

Highlights in the Foreign Exchange Market:

- The US dollar index soared last week to level not seen in 13 months. The index broke the 95 and 96 levels, rising to a high of 96.172, the highest since July 2017. The Dollar has been appreciating continuously since April as the US economy is doing well fundamentally and the Fed is moving towards a more predictable path of interest rates. However, the sharp rise in last week's session occurred as the USD absorbed some safe-haven flows. The greenback has been enhanced by growing global trade tensions and strained geopolitical relationships. The US has lately stated it would impose new sanctions on Russia, while involved in a diplomatic dispute with Turkey.
- The US economy continues to enjoy robust economic readings, while other peers fail to follow in the same direction. The core consumer inflation rose to the highest level in 10 years, paving the road for the FED to gradually hike interest rates. The underlying CPI rose 0.1% to 2.4% in July and the headline CPI also moved in the same attitude towards 2.9%.
- Looking at the Sterling pound, the GBP/USD dived quite significantly last week to the lowest level since June 2017. The pair depreciated to a low of 1.2736 on Friday, losing 264 basis points since the start of the week. The Sterling's struggle began after BOE Governor cautioned that a no-deal Brexit is becoming highly likely and UK Trade Minister added that there is 60% chance that a deal won't be met before the deadline of March 2019. The pound has also been affected fundamentally when markets realized that interest rate hikes were likely to be as limited as one a year.

US Dollar Index
1-Year Performance



GBP/USD
1-Year Performance



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1215	1.1310	1.1410	1.1510	1.1620
GBP	1.2570	1.2665	1.2767	1.2875	1.2970
JPY	108.90	109.95	110.92	111.95	112.90
CHF	0.9750	0.9845	0.9952	1.0045	1.0155

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1410	(4.89)	EUR/GBP	0.8932	0.57
GBP/USD	1.2767	(5.51)	GBP/JPY	141.61	(6.90)
USD/JPY	110.92	(1.55)	EUR/JPY	126.54	(6.39)
USD/CHF	0.9952	2.15	EUR/CHF	1.1357	(2.84)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1383 level during Friday's trading session and closed for the week at 1.1410 EUR/USD Support is at (1.1215-1.1235) any break below targets 1.1120 Short term and medium term outlook are bearish.

USD/JPY: The pair moved down to the 110.48 level during Friday's trading session and closed for the week at 110.92 USD/JPY Support is at (108.90-109.20) any break below targets 108.25 Short term and medium term outlook are bearish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.13	1.75	2.00	2.25	2.56
USD	1.95	2.07	2.32	2.51	2.82
EUR	-0.43	-0.40	-0.36	-0.31	-0.23
GBP	0.71	0.72	0.81	0.90	1.04
CHF	-0.79	-0.78	-0.72	-0.65	-0.52
AUD	1.86	1.97	2.24	2.37	2.35

Economic Events

Date	Country	Event	Actual	Forecast	Previous
14-Aug-18	GBP	Average Earnings Index 3m/y		2.5%	2.5%
14-Aug-18	AUD	Wage Price Index q/q		0.6%	0.5%
15-Aug-18	GBP	CPI y/y			
15-Aug-18	USD	Core Retail Sales m/m		0.4%	0.4%
15-Aug-18	USD	Retail Sales m/m		0.2%	0.5%
15-Aug-18	USD	Crude Oil Inventories			-1.4M
15-Aug-18	AUD	Unemployment Rate		5.4%	5.4%
16-Aug-18	GBP	Retail Sales m/m		0.2%	-0.5%
16-Aug-18	USD	Building Permits		1.31M	1.29M
17-Aug-18	CAD	CPI m/m			0.1%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.40	2.60	2.74	2.87	3.03
Germany	-0.69	-0.66	-0.31	0.32	0.98
United Kingdom	0.67	0.69	0.98	1.24	1.71
Japan	-0.12	-0.12	-0.08	0.09	0.84

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	71.48	0.34	Dow Jones	25,313.14	(0.77)
Brent	70.19	(0.03)	Nikkei 225	22,298.08	(1.33)
West Texas	67.56	(0.15)	S&P 500	2,833.28	(0.71)
Gold	1,210.85	(0.09)	KuwaitSE	5,240.46	(0.90)

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).