

Treasury Daily Newsletter

22-Jul-24

Kuwaiti Dinar Today 0.30560 / 0.30570

Key Market Highlights:

- The European Central Bank decided to hold interest rates steady after lowering them in June. This decision was unanimous and reflects ongoing concerns about inflation, especially wage growth. While recent data shows some improvement, inflation is still above the ECB's target of 2% and is expected to remain high for a while. The central bank is waiting for more economic data, particularly on wages and growth, before considering further interest rate cuts. President Lagarde acknowledged that inflation will likely fluctuate throughout the year but expects it to decline overall in the second half due to several factors, including lower labor costs and the effects of the ECB's policies.
- British retail sales volumes fell by 1.2% in June, a larger drop than the 0.6% forecasted by economists, following a 2.9% increase in May. The cooler weather discouraged shoppers, affecting sales of seasonal goods and big-ticket items. Despite rising wages outpacing inflation, which recently hit the Bank of England's 2% target, consumer spending remained cautious. Underlying inflation pressures have reduced hopes for an interest rate cut in August. Over the year to June 2024, sales volumes decreased by 0.2% and were 1.3% below pre-pandemic levels. Retailers like Sainsbury's and Currys reported varied impacts from the weather. Most sectors saw sales drops, with clothing hit hardest, except for automotive fuels. A separate survey indicated a slight rise in consumer sentiment in July.

Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.0800	1.0840	1.0885	1.0940	1.1000
GBP	1.2800	1.2875	1.2915	1.2970	1.3010
JPY	156.40	157.00	157.45	157.90	158.50
CHF	0.8800	0.8840	0.8885	0.8940	0.9000

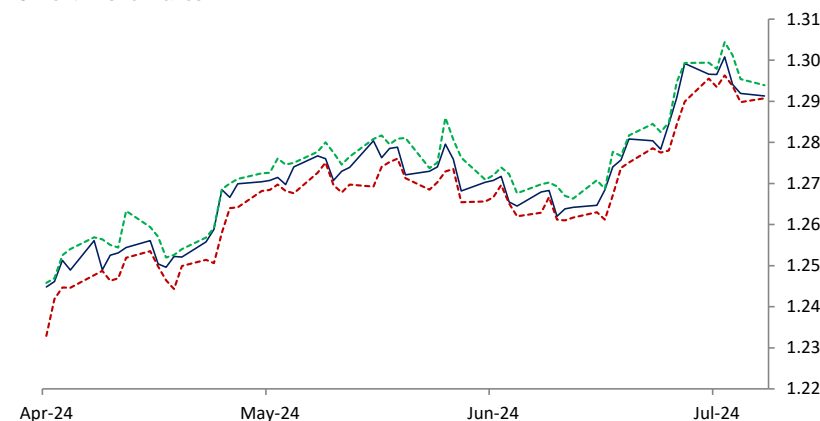
Brief Technical Commentary

EUR/USD: The pair is back below 1.0900 and currently at (1.0885) after last week's ECB monetary policy meeting. If the pair is able to break through 1.0900 again then it may test the next resistance at (1.0940). Conversely, if it fails and consolidates below 1.0900 then it may return to previous ranges and test supports at (1.0840-1.0800).

USDJPY continues its bearish trend and is trading around (157.45). The next support levels are at (157.00-156.40) and resistance is at (157.90-158.50). Currently trading below the 50,100 and 200 day SMA (daily chart). Short term outlook continues to remain bearish for the pair.

Economic Events	Country	Event	Actual	Forecast	Previous
24-Jul-24	EUR	Flash Manufacturing PMI		46.0	45.8
24-Jul-24	GBP	Flash Manufacturing PMI		51.1	50.9
24-Jul-24	CAD	BOC Monetary Policy Report			
24-Jul-24	USD	Flash Services PMI		54.5	55.3
25-Jul-24	USD	Advance GDP q/q		1.9%	1.4%
25-Jul-24	EUR	ECB President Lagarde Speaks			
25-Jul-24	ALL	G20 Meetings			
25-Jul-24	USD	Unemployment Claims		239K	243K
26-Jul-24	JPY	Tokyo Core CPI y/y		2.2%	2.1%
26-Jul-24	USD	Core PCE Price Index m/m		0.2%	0.1%

GBP/USD 3-Month Performance



Currencies	Closing	YTD %	Closing	YTD %	
EUR/USD	1.0877	1.36	EUR/GBP	0.8422	2.76
GBP/USD	1.2919	1.42	GBP/JPY	203.38	12.72
USD/JPY	157.4900	11.08	EUR/JPY	171.38	9.61
USD/CHF	0.8890	5.54	EUR/CHF	0.9672	4.11

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	87.44	2.28	Dow Jones	40,287.53	0.93
Brent	83.06	0.52	Nikkei 225	39,599.00	1.16
West Texas	80.54	0.51	S&P 500	5,505.00	0.71
Gold	2,399.51	0.02	KuwaitSE	7,081.53	0.13

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	2.31	4.00	4.25	4.44	4.69
USD	5.34	5.35	5.28	5.13	4.80
EUR	3.62	3.63	3.70	3.63	3.50
GBP	5.20	5.14	5.10	5.00	4.79

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	4.81	4.50	4.15	4.22	4.43
Germany	3.13	2.76	2.36	2.46	2.65
United Kingdom	3.87	3.68	3.91	4.11	4.63
Japan	0.14	0.33	0.59	1.04	2.17

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