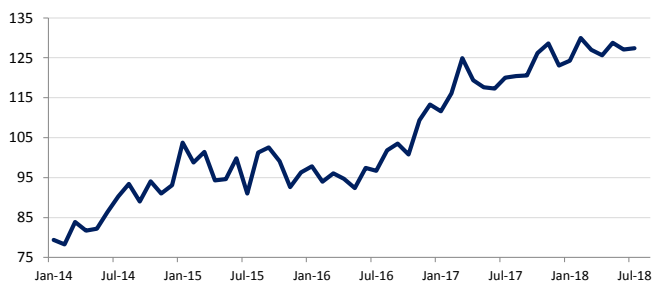


#### Highlights in the Foreign Exchange Market:

- Recent US-China trade war tensions seemed to cool off as plans for private conversations between US Treasury Secretary Steven Mnuchin and Chinese Vice Premier Liu He was the main talk this week. However, this morning President Trump announced plans to propose a 25% tariff on \$200 billion in Chinese imports. Tariffs on Chinese goods worth \$34 billion have already been imposed, with China immediately retaliating with tariffs on \$34 billion of US goods.
- US consumer confidence rose slightly to 127.4 in July from June's 127.1, slightly easing since February where it hit its highest level since November 2000. Consumer sentiment was backed by the \$1.5 trillion of tax cuts along with a strong jobs market. The survey revealed 23.1% of consumers said they expect better business conditions in the next 6 months, up from 20.7% in June. However, tensions over foreign trade could potentially drag consumer confidence. Lynn Franco, the conference Board's director of economic indications explained, "Consumers' assessment of present-day conditions improved, suggesting that economic growth is still strong. However, while expectations continue to reflect optimism in the short-term economic outlook, back-to-back declines suggest consumers do not foresee growth accelerating."
- Despite the US economy growing at an impressive rate of 4.1%, the Federal Reserve is still expected to hold rates when they meet tonight. Nevertheless, markets do expect a rate hike in September with a strong degree of confidence. What is not certain however, is the much talked about 4th hike in December. In order to reach that decision, US policymakers will be monitoring economic activity during the second half of the year, including potential fallout from trade-war escalation, the evolution of financial conditions and possibly even political developments related to the midterm elections. Currently, market expectations of a December hike stand at 64%.

US Consumer Confidence  
4-year Performance



FX  
USD/KWD



#### Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1565	1.1625	1.1677	1.1730	1.1775
GBP	1.3000	1.3050	1.3103	1.3150	1.3205
JPY	110.95	111.45	111.97	112.55	112.95
CHF	0.9835	0.9875	0.9929	0.9975	1.0025

#### Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1691	(2.64)	EUR/GBP	0.8906	0.35
GBP/USD	1.3124	(3.05)	GBP/JPY	146.79	(3.59)
USD/JPY	111.86	(0.85)	EUR/JPY	130.77	(3.28)
USD/CHF	0.9901	1.88	EUR/CHF	1.1576	(0.80)

#### Major Crosses

#### Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1745 level during Tuesday's trading session and currently trading at 1.1676 EUR/USD Support is at (1.1515-1.1565) any break below targets 1.1310 Short term outlook is neutral. However, medium term outlook remains bearish.

USD/JPY: The pair moved up to the 110.95 level during Tuesday's trading session and currently trading at 111.97 USD/JPY Support is at (110.55-110.95) any break below targets 109.25 Short term and medium term outlook are neutral.

#### Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.13	1.81	2.06	2.31	2.56
USD	1.95	2.08	2.35	2.53	2.83
EUR	-0.43	-0.40	-0.36	-0.32	-0.23
GBP	0.62	0.68	0.80	0.90	1.05
CHF	-0.80	-0.78	-0.73	-0.65	-0.51
AUD	1.87	1.96	2.11	2.26	2.20

#### Economic Events

Date	Country	Event	Actual	Forecast	Previous
29-Jul-18	JPY	Retail Sales y/y	1.8%	1.7%	0.6%
31-Jul-18	JPY	Monetary Policy Statement			
31-Jul-18	USD	CB Consumer Confidence	127.4	126.5	126.4
1-Aug-18	GBP	Manufacturing PMI		54.2	54.4
1-Aug-18	USD	Crude Oil Inventories			-6.1M
1-Aug-18	USD	Federal Funds Rate		<2.00%	<2.00%
2-Aug-18	GBP	BOE Gov Carney Speaks			
2-Aug-18	GBP	BOE Inflation Report			
3-Aug-18	USD	Non-Farm Employment Change		193K	213K
3-Aug-18	USD	Unemployment Rate		3.9%	4.00%

#### Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.41	2.67	2.86	2.97	3.10
Germany	-0.69	-0.60	-0.19	0.44	1.08
United Kingdom	0.71	0.76	1.05	1.33	1.77
Japan	-0.11	-0.10	-0.06	0.11	0.79

#### Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	71.00	(3.64)	Dow Jones	25,415.19	0.43
Brent	74.80	(0.03)	Nikkei 225	22,758.83	0.91
West Texas	69.25	(1.77)	S&P 500	2,816.29	0.49
Gold	1,220.68	(0.22)	KuwaitSE	5,167.59	(0.90)

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).