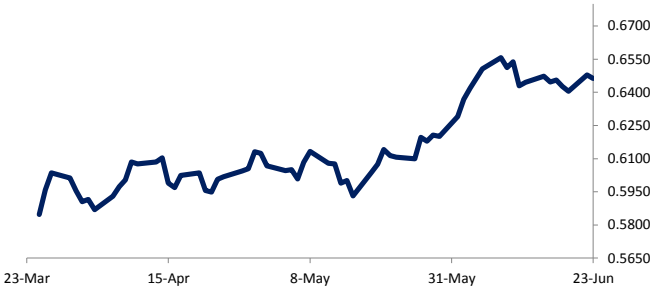
Treasury Group

Treasury Newsletter

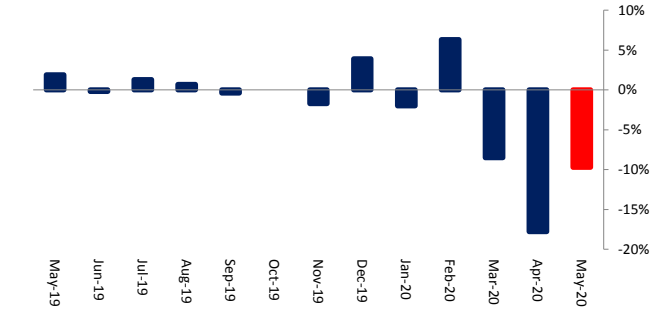
June 23, 2020

Kuwaiti Dinar Today 0.30760 / 0.30770

NZD/USD
3-Month Performance



US Existing Home Sales y/y
1-Year Performance



Highlights in the Foreign Exchange Market:

- The US dollar lost ground on Monday to riskier currencies such as the NZD and AUD, despite a record daily increase in global coronavirus cases. On Monday, cases globally have exceeded 9 million with US and China reporting new outbreaks. The first reported covid-19 case was in early January and in mid-May total reported cases reached 4.5 million. It has taken just over a month to double the cases to 9 million. It seems financial markets are looking beyond the cases and weighing their bets on improved economic data seen last week. Furthermore, EU PMI data will be released today and forecasts are pointing to a significant rebound. The New Zealand and Australian dollars appreciated around 1.5% against their dollar counterpart on the first trading session of the week. The dollar's weakness also made it easier for the euro and pound to recuperate some of their losses incurred last week.
- Looking at the US housing market, homes sales tumbled to their lowest level in more than 9 years last month. Existing home sales declined 9.7% year on year to 3.91 million units versus expectations of a 3% fall to 4.12 million polled by Reuters. The data strengthens expectations for a severe contraction in the housing market in the second quarter due to disruptions caused by the pandemic. On the other hand, requests for home loans jumped to an 11-year high recently amidst record low mortgage rates and last week building permits rose from 1.07 million to 1.22 million. Overall, almost 20 million Americans are unemployed with supply of homes still low, supports the case that the housing market may take time before posting a decent recovery.

Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1165	1.1215	**1.1267**	1.1315	1.1365
GBP	1.2375	1.2425	**1.2477**	1.2530	1.2580
JPY	106.20	106.75	**107.19**	107.70	108.25
CHF	0.9375	0.9430	**0.9471**	0.9535	0.9570

Major Currencies

CCY	Closing Rate	YTD %
EUR/USD	1.1258	0.42
GBP/USD	1.2461	(6.12)
USD/JPY	106.8700	(1.62)
USD/CHF	0.9475	(2.10)

Major Crosses

CCY	Closing Rate	YTD %
EUR/GBP	0.9029	6.96
GBP/JPY	133.25	(6.64)
EUR/JPY	120.36	(1.14)
EUR/CHF	1.0670	(1.71)

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1281 level during Monday's trading session and currently trading at 1.1267. EUR/USD Supports are at (1.1165-1.1215) any break below would take the pair down to 1.1065. Short term outlook is Neutral.

GBP/USD: The pair moved up to the 1.2507 level during Monday's trading session and currently trading at 1.2477. GBP/USD Supports are at (1.2375-1.2425) any break below would take the pair down to 1.2280. Short term outlook is Neutral.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.19	1.44	1.69	1.88	2.13
USD	0.11	0.19	0.31	0.41	0.58
EUR	-0.53	-0.49	-0.41	-0.30	-0.19
GBP	0.06	0.10	0.17	0.31	0.50
CHF	-0.81	-0.77	-0.66	-0.59	-0.47
AUD	-0.13	0.15	0.25	0.36	0.63

Economic Events

Date	Country	Event	Actual	Forecast	Previous
22-Jun-20	AUD	RBA Gov Lowe Speaks			
22-Jun-20	CAD	BOC Gov Macklem Speaks			
23-Jun-20	EUR	Flash Manufacturing PMI		43.8	39.4
23-Jun-20	EUR	Flash Manufacturing PMI		40.5	30.5
23-Jun-20	USD	Flash Manufacturing PM		50.0	39.8
23-Jun-20	GBP	Flash Services PMI		39.1	29.0
25-Jun-20	USD	Final GDP q/q		-5.0%	-5.0%
25-Jun-20	USD	Unemployment Claims		1300K	1508K
26-Jun-20	USD	Core PCE Price Index m/m		0.0%	-0.4%
26-Jun-20	USD	Personal Spending m/m		8.9%	-13.6%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	0.16	0.19	0.33	0.70	1.46
Germany	-0.59	-0.70	-0.69	-0.44	0.00
United Kingdom	-0.03	-0.09	-0.03	0.19	0.68
Japan	-0.17	-0.16	-0.12	0.00	0.57

Commodities

Index	Last Price	% Change
Kuwait Oil	35.90	1.61
Brent	43.02	(0.14)
West Texas	40.46	1.79
Gold	1,752.60	(0.11)

Global Indices

Index	Last Price	% Change
Dow Jones	26,024.96	0.59
Nikkei 225	22,633.47	0.87
1.79	3,117.86	0.65
KuwaitSE	5,061.55	0.31

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