

Highlights in the Foreign Exchange Market:

- According to the White House, King Salman of Saudi Arabia promised his American counterpart that he can boost oil production if needed and the country has 2 million barrels per day of spare capacity available. Trump took to Twitter to speak about the issue, saying "Just spoke to King Salman of Saudi Arabia and explained to him that, because of the turmoil & disfunction in Iran and Venezuela, I am asking that Saudi Arabia increase oil production, maybe up to 2,000,000 barrels, to make up the difference ... Prices to high! He has agreed!"
- The FED's preferred measure of inflation rose to the central bank's target of 2% and the headline PCE followed the same trend towards 2.3%. Both figures are at the highest levels since 2012. The latest figures are inspiring for the Fed, although inflation expectations have remained somewhat subdued in regards to the US unemployment rate, a concern recently expressed by Fed Chairman Jerome Powell. Policy setters stated they expect to keep tightening monetary policy gradually as price growth continues to move higher. The unemployment rate is set to fall further below the Fed's goal, signaling upward pressures on wages and prices. As nations around the world fail to achieve their price stability level, the US economy has accomplished its mission of a 2% inflation target. The above data further supports the era of economic divergence between the US and most major economies.

Commodities Brent Crude



US Economy Core PCE (y/y)

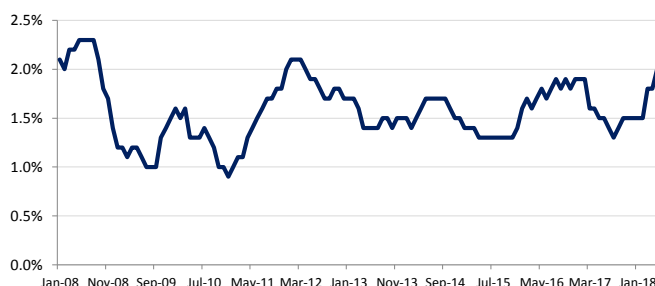


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1560	1.1665	1.1683	1.1770	1.1870
GBP	1.3000	1.3100	1.3207	1.3300	1.3400
JPY	108.55	109.35	110.66	111.40	112.40
CHF	0.9705	0.9805	0.9902	1.0000	1.0100

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1683	(2.6)	EUR/GBP	0.8844	(0.46)
GBP/USD	1.3207	(2.2)	GBP/JPY	146.20	(3.89)
USD/JPY	110.66	(1.7)	EUR/JPY	129.29	(4.35)
USD/CHF	0.9902	1.63	EUR/CHF	1.1572	(1.00)

Major Crosses

Brief Technical Commentary

Euro closed for the week at 1.1683 and further decline is expected. Short term is slightly bearish and any move up should be limited to 1.1720. However, medium term outlook remains extremely bearish. On the upside, a break above 1.1770 will turn the outlook into bullish.

USDJPY current resistance is at around 111.40 level. Short term outlook is neutral. However, general strength in USD across the board is observed for the long run. trading above 111.40 level would make the outlook bullish. On the downside, a break below 109.35 would turn the outlook to slightly negative.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.19	1.75	2.00	2.19	2.50
USD	1.98	2.09	2.34	2.50	2.76
EUR	-0.42	-0.39	-0.36	-0.32	-0.23
GBP	0.48	0.50	0.67	0.79	0.96
CHF	-0.79	-0.78	-0.73	-0.65	-0.52
AUD	1.36	2.03	2.23	2.32	2.20

Economic Events

Date	Country	Event	Actual	Forecast	Previous
2-Jul-18	GBP	Manufacturing PMI		54.1	54.4
2-Jul-18	USD	ISM Manufacturing PMI		58.2	58.7
3-Jul-18	AUD	RBA Rate Statement			
3-Jul-18	GBP	Construction PMI		52.6	52.5
4-Jul-18	GBP	Services PMI		53.9	54.0
5-Jul-18	USD	ISM Non-Manufacturing PMI		58.3	58.6
5-Jul-18	EUR	FOMC Meeting Minutes			
6-Jul-18	USD	Average Hourly Earnings m/m		0.3%	0.3%
6-Jul-18	USD	Non-Farm Employment Change		200K	223K
6-Jul-18	USD	Unemployment Rate		3.8%	3.8%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.31	2.53	2.74	2.86	2.99
Germany	-0.70	-0.70	-0.31	0.30	1.02
United Kingdom	0.65	0.72	1.02	1.28	1.73
Japan	-0.13	-0.13	-0.12	0.02	0.70

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	75.95	0.36	Dow Jones	24,271.41	0.23
Brent	76.78	(0.03)	Nikkei 225	22,304.51	0.15
West Texas	74.08	(0.13)	S&P 500	2,718.37	0.08
Gold	1,252.25	0.35	KuwaitSE	4,889.53	(0.02)

All information has been sourced from Reuters.

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