

Treasury Daily Newsletter

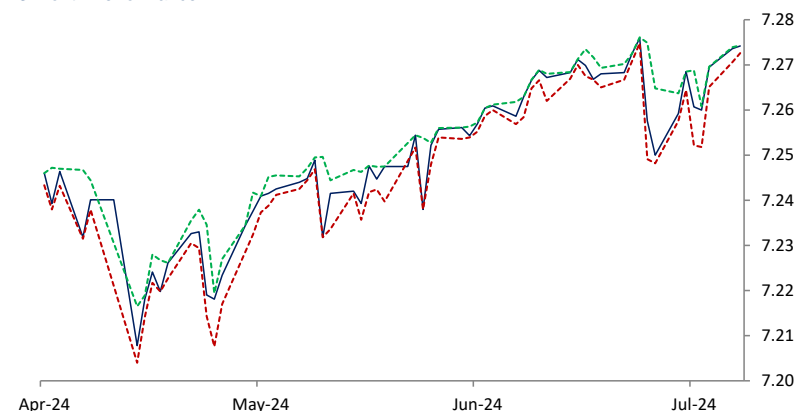
23-Jul-24

Kuwaiti Dinar Today 0.30550 / 0.30560

Key Market Highlights:

- The People's Bank of China delivered a 10 basis points cut to key rates, taking the seven-day reverse repo rate to 1.7% from 1.8% previously, the one-year loan prime rate to 3.35% from 3.45%, and the five-year loan prime rate was lowered to 3.85% from 3.95%. The move took markets by surprise, especially since it was forecasted that rates would remain unchanged. The PBOC decision comes amid a period of weaker growth for the world's second largest economy. Annual CPI came in at the lowest level since March rising just 0.2%. Meanwhile, consumer demand is muted while Chinese imports were weaker than expected. GDP growth also disappointed, increasing by 4.7% versus 5.1% expected. Policymakers in China previously introduced easing measures to boost consumer demand and the economy overall, delivering rate cuts, lowering downpayment requirements for real estate, and decreasing the reserve ratio requirements. It remains to be seen how much further authorities in China are willing to go to support the struggling economy, however it is expected that they will be more comfortable doing so once the Federal Reserve start cutting rates as they attempt to balance between supporting economic growth, and being mindful of interest rate differentials as the Yuan gets weaker. USD/CNY was last seen trading higher at 7.2742.
- After President Biden announced he was stepping down as the democratic presidential nominee for the upcoming elections, markets reacted differently. The greenback traded sideways, last seen at 104.31. Meanwhile, equities rallied with the NASDAQ and S&P 500 both notching over 1% gains. The gains reflect a broader surge of confidence by investors that a potential Trump presidency reflects well on risk-on assets. It remains to be seen who will become the democratic nominee to challenge Trump in the elections, however it is noteworthy that Kamala Harris garnered enough delegate support to become the nominee while also raising \$81 million from donors to spearhead a potential campaign.

USD/CNY
3-Month Performance



Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.0800	1.0860	1.0890	1.0920	1.0950
GBP	1.2860	1.2900	1.2930	1.2970	1.3040
JPY	155.35	156.00	156.30	156.80	157.15
CHF	0.8800	0.8855	0.8890	0.8935	0.8985

Currencies	Closing	YTD %	Closing	YTD %	
EUR/USD	1.0889	1.40	EUR/GBP	0.8419	2.80
GBP/USD	1.2932	1.47	GBP/JPY	203.05	12.58
USD/JPY	157.0000	10.93	EUR/JPY	171.00	9.43
USD/CHF	0.8895	5.72	EUR/CHF	0.9685	4.28

Brief Technical Commentary

EUR/USD: The pair price continues to fluctuate within a tight sideways range since yesterday. Breaking the first target of 1.0945 will motivate the price to resume the main bullish trend. The pair currently is at 1.0890 support levels at (1.0860-1.0800).

USD/JPY: The pair price begins today negatively to press on 156.80 level which shows the attempt to return to the correctional bearish trend again. The pair is currently trading at 156.30 support levels at (156.00-155.35).

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	86.64	0.35	Dow Jones	40,415.44	0.32
Brent	82.35	0.06	Nikkei 225	39,594.39	0.01
West Texas	79.78	0.44	S&P 500	5,564.41	1.07
Gold	2,391.95	0.24	KuwaitSE	7,140.31	0.32

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%

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	2.38	4.00	4.25	4.44	4.69
USD	5.34	5.35	5.28	5.14	4.82
EUR	3.62	3.63	3.70	3.63	3.50
GBP	5.20	5.14	5.10	5.02	4.83

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	4.86	4.52	4.17	4.25	4.47
Germany	3.14	2.81	2.45	2.49	2.68
United Kingdom	4.57	4.02	3.97	4.17	4.67
Japan	0.15	0.34	0.60	1.06	2.17

This Treasury Newsletter is a publication of the National Bank of Kuwait ("NBK"). Although the information in this document has been prepared in good faith and from sources which we believe to be reliable, we do not represent or warrant its accuracy and such information may not necessarily represent the actual market data. NBK accepts no liability whatsoever for any loss or damage arising from the use of this document or reliance on the information contained herein. NBK will not be responsible for the consequence of reliance upon any opinion or statement contained herein.

For further information or discussion, please contact the Treasury Services Desk on TSD_LIST@NBK.COM or +965 2221 6603 (FAX +965 2229 1441).