

Highlights in the Foreign Exchange Market:

- The euro reached a two week high following hawkish comments from the European Central Bank ahead of its meeting next week. The ECB may finally be ready to unwind its quantitative easing program after a period of robust euro zone growth and increasingly evident wage pressures. ECB chief economist Peter Praet indicated that "both the underlying strength in the euro area economy and the fact that such strength is increasingly affecting wage formation support our confidence that inflation will reach a level of below, but close to, 2 percent over the medium term". Praet also added that market expectations that the ECB will halt its vast bond-buying program by the end of this year "are plausible".
- Donald Trump continues to face backlash against his decision to levy tariffs on most of his trading partners. Following retaliation from his neighbors, the European Union has followed in the footsteps of Canada and Mexico in announcing retaliatory tariffs on US imports. Starting in July, the EU plans to target €2.8bn of annual US imports. Jyrki Katainen, the EU commission's vice president, indicated that the decision was merely a defense of the EU's industries and legitimate interests. He also added that while "it's difficult to assess what president Trump decides to do next", it was in the interests of both sides to avoid a further escalation or widening of the trade war. "There are no winners," he said.
- For now however, the US President will likely flaunt the fact that the US trade deficit has fallen to 7-month low. A rise in exports and a decline in imports dropped the American trade deficit by \$1bn over the course of a month. The trade deficit is currently a national focal point, after Trump went through with his campaign promise of implementing import tariffs on most of his trading partners – neighbors and allies included. While Mr. Trump may hail the figure as evidence of immediate success of his protectionist trade policy, we have yet to see the effect of the reciprocal tariffs against the US. Note that China alone has threatened tit-for-tat tariffs on US goods worth up to \$150 billion.

FX
EUR/USD YTD Performance



Economic Indicator
US Trade Deficit (in billions)

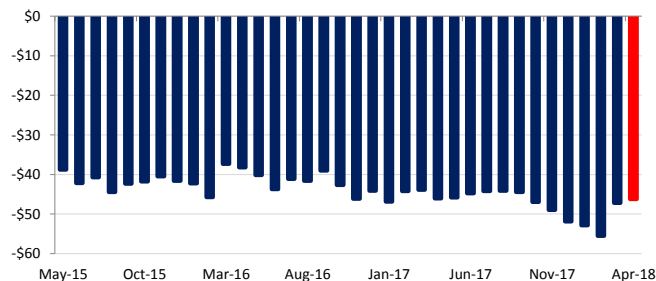


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1705	1.1760	1.1810	1.1860	1.1910
GBP	1.3340	1.3390	1.3442	1.3495	1.3545
JPY	108.95	109.45	109.95	110.45	111.05
CHF	0.9745	0.9790	0.9842	0.9895	0.9945

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1773	(1.38)	EUR/GBP	0.8776	(1.09)
GBP/USD	1.3411	(0.37)	GBP/JPY	147.76	(2.75)
USD/JPY	110.16	(2.49)	EUR/JPY	129.71	(3.82)
USD/CHF	0.9861	0.82	EUR/CHF	1.1612	(0.56)

Major Crosses

Brief Technical Commentary

The pair broke through key resistance level near the 1.1725-30 region, and currently trading at 1.1810. EUR Resistance is at (1.1890-1.1910) any break above targets 1.1955. Short term outlook remains Bullish while medium term outlook remains Neutral.

USD/JPY: The pair moved up to the 110.26 level during Wednesday's trading session and currently trading at 109.95 USD/JPY Resistance is at 110.45 level marking the 250 Simple Moving Average any break above targets 111.05 and Support is at (108.75-108.95). The pair is currently Neutral.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.13	1.69	1.94	2.13	2.44
USD	1.75	2.02	2.32	2.48	2.74
EUR	-0.43	-0.41	-0.35	-0.31	-0.23
GBP	0.48	0.50	0.63	0.74	0.92
CHF	-0.79	-0.79	-0.73	-0.65	-0.53
AUD	1.76	2.20	2.08	2.15	2.25

Economic Events

Date	Country	Event	Actual	Forecast	Previous
4-Jun-18	GBP	Construction PMI	52.5	52.0	52.5
5-Jun-18	CNY	Caixin Services PMI	52.9	52.9	52.9
5-Jun-18	GBP	Services PMI	54.0	52.9	52.8
5-Jun-18	EUR	ECB President Draghi Speaks			
5-Jun-18	USD	ISD Non-Manufacturing PMI	58.6	57.9	56.8
6-Jun-18	AUD	GDP q/q	1.0%	0.8%	0.4%
7-Jun-18	GBP	Halifax HPI m/m		1.1%	-3.1%
7-Jun-18	AUD	Trade Balance	0.98B	1.03B	1.53B
8-Jun-18	CNY	Trade Balance		192B	183B
9-Jun-18	CNY	CPI y/y		1.9%	1.8%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.29	2.52	2.82	2.98	3.14
Germany	-0.71	-0.63	-0.14	0.49	1.17
United Kingdom	0.63	0.74	1.11	1.41	1.87
Japan	-0.14	-0.13	-0.11	0.04	0.72

Commodities

Index	Last Price	% Change	Index	Last Price	Change
Kuwait Oil	73.02	0.50	Dow Jones	25,146.39	346.41
Brent	72.32	(0.03)	Nikkei 225	22,823.26	197.53
West Texas	64.75	0.00	S&P 500	2,772.35	23.55
Gold	1,298.74	0.21	KuwaitSE	4,788.29	2.32

All information has been sourced from Reuters

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