

Highlights in the Foreign Exchange Market:

- The US dollar index recovered its losses witnessed at the start of the week and entered into positive territory overnight as markets interpreted the FED's Chairman Jerome Powell's testimony rather well. Powell's upbeat tone on the economy caused the two-year treasury yield to rise near 10 year highs at 2.615%. The elevated yields in the US pressured the safe haven Japanese yen to lose momentum and breach the 113 handle. The JPY is extremely sensitive to rising US debt costs as the currency is still in negative interest rate territory. Japan's Nikkei index rose sharply today, supported by the weaker yen. A weaker yen makes Japanese products more cost attractive. The index is currently up by 0.66%, trading at 22,824.17.
- Federal Reserve Chairman Jerome Powell told lawmakers that the US job market had continued to strengthen and that the US central bank believed it was best "to keep gradually raising" interest rates. He continued that growth had accelerated in the second quarter of 2018, boosted by "robust job gains, rising after-tax incomes and optimism among households. However, he warned that rising trade tensions could depress growth if they resulted in higher tariffs over the longer term.
- The UK unemployment rate dropped, with 12,000 fewer people out of work than in the previous period. A record number of job opportunities also indicated employment could rise significantly in the near future, with 824,000 job vacancies reported for the period between April and June, the highest number since 2001. Average weekly earnings rose by 2.5% on the year in the three months to May, slowing down from the previous three months when they grew by 2.6%. Pay growth excluding bonuses slowed to 2.7%.

US 2YR Treasury Yield



UK Average Earnings Index 3m/y



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1555	1.1590	1.1644	1.1695	1.1745
GBP	1.3000	1.3055	1.3106	1.3155	1.3205
JPY	111.95	112.45	112.95	113.45	113.95
CHF	0.9920	0.9965	1.0015	1.0065	1.0115

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1659	(3.08)	EUR/GBP	0.8890	0.03
GBP/USD	1.3112	(3.19)	GBP/JPY	148.02	(2.75)
USD/JPY	112.85	0.36	EUR/JPY	131.61	(2.74)
USD/CHF	1.0000	2.89	EUR/CHF	1.1661	(0.28)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1648 level during Tuesday's trading session and currently trading at 1.1644 EUR/USD Support is at (1.1505-1.1555) any break below targets 1.1315 Short term outlook is slightly bearish and any move up should be limited to 1.1790. However, medium term outlook remains extremely bearish.

USD/JPY: The pair moved up to the 112.92 level during Tuesday's trading session and currently trading at 113.00 USD/JPY Resistance is at (113.75-113.95) any break above targets 114.75 Short term and medium term outlook remains bullish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.19	1.81	2.06	2.25	2.56
USD	1.95	2.08	2.34	2.52	2.80
EUR	-0.43	-0.40	-0.36	-0.32	-0.23
GBP	0.48	0.58	0.76	0.86	1.02
CHF	-0.80	-0.78	-0.72	-0.65	-0.51
AUD	1.90	1.98	2.11	2.24	2.38

Economic Events

Date	Country	Event	Actual	Forecast	Previous
15-Jul-18	CNY	GDP q/y	6.7%	6.7%	6.8%
16-Jul-18	USD	Core Retail Sales m/m	0.4%	0.4%	0.9%
16-Jul-18	USD	Retail Sales m/m	0.5%	0.4%	0.8%
16-Jul-18	NZD	CPI q/q	-	0.5%	0.5%
16-Jul-18	AUD	Monetary Policy Meeting Minutes	-	-	-
17-Jul-18	GBP	BOE Gov Carney Speaks	-	-	-
17-Jul-18	GBP	Average Earnings Index 3m/y	-	2.5%	2.5%
17-Jul-18	USD	Fed Chair Powell Testifies	-	-	-
18-Jul-18	GBP	CPI y/y	-	2.6%	2.4%
18-Jul-18	USD	Building Permits	-	1.33M	1.35M

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.40	2.62	2.77	2.87	2.97
Germany	-0.70	-0.65	-0.27	0.34	1.01
United Kingdom	0.69	0.74	1.01	1.26	1.72
Japan	-0.14	-0.13	-0.11	0.04	0.68

Commodities

Index	Last Price	% Change	Index	Last Price	Change
Kuwait Oil	70.09	(0.40)	Dow Jones	25,119.89	55.53
Brent	70.31	(0.03)	Nikkei 225	22,824.17	126.81
West Texas	67.98	(0.15)	S&P 500	2,809.55	11.12
Gold	1,222.56	(0.37)	KuwaitSE	5,206.31	(1.53)

Global Indices

All information has been sourced from Reuters

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