

Highlights in the Foreign Exchange Market:

- Asian equities declined the third day in a row this morning over worries of further escalation of the U.S-China trade war and unstable emerging market currencies. President Trump said last week he was ready to implement a new 25% tariff on \$200 billion worth of Chinese imports. Japans Nikkei opened 0.64% lower while China's Shanghai SE Composite fell 0.93%.
- The Chinese manufacturing sector growth picked up in August, purchasing managers' index published by China's National Bureau of Statistics inched up by one-tenth of a point to 51.3 in August, and production growth picked up 0.3 points for a reading of 53.3 in August. On the other hand, new export orders contracted at the fastest pace in six months which fell 0.4 points to 49.4. At the same time, total new orders edged down only one-tenth of a point from July's level to 52.2. The official non-manufacturing PMI also climbed 0.2 points to 54.2 in August marking as a partial recovery from the slowest pace of growth in eleven months seen in July.
- The Turkish Lira is the second worst performing emerging-market currency this year, down about 40% from year to date. As the economy struggles, measures have been announced to help counteract the effect of the falling lira. The government announced that taxes of lira savings would be waived, while taxes on dollar deposits for up to a year will be raised. A widening current account deficit due mainly to US sanctions, along with the central bank's refusal to raise interest rates has caused a crisis for Turkey as the central bank is set to meet on September 13 for the next monetary policy decision. With the corporate sector under heavy debt, Erdogan's stance against raising interest rates will worry investors who find this approach vital to battle Turkey's 15.85% inflation.

Asia-Pacific shares outside Japan



USDTRY



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1500	1.1550	1.1599	1.1650	1.1705
GBP	1.2830	1.2880	1.2928	1.2985	1.3040
JPY	109.85	110.35	110.91	111.45	111.95
CHF	0.9595	0.9645	0.9695	0.9755	0.9805

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1599	(3.27)	EUR/GBP	0.8952	1.23
GBP/USD	1.2961	(4.51)	GBP/JPY	143.88	(5.88)
USD/JPY	111.02	(1.54)	EUR/JPY	128.90	(4.73)
USD/CHF	0.9686	(0.45)	EUR/CHF	1.1239	(3.69)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1583 level during Friday's trading session and currently trading at 1.1599 EUR/USD Support is at (1.1480-1.1500) any break below targets 1.1295 Short term outlook is neutral, however medium term outlook remains bearish.

USD/JPY: The pair moved down to the 110.66 level during Friday's trading session and currently trading at 110.91 USD/JPY Support is at (109.65-109.85) any break below targets 108.10 Short term and medium term outlook remain bearish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.13	1.81	2.06	2.31	2.63
USD	1.96	2.11	2.32	2.54	2.84
EUR	-0.42	-0.39	-0.35	-0.32	-0.21
GBP	0.71	0.72	0.80	0.89	1.05
CHF	-0.79	-0.78	-0.73	-0.65	-0.52
AUD	2.04	2.26	2.19	2.17	2.32

Economic Events

Date	Country	Event	Actual	Forecast	Previous
2-Sep-18	AUD	Retail Sales m/m	0.0%	0.3%	0.4%
3-Sep-18	JPY	BOJ Gov Kuroda Speaks			
3-Sep-18	GBP	Manufacturing PMI		53.9	54.0
4-Sep-18	AUD	Cash Rate		1.50%	1.50%
4-Sep-18	GBP	Inflation Report Hearings			
4-Sep-18	USD	ISM Manufacturing PMI		57.6	58.1
4-Sep-18	AUD	GDP q/q		0.8%	1.0%
5-Sep-18	GBP	Services PMI		53.9	53.5
5-Sep-18	CAD	Overnight rate		1.50%	1.50%
6-Sep-18	USD	ADP Non-Farm Employment Change		188K	219K

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.44	2.62	2.74	2.86	3.02
Germany	-0.68	-0.64	-0.28	0.34	1.01
United Kingdom	0.70	0.73	1.03	1.42	1.77
Japan	-0.12	-0.12	-0.07	0.11	0.85

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	74.73	(1.97)	Dow Jones	25,964.82	(0.09)
Brent	77.01	(0.03)	Nikkei 225	22,707.38	(0.69)
West Texas	69.79	(0.14)	S&P 500	2,901.52	0.01
Gold	1,200.08	(0.05)	KuwaitSE	5,134.32	(0.90)

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).