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TREASURY GROUP
NATIONAL BANK OF KUWAIT

Treasury Daily Newsletter

12-Aug-26

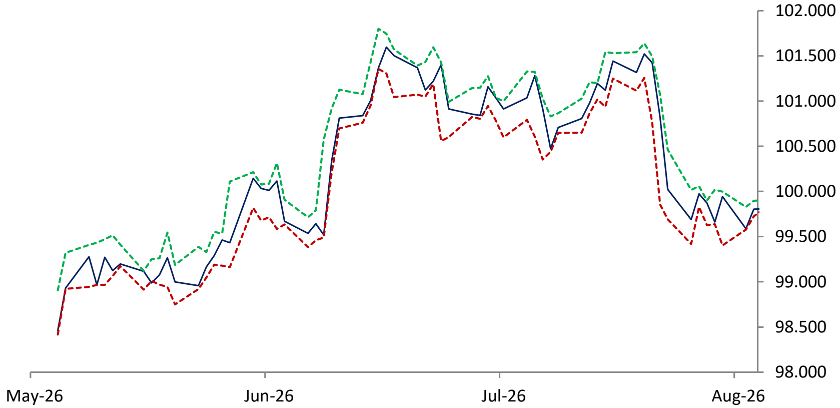
Kuwaiti Dinar Today 0.30720 / 0.30730

Key Market Highlights:

- U.S. consumer prices likely experienced a modest uptick in July following June's historic decline, driven primarily by slight increases in core goods, food, and a rebound in items like used cars and airfares, though this was partially offset by a continued drop in gasoline prices. Economists project the overall CPI to edge up 0.1% for the month bringing the annual rate to 3.4% while core CPI is anticipated to rise 0.2%, pushing the yearly core figure to 2.5%. While these cooler-than-expected inflation metrics could further dampen financial market expectations for a Federal Reserve interest rate hike this year, experts note that inflation remains uncomfortably high and above the central bank's 2% target, continuing to squeeze consumer wages and strain public sentiment ahead of the November midterm elections. Despite external economic buffers like lower oil vulnerability and recent job loss reports, persistent geopolitical tensions in the Middle East keep upside inflation risks active, leaving some analysts divided on whether the Fed might still lean toward monetary tightening as early as September.

- The Reserve Bank of Australia unanimously decided to leave its official cash rate steady at 4.35% amid a cooling economy marked by rising unemployment and a sluggish property market, though Governor Michele Bullock adopted a hawkish stance by warning that further rate hikes remain entirely possible if upside risks materialize. While acknowledging that tighter financial conditions are successfully slowing economic activity, the central bank emphasized that inflation remains persistently high not projected to return to its target midpoint until late 2027 and is continually aggravated by capacity pressures and global oil supply disruptions. Consequently, the RBA intends to maintain its restrictive monetary policy stance to prevent high inflation from becoming entrenched, leaving the door open to future increases depending on upcoming economic data.

U.S. Dollar Index
3-Month Performance



Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.1430	1.1500	1.1535	1.1600	1.1650
GBP	1.3400	1.3450	1.3505	1.3550	1.3600
JPY	158.45	158.80	159.45	160.00	160.50
CHF	0.8000	0.8060	0.8120	0.8175	0.8200

Currencies	Closing	YTD %		Closing	YTD %
EUR/USD	1.1540	1.80	EUR/GBP	0.8544	2.02
GBP/USD	1.3504	0.21	GBP/JPY	215.07	1.97
USD/JPY	159.27	1.73	EUR/JPY	183.83	0.09
USD/CHF	0.8106	2.44	EUR/CHF	0.9356	0.58

Brief Technical Commentary

News of a potential "arrangement" between the US and Iran over the strait of Hormuz yesterday garnered a brief reaction in FX. EURUSD remains in a range with support at 1.1500 followed by 1.1430. Resistance is at 1.1600 followed by 1.1650.

USDJPY continues to tick gradually higher and the pair is just below the 159.50 mark. The next notable levels of resistance for the pair is at 160.00 followed by 160.50. Support is at 158.80 and 158.45.

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	79.98	6.77	Dow Jones	53,791.85	0.34
Brent	89.37	0.46	Nikkei 225	67,551.50	0.87
West Texas	83.66	0.46	S&P 500	7,728.20	0.32
Gold	4,028.52	0.79	KuwaitSE	8,851.08	0.17

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%	-0.4%
12-Aug-26	USD	CPI y/y		3.4%	3.5%
13-Aug-26	NZD	Inflation Expectations			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	2.50	3.38	3.56	3.75	3.94
USD	3.63	3.64	3.75	3.88	4.04
EUR	2.10	2.18	2.48	2.66	2.91
GBP	3.73	3.74	3.79	3.92	4.15

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	4.00	4.21	4.38	4.68	5.23
Germany	2.57	2.78	2.87	3.16	3.65
United Kingdom	4.05	4.30	4.51	4.96	5.70
Japan	1.40	1.63	2.10	2.84	3.97