

Highlights in the Foreign Exchange Market:

- The US dollar remained subdued in the first week of 2018 as markets turned back to the fundamentals of the US economy after the fiscal tax plan was finally delivered. Despite being at near full employment for the majority of 2017, inflation remained subdued when removing the effects of oil prices. The Federal Reserve's preferred inflation index, the core personal consumption expenditure actually decreased from 1.9% to 1.5% over the course of the year while headline inflation was last at 2.2%. Nonetheless, a majority of the FOMC members held on to the belief that low unemployment will eventually lead to a higher rate of inflation.
- The dollar index remained in a tight range throughout the week as few developments were able to nudge the dollar to a new direction. The US dollar index opened the week at 92.240 and closed at 91.949. Looking at treasuries, the 2-year note yield, which is the most sensitive to shifts in interest-rate expectations, moved up 5 basis points to 1.96% while the 10-year note increased to 2.476%.
- Britain's services PMI indicated a rise in business activity in December while new order growth eased to a 16-month low. Higher levels of business activity have now been recorded for seventeen months running, supported by the resilient economic backdrop and rising consumer spending. However, service providers noted that Brexit-related uncertainty continued to hold back clients' willingness to spend at the end of 2017. At the same time, they mentioned the increase in average prices charged for their services due to the rising costs from inflation. The seasonally adjusted UK Services PMI registered 54.2 in December, up from 53.8 in November.

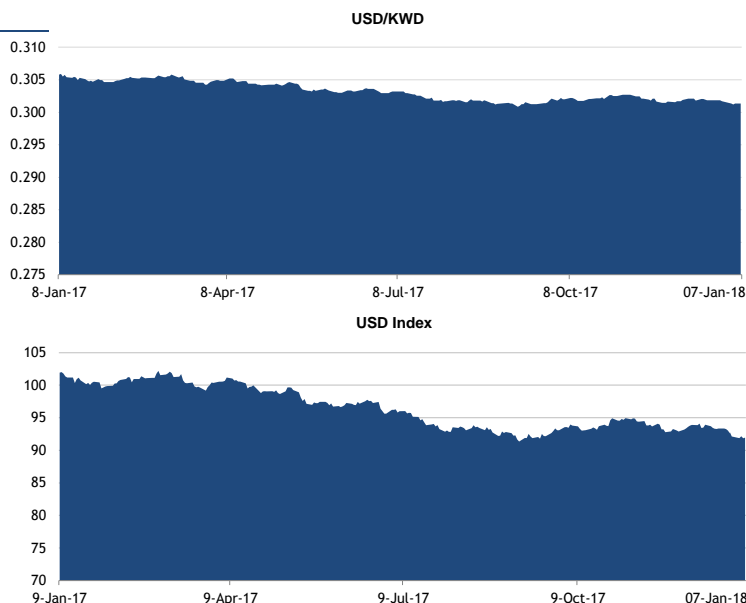


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1830	1.1925	1.2028	1.2095	1.2220
GBP	1.3365	1.3475	1.3565	1.3655	1.3770
JPY	111.10	112.05	113.05	114.05	115.10
CHF	0.9560	0.9665	0.9750	0.9850	0.9950

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.2028	0.27	EUR/GBP	0.8865	(0.24)
GBP/USD	1.3568	0.41	GBP/JPY	153.44	0.87
USD/JPY	113.06	0.35	EUR/JPY	136.01	0.61
USD/CHF	0.9750	0.07	EUR/CHF	1.1738	0.42

Major Crosses

Brief Technical Commentary

The EUR/USD pair moved down to the 1.2019 level during Friday's trading session and closed the week at 1.2028. EUR Resistance is at (1.2075-1.2095) any break above targets 1.2220 level and Support is at (1.1830-1.1860) any break below targets 1.1655. The pair is currently Neutral.

The USD/JPY pair moved up to the 113.30 level during Friday's trading session and closed the week at 113.06. USD/JPY Resistance is at (114.90-115.10) any break above targets 116.50 and Support is at (110.90-111.10) any break below targets 109.50. The pair is currently Neutral.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.38	1.69	1.88	2.13	2.38
USD	1.47	1.55	1.70	1.87	2.15
EUR	-0.43	-0.41	-0.38	-0.32	-0.25
GBP	0.48	0.49	0.52	0.57	0.76
CHF	-0.79	-0.79	-0.74	-0.64	-0.53
AUD	1.70	1.63	1.80	1.89	1.97

Economic Events

Date	Country	Event	Actual	Forecast	Previous
8-Jan-18	CAD	BOC Business Outlook Survey			
10-Jan-18	GBP	Manufacturing Production m/m		0.3%	0.1%
10-Jan-18	GBP	Goods Trade Balance		-11.0B	-10.8B
10-Jan-18	USD	Crude Oil Inventories			-7.4M
10-Jan-18	CNY	CPI y/y		1.9%	1.7%
11-Jan-18	AUD	Retail Sales m/m		0.4%	0.5%
11-Jan-18	USD	PPI m/m		0.2%	0.4%
12-Jan-18	USD	Core CPI m/m		0.2%	0.1%
12-Jan-18	USD	Core Retail Sales m/m		0.4%	1.0%
12-Jan-18	CNY	Trade Balance		235B	264B

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	1.79	1.96	2.28	2.47	2.81
Germany	-0.70	-0.62	-0.21	0.44	1.26
United Kingdom	0.38	0.48	0.76	1.24	1.79
Japan	-0.15	-0.14	-0.10	0.06	0.81

Commodities

Index	Last Price	% Change	Index	Last Price	Change
Kuwait Oil	64.77	0.19	Dow Jones	25,295.87	220.74
Brent	68.50	(0.03)	Nikkei 225	23,714.53	208.20
West Texas	61.44	(0.16)	S&P 500	2,743.15	19.16
Gold	1,320.61	(0.23)	KuwaitSE	6,454.16	53.08

All information has been sourced from Reuters

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