

Highlights in the Foreign Exchange Market:

- The single currency continues its dominant performance in the FX market as the outlook for Eurozone economies brightened drastically. Market indicators measuring Eurozone break-up risk have diminished drastically this week, since EU leaders finally approved a fiscal stimulus plan worth 750 billion euros. The spread between Italian five-year bond yields and credit default swaps has lessened by around 100 basis points from April levels. The wider the gap between the aforementioned contracts, suggest investors perceive the Italian bond as riskier. Italy's 10-year bond yield spread over Germany's 10-year narrowed around 70 basis points from May, when the recovery fund plan was unveiled. Moreover, Spanish and Portuguese spreads are 15 to 20 basis points slimmer since the idea of a fiscal plan emerged. Overall, financial markets perceive that insurance policies for Italian bonds are less needed and EU leaders showed unprecedented solidarity, which should keep any anti-EU sentiment at bay for now.
- In the last couple of days, there has been a pivotal shift in the FX market. Risk taking is back with the US dollar incurring heavy losses across the board. Positive news flow for a vaccine, huge fiscal support from governments, strengthening of EU foundations and spiking daily Corona virus cases in the US paved the way for the pivotal shift. The United States is still struggling to contain new infections and deaths from Covid-19, therefore a negative impact on the US economic recovery in the coming months is being factored in. The net result has been a sharp depreciation for the US dollar, with the dollar Index dropping below the support of 95.70 and is 5.5% lower since May's high. On the other hand, the EUR/USD pair rose to 1.1602 yesterday, the highest level since October 2018.

Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1470	1.1520	1.1576	1.1625	1.1675
GBP	1.2640	1.2690	1.2738	1.2790	1.2840
JPY	106.15	106.65	107.15	107.60	108.20
CHF	0.9185	0.9235	0.9285	0.9330	0.9380

Brief Technical Commentary

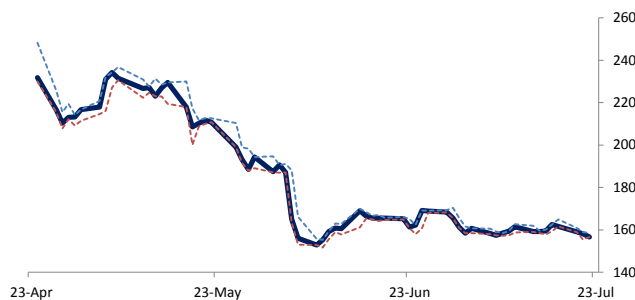
EUR/USD: The pair moved up to the 1.1602 level during Wednesday's trading session and currently trading at 1.1576. EUR/USD Resistance levels are at (1.1625-1.1675) any break above would take the pair up to 1.1725. Short term outlook is Bullish.

GBP/USD: The pair moved down to the 1.2644 level during Wednesday's trading session and currently trading at 1.2738. GBP/USD Resistance levels are at (1.2790-1.2840) any break above would take the pair up to 1.2990. Short term outlook is Bullish.

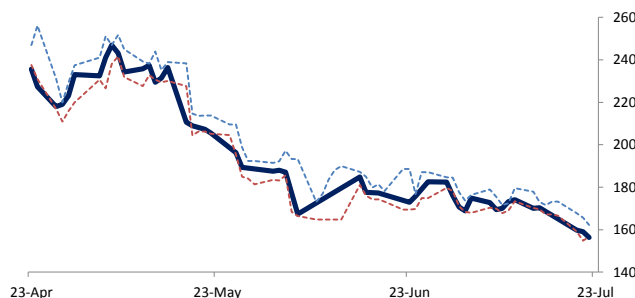
Economic Events

Date	Country	Event	Actual	Forecast	Previous
21-Jul-20	AUD	Monetary Policy Meeting Minutes			
21-Jul-20	CAD	Core Retail Sales m/m	10.6%	11.9%	-20.7%
22-Jul-20	AUD	Retail Sales m/m	2.40%		16.9%
22-Jul-20	USD	Crude Oil Inventories	4.9M		-7.5M
23-Jul-20	USD	Unemployment Claims		1300K	1300K
24-Jul-20	GBP	Retail Sales m/m		8.3%	12.0%
24-Jul-20	EUR	Flash Manufacturing PMI		49.6	47.4
24-Jul-20	EUR	Flash Services PMI		51.0	48.3
24-Jul-20	GBP	Flash Services PMI		51.1	47.1
24-Jul-20	USD	Flash Manufacturing PMI		52.0	49.8

Italy's 5-year credit default swaps Basis Points
3-Month Performance



Italian/German 10-Year Bond-Yield Gap Basis points
3-Month Performance



Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1568	3.33	EUR/GBP	0.9084	7.52
GBP/USD	1.2732	(3.90)	GBP/JPY	136.44	(4.36)
USD/JPY	107.1400	(1.85)	EUR/JPY	123.97	1.80
USD/CHF	0.9295	(4.14)	EUR/CHF	1.0753	(0.92)

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.13	1.31	1.56	1.81	2.13
USD	0.12	0.18	0.26	0.34	0.46
EUR	-0.54	-0.50	-0.45	-0.41	-0.30
GBP	0.06	0.06	0.08	0.18	0.32
CHF	-0.81	-0.77	-0.69	-0.66	-0.53
AUD	-0.18	-0.15	-0.15	0.26	0.15

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	0.13	0.15	0.27	0.60	1.30
Germany	-0.60	-0.70	-0.70	-0.49	-0.06
United Kingdom	-0.07	-0.13	-0.12	0.11	0.62
Japan	-0.18	-0.16	-0.14	0.00	0.55

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	43.65	1.49	Dow Jones	26,067.28	0.68
Brent	44.40	0.25	Nikkei 225	22,751.61	(0.58)
West Texas	42.03	0.31	S&P 500	3,276.02	0.57
Gold	1,870.23	(0.08)	KuwaitSE	4,861.96	(2.39)

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