

Highlights in the Foreign Exchange Market:

- The dollar opened the week on a strong note, building on last week's gains and rising towards a 16-month high. Mainly, the greenback owes this positive momentum to the Federal Reserve, which is expected to continue tightening monetary policy in the future. Meanwhile, the sterling pound remained subdued as Brexit uncertainty continues to loom. Oil, which is suffering from a three week losing streak, managed to open the week slightly above its 5 month low.
- US producer prices for final demand saw its biggest monthly gain since 2012, rising 0.6% in October according to the Bureau of Labor Statistics. The data followed a 0.2% gain in September while coming in far above market expectations of 0.2%. The rise was mainly attributed to a jump in prices for trade services and gasoline as the tariff war with China continues to raise concern due to supply-chain disruptions. The data further supports the Federal Reserve's plan to lift interest rates gradually. The question remains if there is enough room for the US jobs market to strengthen without creating excessive inflation. The US Labor Department reported annual inflation in the US fell to 2.3% in September from 2.7% in August. With inflation near the 2% target, the central bank made it clear that further hikes remain in prospect as they shift policy to neutral settings. In clear disregard to Trump's ongoing criticism, Federal Reserve Chairman Jerome Powell insisted that the central bank is "removed from the political process" and will continue to try and do the right thing for the economy.
- China's central bank dipped into their reserves in an attempt to protect the renminbi from the ongoing trade war with the US. Roughly \$32bn in foreign exchange reserves were spent, marking the heaviest monthly intervention by the bank in 2 years. The latest sign of China's worries about the economy illustrates the attempt to balance currency stability without exhausting reserves. China's forex reserves were just below \$4tn in 2014. For the two years following, the PBoC burnt through around \$1tn to support the renminbi until a strong economy eased pressure and the intervention halted. However, pressure in recent months due to a rising US dollar, the Fed's interest rate hikes, a weakening Chinese economy, and rising concerns on US tariffs has forced the central bank to intervene again. The Chinese Renminbi has fallen around 6.45% year to date.

USD/KWD
Year-to-Date



Brent Crude
Year-to-Date



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1225	1.1270	1.1321	1.1375	1.1430
GBP	1.2825	1.2875	1.2925	1.2975	1.3030
JPY	112.95	113.45	114.00	114.55	115.10
CHF	0.9960	1.0015	1.0065	1.0115	1.0165

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1334	(5.7)	EUR/GBP	0.8738	(1.34)
GBP/USD	1.2974	(4.5)	GBP/JPY	147.62	(3.25)
USD/JPY	113.82	1.24	EUR/JPY	128.98	(4.56)
USD/CHF	1.0053	3.35	EUR/CHF	1.1394	(2.56)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1313 level during Friday's trading session and currently trading at 1.1321. EUR/USD Support is at (1.1185-1.1225) any break below targets 1.1085. Short term outlook is neutral. However, if the pair break the low of the year 1.1300 level it will turn Bearish.

USD/JPY: The pair moved up to the 114.08 level during Friday's trading session and currently trading at 114.00. USD/JPY Support is at (112.75-112.95) any break below targets 111.80. Short term and medium term outlook are neutral.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.31	1.81	2.13	2.38	2.63
USD	2.22	2.31	2.62	2.86	3.14
EUR	-0.45	-0.41	-0.36	-0.33	-0.22
GBP	0.71	0.73	0.87	0.99	1.16
CHF	-0.80	-0.78	-0.75	-0.67	-0.53
AUD	1.75	1.85	2.40	2.40	2.20

Economic Events

Date	Country	Event	Actual	Forecast	Previous
13-Nov-18	GBP	Average Earnings Index 3m/y		3.0%	2.7%
13-Nov-18	GBP	Unemployment Rate		4.0%	4.0%
14-Nov-18	GBP	CPI y/y		2.5%	2.4%
14-Nov-18	USD	CPI m/m		0.3%	0.1%
14-Nov-18	EUR	Flash GDP q/q		0.2%	0.2%
14-Nov-18	AUD	Wage Price Index q/q		0.6%	0.6%
15-Nov-18	USD	Core Retail Sales m/m		0.5%	-0.1%
15-Nov-18	USD	Retail Sales m/m		0.6%	0.1%
15-Nov-18	GBP	Retail Sales m/m		0.1%	-0.8%
16-Nov-18	EUR	ECB President Draghi Speaks			

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.72	2.92	3.04	3.18	3.39
Germany	-0.68	-0.65	-0.18	0.41	1.04
United Kingdom	0.73	0.77	1.06	1.49	1.92
Japan	-0.16	-0.15	-0.09	0.11	0.88

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	70.00	1.83	Dow Jones	25,989.30	(0.77)
Brent	68.10	(0.03)	Nikkei 225	22,272.29	0.10
West Texas	60.14	(0.17)	S&P 500	2,781.01	(0.92)
Gold	1,207.86	(0.11)	KuwaitSE	5,104.18	(0.90)

All information has been sourced from Reuters.

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