

Treasury Daily Newsletter

20-Nov-23

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Key Market Highlights:

- In October 2023, UK retail sales volumes dropped by 0.3%, hitting the lowest point since the lockdown days of February 2021. This decline continues a downward trend from September's 1.1% fall. Key contributors to this downturn include a 2.0% decrease in automotive fuel sales, as well as notable consumer spending caution, and a 0.3% dip in food store sales, where consumers are increasingly opting for cheaper, essential items. Non-food store sales also fell by 0.2%, with significant impacts from the rising cost of living and decreased foot traffic. Clothing and household goods sectors particularly suffered, while department stores saw a modest 0.1% decrease. The sterling pound rose slightly following the release, currently trading at 1.2485 against the US Dollar.
- In a significant shift, the dollar posted its second-steepest weekly decline against major currencies for the year, with the yen notably strengthening and breaking below the 150 yen mark, currently trading at 148.95. This trend is attributed to growing concerns about a weakening global economic outlook, fueled by cooler-than-expected US inflation data, which has led to market speculation about possibilities for Federal Reserve rate cut as early as May of next year. While yields on 10-year Treasury notes dropped to a two-month low, trading at 4.455%. Despite a marginal increase in US single-family homebuilding in October, inflation remains the primary market driver, keeping the dollar lower. Market experts suggest a momentum shift for the dollar, indicating potential further declines.
- The Australian Bureau of Statistics' Labour Force Survey for October 2023 reveals several key trends in the nation's employment landscape. The unemployment rate remained steady at 3.7%, while employment change rose to 55.0K in October, a drastic increase compared to the previous 7.8K. The AUD/USD pair starts the week at 0.6545.

Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.0820	1.0865	1.0925	1.0970	1.1050
GBP	1.2370	1.2430	1.2485	1.2530	1.2590
JPY	147.40	148.40	148.95	149.50	150.00
CHF	0.8720	0.8790	0.8835	0.8900	0.8950

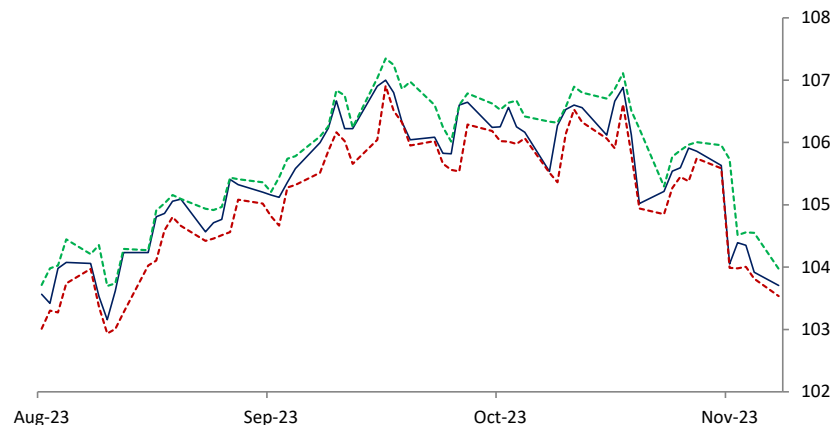
Brief Technical Commentary

The USD is trading on a softer footing in early trade breaking below Friday's low against various major currencies. USD/JPY is now trading on a 148-handle as the carry trade unwind begins to gather steam. Last month's 148.40 low stands as the pair's 1st support.

Another currency against which the USD has broken through Friday's low is the AUD, with AUD/USD trading above the previously-formidable 0.6500/40 area resistance we mentioned last week. The Q2 lows around the 0.66 handle now serve as the pair's next upside resistance.

Economic Events	Country	Event	Actual	Forecast	Previous
20-Nov-23	CNY	1-y Loan Prime Rate	3.45%	3.45%	3.45%
20-Nov-23	GBP	BOE Gov Bailey Speaks			
21-Nov-23	AUD	RBA Gov Bullock Speaks			
22-Nov-23	USD	Unemployment Claims		226K	231K
23-Nov-23	EUR	Flash Manufacturing PMI		43.3	43.1
23-Nov-23	EUR	Flash Services PMI		48.0	47.8
23-Nov-23	GBP	Flash Manufacturing PMI		45.0	44.8
23-Nov-23	GBP	Flash services PMI		49.5	49.5
24-Nov-23	USD	Flash Manufacturing PMI		49.9	50.0
24-Nov-23	USD	Flash Services PMI		50.4	50.6

US Dollar Index
3-Month Performance



Currencies	Closing	YTD %	Closing	YTD %	
EUR/USD	1.0907	1.99	EUR/GBP	0.8756	1.07
GBP/USD	1.2461	3.12	GBP/JPY	186.35	17.35
USD/JPY	149.6200	13.77	EUR/JPY	163.28	16.07
USD/CHF	0.8855	4.35	EUR/CHF	0.9661	2.46

Commodities	Last Price	% Change	Global Indices	Closing	% Change
Kuwait Oil	86.46	2.89	Dow Jones	34,947.28	0.01
Brent	82.96	0.02	Nikkei 225	33,388.03	0.59
West Texas	76.57	0.26	S&P 500	4,514.02	0.13
Gold	1,979.90	0.01	KuwaitSE	6,639.07	0.17

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	3.75	4.06	4.31	4.56	4.75
USD	5.32	5.33	5.37	5.36	5.20
EUR	3.87	3.82	3.98	4.06	3.99
GBP	5.19	5.20	5.23	5.23	5.10

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	5.20	4.90	4.46	4.46	4.62
Germany	3.59	2.95	2.54	2.60	2.80
United Kingdom	4.91	4.52	4.11	4.10	4.52
Japan	-0.10	0.03	0.30	0.74	1.66

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