

Highlights in the Foreign Exchange Market:

- The Euro continued its slide amid the political unraveling taking place in Italy. The latest reports out of Europe's third largest economy pointed to a collapse in the ongoing negotiations to form a new government. The dramatic breakdown happened after the president vetoed the populist candidate for the role of finance minister, a eurosceptic who has previously referred to the euro as "the German cage". The veto may have ignited an already heated standoff which may send Italy into a constitutional crisis. Following the veto, the coalition prime minister submitted his resignation and the bid to form a government was dropped. In the meantime, the president has appointed a former IMF official who is expected to form a transitional government until new elections take place. Needless to say, the crisis is just beginning and may end up backfiring on the president if the populist parties emerge from the new elections with a greater majority.
- Investors throughout Europe also had to deal with the fallout in Italian politics. The Eurostoxx index took a 3.5% plunge during the last 5 days. Meanwhile, Italian Government bond yields rocketed as investors rushed to sell. Yields rise when bond prices fall.
- On the FX front, the euro broke the 1.1600 level for the first time since November 2017. Meanwhile, it was a different story for the Japanese yen as the safe haven currency has been in demand at the start of the week and appreciated to a 3 weeks high versus the buck. The support for the JPY occurred after markets' sentiment shifted towards risk aversion.

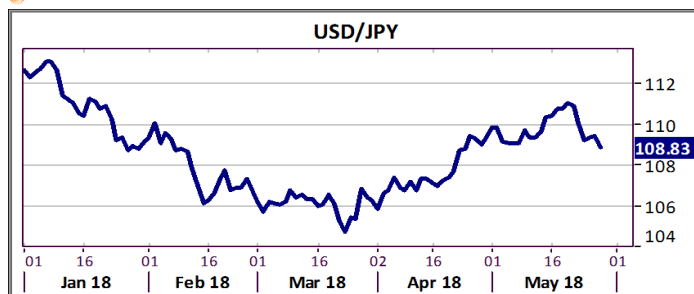
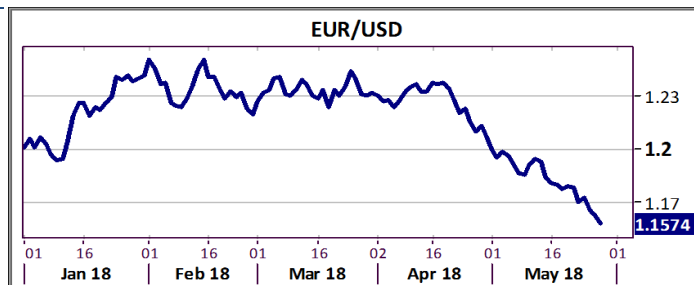


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1580	1.1650	1.1712	1.1750	1.1820
GBP	1.3210	1.3280	1.3329	1.3380	1.3440
JPY	108.50	108.95	109.56	109.85	110.35
CHF	0.9820	0.9880	0.9915	0.9970	1.0035

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1622	(3.49)	EUR/GBP	0.8729	(1.72)
GBP/USD	1.3311	(1.87)	GBP/JPY	145.61	(5.13)
USD/JPY	109.41	(3.42)	EUR/JPY	127.18	(6.80)
USD/CHF	0.9934	1.97	EUR/CHF	1.1550	(1.60)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1728 level this morning and currently trading at 1.1712. EUR Resistance is at (1.1750-1.1820) any break above targets 1.1920 and Support is at (1.1580-1.1650) any break below targets 1.1470. The pair is currently Bearish.

USD/JPY: The pair opened the week at 109.55 level and it reached the high of 109.82 level this morning. USD/JPY Resistance is at (109.85-110.35) any break above targets 111.20 and Support is at (108.50-108.95) any break below targets 107.70. The pair is currently Bullish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.13	1.75	1.94	2.19	2.44
USD	1.75	1.98	2.32	2.48	2.73
EUR	-0.43	-0.40	-0.35	-0.31	-0.23
GBP	0.48	0.50	0.61	0.72	0.90
CHF	-0.80	-0.79	-0.73	-0.65	-0.53
AUD	1.69	1.86	2.08	2.17	2.26

Economic Events

Date	Country	Event	Actual	Forecast	Previous
29-May-18	USD	CB Consumer Confidence	-	128.2	128.7
30-May-18	EUR	German Retail Sales m/m	-	0.5%	-0.6%
30-May-18	JPY	BoJ Kuroda Speaks	-	-	-
30-May-18	USD	ADP Non Farm Payrolls	-	186K	204K
30-May-18	USD	Prelim GDP q/q	-	2.3%	2.3%
31-May-18	CNY	Manufacturing PMI	-	51.4	51.4
31-May-18	EUR	CPI Flash Estimate y/y	-	1.6%	1.2%
1-Jun-18	GBP	Manufacturing PMI	-	53.5	53.9
1-Jun-18	USD	Average Hourly Earnings	-	0.3%	0.1%
1-Jun-18	USD	Non-Farm Payrolls	-	190K	164K

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.23	2.43	2.70	2.87	3.05
Germany	-0.76	-0.78	-0.35	0.30	1.02
United Kingdom	0.53	0.63	0.96	1.24	1.70
Japan	-0.15	-0.15	-0.13	0.03	0.71

Commodities

Index	Last Price	% Change	Index	Last Price	Change
Kuwait Oil	72.32	0.43	Dow Jones	24,753.09	(58.67)
Brent	77.14	(0.03)	Nikkei 225	22,358.43	(122.66)
West Texas	67.87	(0.15)	S&P 500	2,721.33	(6.43)
Gold	1,296.16	(0.12)	KuwaitSE	4,733.41	(4.90)

All information has been sourced from Reuters

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