TREASURY GROUP
NATIONAL BANK OF KUWAIT

Treasury Daily Newsletter

13-Jul-26

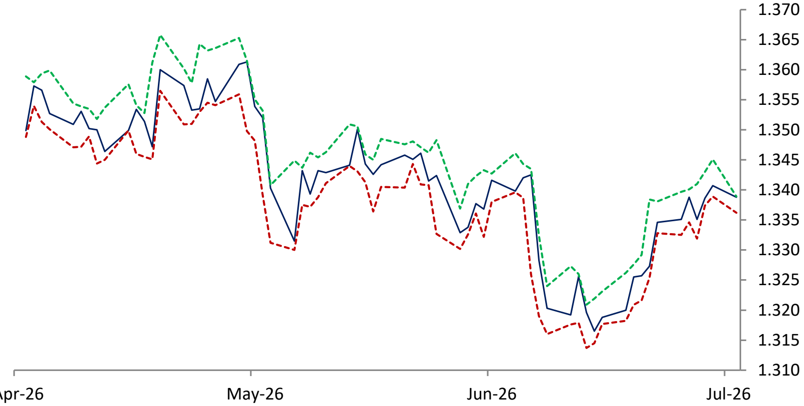
Kuwaiti Dinar Today 0.30770 / 0.30780

Key Market Highlights:

- Sterling remains focused on inflation and interest rate expectations ahead of this week's UK CPI release, with markets looking for evidence that price pressures remain persistent. Interest rates will likely need to rise, reinforcing the view that inflation risks have not fully subsided. Recent UK inflation data has remained above the Bank's 2% target, while services inflation continues to show underlying resilience. Traders are watching whether higher energy costs continue to feed into the next inflation print and strengthen the case for additional tightening. Rate expectations have continued to provide underlying support for the pound despite broader market volatility. However, renewed demand for the U.S. dollar as a safe-haven has limited sterling's upside. This week's inflation data is expected to be the key catalyst for GBP pricing and Bank of England policy expectations on Tuesday.

- The U.S. dollar strengthened as renewed conflict and tensions in the Middle East drove oil prices higher and revived global inflation concerns. Iran's reported closure of the Strait of Hormuz pushed Brent crude sharply higher, increasing demand for the dollar as a safe-haven currency while also reinforcing expectations that elevated energy prices could keep U.S. interest rates higher for longer. Higher oil prices are adding inflationary pressure across energy-importing economies, including the euro zone, weighing on the euro while supporting the dollar. Markets are also monitoring Russian oil flows, as ongoing geopolitical uncertainty and sanctions continue to influence global supply dynamics and energy pricing as a resurgence in conflict sustains conflicted and detrimental pricing. Any sustained disruption to Russian exports alongside Middle East supply risks would likely keep crude prices elevated and inflation risks firm. That combination continues to favor the U.S. dollar while creating additional headwinds for the euro and sterling alike, through higher imported energy costs and weaker growth prospects. Traders and investors are now watching U.S. inflation data and the ahead Fed Chair Testimony signals to determine whether rising energy prices translate into a more hawkish monetary policy outlook.

GBP/USD
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	1.3270	1.3330	1.3380	1.3425	1.3480
JPY	161.00	161.60	162.00	162.50	163.00
CHF	0.7995	0.8050	0.8095	0.8145	0.8190

Currencies	Closing	YTD %		Closing	YTD %
EUR/USD	1.1413	2.89	EUR/GBP	0.8516	2.27
GBP/USD	1.3405	0.62	GBP/JPY	216.52	2.96
USD/JPY	161.69	3.58	EUR/JPY	184.57	0.60
USD/CHF	0.8084	2.15	EUR/CHF	0.9227	0.82

Brief Technical Commentary

EUR/USD: The pair remains range-bound with momentum softening as rebounds continue to stall beneath the 1.1450 area. The pair holds above 1.1350 support but lacks follow-through, leaving price consolidating within a narrow range.

GBP/USD: The pair edges lower after failing to sustain gains above 1.3400/1.3425 resistance zone, with momentum softening as the pair pulls back from recent highs. Initial support is seen at 1.3330, followed by 1.3270, while a break back above 1.3425 would refocus attention 1.3480.

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	78.10	4.09	Dow Jones	52,637.01	0.29
Brent	79.21	4.21	Nikkei 225	67,084.03	2.15
West Texas	74.46	4.27	S&P 500	7,575.39	0.29
Gold	4,053.30	1.63	KuwaitSE	8,683.82	0.09

Economic Events	Country	Event	Actual	Forecast	Previous
14-Jul-26	GBP	BOE Gov Bailey Speaks			
14-Jul-26	USD	CPI m/m		-0.1%	0.5%
14-Jul-26	USD	Fed Chairman Warsh Testifies			
15-Jul-26	USD	PPI m/m		0.0%	1.1%
15-Jul-26	CAD	Overnight Rate		2.25%	2.25%
15-Jul-26	USD	Fed Chairman Warsh Testifies			
16-Jul-26	GBP	GDP m/m		0.1%	-0.1%
16-Jul-26	USD	Core Retail Sales m/m		-0.1%	0.8%
16-Jul-26	USD	Unemployment Claims		215K	215K
17-Jul-26	USD	Prelim UoM Inflation Expectations			4.6%

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	2.44	3.38	3.56	3.75	3.94
USD	3.53	3.66	3.74	3.86	4.02
EUR	2.17	2.27	2.41	2.63	2.83
GBP	3.73	3.75	3.79	3.89	4.04

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	4.03	4.22	4.32	4.57	5.08
Germany	2.50	2.68	2.79	3.06	3.61
United Kingdom	4.08	4.25	4.44	4.91	5.64
Japan	1.23	1.43	1.99	2.78	3.89