

Highlights in the Foreign Exchange Market:

- The US central bank held interest rates steady while confirming inflation is near their 2% target at the end of their two-day policy meeting. In terms of their policy path, "the committee expects that economic conditions will evolve in a manner that will warrant further gradual increases in the federal funds rate." With the Fed's preferred inflation estimate Core PCE price index at 1.9% and the labor market near full employment, markets are expecting a 97% of a rate hike in June. The yield on 10-year US Treasury notes slipped slightly to 2.976% following the release of the statement.
- The British pound continued its demise to the lowest level since January as a stronger dollar and concerns about Brexit-related risks overshadowed data showing a rebound in construction activity in April. IHS Markit/CIPS UK Construction PMI jumped to 52.5 in April from 47.0 in March well above expectations showing some retuning investment in the UK. However, with the dollar rallying for the past two weeks and expectations of a Bank of England interest rate hike next month tumbling, the pound remains pressured.
- In Europe, the preliminary reading of GDP disappointed as the single economy recorded its slowest growth in 18 months. Growth decelerated to 0.4% q/q in Q1 2018 from the previous 0.7% recorded in Q4 2017. Therefore, the annual rate fell from 2.8% to 2.5%. The recent trend in economic data creates a heightened dilemma facing policymakers in an era of gradual tightening in monetary strategy. Extremely cold weather, striking workers, and an outbreak of the flu were some of the factors that pressured the latest GDP reading.

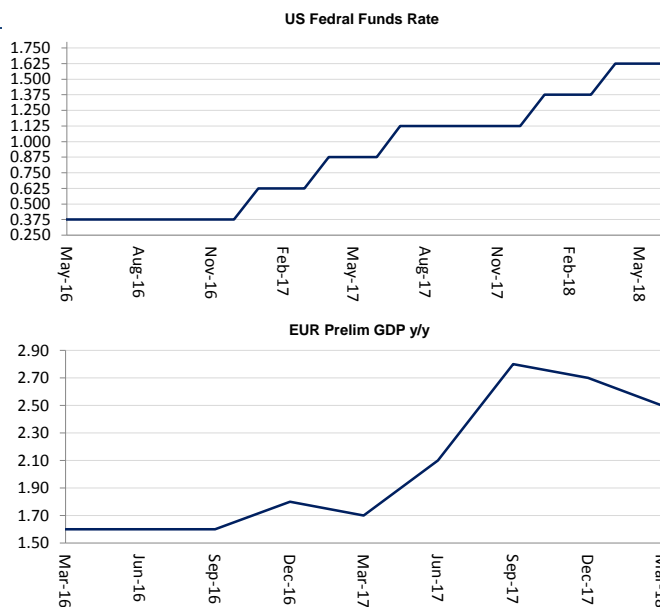


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1880	1.1930	1.1982	1.2030	1.2085
GBP	1.3495	1.3545	1.3596	1.3655	1.3710
JPY	108.65	109.15	109.65	110.15	110.75
CHF	0.9865	0.9920	0.9969	1.0020	1.0070

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1950	(0.05)	EUR/GBP	0.8800	(0.81)
GBP/USD	1.3576	0.67	GBP/JPY	149.12	(2.01)
USD/JPY	109.83	(2.76)	EUR/JPY	131.29	(2.80)
USD/CHF	0.9991	2.28	EUR/CHF	1.1940	2.22

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1936 level during Wednesday's trading session and currently trading at 1.1982. EUR Resistance is at (1.2085-1.2105) any break above targets 1.2210 and Support is at (1.1880-1.1910) any break below targets 1.1815. The pair is currently Bearish.

USD/JPY: The pair moved up to the 110.02 level during Wednesday's trading session and currently trading at 109.65 USD/JPY Resistance is at (110.55-110.75) any break above targets 111.50. The pair is currently Bullish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.25	1.75	2.00	2.19	2.44
USD	1.75	1.92	2.36	2.51	2.78
EUR	-0.42	-0.40	-0.36	-0.32	-0.24
GBP	0.49	0.51	0.70	0.80	0.97
CHF	-0.80	-0.79	-0.73	-0.65	-0.52
AUD	1.38	1.70	2.00	2.08	2.25

Economic Events

Date	Country	Event	Actual	Forecast	Previous
30-Apr-18	CNY	Manufacturing PMI	51.4	51.3	51.5
30-Apr-18	EUR	German Retail Sales m/m	-0.6%	0.8%	-0.2%
30-Apr-18	USD	Core PCE Price Index m/m	0.2%	0.2%	0.2%
1-May-18	GBP	Manufacturing PMI	53.9	54.9	55.1
2-May-18	USD	ADP Non-Farm Employment	204k	194K	241K
2-May-18	USD	FOMC Statement			
3-May-18	GBP	Services PMI		53.3	51.7
4-May-18	USD	Average Hourly Earnings m/m		0.2%	0.3%
4-May-18	USD	Non-Farm Employment		185K	103K
4-May-18	USD	FOMC Dudley Speaks			

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.22	2.48	2.80	2.97	3.15
Germany	-0.70	-0.57	-0.05	0.58	1.26
United Kingdom	0.68	0.80	1.15	1.46	1.87
Japan	-0.15	-0.14	-0.11	0.04	0.72

Commodities

Index	Last Price	% Change	Index	Last Price	Change
Kuwait Oil	69.19	0.57	Dow Jones	23,924.98	(174.07)
Brent	74.03	(0.03)	Nikkei 225	22,472.78	(35.25)
West Texas	67.86	(0.15)	S&P 500	2,635.67	(19.13)
Gold	1,310.11	0.43	KuwaitSE	4,809.60	12.25

Global Indices

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).