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Treasury Daily Newsletter

30-Jul-26

Kuwaiti Dinar Today 0.30765 / 0.30775

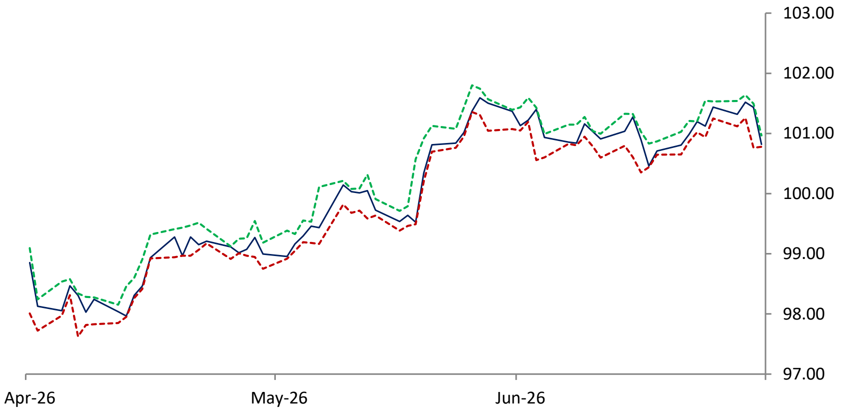
Key Market Highlights:

- The Federal Reserve held the federal funds rate at 3.5% to 3.75% for a seventh consecutive month, with the Federal Open Market Committee voting 9-3 and three officials dissenting in favour of a 25bp rate increase. The split decision underscored growing concern over persistent inflation, with the Fed's preferred inflation gauge rising 3.4% YoY through May, above its 2% target. Meanwhile, renewed oil price pressures, tariffs and strong AI-related demand have increased risks of prolonged inflation. Financial markets sharply steepened the Treasury yield curve following the decision, with the 30-year yield rising as much as 14bp to nearly 5.23%, a 19-year high, while two-year yields declined as expectations for near-term rate hikes were reduced.

- Japan's two-year government bond auction recorded weaker demand, with the bid-to-cover ratio falling to 3.63 from 4.82 at the previous sale and below the 12-month average of 3.81, amid rising expectations of Bank of Japan tightening. The two-year government bond yield traded at 1.47%, close to its 1.52% peak earlier in July, while renewed Middle East tensions and higher oil prices have heightened inflation risks. The yen remains near a four-decade low against the US dollar, adding further pressure on policymakers to consider higher rates. Although the Bank of Japan is widely expected to maintain its policy rate at its upcoming meeting, markets are pricing approximately a 23% probability of a hike by September and 77% by October, with Governor Kazuo Ueda's guidance closely watched.

DXY

3-Month Performance



Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.1370	1.1400	1.1450	1.1500	1.1600
GBP	1.3200	1.3280	1.3350	1.3400	1.3450
JPY	162.40	163.00	163.50	164.25	164.75
CHF	0.8030	0.8115	0.8160	0.8210	0.8300

Currencies	Closing	YTD %		Closing	YTD %
EUR/USD	1.1467	2.48	EUR/GBP	0.8577	1.58
GBP/USD	1.3370	0.94	GBP/JPY	218.50	3.21
USD/JPY	163.41	4.14	EUR/JPY	187.38	1.74
USD/CHF	0.8137	2.78	EUR/CHF	0.9329	0.34

Brief Technical Commentary

EURUSD advanced to 1.1475 resistance after the Federal Reserve maintained interest rates at current levels. However, the pair remains within a broader bearish structure, with initial support at 1.1400 followed by 1.1300. Only a decisive break and close above 1.1500 would suggest a meaningful change in trend dynamics. Meanwhile, ongoing geopolitical uncertainties continue to favor safe-haven demand for the US dollar, reinforcing the downside risks for the euro.

Cable is expected to remain range-bound ahead of the Bank of England's interest rate decision, with markets largely anticipating that rates will be left unchanged. Both the daily and weekly charts point to a consolidative trading pattern, with Cable confined within a broad range since March, bounded by approximately 1.3150 on the downside and 1.3650 on the upside. While the broader price action remains stagnant, recent dollar weakness following the Fed decision has allowed Cable to firm, making the 1.3400 level a near-term target for traders.

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	85.00	3.45	Dow Jones	51,594.14	2.19
Brent	90.74	0.39	Nikkei 225	61,434.19	0.34
West Texas	84.46	0.53	S&P 500	7,316.15	1.52
Gold	4,067.56	0.56	KuwaitSE	8,741.71	0.28

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%	3.75%
30-Jul-26	GBP	Official Bank Rate		3.75%	3.8%
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	3.65	3.66	3.76	3.89	4.08
EUR	2.12	2.19	2.45	2.68	2.94
GBP	3.73	3.74	3.82	3.98	4.23

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	4.29	4.34	4.42	4.70	5.23
Germany	2.60	2.81	2.92	3.16	3.63
United Kingdom	4.44	4.44	4.61	5.04	5.73
Japan	1.46	1.68	2.01	2.79	3.95