

Highlights in the Foreign Exchange Market:

- Inflation in the eurozone hit 2.2% in October, the highest since December 2012, on the back of the surge in energy prices. The year-on-year rate accelerated from 2.1% in the previous month, according to data from Eurostat. The core inflation figure, which strips out changes in the more volatile prices of food and energy, was 1.1% up from 0.9%. The core measure is viewed as a better indicator of longer-term inflation pressures. The gains in both overhead and underlying inflation back up European Central Bank President Mario Draghi's belief that a "relatively vigorous pick-up" in inflation is underway. Wage pressure is building in Europe's largest economy and the euro is also close to its lowest against the dollar this year, which should provide a boost to German exports and further fuel inflation. Rising prices should give Draghi some cover to bring the ECB's quantitative easing program of bond purchases to a close by the end of the year as planned. The Euro rebounded slightly as it rose 0.7% this past week and is currently trading at around 1.1390.
- The Bank of Japan last Wednesday kept its policy settings unchanged, as widely expected, and cut its inflation forecasts. The BoJ's policy board voted 7-2 on Wednesday to maintain its main policies, including setting short-term interest rates at -0.1% and the target for the 10-year Japanese government bond yield at around zero. The BoJ reiterated that it would keep "extremely" low interest rates "for an extended period." Governor Kuroda also stated the possibility of additional easing including rate cuts and increased asset buying if external risk factors begin to affect Japan's economy. Global trade frictions could hurt Japan's economy and dampen prospects for achieving its inflation target forcing a prolonged easy money policy. The central bank's report cut its inflation forecasts and projected core consumer inflation to hit 1.5% in the year ending in March 2021. That is still far short from its 2% target. This pressured the USD/JPY as it rose 1.21% and is currently trading at the 113.25 level.
- Looking forward, the US midterm elections tomorrow will indicate who takes control of both parts of Congress. A victory for the democrats may complicate various agendas of the Trump administration. US voters are set to elect 435 members of the House of Representatives and 35 US senators in the midterms.

EUR/USD
1-Month Performance



USD/JPY
1-Month Performance

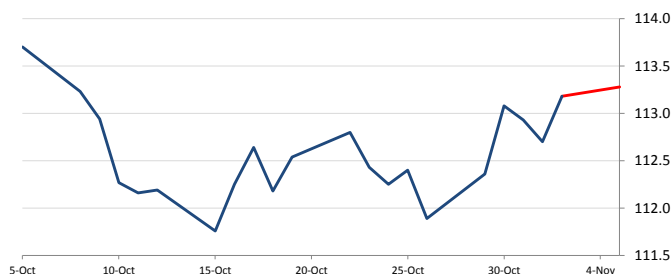


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1295	1.1335	1.1385	1.1440	1.1490
GBP	1.2870	1.2930	1.2983	1.3040	1.3090
JPY	112.25	112.70	113.22	113.70	114.30
CHF	0.9965	1.0005	1.0044	1.0095	1.0140

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1456 level during Friday's trading session and currently trading at 1.1385. EUR/USD Support is at (1.1295-1.1335) any break below targets 1.1180. Short term outlook is slightly Bullish.

USD/JPY: The pair moved down to the 112.55 level during Friday's trading session and currently trading at 113.22. USD/JPY Support is at (112.25-112.70) any break below targets 111.70. Short term and medium term outlook are neutral.

Economic Events

Date	Country	Event	Actual	Forecast	Previous
5-Nov-18	GBP	Services PMI		53.4	53.9
5-Nov-18	USD	ISM Non-Manufacturing PMI		59.3	61.6
6-Nov-18	AUD	RBA Rate Statement			
6-Nov-18	USD	Congressional Elections			
8-Nov-18	USD	FOMC Statement			
8-Nov-18	USD	Federal Funds Rate		<2.25%	<2.25%
9-Nov-18	GBP	GDP m/m		0.1%	0.0%
9-Nov-18	GBP	Manufacturing Production m/m		0.1%	-0.2%
9-Nov-18	GBP	Prelim GDP q/q		0.6%	0.4%
9-Nov-18	USD	PPI m/m		0.3%	0.2%

Major Currencies

CCY	Closing Rate	YTD %
EUR/USD	1.1385	(5.03)
GBP/USD	1.2970	(3.82)
USD/JPY	113.18	0.55
USD/CHF	1.0034	3.04

Major Crosses

CCY	Closing Rate	YTD %
EUR/GBP	0.8777	(1.34)
GBP/JPY	146.73	(3.20)
EUR/JPY	128.89	(4.52)
EUR/CHF	1.1424	(2.12)

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.25	1.81	2.06	2.38	2.63
USD	2.21	2.32	2.59	2.83	3.10
EUR	-0.44	-0.40	-0.35	-0.33	-0.21
GBP	0.71	0.73	0.83	0.96	1.12
CHF	-0.80	-0.79	-0.75	-0.66	-0.53
AUD	1.70	1.82	2.36	2.31	2.30

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.68	2.90	3.03	3.21	3.45
Germany	-0.69	-0.65	-0.19	0.44	1.07
United Kingdom	0.77	0.79	1.07	1.49	1.89
Japan	-0.15	-0.13	-0.09	0.12	0.88

Commodities

Index	Last Price	% Change
Kuwait Oil	71.46	(0.69)
Brent	70.20	(0.03)
West Texas	63.07	(0.16)
Gold	1,231.61	(0.07)

Global Indices

Index	Last Price	% Change
Dow Jones	25,270.83	(0.43)
Nikkei 225	21,952.43	(1.31)
S&P 500	2,723.06	(0.63)
KuwaitSE	5,064.29	(0.90)

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