

Weekly Money Market Report

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>NBK Treasury
+965 22216603
tsd_list@nbk.com

War In the Middle East Dominates Market Movements

Market Commentary

Global markets were shaped by mixed economic data and heightened geopolitical risks, with investors closely monitoring growth signals and energy supply disruptions. In the United States, economic momentum showed signs of softening as February nonfarm payrolls unexpectedly fell by 92K, the largest decline in four months, alongside downward revisions to prior months, while retail sales slipped 0.2% in January, reflecting weaker consumer demand in autos, fuel, and discretionary categories. In Europe, Eurozone inflation edged higher to 1.9% in February, with core inflation accelerating to 2.4%, highlighting persistent underlying price pressures even before the escalation of Middle East tensions. Meanwhile, Australia's economy expanded 0.8% in Q4, marking its strongest annual growth in nearly three years, though easing inflation concerns reduced expectations for near-term monetary tightening by the Reserve Bank of Australia. In Japan, unemployment rose to 2.7%, the highest level since mid-2024, signaling a modest softening in labor market conditions. On the geopolitical front, Brent crude oil prices surged more than 8% to around \$93 per barrel, its highest level since 2023, as escalating Middle East tensions raised concerns over potential disruptions to shipments through the Strait of Hormuz, a key global energy transit route. The surge in energy prices supported safe-haven demand for the U.S. dollar, which remained on track for its strongest weekly gain in over a year despite a modest decline on Friday, while the euro and Japanese yen faced pressure amid rising inflation risks for energy-importing economies.

United States

U.S. Labor Market Weakens as February Payrolls Contract Sharply and Prior Data Revised Lower

The U.S. economy lost 92K jobs in February 2026, marking the largest decline in four months and falling sharply short of expectations for a 59K gain, following a downwardly revised 126K increase in January. Job losses were concentrated in health care (-28K) due to strike activity, alongside declines in information (-11K), federal government (-10K), transportation and warehousing (-11K), and manufacturing (-12K). Offices of physicians shed 37K jobs, while hospitals added 12K. Meanwhile, social assistance employment rose by 9K, supported by gains in individual and family services. Revisions also lowered prior data, with December payrolls revised from +48K to -17K and January trimmed to 126K, bringing the combined revisions 69K lower. Overall, payroll growth remained largely stagnant throughout 2025.

U.S. Retail Sales Decline in January as Weak Auto and Fuel Demand Offset Gains in Online and Household Spending

U.S. retail sales fell 0.2% month-on-month in January 2026, the first decline since October, following flat growth in December and broadly in line with expectations for a 0.3% drop. The weakness was driven by lower sales at motor vehicle dealers (-0.9%), gasoline stations (-2.9%), electronics and appliances (-0.6%), and clothing stores (-1.7%). However, gains in furniture (0.7%), building materials (0.6%), miscellaneous retailers (2%), and non-store retailers (1.9%) helped lift the control group by 0.3%, suggesting a supportive contribution to GDP. On an annual basis, retail sales increased 3.2%.

The Greenback was last seen trading at 98.986.

Eurozone

Eurozone Inflation Picks Up as Core Price Pressures Accelerate, with Middle East Energy Risks Clouding Outlook

Eurozone inflation rose to 1.9% in February from 1.7%, driven by a pickup in core inflation to 2.4% from 2.2%, reflecting stronger price pressures in both services and goods. The data suggests underlying inflation remains persistent even before the Middle East conflict. Looking ahead, energy supply risks linked to the war in the Middle East, particularly higher LNG prices, pose upside risks to inflation, potentially pushing it back to the mid-2% range if disruptions persist. While the ECB remains cautious and vigilant about renewed inflation pressures,

policymakers are unlikely to react immediately given current inflation remains relatively contained and the conflict's impact is still uncertain.

The EUR/USD currency pair was last seen trading at 1.1618.

Asia-Pacific

Japan's Unemployment Rate Rises to 18-Month High as Employment and Labor Force Participation Ease

Japan's unemployment rate rose to 2.7% in January 2026, slightly above both the prior five months and market expectations of 2.6%, marking the highest level since July 2024. The number of unemployed increased by 60K to a 48-month high of 1.91 million. Employment declined by 290K to 68.17 million, while the labor force fell by 210K to 70.08 million. The number of individuals outside the labor force rose by 170K to 39.45 million. The participation rate eased to 63.5% from 63.9% in December, though it remained above 63.2% a year earlier. Meanwhile, the jobs-to-applicants ratio edged down to 1.18 from 1.19, signaling a modest softening in labor market tightness.

The USD/JPY currency pair was last seen trading at 157.79.

Australia's Economy Expands at Fastest Pace in Nearly Three Years as Investment and Commodity Sectors Drive Growth

Australia's economy expanded 0.8% in Q4 2025, lifting annual GDP growth to 2.6%, the strongest pace in nearly three years. The prior quarter was revised higher, and growth was broad-based, with public and private demand each contributing 0.3 percentage points. Household spending rose 0.3%, while the savings ratio increased to 6.9%, the highest since Q3 2022. Private investment grew 0.7% for a fifth consecutive quarter, and mining and agriculture output rose 2.6% and 2.5%, respectively, jointly adding 0.6 points to GDP. Economic output per person increased 0.9% YoY. While solid activity reinforces inflation pressures, weaker consumption and declining unit labor costs moderated market expectations, with implied odds of a March 17 RBA hike easing to 20% from 36% prior to the data.

The AUD/USD currency pair was last seen trading at 0.7030.

Commodities

Oil Prices Surge on Escalating Middle East Tensions and Rising Risks to Global Energy Flows Through the Strait of Hormuz

Brent crude oil surged over 8% to around \$93 per barrel, reaching its highest level since 2023, as escalating Middle East tensions threatened global energy supply. Risks intensified after Qatar warned that Gulf producers could halt output if tankers cannot transit the Strait of Hormuz, a critical route handling roughly 20 million barrels per day. Qatar's Energy Minister Saad Al-Kaabi also warned that oil prices could surge to \$150 per barrel in the coming weeks if tankers are unable to pass through the strait, adding that such a disruption could "bring down the economies of the world." Meanwhile, Iran ruled out negotiations, while the U.S. signaled potential measures to stabilize markets, including a possible release from strategic petroleum reserves and allowing India to purchase some Russian crude already at sea. Saudi Arabia also raised prices for Asian buyers and rerouted shipments via Red Sea ports to bypass Hormuz disruptions.

Kuwait

Kuwaiti Dinar

USD/KWD closed last week at 0.30620.

Rates – March 8th, 2026

Currencies	Previous Week Levels				This Week's Expected Range		3-Month
	Open	Low	High	Close	Minimum	Maximum	Forward
EUR	1.1776	1.1528	1.1795	1.1618	1.1500	1.1660	1.1669

GBP	1.3484	1.3250	1.3484	1.3411	1.3255	1.3450	1.3412
JPY	155.64	155.64	158.08	157.79	156.50	159.00	156.55
CHF	0.7691	0.7668	0.7878	0.7757	0.7665	0.7870	0.7682

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