

Treasury Daily Newsletter

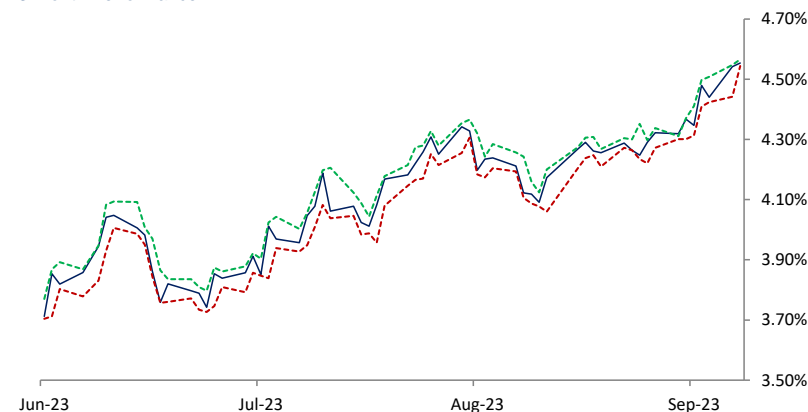
26-Sep-23

Kuwaiti Dinar Today 0.30885 / 0.30895

Key Market Highlights:

- Long-term Treasury yields reached new records while the dollar climbed as investors prepare for a lengthy period of high US interest rates. The yield on the US 10-year Treasury note rose to a 16-year high of 4.56%, while that on the 30-year note reached 4.68%. In Europe, the yield on the 10-year German bund reached its highest level since 2011. Global government debt has sold off in the past few days as central banks suggest that although the hike cycle is nearing the end, interest rates would need to stay high to control inflation. After the US Fed kept rates unchanged at the latest meeting, they also published projections showing fewer cuts in 2024 than markets had forecast.
- The overall strength in the greenback sent the EUR/USD pair tumbling below the 1.06 level while the pound broke below 1.22. The Japanese yen remains well above 145, last seen approaching the 149 level as intervention risks loom.
- In commodities, oil prices fell slightly amid growing fears that higher interest rates will weigh on demand. Concerns over China's economy also soured sentiment as analysts lowered growth forecasts for the year. The price for Brent crude is up 8.12% so far this year, and was last seen trading at \$92.94.

US 10-Year Treasury Yield 3-Month Performance



Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.0426	1.0514	1.0585	1.0645	1.0710
GBP	1.2050	1.2100	1.2200	1.2300	1.2424
JPY	147.37	148.21	148.80	149.69	150.50
CHF	0.8962	0.9036	0.9128	0.9223	0.9300

Currencies	Closing	YTD %	Closing	YTD %	
EUR/USD	1.0590	1.13	EUR/GBP	0.8673	1.75
GBP/USD	1.2211	0.67	GBP/JPY	181.78	14.43
USD/JPY	148.8800	13.65	EUR/JPY	157.71	12.39
USD/CHF	0.9119	1.21	EUR/CHF	0.9660	2.31

Brief Technical Commentary

EUR/USD: Lower lows for the EURO, reaching support at 1.0575 due to strong US dollar. The steak seems to continue and now we are targeting the 1.05 figure for the upcoming days. Any retracement will test the 1.0625 and 1.0650.

GBP/USD: Cable dovish stance of last week is taking its toll, having GBP lowered to a steep trend lower, currently at 1.22 support. 1.21 should be a tough support and hence we expect volatility until it reaches such milestone.

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	97.16	0.41	Dow Jones	34,006.88	0.13
Brent	94.57	0.02	Nikkei 225	32,383.22	0.90
West Texas	89.68	0.00	S&P 500	4,337.44	0.40
Gold	1,913.27	0.12	KuwaitSE	6,891.23	0.22

Economic Events	Country	Event	Actual	Forecast	Previous
26-Sep-23	USD	CB Consumer Confidence		105.5	106.1
27-Sep-23	AUD	CPI y/y		5.2%	4.9%
28-Sep-23	EUR	German Prelim CPI m/m		0.3%	0.3%
28-Sep-23	USD	Final GDP q/q		2.3%	2.1%
28-Sep-23	USD	Unemployment Claims		213,000	201,000
28-Sep-23	USD	Fed Chair Powell Speaks			
29-Sep-23	CAD	GDP m/m		-0.1%	-0.2%
29-Sep-23	USD	Core PCE Price Index m/m		0.2%	0.2%
29-Sep-23	USD	Revised UoM Consumer Sentiment		67.7	67.7
30-Sep-23	CNY	Manufacturing PMI		50.2	49.7

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	3.69	3.94	4.25	4.44	4.69
USD	5.30	5.32	5.39	5.47	5.47
EUR	3.88	3.87	3.96	4.08	4.21
GBP	5.19	5.20	5.27	5.35	5.39

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	5.42	5.14	4.63	4.55	4.67
Germany	3.69	3.22	2.76	2.80	2.99
United Kingdom	4.95	4.79	4.39	4.31	4.79
Japan	-0.06	0.02	0.29	0.73	1.69

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).