TREASURY GROUP
NATIONAL BANK OF KUWAIT

Treasury Daily Newsletter

25-Aug-26

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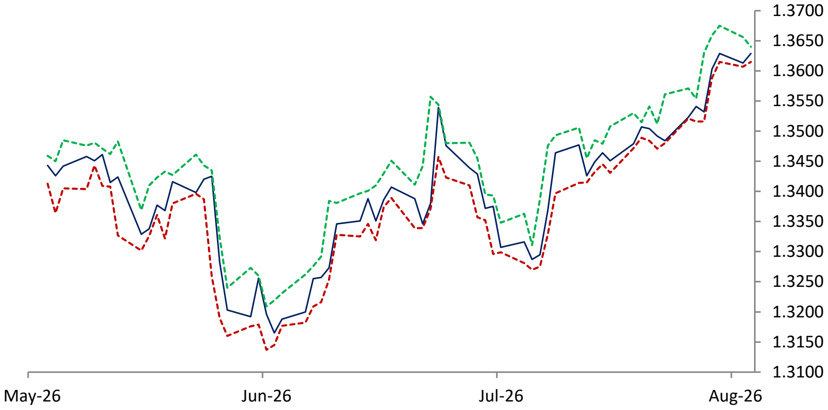
Key Market Highlights:

- U.K. fiscal pressures remain a concern for sterling despite record income-tax receipts, with July borrowing reaching ~£1.8 billion, ~£700 million above a year earlier, while year-to-date borrowing remains £2.3 billion above the OBR's forecast. Inflation adds another complication; U.K. consumer-price growth accelerated to 2.9% in July from 2.6%, driven largely by higher household energy costs. The combination of elevated inflation and heavier borrowing has kept pressure on U.K. policymakers. At the same time, the broader global activity picture is firmer, with data showing stronger August activity across Europe and parts of Asia despite the Middle East conflict and elevated energy costs. Eurozone activity improved, led by German manufacturing, while U.K. services also strengthened, suggesting the region has retained momentum despite the energy shock. The resilience could give the ECB and other central banks more room to maintain restrictive policy if energy-driven inflation persists.

- Oil steadied Tuesday after falling more than 2% in the previous session as investors assessed the market impact of expanded U.S. sanctions on Iran. Brent rose ~0.3% to ~$92.44 a barrel and WTI gained ~0.4% to ~$85.38, with traders viewing the sanctions as less immediately disruptive to physical supply than direct military escalation. However, the supply risk remains significant because Iran still holds the capacity to disrupt shipping through the Strait of Hormuz, a route typical for carrying roughly one-fifth of global oil consumption, as seen with a tanker being struck near Oman. Through these complications, the dollar strengthened following Monday's session as the sanctions announcement boosted demand for the greenback, although it remains near recent lows after three weekly declines. The Canadian dollar was hit harder, falling ~0.61% to ~1.385 per U.S. dollar after Washington announced 50% tariffs on Canadian vehicles, parts and steel beginning January 1, 2027. Sterling slipped ~0.06% while the yen weakened ~0.13%, leaving geopolitical risk, oil-supply uncertainty and U.S. trade policy as the key near-term drivers for major currencies.

GBP/USD
3-Month Performance



Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.1510	1.1600	1.1655	1.1730	1.1800
GBP	1.3435	1.3520	1.3625	1.3660	1.3730
JPY	157.10	158.05	159.25	159.75	160.85
CHF	0.7910	0.8000	0.8040	0.8070	0.8150

Currencies	Closing	YTD %		Closing	YTD %
EUR/USD	1.1662	0.75	EUR/GBP	0.8554	1.92
GBP/USD	1.3630	1.20	GBP/JPY	216.82	2.95
USD/JPY	159.08	1.71	EUR/JPY	185.54	0.97
USD/CHF	0.8023	1.40	EUR/CHF	0.9357	0.63

Brief Technical Commentary

The EURUSD pair fluctuated in its latest intraday sessions, setting lower. The pair is still trading above the 4H EMA50, looking to regain positive momentum to continue bullish trend.

The USDJPY pair settles onto its gains during its latest intraday trading, breaching 4H EMA50 resistance, this comes amid the dominance of short-term bullish trend.

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	106.39	0.15	Dow Jones	53,417.16	0.26
Brent	92.14	0.03	Nikkei 225	65,684.04	0.24
West Texas	85.09	0.09	S&P 500	7,652.86	0.28
Gold	4,625.02	0.36	KuwaitSE	8,903.81	0.04

Economic Events	Country	Event	Actual	Forecast	Previous
24-Aug-26	USD	Treasury Secretary Bessent Speaks			
25-Aug-26	USD	CB Consumer Confidence		90.3	90.8
26-Aug-26	AUD	CPI y/y		3.3%	3.8%
26-Aug-26	USD	Core PCE Price Index m/m		0.2%	0.1%
26-Aug-26	USD	Prelim GDP q/q		1.5%	1.5%
27-Aug-26	USD	Unemployment Claims		208K	206K
28-Aug-26	JPY	Tokyo Core CPI y/y		1.8%	1.9%
21-Aug-26	CAD	GDP m/m		0.2%	0.3%
21-Aug-26	USD	Fed Chair Warsh Speaks			
21-Aug-26	USD	Jackson Hole Symposium			

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	3.65	3.68	3.76	3.86	4.01
EUR	2.16	2.22	2.52	2.77	3.00
GBP	3.73	3.75	3.80	3.92	4.14

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	3.99	4.24	4.41	4.70	5.23
Germany	2.59	2.84	2.95	3.24	3.74
United Kingdom	4.05	4.36	4.59	5.04	5.78
Japan	1.44	1.66	2.12	2.88	4.05