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TREASURY GROUP
NATIONAL BANK OF KUWAIT

Treasury Daily Newsletter

13-Aug-26

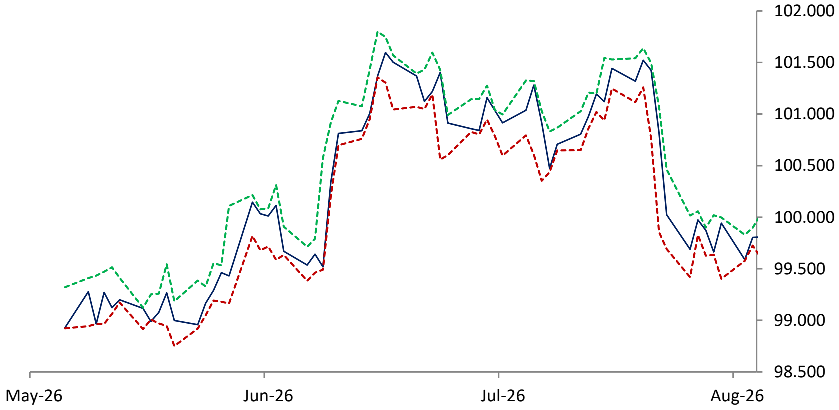
Kuwaiti Dinar Today 0.30720 / 0.30730

Key Market Highlights:

- New Zealand's latest inflation expectations survey showed a continued moderation in near-term price pressures, giving the RBNZ some breathing room. Business managers now expect inflation to average 2.34% over the next two years in Q3 2026, down from 2.53% previously and the lowest reading since Q4 2025. One-year expectations also eased sharply to 2.60%, compared with 3.41% in Q1, suggesting confidence that inflation is moving closer to target. However, longer-term expectations edged higher, with five-year forecasts rising to 2.31% and ten-year expectations moving slightly up to 2.20%. On monetary policy, respondents expect the Official Cash Rate to rise from 2.34% to 2.73% by the end of the September quarter, and further to 3.21% over the next year. Overall, the survey points to softer short-term inflation momentum, but the RBNZ may remain cautious as longer-term expectations have not fully settled.

- US inflation eased for a second consecutive month in July 2026, with the annual CPI rate slowing to 3.4% from 3.5% in June, matching market expectations. The decline suggests that inflationary pressure continues to cool from the 2023 high of 4.2%, helped by easing energy-related effects. Gasoline prices still rose sharply on an annual basis at 24.6%, but this was lower than June's 26.7% increase, while fuel oil inflation also moderated. Shelter inflation eased slightly to 3.2%, while food inflation remained unchanged at 3.0%. On a monthly basis, CPI rose 0.1%, supported mainly by shelter and food, while gasoline prices fell 2.9%. Core inflation rose 0.2% month-on-month, while the annual core rate eased to 2.5%, reinforcing the view that underlying inflation is gradually moving in the right direction.

U.S. Dollar Index
3-Month Performance



Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.1450	1.1500	1.1540	1.1600	1.1650
GBP	1.3400	1.3450	1.3505	1.3550	1.3600
JPY	158.10	158.75	159.20	159.80	160.20
CHF	0.8000	0.8050	0.8100	0.8150	0.8200

Currencies	Closing	YTD %		Closing	YTD %
EUR/USD	1.1524	1.92	EUR/GBP	0.8539	2.03
GBP/USD	1.3492	0.12	GBP/JPY	215.09	1.87
USD/JPY	159.41	1.73	EUR/JPY	183.73	0.21
USD/CHF	0.8133	2.71	EUR/CHF	0.9374	0.72

Brief Technical Commentary

US CPI data failed to bring down the USD as markets par their expectations of a September hike. EURUSD traded to a high of 1.1560 before coming down to 1.1525. Resistance for the pair is at 1.1560 followed by 1.1600. Support is at 1.1480 and 1.1450.

USDJPY continues to trade between 150.00 and 159.50. We saw the pair hit a low of 158.60 before reversing the move back to current levels. The next resistance is at 159.80 and 160.30. Support is at 158.80 followed by 158.30.

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	133.40	8.62	Dow Jones	53,770.27	0.11
Brent	89.02	0.04	Nikkei 225	67,524.03	0.90
West Texas	83.19	0.10	S&P 500	7,748.50	0.06
Gold	4,384.47	0.33	KuwaitSE	8,858.21	0.03

Economic Events	Country	Event	Actual	Forecast	Previous
11-Aug-26	AUD	Cash Rate	4.35%	4.35%	4.35%
11-Aug-26	AUD	RBA Monetary Policy Statement			
12-Aug-26	USD	CPI m/m	0.1%	0.1%	-0.4%
12-Aug-26	USD	CPI y/y	3.4%	3.4%	3.5%
13-Aug-26	NZD	Inflation Expectations	2.34%		2.53%
13-Aug-26	GBP	GDP m/m		-0.1%	0.1%
13-Aug-26	USD	PPI m/m		0.2%	-0.3%
13-Aug-26	USD	Unemployment Claims		202K	199K
14-Aug-26	AUD	RBA Governor Bullock Speaks			
14-Aug-26	USD	Retail Sales m/m		0.1%	0.2%

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	2.56	3.38	3.56	3.75	3.94
USD	3.64	3.64	3.76	3.88	4.03
EUR	2.14	2.15	2.49	2.64	2.91
GBP	3.73	3.74	3.79	3.90	4.09

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	3.97	4.18	4.36	4.68	5.24
Germany	2.55	2.77	2.87	3.16	3.66
United Kingdom	3.73	4.31	4.51	4.97	5.69
Japan	1.41	1.63	2.11	2.86	4.00