

Highlights in the Foreign Exchange Market:

- Asian equities opened today's trading session with losses for the most part. The Nikkei index was down by 1.11% to reach 22,437 during midmorning trade as the yen continued to appreciate amid rising risks in emerging markets and the prospect of trade war. On the other hand, Wall Street equities closed yesterday's session with gains of 0.21% and 0.32% for Dow Jones and S&P 500 respectively.
- In the UK, the sterling pound fell to its lowest level this year hitting a low of 1.3306. The fall came after the release of inflation data showing that CPI fell unexpectedly for the second consecutive month in April, reaching a 13-month low of 2.4%. The Brexit vote in 2016 had the effect of rising inflation, as the fall in the pound led to higher import prices. But we are seeing the figure fall now faster than most economists had forecast, making people question the timing of any increase in interest rates and the extent of inflation pressure.
- In the Eurozone, the composite PMI sank in May to an 18-month low of 54.1 down from 55.1, below all forecast by analysts that predicted a dip to 55.0. The growth in the Eurozone has been steadily weakening after outpacing its peers in 2017. Questions are being asked as to whether the ECB has to stomach to take the Eurozone off its easing program. The disappointing figure resulted in a struggling Euro which went down reaching a low of 1.1676.

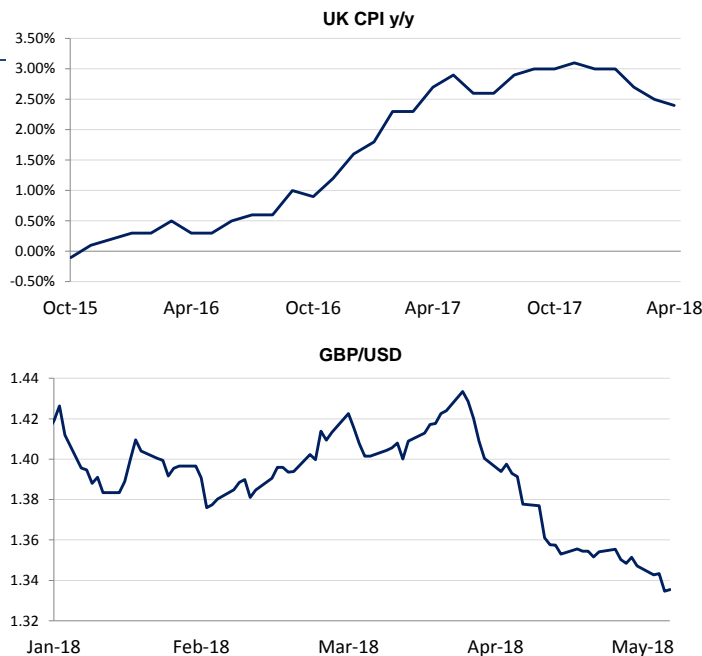


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1585	1.1650	1.1710	1.1765	1.1820
GBP	1.3220	1.3305	1.3360	1.3395	1.3450
JPY	108.60	109.10	109.50	110.10	110.60
CHF	0.9820	0.9890	0.9935	0.9980	1.0035

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1696	(2.34)	EUR/GBP	0.8761	(1.25)
GBP/USD	1.3346	(1.18)	GBP/JPY	146.90	(3.88)
USD/JPY	110.07	(2.80)	EUR/JPY	128.73	(5.10)
USD/CHF	0.9954	1.96	EUR/CHF	1.1643	(0.42)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1675 level during Wednesday's trading session and currently trading at 1.1710. EUR Support is at (1.1650-1.1585) any break below targets 1.1480 and Resistance is at (1.1765-1.1820) any break above targets 1.1920. The pair is currently Bearish.

USD/JPY: The pair moved down to the 109.30 level this morning and currently trading at 109.50. USD/JPY Support is at (109.10-108.60) any break below targets 107.70 and Resistance is at (110.10-110.60) any break above targets 111.40. The pair is currently slightly Bearish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.19	1.75	2.00	2.19	2.44
USD	1.75	1.96	2.33	2.50	2.75
EUR	-0.43	-0.40	-0.35	-0.31	-0.23
GBP	0.48	0.50	0.62	0.73	0.92
CHF	-0.80	-0.79	-0.73	-0.65	-0.52
AUD	1.69	1.80	2.02	2.11	2.20

Economic Events

Date	Country	Event	Actual	Forecast	Previous
22-May-18	GBP	Inflation Report Hearings	-	-	-
23-May-18	EUR	Flash Manufacturing PMI	55.5	56.2	56.2
23-May-18	EUR	Flash Services PMI	53.9	54.7	54.7
23-May-18	GBP	CPI y/y	2.4%	2.5%	2.5%
23-May-18	USD	FOMC Meeting Minutes	-	-	-
24-May-18	GBP	BOE Gov Carney Speaks	-	-	-
24-May-18	GBP	Retail Sales m/m	-	0.8%	-1.2%
24-May-18	EUR	ECB Meeting Minutes	-	-	-
25-May-18	GBP	Second Estimate GDP q/q	-	0.1%	0.1%
25-May-18	USD	Fed Chair Powell Speaks	-	-	-

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.28	2.52	2.83	3.00	3.16
Germany	-0.70	-0.63	-0.13	0.51	1.23
United Kingdom	0.62	0.77	1.13	1.44	1.87
Japan	-0.15	-0.15	-0.12	0.04	0.74

Commodities

Index	Last Price	% Change	Index	Last Price	Change
Kuwait Oil	75.74	1.08	Dow Jones	22,930.36	91.99
Brent	79.68	(0.03)	Nikkei 225	22,437.01	(252.73)
West Texas	71.80	(0.14)	S&P 500	2,733.29	8.85
Gold	1,296.15	0.24	KuwaitSE	4,761.89	(21.78)

All information has been sourced from Reuters

This Treasury Newsletter is a publication of the National Bank of Kuwait ("NBK"). Although the information in this document has been prepared in good faith and from sources which we believe to be reliable, we do not represent or warrant its accuracy and such information may not necessarily represent the actual market data. NBK accepts no liability whatsoever for any loss or damage arising from the use of this document or reliance on the information contained herein. NBK will not be responsible for the consequence of reliance upon any opinion or statement contained herein.

For further information or discussion, please contact the Treasury Services Desk on TSD_LIST@NBK.COM or +965 2221 6603 (TELEX: 46811 - FAX +965 2241 9720).