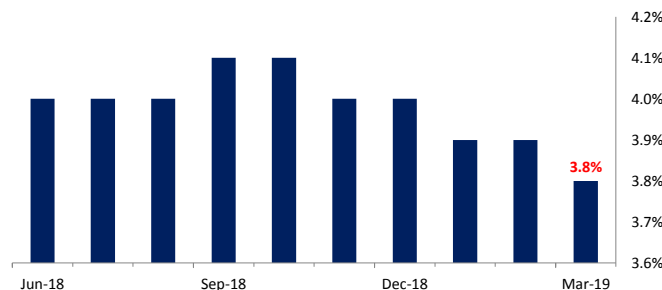


Highlights in the Foreign Exchange Market:

- The US-China trade war spiraled on Monday as China claimed it would raise tariffs on \$60bn of US goods "in response to US unilateralism and trade protectionism", confronting direct warnings from President Donald Trump. The move follows the escalation in tariffs on \$200bn worth of Chinese goods from 10% to 25%, along with a threat of further levies on all remaining imports. Moving forward, both the US and China have announced conversations would continue regardless of the escalation. The latest increase in tariffs would not take effect until June 1st, allowing negotiators time to put together a deal.
- US stocks tumbled in response to the retaliation made by China as the S&P 500 and tech-heavy Nasdaq Composite saw their biggest loss in approximately 4-5 months. The downturn continued across stocks in Asia, with markets in Japan and South Korea hitting 4 month lows. Companies with significant revenue exposure outside the US were hit by the latest news as Apple shares fell 5.8% and Caterpillar was off 4.6%. China's renminbi took a hit against the US dollar and emerging markets were broadly lower. The MSCI index tracking of EM currencies was down 0.6%, marking its biggest fall of this year.
- UK unemployment fell to 3.8%, marking a 44 year low for the figure at 1.3 million in the first quarter of the year from a previous figure of 3.9%. Unemployment has continued to decline steadily since 2011, with the latest data reaffirming the strength of the labor market. However, annual wage growth slowed to 3.2% in the same period compared to the 3.5% seen previously. With inflation at 1.9%, pay rises are outstripping rising prices. Though the data will ease pressure on the Bank of England to raise interest rates, the bank looks set to maintain a wait-and-see approach on policy until the Brexit debacle is resolved. Against the US dollar, the Sterling has fallen in five of the past six days and is currently trading at around the 1.2905 level.



S&P 500 Index
3 Month Performance

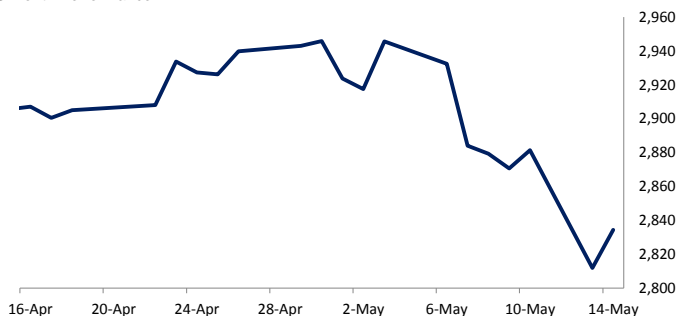


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1110	1.1160	1.1209	1.1260	1.1315
GBP	1.2805	1.2855	1.2908	1.2960	1.3010
JPY	108.75	109.15	109.68	110.20	110.70
CHF	0.9985	1.0030	1.0081	1.0135	1.0185

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1203	(2.32)	EUR/GBP	0.8680	(3.38)
GBP/USD	1.2904	0.00	GBP/JPY	141.43	0.94
USD/JPY	109.5900	0.00	EUR/JPY	122.79	(2.77)
USD/CHF	1.0085	2.59	EUR/CHF	1.1301	0.26

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1199 level during Tuesday's trading session and currently trading at 1.1209 EUR/USD. Resistance is at (1.1260-1.1315) any break above would take the pair up to 1.1420. Short term outlook is Neutral, however a break under the 1.1110 will change the outlook to Bearish.

GBP/USD: The pair moved down to the 1.2901 level during Tuesday's trading session and currently trading at 1.2908 GBP/USD. Support is at (1.2805-1.2855) any break below would take the pair down to 1.2685. Short term outlook is Bearish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	2.13	2.44	2.69	2.88	3.13
USD	2.39	2.44	2.52	2.55	2.64
EUR	-0.44	-0.42	-0.36	-0.31	-0.22
GBP	0.70	0.73	0.80	0.91	1.05
CHF	-0.81	-0.80	-0.71	-0.66	-0.51
AUD	1.50	1.67	1.68	1.73	1.69

Economic Events

Date	Country	Event	Actual	Forecast	Previous
13-May-19	USD	FOMC Member Clarida Speaks			
14-May-19	GBP	Average Earnings Index 3m/y	3.2%	3.4%	3.5%
14-May-19	GBP	Unemployment Rate	3.8%	3.9%	3.9%
15-May-19	CNY	Industrial Production y/y	5.4%	6.5%	8.5%
15-May-19	EUR	Flash GDP q/q		0.4%	0.4%
15-May-19	USD	Core Retail Sales m/m		0.7%	1.1%
16-May-19	USD	Housing Starts		1.21M	1.14M
17-May-19	EUR	Final CPI y/y		1.7%	1.7%
17-May-19	EUR	Final Core CPI y/y		1.2%	1.2%
18-May-19	AUD	Parliamentary Elections			

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.31	2.19	2.18	2.40	2.84
Germany	-0.62	-0.68	-0.52	-0.10	0.54
United Kingdom	0.70	0.69	0.81	1.07	1.63
Japan	-0.17	-0.17	-0.17	-0.06	0.52

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	71.47	(0.42)	Dow Jones	25,532.05	0.82
Brent	72.15	(3.00)	Nikkei 225	21,188.56	0.58
West Texas	63.30	(3.70)	S&P 500	2,834.41	0.80
Gold	1,295.38	(0.11)	KuwaitSE	5,585.48	(0.33)

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).