13
Brent	74.53	0.36	Nikkei 225	38,882.92	1.62
West Texas	69.64	0.24	S&P 500	4,981.80	0.13
Gold	2,029.12	0.20	KuwaitSE	7,420.42	0.29

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	3.81	4.06	4.31	4.50	4.75
USD	5.30	5.32	5.32	5.24	5.00
EUR	3.89	3.90	3.94	3.93	3.69
GBP	5.19	5.20	5.21	5.16	4.97

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	4.95	4.64	4.29	4.31	4.48
Germany	3.39	2.84	2.43	2.45	2.59
United Kingdom	4.77	4.58	4.12	4.08	4.63
Japan	0.02	0.15	0.36	0.72	1.72

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