



#### Key Market Highlights:

- Asian equities started the week with a cautious tone as surging energy prices cemented worries on inflation globally. As for the real estate giant conundrum in China, the People's Bank of China broke its silence on Evergrande, saying risks to the financial system are controllable and unlikely to spread. Authorities and local governments are resolving the situation, PBOC official Zou Lan said. The bank has asked lenders to keep credit to the real estate sector stable and orderly.
- in Washington, US President Joe Biden conceded that his economic plan won't pass Congress with \$3.5 trillion in new spending over a decade, but also sought to ease progressives by saying "we're going to come back and get the rest" after the bill is passed.
- in the FX sphere, the US dollar has gathered momentum in the early opening hours of this week's trading session. The single currency slid below 1.16 level while the cable is trading below 1.3740. As for the safe-haven yen, the dollar continues to gain ground on the yen. The pair reached a high of 114.45 and tested the highs reached last Friday.
- On monetary policy expectations, the market is currently pricing in a 118% chance of a hike by the Fed in September 2022 and an additional hike by December 2022 with a probability of 93%. The recent inflation figures have solidified the market's expectations for when the Fed is going to act and curb inflationary pressures by hiking interest rates. As for the UK, the market is pricing a 94% probability of a hike in December of this year.

#### Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1400	1.1525	1.1580	1.1675	1.1725
GBP	1.3574	1.3650	1.3733	1.3825	1.3980
JPY	112.20	113.00	114.34	115.50	116.25
CHF	0.9100	0.9190	0.9250	0.9320	0.9400

#### Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1601	-5.21	EUR/GBP	0.8436	5.99
GBP/USD	1.3751	0.45	GBP/JPY	157.08	-10.09
USD/JPY	114.22	-9.69	EUR/JPY	132.52	-4.69
USD/CHF	0.9229	-4.31	EUR/CHF	1.07	0.94

#### Major Crosses

#### Brief Technical Commentary

EUR/USD: EUR seems to lose steam, and working lower to 1.1525 first support level and to the 1.1400 area. US dollar resumed strength and lower lows are expected. In case of a reversal, 1.1640 and 1.1700 should be the resistance.

GBP/USD: GBP seems to be topped at 1.3773, US dollar is expected to strengthen and lower the Cable to 1.3650 and 1.3575 1st and 2nd support target respectively. If the bearish trend changes channels, we might see 1.3850 and 1.3900 this week.

#### Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	0.00	1.25	1.50	1.75	2.00
USD	0.07	0.08	0.12	0.16	0.28
EUR	-0.58	-0.57	-0.57	-0.54	-0.49
GBP	0.04	0.07	0.13	0.27	0.54
CHF	-0.82	-0.79	-0.77	-0.72	-0.59
AUD	2.78	2.87	2.96	3.06	3.34

#### Economic Events

Date	Country	Event	Actual	Forecast	Previous
17-Oct-21	GBP	BOE Gov Bailey Speaks			
18-Oct-21	CNY	GDP q/y		5.0%	7.9%
18-Oct-21	USD	Industrial Production m/m		0.3%	0.4%
19-Oct-21	AUD	Monetary Policy Meeting Minutes			
20-Oct-21	GBP	CPI y/y		3.2%	3.2%
20-Oct-21	EUR	Final CPI y/y		3.4%	3.4%
20-Oct-21	USD	Crude Oil Inventories			6.1M
21-Oct-21	USD	Unemployment Claims		298k	293k
22-Oct-21	EUR	Flash Manufacturing PMI		57.3	58.6
22-Oct-21	EUR	Flash Services PMI		55.4	56.4

#### Government Yields

Country	2-Year	3-Year	5-Year	10-Year	30-Year
United States	0.42	0.73	1.16	1.60	2.07
Germany	-0.73	-0.68	-0.52	-0.17	0.28
United Kingdom	0.57	0.65	0.76	1.10	1.37
Japan	-0.12	-0.12	-0.08	0.08	0.69

#### Commodities

Index	Last Price	1D % Change	Index	Last Price	1D % Change
Kuwait Oil	84.18	0.60	Dow Jones	35,294.76	1.09
Brent	85.74	1.04	Nikkei 225	28,990.59	-0.27
West Texas	83.49	1.47	S&P 500	4,471.37	0.75
Gold	1,768.59	0.05	KuwaitSE	6,913.64	0.40

All information has been sourced from Bloomberg.

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