

Highlights in the Foreign Exchange Market:

- An unhappy US president and a tumbling stock market. This was the theme of the week as equity markets entered into a sell-off while suffering their worst fall in eight months. The recent interest rate rises undercut popular trading strategies and sent the shares of the once high-flying technology stocks falling. The Dow declined more than 800 points, while the S&P tumbled more than 3% in its worst day since February. Tech-heavy stocks were hit the hardest as the Nasdaq Composite dropped more than 4%, its biggest one-day decline since June 2016. Moreover, the global FTSE All-World index recoiled for a sixth day running, erasing all of 2018's gains in one of its worst weeks of the year. The selling streak did not seem to slow down given that investors had many aspects to worry about: the US-China trade war, rising yields, waning confidence, and the VIX volatility index spiking to nearly 30 points, its highest level since the market mayhem of early February.
- As for the Asian markets, equity indices sunk into the red zone on Thursday as well. Japan's Topix index was down 3.4% just shortly after markets opened. In Hong Kong, stocks also dropped 3%. The equity sell-off looks to be triggered by the rise in bond yields which reached a seven year high of 3.26%. Furthermore, the hawkish tone of Fed officials forced investors to reappraise their optimistic outlook for further interest rate increases.
- On the inflation front, both CPI and core CPI increased 0.1% last month after rising 0.2% in August. A drop in fuel and energy costs slowed headline CPI to 2.3% from a year earlier, down from the 2.7% we saw in August, making it the slowest growth since March. Core CPI, which excludes volatile food and fuel prices held a steady 2.2% year-on-year price growth.

S&P 500 Index
YTD-Performance



US Core CPI
2-Year Performance

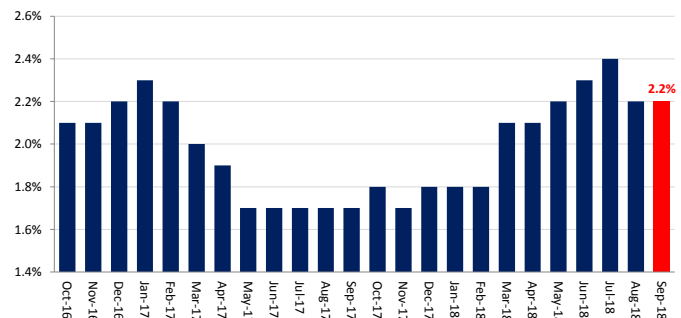


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1360	1.1460	1.1561	1.1650	1.1755
GBP	1.3000	1.3090	1.3156	1.3260	1.3365
JPY	110.00	111.15	112.19	113.15	114.10
CHF	0.9735	0.9830	0.9913	0.9985	1.0070

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1562	(3.63)	EUR/GBP	0.8789	(1.04)
GBP/USD	1.3154	(2.63)	GBP/JPY	147.53	(3.01)
USD/JPY	112.19	(0.48)	EUR/JPY	129.65	(4.09)
USD/CHF	0.9913	1.74	EUR/CHF	1.1462	(1.94)

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1610 level during Friday's trading session and closed for the week at 1.1561. EUR/USD Support is at (1.1360-1.1460) any break below targets 1.1290. Short term outlook is neutral, however medium term outlook remains bearish.

USD/JPY: The pair moved down to the 111.87 level during Friday's trading session and closed for the week at 112.19. USD/JPY Support is at (110.00-111.15) any break below targets 109.20. Short term and medium term outlook are neutral.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.19	1.75	2.06	2.31	2.56
USD	2.20	2.28	2.44	2.65	2.96
EUR	-0.43	-0.41	-0.35	-0.32	-0.21
GBP	0.71	0.72	0.81	0.90	1.09
CHF	-0.80	-0.79	-0.74	-0.66	-0.53
AUD	2.00	2.02	2.34	2.34	2.15

Economic Events

Date	Country	Event	Actual	Forecast	Previous
15-Oct-18	USD	Core Retail Sales m/m		0.4%	0.3%
15-Oct-18	USD	Retail Sales m/m		0.7%	0.1%
16-Oct-18	GBP	Average Earnings Index 3m/y		2.6%	2.6%
16-Oct-18	GBP	Unemployment Rate		4.0%	4.0%
17-Oct-18	GBP	CPI y/y		2.6%	2.7%
17-Oct-18	GBP	PPI Input m/m		0.9%	0.5%
17-Oct-18	USD	Building Permits		1.28M	1.25M
18-Oct-18	GBP	Retail Sales m/m		-0.3%	0.3%
18-Oct-18	USD	Philly Fed Manufacturing Index		21.0	22.9
19-Oct-18	JPY	BOJ Gov Kuroda Speaks			

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.64	2.86	3.02	3.17	3.34
Germany	-0.65	-0.61	-0.14	0.49	1.11
United Kingdom	0.77	0.82	1.18	1.62	2.03
Japan	-0.14	-0.12	-0.07	0.14	0.90

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	78.55	(0.03)	Dow Jones	25,339.99	(1.15)
Brent	81.05	(0.02)	Nikkei 225	22,694.66	(0.46)
West Texas	71.36	(0.14)	S&P 500	2,767.13	(1.42)
Gold	1,217.53	(0.51)	KuwaitSE	5,065.81	(0.90)

All information has been sourced from Reuters.

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