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TREASURY GROUP
NATIONAL BANK OF KUWAIT

Treasury Daily Newsletter

29-Jul-26

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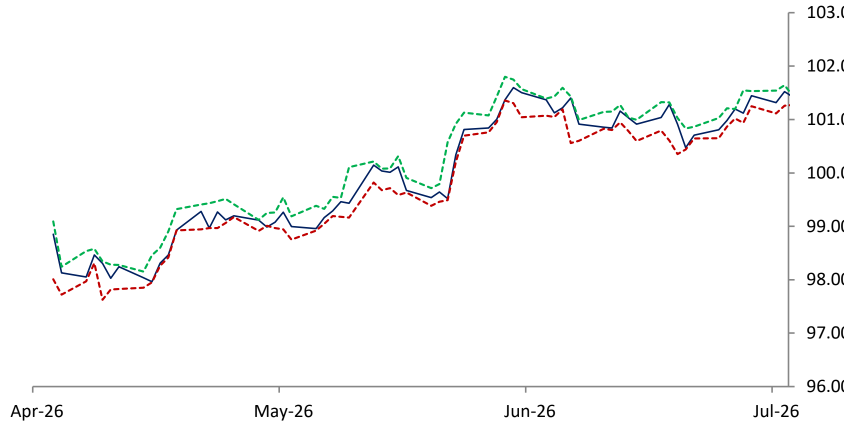
Key Market Highlights:

- Australian inflation moderated more than expected in the second quarter, reducing pressure on the Reserve Bank of Australia to deliver another near-term rate increase. Headline CPI rose 0.6% quarter-on-quarter, while the newer monthly measure fell 0.1% in June and eased to 3.8% annually. More importantly, trimmed-mean inflation came in below expectations at 0.8% quarterly and 3.6% annually. The improvement was partly driven by a sharp decline in fuel prices, although housing and services inflation remained elevated. The Australian dollar weakened following the release, while markets reduced the probability of an August rate increase to just 4%, from 21% previously. The figures support an RBA pause next month, but persistent domestic inflation and renewed oil-price risks should keep policymakers cautious.

- The Federal Reserve concludes its two-day meeting today and is expected to leave the federal funds rate unchanged at 3.50%–3.75%, although markets still assign roughly a one-third probability to a 25-basis-point increase. Recent inflation data offered some relief, as headline CPI declined 0.4% in June and core prices were unchanged, lowering the annual rates to 3.5% and 2.6%, respectively. Nevertheless, the Fed's preferred PCE measure remained considerably stronger in May, while renewed oil-price pressures and resilient economic activity continue to argue for caution. Consequently, the tone of Chair Kevin Warsh's press conference, and whether he keeps the door open to a September increase will likely be more important than the rate decision itself. The Dollar Index is holding near a one-month high around 101.4, supported by elevated US yields, geopolitical safe-haven demand and expectations of a more hawkish Fed. A hawkish hold would likely extend the dollar's strength, while greater emphasis on the recent cooling in core inflation could trigger some profit-taking in the greenback.

U.S. Dollar Index
3-Month Performance



Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.1300	1.1350	1.1400	1.1450	1.1500
GBP	1.3200	1.3250	1.3300	1.3350	1.3400
JPY	162.30	162.80	163.30	164.00	164.50
CHF	0.8080	0.8120	0.8170	0.8220	0.8270

Currencies	Closing	YTD %		Closing	YTD %
EUR/USD	1.1385	2.96	EUR/GBP	0.8568	1.71
GBP/USD	1.3285	1.29	GBP/JPY	217.64	3.04
USD/JPY	163.82	4.37	EUR/JPY	186.56	1.29
USD/CHF	0.8189	3.18	EUR/CHF	0.9327	0.13

Brief Technical Commentary

US employment data surprised to the soft side yesterday and EURUSD back near 1.1400 and pre- FOMC meeting, expectations are for a hawkish hold. Support for the pair is at 1.1350 and 1.1300. Resistance is at 1.1450 followed by 1.1500.

USDJPY traded at a low of 163.27 this morning. The next support level for the pair is at 162.80 followed by 162.30. Resistance for the pair is at 164.00 and 164.50.

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	86.13	0.69	Dow Jones	52,747.32	1.03
Brent	87.21	3.71	Nikkei 225	61,385.27	1.57
West Texas	82.00	3.46	S&P 500	7,428.78	0.21
Gold	4,083.90	0.34	KuwaitSE	8,766.97	0.01

Economic Events	Country	Event	Actual	Forecast	Previous
28-Jul-26	AUD	RBA Governer Bullock Speaks			
29-Jul-26	AUD	CPI m/m	-0.1%	0.2%	-0.7%
29-Jul-26	USD	Federal Funds Rate		3.75%	3.75%
30-Jul-26	GBP	Official Bank Rate		3.75%	3.75%
30-Jul-26	USD	Advance GDP q/q		2.3%	2.1%
30-Jul-26	USD	Core PCE Price Index m/m		0.10%	0.30%
30-Jul-26	USD	Unemployment Claims		206K	187K
31-Jul-26	JPY	BOJ Policy Rate		<1.00%	<1.00%
31-Jul-26	CAD	GDP m/m		0.2%	0.5%
31-Jul-26	USD	Employment Cost Index q/q		0.8%	0.9%

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	3.64	3.75	3.84	3.98	4.15
EUR	2.10	2.18	2.45	2.71	2.98
GBP	3.73	3.74	3.81	3.95	4.16

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	4.06	4.29	4.37	4.61	5.09
Germany	2.55	2.75	2.84	3.10	3.59
United Kingdom	4.05	4.35	4.52	4.97	5.68
Japan	1.25	1.46	1.98	2.74	3.91