

Highlights in the Foreign Exchange Market:

- The Federal Reserve brought out heavy artillery in yesterday's meeting with an interest rate hike of 75bps, its biggest rate hike since 1994. The move raised the target federal funds rate to a range of between 1.5% and 1.75%. In its pitched battle against inflation, Fed Chair Jerome Powell signaled another big move next month, reiterating the FOMC's strong commitment to getting prices back to the 2% target. However, he added, "today's 75 basis-point increase is an unusually large one and I do not expect moves of this size to be common." Officials forecast interest rates would rise further to 3.4% by December and to 3.8% by end of 2023.
- Markets ended their recent rout in relief after Powell's comments that super-sized rate hikes will be rare. Major indices across the board ended the day on a positive note and US Treasury yields eased, indicating confidence in the Fed's move. In a sign of moderating demand, retail sales in the US unexpectedly fell in May for the first time in five months, led by a decline in big-ticket item and auto sales.
- The European Central Bank (ECB) held an emergency meeting yesterday to discuss market conditions in concern of the recent bond sell-off in the region. They decided to apply flexibility in reinvesting redemptions coming due in the pandemic emergency purchase program (PEPP) portfolio to control surging bond yields but plans around monetary policy were not disclosed.
- The dollar took a seat after the Fed meeting calmed Treasury yields, allowing major peers to advance. The euro rose as high as 1.0500 before the ECB emergency meeting then collapsed to a low of 1.0357, before returning to the 1.0440 region. The sterling arrived to 1.2150 ahead of the Bank of England (BoE) meeting today. The yen, still weak, traded around 134.30.

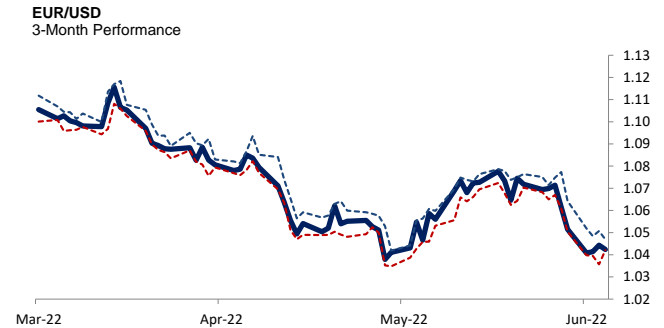
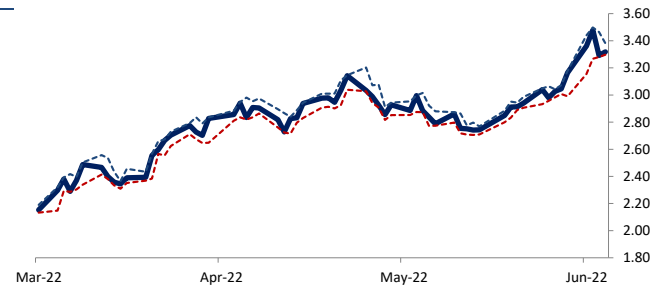


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.0300	1.0360	1.0430	1.0510	1.0550
GBP	1.1920	1.2075	1.2147	1.2205	1.2335
JPY	133.12	133.85	134.36	135.00	136.44
CHF	0.9835	0.9900	0.9956	1.0025	1.0075

Major Currencies

CCY	Closing Rate	YTD %	Major Crosses	CCY	Closing Rate	YTD %
EUR/USD	1.0443	(8.31)	EUR/GBP	0.8578	2.27	
GBP/USD	1.2178	(10.35)	GBP/JPY	162.93	4.95	
USD/JPY	133.83	16.78	EUR/JPY	139.78	7.48	
USD/CHF	0.9941	9.16	EUR/CHF	1.0382	0.09	

Brief Technical Commentary

EUR / USD: EUR bottomed to 1.0360 then rose to currently 1.0430 seeking a new direction after the aggressive Fed hike. EUR is consolidating yet could not break the 1.0350 support level of May 2022. A rebound will surely reach the 1.0500 and 1.055 if the ECB intervenes with a rate hike.

GBP / USD: Cable is still weak and its failure to pass the 1.2200 show vulnerability; hence, the 1.2100 and 1.2050 will be the support level of the day. With more action from the BoE today, we would expect a bullish trend to 1.2200 and 1.2300.

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	0.69	1.48	1.89	2.46	3.18
EUR	-0.57	-0.51	-0.24	0.18	0.96
GBP	0.94	1.25	1.48	1.90	2.51

Economic Events

Date	Country	Event	Actual	Forecast	Previous
15-Jun-22	USD	Retail Sales m/m	-0.3%	0.1%	0.7%
15-Jun-22	USD	Core Retail Sales m/m	0.5%	0.7%	0.4%
15-Jun-22	USD	Federal Funds Rate	<1.75%	<1.50%	<1.00%
15-Jun-22	USD	FOMC Statement & Press Conference			
16-Jun-22	CHF	SNB Policy Rate		-0.75%	-0.75%
16-Jun-22	CHF	SNB Press Conference			
16-Jun-22	GBP	Official Bank Rate		1.25%	1.00%
16-Jun-22	GBP	Monetary Policy Summary			
17-Jun-22	JPY	BoJ Policy Rate		-0.10%	-0.10%
17-Jun-22	JPY	BoJ Press Conference			

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.84	3.25	3.41	3.31	3.34
Germany	0.42	1.05	1.41	1.63	1.78
United Kingdom	1.90	1.92	2.04	2.46	2.63
Japan	-0.13	-0.09	0.03	0.25	1.15

Commodities

Index	Last Price	% Change	Global Indices	Index	Last Price	% Change
Kuwait Oil	119.08	0.19	Dow Jones	30,668.53	1.00	
Brent	119.23	0.61	Nikkei 225	26,606.02	1.06	
West Texas	116.21	0.89	S&P 500	3,789.99	1.46	
Gold	1,831.58	(0.21)	KuwaitSE	7,453.76	0.72	

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