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TREASURY GROUP
NATIONAL BANK OF KUWAIT

Treasury Daily Newsletter

16-Jul-26

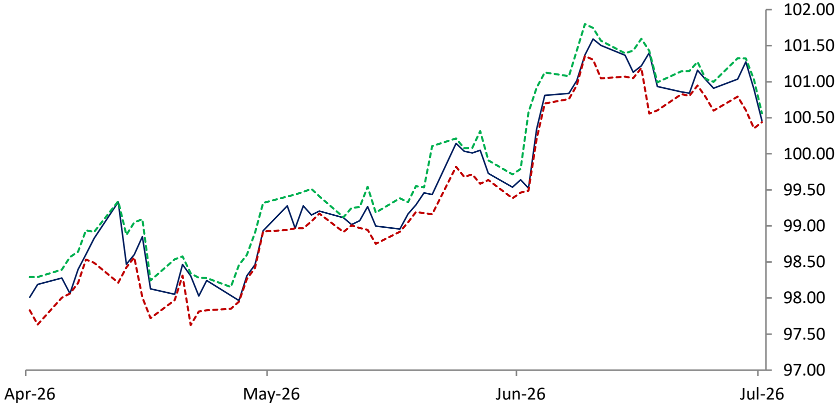
Kuwaiti Dinar Today 0.30745 / 0.30755

Key Market Highlights:

- US producer prices unexpectedly declined by 0.3% MoM in June, marking the largest monthly fall since April 2025 and contrasting with expectations for an unchanged reading. The decline was primarily driven by a 6.4% drop in energy prices, including a 12.0% fall in gasoline prices, alongside a 0.6% decrease in wholesale food prices. Annual producer inflation moderated to 5.5% YoY from 6.0% YoY in May, while the core Producer Price Index excluding food, energy and trade increased 0.1% MoM and 5.1% YoY. The softer inflation data, together with weaker consumer prices and slower job growth, reinforced expectations that the Federal Reserve will keep its policy rate unchanged at 3.50% to 3.75% in July. Nevertheless, renewed geopolitical tensions, rising oil prices and continued AI-related cost pressures suggest upside risks to the inflation outlook remain.
- The Bank of Canada maintained its policy interest rate at 2.25% for a sixth consecutive meeting, in line with market expectations, citing improving economic activity and easing inflationary pressures. The central bank projects annualised GDP growth of 2.5% in the second quarter and 1.5% in the third quarter, while maintaining its 2026 growth forecast at 0.7% and raising its 2027 and 2028 forecasts to 1.8%. Headline inflation is expected to average 2.5% in 2026 before returning to the 2.0% target by early 2027, with higher oil prices, elevated refinery margins and a weaker Canadian dollar supporting near-term price pressures. Policymakers stated that the current policy stance remains appropriate but reaffirmed their readiness to adjust monetary policy if required, while highlighting persistent risks from global trade uncertainty, geopolitical tensions and potential pass-through of higher input costs to consumer prices.

DXY

3-Month Performance



Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.1350	1.1420	1.1465	1.1500	1.1570
GBP	1.3430	1.3490	1.3535	1.3600	1.3650
JPY	161.20	161.60	162.10	162.50	163.00
CHF	0.7960	0.8010	0.8060	0.8100	0.8150

Currencies	Closing	YTD %		Closing	YTD %
EUR/USD	1.1463	2.39	EUR/GBP	0.8467	2.90
GBP/USD	1.3540	0.43	GBP/JPY	219.58	3.74
USD/JPY	162.19	3.34	EUR/JPY	185.93	1.01
USD/CHF	0.8053	1.69	EUR/CHF	0.9233	0.69

Brief Technical Commentary

EUR/USD: The pair consolidates below the recent highs near 1.1480 after a strong rally, with momentum remaining constructive despite signs of slowing. The pair holds comfortably above 1.1420, while a sustain break above 1.1480 would expose the 1.1500 psychological level.

GBP/USD: Cable remains firmly bid after its impulsive breakout, consolidating above 1.3500 while overbought momentum gradually eases. The bullish structure remains intact as long as the pair holds above 1.3490, with a scope for a move toward 1.3600.

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	84.97	3.18	Dow Jones	52,658.64	0.29
Brent	84.95	0.52	Nikkei 225	68,751.51	2.93
West Texas	79.60	0.34	S&P 500	7,572.40	0.38
Gold	4,060.55	0.83	KuwaitSE	8,649.94	0.10

Economic Events	Country	Event	Actual	Forecast	Previous
14-Jul-26	GBP	BOE Gov Bailey Speaks			
14-Jul-26	USD	CPI m/m	-0.4%	-0.1%	0.5%
14-Jul-26	USD	Fed Chairman Warsh Testifies			
15-Jul-26	USD	PPI m/m	-0.3%	0.0%	0.6%
15-Jul-26	CAD	Overnight Rate	2.25%	2.25%	2.25%
15-Jul-26	USD	Fed Chairman Warsh Testifies			
16-Jul-26	GBP	GDP m/m	0.1%	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	2.50	3.38	3.56	3.75	3.94
USD	3.63	3.67	3.73	3.83	3.98
EUR	2.15	2.22	2.45	2.65	2.83
GBP	3.73	3.75	3.81	3.93	4.12

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	4.15	4.20	4.27	4.56	5.09
Germany	2.55	2.73	2.83	3.12	3.63
United Kingdom	4.31	4.31	4.49	4.94	5.64
Japan	1.43	1.61	1.94	2.70	3.81