

Highlights in the Foreign Exchange Market:

- Last week, the greenback was under modest pressure until Thursday evening when softer US data along with ECB hawkish minutes were released sending the dollar to a 3-year low. However, positive inflation and retail sales report supported the currency and sent March interest rate hike probabilities to 82%. Furthermore, NY Fed president Bill Dudley delivered his keynote remarks in New York warning bluntly that the prospect of US economic overheating is a real risk over the next few years. He also cautioned about the financial market asset valuations, which he believes to be elevated.
- The surprise of last week was that the European Central Bank could be the next major policymaking body that takes a step away from accommodation. According to the minutes from their December meeting, the central bank saw "some comfort" in wage dynamics but low inflation remains a concern. Most importantly, they would consider a gradual shift in guidance starting in "early 2018" if reflation continues which suggests that they've grown less dovish since their decision to cut bond purchases in October. Further positive news on the euro zone was the reported success of Chancellor Angela Merkel in reaching a preliminary deal with Social Democrats to negotiate a grand coalition government.
- China's producer-price index slid to the lowest level since November 2016 last month and consumer price growth remained largely stable, taking pressure off the People's Bank of China to restrain inflation even as it raises market borrowing costs to curb debt growth. While a sustained moderation in factory inflation in China would put a question mark over the strength of global reflation, it also leaves domestic policy makers with a freer hand to conduct ongoing campaigns against industrial over-capacity and pollution.

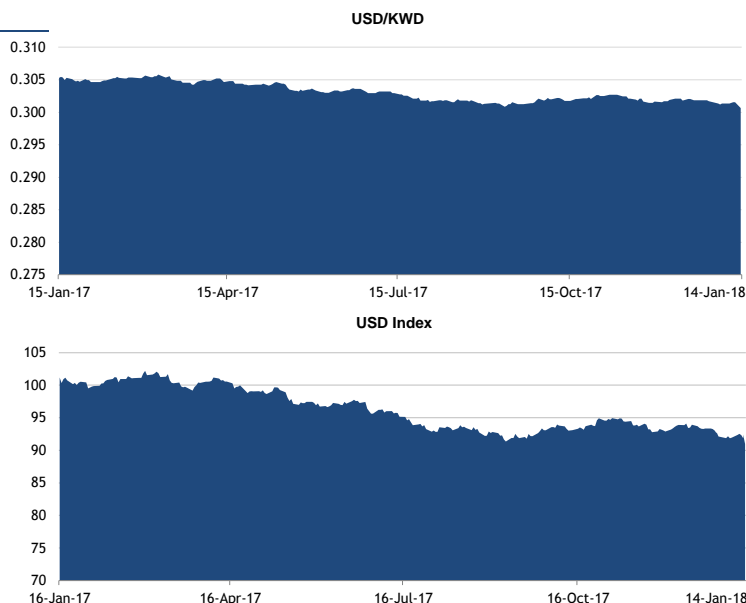


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1995	1.2095	1.2185	1.2285	1.2385
GBP	1.3530	1.3650	1.3727	1.3825	1.3925
JPY	109.15	110.08	111.03	112.00	113.10
CHF	0.9480	0.9580	0.9680	0.9780	0.9880

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.2185	1.65	EUR/GBP	0.8884	0.01
GBP/USD	1.3727	1.62	GBP/JPY	152.45	0.22
USD/JPY	111.03	(1.46)	EUR/JPY	135.40	0.16
USD/CHF	0.9680	(0.65)	EUR/CHF	1.1797	0.92

Major Crosses

Brief Technical Commentary

The EUR/USD pair moved up to the 1.2188 level during Friday's trading session and closed the week at 1.2185. EUR Resistance is at (1.2385-1.2405) any break above targets 1.2515. The pair is currently Bullish.

The USD/JPY pair moved down to the 110.90 level during Friday's trading session and closed the week at 111.03. USD/JPY Resistance is at (112.90-113.10) any break above targets 114.00 and Support is at (109.15-109.45) any break below targets 108.60. 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	2.06	2.38
USD	1.47	1.56	1.72	1.89	2.17
EUR	-0.42	-0.40	-0.38	-0.33	-0.25
GBP	0.48	0.50	0.52	0.58	0.78
CHF	-0.80	-0.79	-0.74	-0.64	-0.52
AUD	1.85	1.67	1.94	1.97	2.00

Economic Events

Date	Country	Event	Actual	Forecast	Previous
16-Jan-18	GBP	CPI y/y		3.0%	3.1%
16-Jan-18	GBP	PPI m/m		0.5%	1.8%
17-Jan-18	CAD	BOC Rate Statement			
18-Jan-18	AUD	Unemployment Rate		5.4%	5.4%
18-Jan-18	CNY	GDP q/y		6.7%	6.8%
18-Jan-18	CNY	Industrial Production y/y		6.1%	6.1%
18-Jan-18	USD	Crude Oil Inventories			-4.9M
18-Jan-18	USD	Unemployment Claims		251K	261K
19-Jan-18	GBP	Retail Sales m/m		-0.8%	1.1%
19-Jan-18	CHF	PPI m/m		0.4%	0.6%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	1.77	2.00	2.34	2.55	2.85
Germany	-0.65	-0.59	-0.14	0.51	1.31
United Kingdom	0.39	0.58	0.85	1.33	1.83
Japan	-0.14	-0.14	-0.09	0.07	0.83

Commodities

Index	Last Price	% Change	Index	Last Price	Change
Kuwait Oil	66.41	0.50	Dow Jones	25,803.19	228.46
Brent	70.46	(0.03)	Nikkei 225	23,653.82	(56.61)
West Texas	64.17	(0.16)	S&P 500	2,786.24	18.68
Gold	1,338.47	0.00	KuwaitSE	6,581.14	20.51

All information has been sourced from Reuters

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