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TREASURY GROUP
NATIONAL BANK OF KUWAIT

# Treasury Daily Newsletter

**27-Jul-26**

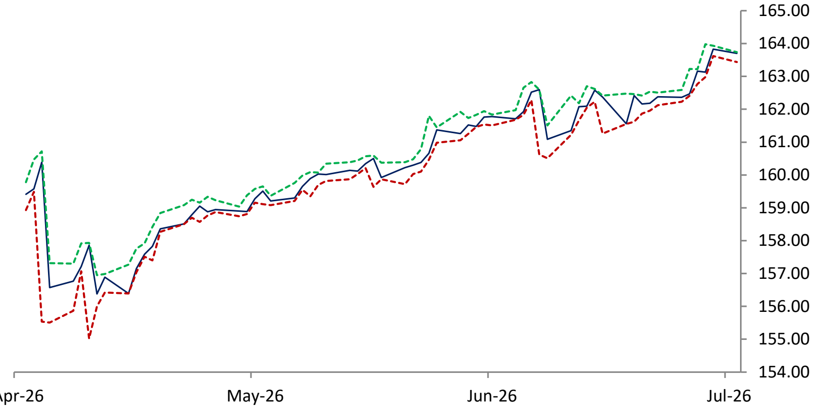
Kuwaiti Dinar Today 0.30775 / 0.30785

**Key Market Highlights:**

- USD/JPY retreated ever slightly after the U.S. paused its military campaign against Iran, reducing demand for the U.S. dollar as a safe-haven currency following a long stint of of a rising USD/JPY rate nearing ~164. The dollar slipped around 0.2% against the yen, marking its largest decline since the mid-July drop from ~163 to ~160. The prospective easing in geopolitical tensions also supported the euro and sterling as investors rotated out of defensive dollar positions. Markets are now shifting their focus from geopolitical risk toward this week's Federal Reserve and Bank of Japan policy meetings. Traders continue to assess whether softer energy prices will reduce inflation risks enough to lessen pressure for further Federal Reserve tightening. Expectations for an immediate Fed rate increase eased modestly, contributing to the dollar's pullback. Even so, USD/JPY remains sensitive to incoming central bank guidance and geopolitical developments that could quickly sustain demand for the dollar.

- Oil prices fell after reports that the U.S. and Iran had paused military action, easing immediate concerns over disruptions to Middle Easten energy supplies. Brent crude dropped more than 4% from previously breaching the ~$100 price range, removing part of the geopolitical risk premium that had driven prices above recent levels. Lower crude prices reduced inflation expectations and supported global risk sentiment across financial markets. Commodity-linked currencies also found support from the broader improvement in investor sentiment as recession and inflation fears moderated. Markets will continue monitoring developments in the Middle East, as any renewed supply disruptions could quickly reverse the decline in oil and reshape foreign exchange flows as they have been for the past several months as they further continue to oscilate.

**USD/JPY**
3-Month Performance




| Technical Levels | Support 2 | Support 1 | Spot | Resistance 1 | Resistance 2 |
|---|---|---|---|---|---|
| EUR | 1.1300 | 1.1350 | 1.1400 | 1.1450 | 1.1500 |
| GBP | 1.3250 | 1.3300 | 1.3350 | 1.3400 | 1.3450 |
| JPY | 162.50 | 163.00 | 163.60 | 164.10 | 164.50 |
| CHF | 0.8050 | 0.8100 | 0.8150 | 0.8200 | 0.8250 |

| Currencies | Closing | YTD % | | Closing | YTD % |
|---|---|---|---|---|---|
| EUR/USD | 1.1367 | 2.81 | EUR/GBP | 0.8531 | 1.96 |
| GBP/USD | 1.3319 | 0.86 | GBP/JPY | 218.23 | 3.50 |
| USD/JPY | 163.84 | 4.39 | EUR/JPY | 186.27 | 1.46 |
| USD/CHF | 0.8181 | 2.75 | EUR/CHF | 0.9300 | 0.17 |

**Brief Technical Commentary**

EURUSD broke back above the 1.1400 level following broader based USD weakness. Support for the pair is at 1.1350 and 1.1300. Resistance is at 1.1450 and 1.1500. Downside risks for the euro remain in place as energy shocks still remain on the table.

The Japanese yen has received some relief failing to break above 164 and now trading at 163.60. The yen remains vulnerable to rate differentials as well as high energy prices. Support for the pair is at 163 and 162.50. resistance is at 164.10.

| Commodities | Last Price | % Change | Global Indices | Last Price | % Change |
|---|---|---|---|---|---|
| Kuwait Oil | 91.73 | 7.30 | Dow Jones | 51,947.25 | 0.46 |
| Brent | 92.19 | 4.47 | Nikkei 225 | 64,799.10 | 0.29 |
| West Texas | 84.83 | 5.02 | S&P 500 | 7,411.98 | 0.05 |
| Gold | 4,092.53 | 0.98 | KuwaitSE | 8,744.77 | 0.55 |

| Economic Events | Country | Event | Actual | Forecast | Previous |
|---|---|---|---|---|---|
| 28-Jul-26 | AUD | RBA Governer Bullock Speaks | | | |
| 29-Jul-26 | AUD | CPI m/m | | 0.2% | -0.7% |
| 29-Jul-26 | USD | Federal Funds Rate | | 3.75% | 3.75% |
| 30-Jul-26 | GBP | Official Bank Rate | | 3.75% | 3.75% |
| 30-Jul-26 | USD | Advance GDP q/q | | 2.3% | 2.1% |
| 30-Jul-26 | USD | Core PCE Price Index m/m | | 0.10% | 0.30% |
| 30-Jul-26 | USD | Unemployment Claims | | 206K | 187K |
| 31-Jul-26 | JPY | BOJ Policy Rate | | <1.00% | <1.00% |
| 23-Jul-26 | CAD | GDP m/m | | 0.2% | 0.5% |
| 24-Jul-26 | USD | Employment Cost Index q/q | | 0.8% | 0.9% |

| Local & Global Rates (%) | O/N | 1-Month | 3-Month | 6-Month | 1-Year |
|---|---|---|---|---|---|
| KWD | 2.56 | 3.44 | 3.56 | 3.75 | 3.94 |
| USD | 3.64 | 3.74 | 3.84 | 3.98 | 4.17 |
| EUR | 2.11 | 2.20 | 2.49 | 2.72 | 2.99 |
| GBP | 3.73 | 3.75 | 3.82 | 3.98 | 4.22 |

| Government Yields (%) | 1-Year | 2-Year | 5-Year | 10-Year | 30-Year |
|---|---|---|---|---|---|
| United States | 4.06 | 4.29 | 4.38 | 4.63 | 5.12 |
| Germany | 2.60 | 2.77 | 2.87 | 3.14 | 3.63 |
| United Kingdom | 4.02 | 4.35 | 4.28 | 4.97 | 5.74 |
| Japan | 1.27 | 1.49 | 2.00 | 2.76 | 3.95 |