

Treasury Daily Newsletter

21-Nov-23

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Key Market Highlights:

- Bank of England's governor Andrew Bailey spoke on Monday, stating that the possibility of rate cuts is far too early, and that an increase in borrowing costs is still on the table if inflation persists. The speech comes following a second hold in interest rates, after 14 consecutive hikes which led inflation rates to drop from 11% in October of 2022, to 4.6% in October of 2023. However, policy makers remain cautious regarding their approach in fighting inflation. Additionally, Bailey added that the pressure on incomes due to higher food and energy prices may be the reason for wage demands.
- The Head of Australia's national bank spoke last week, following the recent hike in interest rates, marking a 12-year high of 4.35%. Furthermore, members of the RBA expressed concerns regarding businesses passing on higher costs on to consumers, leading to higher pressures on households and contributing to higher inflation. The aussie strengthened following the release, with the AUD/USD pair trading at 0.6574, and the GBP/AUD pair trading at 1.9050.
- The US Dollar continues to weaken amid recent negative data releases, with the Dollar index currently valued at 103.26, after reaching levels close to 107 in October. Policy makers and investors will be watching for news releases such as unemployment claims, consumer sentiment, and PPI data this week which will help determine the direction of the US economy in the upcoming days. The 10-year treasury bond continues to decrease slightly, currently trading at 4.391%, while equities enjoyed a week of gains as the dollar weakened, with the Dow Jones increasing 6.72% from the previous month, and the S&P 500 increasing 7.83%.

Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.0830	1.0920	1.0960	1.1000	1.1045
GBP	1.2400	1.2490	1.2531	1.2585	1.2630
JPY	146.50	146.95	147.43	148.15	149.20
CHF	0.8740	0.8790	0.8831	0.8890	0.8950

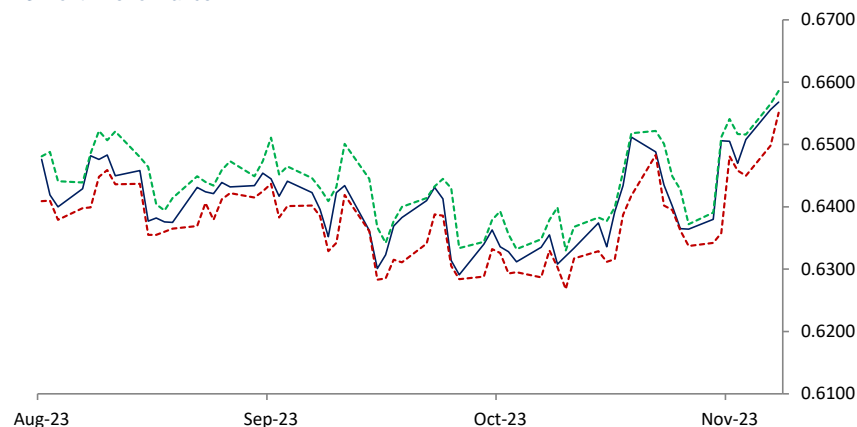
Brief Technical Commentary

The USD is once again trading on the back foot with all major currencies gaining vs the Greenback. Despite now trading above its 100- and 200-DMA resistances, GBP is underperforming with GBPXXX pairs trading lower across the board. Governor Bailey's testimony to Parliament will be in focus later today ahead of Chancellor Hunt's Autumn budget statement tomorrow.

The USD selling of late has been so broad-based that even the recently-unloved JPY is finding some friends. The pair's 146.50 100-DMA is the next level of support.

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

AUD/USD 3-Month Performance



Currencies	Closing	YTD %	Closing	YTD %
EUR/USD	1.0938	2.34	EUR/GBP	0.8747 1.14
GBP/USD	1.2504	3.53	GBP/JPY	185.54 16.70
USD/JPY	148.3600	12.71	EUR/JPY	162.31 15.36
USD/CHF	0.8848	4.44	EUR/CHF	0.9680 2.18

Commodities	Last Price	% Change	Global Indices	Closing	% Change
Kuwait Oil	87.08	0.03	Dow Jones	35,151.04	0.58
Brent	86.22	0.02	Nikkei 225	33,354.14	0.10
West Texas	78.20	0.26	S&P 500	4,547.38	0.73
Gold	1,990.90	0.69	KuwaitSE	6,643.22	0.29

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	3.81	4.06	4.31	4.56	4.75
USD	5.32	5.33	5.37	5.37	5.23
EUR	3.87	3.82	3.98	4.06	3.99
GBP	5.19	5.20	5.23	5.24	5.13

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	5.24	4.91	4.43	4.39	4.53
Germany	3.57	3.00	2.56	2.60	2.77
United Kingdom	4.87	4.52	4.11	4.12	4.56
Japan	-0.10	0.03	0.27	0.69	1.58

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