

Highlights in the Foreign Exchange Market:

- The US trade deficit has widened to the highest level ever recorded at \$76.04bn in September from \$75.46bn in August according to data released on Thursday by the US Census Bureau. Exports jumped 1.8%, and imports rose 1.5%, sharpening questions about Trump's effectiveness in dealing with what he refers to as unfair trade practices. The Census Bureau released data on Thursday revealing orders placed with US factories for business equipment declined in September for the second month, while shipments of core capital goods were unchanged. Orders for non-defense capital goods dipped 0.1% last month, disappointing expectations of a 0.5% gain. Overall orders for durable goods rose 0.8% for September following a 4.6% jump in August. Uncertainty over trade has cut into companies' profits and expansion plans, risking overall economic growth.
- Prime Minister Theresa May reportedly gave a "heartfelt" plea on Wednesday for members to back her Brexit plan as she claimed that "the end is in sight". There were overwhelming expectations of the prime minister facing a no-confidence vote before her address to the Tory backbench 1922 Committee. However, Ms. May was met with astounding applause as she calmly criticized those who did not stand up for the "national interest" as she has – poking aim at those who have previously defied her such as Boris Johnson. Exceeding the low expectations placed upon her for this speech, the prime minister delivered one of her best speeches to date, managing to calm nerves regarding her leadership.
- The sterling continued its bearish momentum this week and climbed to a 7-week low of 1.2798 against the US dollar. The uncertainty of the Brexit developments has weighed massively on the cable and depreciating by 2% and breaking key technical level of 1.29. The currency closed the week at 1.2831.

US Dollar Index
2-Month Performance



GBP/USD
2-Month Performance



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1288	1.1370	1.1403	1.1488	1.1515
GBP	1.2700	1.2780	1.2828	1.2910	1.3015
JPY	110.90	111.60	111.89	112.90	113.30
CHF	0.9860	0.9910	0.9971	1.0040	1.0084

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1401	(4.96)	EUR/GBP	0.8888	0.07
GBP/USD	1.2831	(5.04)	GBP/JPY	143.47	(5.68)
USD/JPY	111.89	(0.68)	EUR/JPY	127.57	(5.62)
USD/CHF	0.9968	2.31	EUR/CHF	1.1371	(2.72)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to break 1.1400 level during Friday's trading session and currently trading at 1.1403. EUR/USD Support is at (1.1370-1.1288) any break below targets 1.1240. Short term and medium term outlook are bearish.

USD/JPY: The pair moved down to the 111.37 level during Friday's trading session and currently trading at 111.89. USD/JPY Support is at (110.90-111.60) any break below targets 111.05. Short term and medium term outlook are neutral.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.25	1.81	2.13	2.38	2.63
USD	2.22	2.30	2.52	2.78	3.06
EUR	-0.44	-0.41	-0.35	-0.33	-0.21
GBP	0.71	0.72	0.81	0.91	1.05
CHF	-0.80	-0.78	-0.74	-0.66	-0.53
AUD	1.87	2.01	2.38	2.38	2.20

Economic Events

Date	Country	Event	Actual	Forecast	Previous
30-Oct-18	USD	CB Consumer Confidence		136.3	138.4
30-Oct-18	CAD	BOC Gov Poloz Speaks			
30-Oct-18	AUD	CPI q/q		0.5%	0.4%
30-Oct-18	AUD	Trimmed Mean CPI q/q		0.4%	0.5%
30-Oct-18	JPY	Monetary Policy Statement			
30-Oct-18	JPY	BOJ Outlook Report			
31-Oct-18	CAD	GDP m/m			0.2%
31-Oct-18	CHF	SNB Chairman Jordan Speaks			
1-Nov-18	GBP	Manufacturing PMI		53.1	53.8
1-Nov-18	GBP	BOE Inflation Report			

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.62	2.81	2.91	3.08	3.31
Germany	-0.71	-0.67	-0.22	0.36	0.99
United Kingdom	0.71	0.71	0.97	1.38	1.84
Japan	-0.14	-0.13	-0.09	0.10	0.85

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	75.38	1.33	Dow Jones	24,688.31	(1.19)
Brent	78.29	(0.03)	Nikkei 225	21,184.60	(0.40)
West Texas	67.53	(0.15)	S&P 500	2,658.69	(1.73)
Gold	1,233.17	0.13	KuwaitSE	5,039.56	(0.90)

Global Indices

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).