

Treasury Daily Newsletter

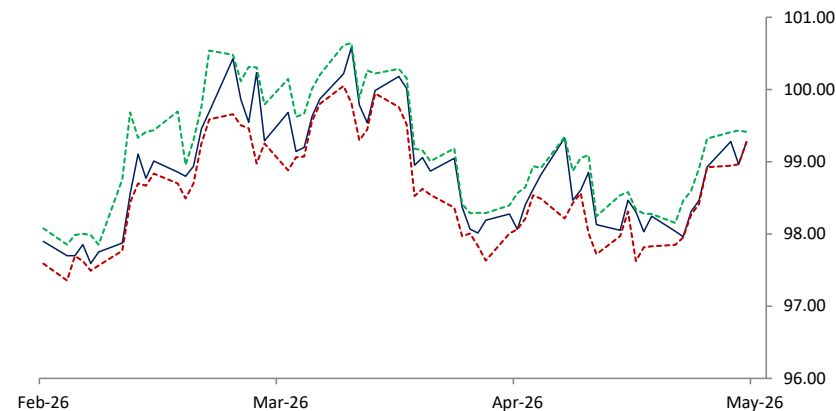
20-May-26

Kuwaiti Dinar Today 0.30675 / 0.30685

Key Market Highlights:

- The U.S. dollar held near four-week highs 99.3 as expectations for Federal Reserve rate cuts were sharply reduced and increasingly priced in the risk of another rate hike later this year. Rising Treasury yields, ever persistent inflation concerns, and geopolitical tensions tied to higher oil prices continued to strengthen demand for the dollar as a defensive currency amid carried uncertainty following mixed economic signals following the Trump-Xi visit ahead of the Putin-Xi visit. The Japanese yen furthermore weakened back toward the critical 160 per dollar (alternating between 159 and 158.9) level despite repeated warnings from Tokyo, with markets focused on yet another possible intervention and growing expectations that the Bank of Japan may raise rates again in June. Statistical signals show readiness from the perspective of the BOJ to counter excessive volatility, though previous interventions only temporarily slowed yen weakness to USD and at that for the short while of about two weeks.
- Sterling slipped against the dollar as traders reassessed the outlook for U.K. growth, inflation, and future Bank of England easing while elevated oil prices and political uncertainty regarding Keir Starmer added pressure. GBP/USD remained partially volatile after recent gains, with watchful eyes placed on the upcoming U.K. inflation and labor data for direction on rate expectations. Overall, the stronger dollar and weaker yen reinforced tighter global financial conditions, increased pressure on import-heavy economies, and amplified inflation risks through energy markets showing greater systemic and structural insecurities within foundational levels of governance; while continued currency instability kept intervention and central bank policy shifts at the center of global FX.

U.S. Dollar Index 3-Month Performance



| Technical Levels | Support 2 | Support 1 | Spot | Resistance 1 | Resistance 2 |
|------------------|-----------|-----------|--------|--------------|--------------|
| EUR | 1.1500 | 1.1550 | 1.1600 | 1.1650 | 1.1700 |
| GBP | 1.3300 | 1.3350 | 1.3390 | 1.3450 | 1.3500 |
| JPY | 158.00 | 158.50 | 158.95 | 159.50 | 160.00 |
| CHF | 0.7800 | 0.7850 | 0.7900 | 0.7950 | 0.8000 |

| Currencies | Closing | YTD % | Closing | YTD % | |
|------------|---------|-------|---------|--------|------|
| EUR/USD | 1.1604 | 1.29 | EUR/GBP | 0.8662 | 0.67 |
| GBP/USD | 1.3393 | 0.64 | GBP/JPY | 213.05 | 0.89 |
| USD/JPY | 159.04 | 1.52 | EUR/JPY | 184.59 | 0.22 |
| USD/CHF | 0.7888 | 0.25 | EUR/CHF | 0.9156 | 1.56 |

Brief Technical Commentary

The USD continues to strengthen amid the ongoing closure of the strait. EUR is now at the figure and a move below can test support at 1.1550 and 1.1500. Resistance for the pair is at 1.1650, this would require a risk reversal and more concrete news about a potential opening.

USDJPY is approaching 160, the previous area where we saw the MoF intervene in the pair. Resistance for the pair is at 159.50 followed by 160.00. Support is at 158.50. Asia still remains particularly sensitive to oil supply shocks.

| Commodities | Last Price | % Change | Global Indices | Last Price | % Change |
|-------------|------------|----------|----------------|------------|----------|
| Kuwait Oil | 127.09 | 0.71 | Dow Jones | 49,686.12 | 0.19 |
| Brent | 110.25 | 1.03 | Nikkei 225 | 60,550.59 | 0.44 |
| West Texas | 107.77 | 0.89 | S&P 500 | 7,353.61 | 0.66 |
| Gold | 4,552.30 | 0.13 | KuwaitSE | 8,659.57 | 0.00 |

| Economic Events | Country | Event | Actual | Forecast | Previous |
|-----------------|---------|--------------------------------|--------|----------|----------|
| 19-May-26 | CAD | Trimmed CPI y/y | 2.0% | 2.2% | 2.2% |
| 20-May-26 | GBP | CPI y/y | 2.8% | 3.0% | 3.3% |
| 20-May-26 | USD | FOMC Meeting Minutes | | | |
| 21-May-26 | AUD | Unemployment Rate | | 4.3% | 4.30% |
| 21-May-26 | EUR | Frenh Flash Manufacturing PMI | | 52.3 | 52.8 |
| 21-May-26 | EUR | German Flash Manufacturing PMI | | 51.0 | 51.4 |
| 21-May-26 | EUR | German Flash Services PMI | | 47.1 | 46.9 |
| 21-May-26 | GBP | Flash Services PMI | | 51.7 | 52.7 |
| 21-May-26 | USD | Unemployment Claims | | 210K | 211K |
| 21-May-26 | USD | Flash Manufacturing PMI | | 53.6 | 54.5 |

| Local & Global Rates (%) | O/N | 1-Month | 3-Month | 6-Month | 1-Year |
|--------------------------|------|---------|---------|---------|--------|
| KWD | 2.44 | 3.38 | 3.56 | 3.75 | 3.94 |
| USD | 3.53 | 3.60 | 3.64 | 3.69 | 3.82 |
| EUR | 1.86 | 1.97 | 2.22 | 2.59 | 2.83 |
| GBP | 3.73 | 3.74 | 3.82 | 3.96 | 4.22 |

| Government Yields (%) | 1-Year | 2-Year | 5-Year | 10-Year | 30-Year |
|-----------------------|--------|--------|--------|---------|---------|
| United States | 3.79 | 4.10 | 4.31 | 4.65 | 5.17 |
| Germany | 2.43 | 2.72 | 2.87 | 3.17 | 3.69 |
| United Kingdom | 4.19 | 4.42 | 4.60 | 5.06 | 5.74 |
| Japan | 1.14 | 1.44 | 2.01 | 2.76 | 4.07 |