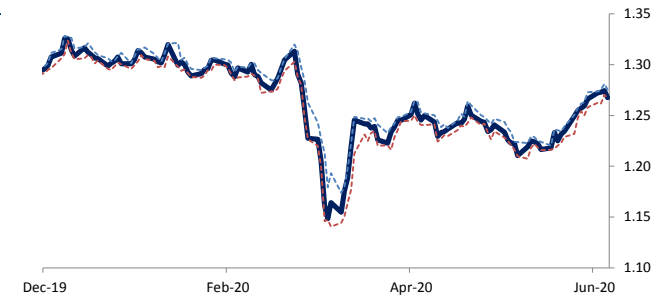


Highlights in the Foreign Exchange Market:

- The US Federal Reserve left interest rates unchanged in its meeting yesterday, pledging to maintain its unprecedented stimulus until the economy "has weathered recent events". Current expectations are for no rate hikes this year or in 2021. "We're not thinking about raising rates -- we're not even thinking about thinking about raising rates," Chairman Jerome Powell told reporters. The bank has also opposed negative interest rates, though opinions supporting such moves have grown.
- In December 2019, Fed policymakers said they expected the US economy to grow about 2% this year and the unemployment rate to remain around 3.5%. In yesterday's meeting, they announced they now expect the economy to shrink by 6.5% in 2020 and unemployment to reach 9.3% from 13.3% in May, before falling to 6.5% in 2021. "The path ahead for the economy is highly uncertain and continues to depend to a significant degree on the path of the pandemic," Powell said.
- Data released yesterday revealed consumer prices in the US declined for a third straight month in May, dipping 0.1% last month following a 0.8% plunge in April. Prices were mainly pressured by a 3.5% drop in the cost of gasoline, which followed a 20.6% drop in April.
- US stocks retreated, while the dollar fell and Treasuries rallied. Both the S&P 500 index and Dow Jones Industrial Average ended the day lower, with only the tech-heavy Nasdaq closing at a gain around 0.67%. Looking at Treasuries, the yield on the 10-year note fell to a low of 0.7260% following the Fed's announcement.
- Meanwhile, gold prices have gained ground for three consecutive days. The USD/CHF pair on the other hand has seen three days of declines, dropping around 2% in that time frame. The euro and sterling both rose to fresh 3-month highs in yesterday's trading as the dollar weakened: EUR/USD broke the 1.14 level and the GBP/USD pair broke above 1.28, both later retreating.

GBP/USD
6-Month Performance



US Consumer Prices m/m
1-Year Performance

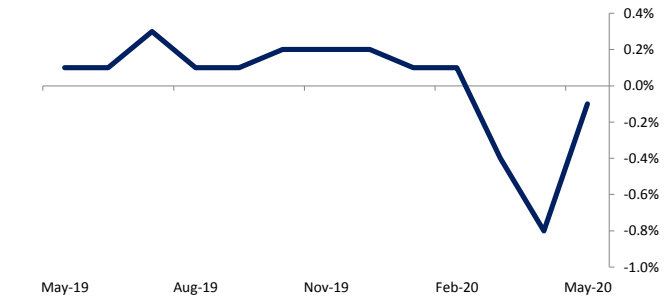


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1250	1.1300	1.1351	1.1390	1.1445
GBP	1.2580	1.2630	1.2686	1.2730	1.2790
JPY	106.05	106.55	107.05	107.55	108.00
CHF	0.9340	0.9395	0.9445	0.9495	0.9555

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1369	1.20	EUR/GBP	0.8921	5.83
GBP/USD	1.2745	(4.40)	GBP/JPY	136.50	(4.93)
USD/JPY	107.0900	(1.64)	EUR/JPY	121.83	(0.39)
USD/CHF	0.9444	(2.39)	EUR/CHF	1.0734	(1.23)

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1422 level during Wednesday's trading session and currently trading at 1.1351. EUR/USD Resistance is at (1.1425-1.1445) any break above would take the pair up to 1.1490. Short term outlook is Bullish.

GBP/USD: The pair moved up to the 1.2816 level during Wednesday's trading session and currently trading at 1.2686. GBP/USD Resistance is at (1.2790-1.2815) any break above would take the pair up to 1.2870. Short term outlook is Bullish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.25	1.44	1.69	1.94	2.13
USD	0.10	0.19	0.31	0.46	0.63
EUR	-0.53	-0.47	-0.38	-0.23	-0.16
GBP	0.05	0.10	0.20	0.37	0.57
CHF	-0.80	-0.76	-0.66	-0.57	-0.45
AUD	-0.01	0.17	0.27	0.40	0.68

Economic Events

Date	Country	Event	Actual	Forecast	Previous
7-Jun-20	CNY	Trade Balance	443B	283B	318B
8-Jun-20	EUR	ECB President Lagarde Speaks			
8-Jun-20	JPY	Final GDP q/q	-0.6%	-0.5%	-0.9%
8-Jun-20	EUR	German Industrial Production m/m	-17.9%	-16%	-9.2%
10-Jun-20	USD	CPI m/m	-0.1%	0.0%	-0.8%
10-Jun-20	USD	Federal Funds Rate	<0.25%	<0.25%	<0.25%
10-Jun-20	USD	FOMC Economic Projections			
11-Jun-20	USD	Unemployment Claims		1550K	1877K
11-Jun-20	USD	PPI m/m		0.1%	-1.3%
12-Jun-20	GBP	GDP m/m		-18.0%	-5.8%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	0.17	0.17	0.31	0.71	1.49
Germany	-0.59	-0.63	-0.59	-0.34	0.14
United Kingdom	-0.01	-0.07	0.01	0.26	0.65
Japan	-0.18	-0.17	-0.12	0.00	0.52

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	33.89	0.41	Dow Jones	26,989.99	(1.04)
Brent	40.57	(2.78)	Nikkei 225	22,646.32	(2.07)
West Texas	38.32	(3.23)	S&P 500	3,190.14	(0.53)
Gold	1,729.33	(0.40)	KuwaitSE	5,083.10	(1.51)

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).