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TREASURY GROUP
NATIONAL BANK OF KUWAIT

Treasury Daily Newsletter

19-Aug-26

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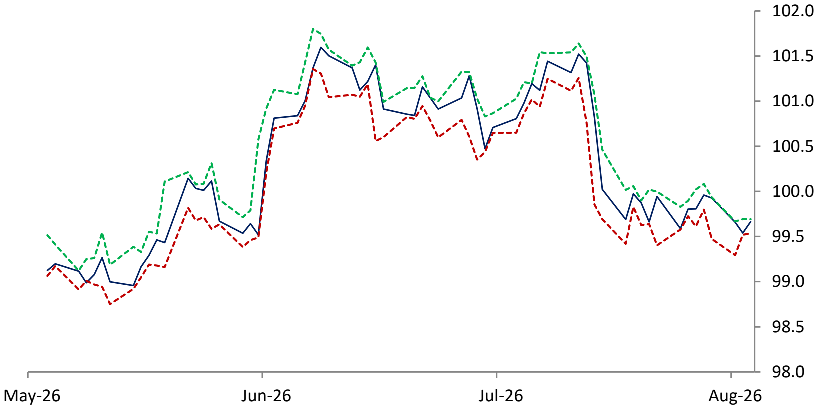
Key Market Highlights:

- The U.K. economy continued to outperform expectations in the second quarter, growing faster than the U.S. despite uncertainty from the Middle East conflict, reinforcing the relative resilience of sterling and the British economy. Meanwhile, reports continue to showcase that the dollar remains range-bound as softer U.S. employment and inflation data have pushed markets toward a dovish Federal Reserve outlook. The euro has eased from its recent two-month high, while sterling remains close to a three-month peak, leaving the dollar without a clear catalyst for a sustained rebound. The U.S.-Iran conflict and elevated energy prices complicate that dovish outlook by keeping inflation risks alive and pushing global bond yields higher. Following the intervention on JPY; further risk is encouraging investors to consider the Swiss franc as an alternative funding currency for carry trades, given Switzerland's 0% policy rate and the franc's comparatively low volatility. A weaker franc would also benefit Swiss exporters and policymakers, while the broader FX market increasingly reflects a contest between dovish U.S. rate expectations, Japanese intervention risk and shifting carry-trade flows.

- Oil prices once-more are rising for a fourth consecutive session as conflicting U.S. and Iranian statements leave the status of the Strait of Hormuz uncertain. The supply threat is feeding directly into currencies with renewed pressure as Brent approaches ~$92 and risk aversion strengthens demand for dollars. U.S. crude and distillate inventories fell last week while gasoline stocks increased, with official Energy Information Administration data expected later today and analysts anticipating a roughly 600,000-barrel decline in crude inventories. As a result of the conflict along the strait, two major Chinese shipping companies have stopped sending tankers through the two key waterways.

U.S. Dollar Index
3-Month Performance



Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.1475	1.1530	1.1585	1.1630	1.1700
GBP	1.3440	1.3500	1.3540	1.3600	1.3650
JPY	158.00	158.80	159.30	159.80	160.00
CHF	0.8000	0.8070	0.8115	0.8150	0.8200

Currencies	Closing	YTD %		Closing	YTD %
EUR/USD	1.1574	1.29	EUR/GBP	0.8553	1.84
GBP/USD	1.3529	0.56	GBP/JPY	215.93	2.23
USD/JPY	159.62	1.65	EUR/JPY	184.73	0.33
USD/CHF	0.8124	2.30	EUR/CHF	0.9403	0.96

Brief Technical Commentary

EURUSD yet again testing resistance at 1.1585, the US-Iran conflict, energy prices and US long end yields are capping a sustainable move higher for the EUR. Resistance is at 1.1630 followed by 1.1700. Support for the pair is at 1.1530 followed by 1.1475.

The yen continues to hover below 160 as markets are pricing in more tightening for the BoJ over the next year. Support for the Pair is at 158.80 and 158.000. Resistance for the pair is at 159.80 followed by 160.00

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	99.60	1.16	Dow Jones	53,343.40	0.22
Brent	91.60	0.64	Nikkei 225	65,301.35	3.22
West Texas	85.56	0.73	S&P 500	7,691.76	0.69
Gold	4,345.57	0.26	KuwaitSE	8,784.96	0.12

Economic Events	Country	Event	Actual	Forecast	Previous
17-Aug-26	CAD	CPI m/m	0.5%	0.4%	-0.4%
18-Aug-26	GBP	Claimant Count Change	-11.0K	11.2K	6.7K
19-Aug-26	GBP	CPI y/y		2.9%	2.6%
19-Aug-26	EUR	ECB President Lagarde Speaks			
19-Aug-26	USD	FOMC Meeting Minutes			2.53%
20-Aug-26	AUD	Unemployment Rate		4.4%	4.4%
20-Aug-26	USD	Unemployment Claims		210K	209K
21-Aug-26	GBP	Retail Sales m/m		-0.4%	1.0%
21-Aug-26	EUR	Flash Services PMI		51.5	51.7
21-Aug-26	GBP	Flash Manufacturing PMI		51.6	51.9

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	2.50	3.38	3.56	3.75	3.94
USD	3.66	3.65	3.73	3.84	3.98
EUR	2.12	2.21	2.50	2.69	2.94
GBP	3.73	3.74	3.80	3.93	4.14

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	3.95	4.15	4.34	4.68	5.27
Germany	2.57	2.83	2.95	3.25	3.76
United Kingdom	4.05	4.35	4.58	5.06	5.81
Japan	1.42	1.67	2.12	2.89	4.08