

Treasury Daily Newsletter

1-Oct-24

Kuwaiti Dinar Today 0.30495 / 0.30505

Key Market Highlights:

- Federal Reserve Chair Jerome Powell stated that interest rates will be lowered gradually, emphasizing that the U.S. economy remains strong. He expressed confidence that inflation will continue to move toward the Fed's 2% target. Powell mentioned that economic conditions support further easing of price pressures, but policy adjustments will be based on incoming data rather than a fixed course. While the Fed's current rate is still restrictive, Powell indicated potential quarter-point cuts in the next two meetings, though decisions will depend on new information. He also noted that while the labor market is still solid, it has cooled over the past year.
- China's factory activity contracted for the fifth month in a row in September but exceeded expectations with a reading of 49.8, up from 49.1 in August. The manufacturing sector continues to face challenges due to an ongoing economic slowdown, a property crisis, and Western export restrictions, particularly on electric vehicles. In response, the Chinese government has taken steps to stimulate economic growth, including cutting the reserve requirement ratio by 50 basis points and reducing the seven-day reverse repurchase rate by 20 basis points. These measures led to a significant rally in Chinese equity markets, marking their best week in nearly 16 years.

| Technical Levels | Support 2 | Support 1 | Spot | Resistance 1 | Resistance 2 |
|------------------|-----------|-----------|--------|--------------|--------------|
| EUR | 1.1005 | 1.1080 | 1.1140 | 1.1200 | 1.1275 |
| GBP | 1.3260 | 1.3330 | 1.3380 | 1.3425 | 1.3500 |
| JPY | 142.95 | 143.75 | 144.30 | 144.90 | 145.50 |
| CHF | 0.8390 | 0.8420 | 0.8460 | 0.8510 | 0.8550 |

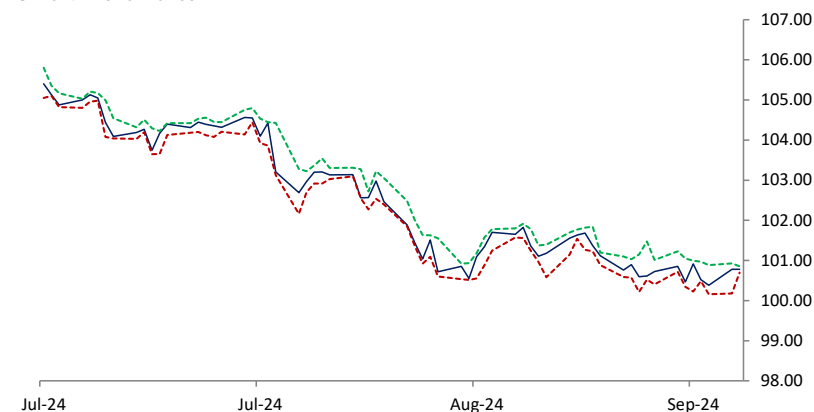
Brief Technical Commentary

EUR/USD: The pair broke above 1.1200 once again but couldn't stay above the 1.1200 level then dropped towards 1.1115 during NY session yesterday. We expect the pair to be in a range from (1.1080) and (1.1200).

USD/JPY: During yesterday's trading session, the pair recovered almost 50% of the drop that happened on Friday. Currently trading at 144.30 and we expect the pair to continue higher towards the resistance levels 144.90-145.50, a breakout above these levels will take the pair higher towards 146.25.

| Economic Events | Country | Event | Actual | Forecast | Previous |
|-----------------|---------|--------------------------------|--------|----------|----------|
| 30-Sep-24 | CNY | Manufacturing PMI | 49.8 | 49.4 | 49.1 |
| 30-Sep-24 | EUR | German Prelim CPI m/m | 0.0% | 0.1% | -0.1% |
| 30-Sep-24 | USD | Fed Chair Powell Speaks | | | |
| 1-Oct-24 | EUR | CPI Flash Estimate y/y | | 1.9% | 2.2% |
| 1-Oct-24 | USD | ISM Manufacturing PMI | | 47.6 | 47.2 |
| 1-Oct-24 | USD | JOLTS Job Openings | | 7.64M | 7.67M |
| 2-Oct-24 | USD | ADP Non-Farm Employment Change | | 124K | 99K |
| 3-Oct-24 | USD | ISM Services PMI | | 51.6 | 51.5 |
| 4-Oct-24 | USD | Non-Farm Employment Change | | 144K | 142K |
| 4-Oct-24 | USD | Average Hourly Earnings m/m | | 0.3% | 0.4% |

US Dollar Index
3-Month Performance



| Currencies | Closing | YTD % | Closing | YTD % | |
|------------|---------|-------|---------|--------|------|
| EUR/USD | 1.1134 | 0.93 | EUR/GBP | 0.8325 | 4.00 |
| GBP/USD | 1.3370 | 5.11 | GBP/JPY | 192.08 | 7.58 |
| USD/JPY | 143.62 | 2.29 | EUR/JPY | 159.92 | 3.28 |
| USD/CHF | 0.8455 | 0.61 | EUR/CHF | 0.9415 | 1.56 |

| Commodities | Last Price | % Change | Global Indices | Last Price | % Change |
|-------------|------------|----------|----------------|------------|----------|
| Kuwait Oil | 73.26 | 1.99 | Dow Jones | 42,330.15 | 0.04 |
| Brent | 71.78 | 0.08 | Nikkei 225 | 38,651.97 | 1.93 |
| West Texas | 68.25 | 0.09 | S&P 500 | 5,762.48 | 0.42 |
| Gold | 2,645.51 | 0.42 | KuwaitSE | 7,132.00 | 0.06 |

| Local & Global Rates (%) | O/N | 1-Month | 3-Month | 6-Month | 1-Year |
|--------------------------|------|---------|---------|---------|--------|
| KWD | 2.13 | 3.69 | 3.94 | 4.13 | 4.31 |
| USD | 4.84 | 4.85 | 4.59 | 4.25 | 3.78 |
| EUR | 3.37 | 3.37 | 3.33 | 3.15 | 2.77 |
| GBP | 4.95 | 4.96 | 4.82 | 4.66 | 4.30 |

| Government Yields (%) | 1-Year | 2-Year | 5-Year | 10-Year | 30-Year |
|-----------------------|--------|--------|--------|---------|---------|
| United States | 3.95 | 3.64 | 3.56 | 3.78 | 4.12 |
| Germany | 2.51 | 2.07 | 1.95 | 2.12 | 2.45 |
| United Kingdom | 4.37 | 3.98 | 3.86 | 4.00 | 4.58 |
| Japan | 0.25 | 0.37 | 0.48 | 0.84 | 2.06 |

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