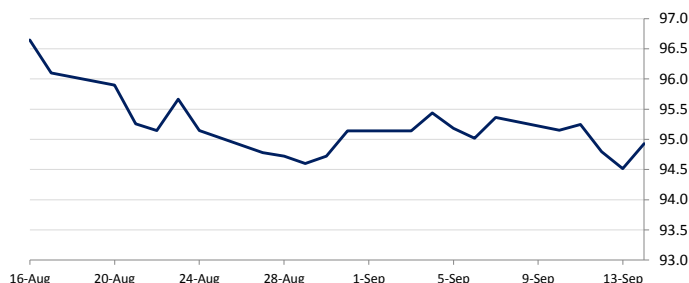


Highlights in the Foreign Exchange Market:

- US consumer inflation in August inflated at a slower pace than predicted by markets, dragged down by healthcare and apparel expenses. The annual headline CPI shrank from 2.9% towards 2.7% and the core figure also shifted lower to 2.2% from 2.4%. Producers' price growth also disappointed markets as the figure entered into negative territory for the first time in 18 months. The PPI dropped to -0.1% m/m, pinning down the annual rate to 2.8% from 3.3%. On the currency front, the US dollar index lost its momentum of appreciation last week and the index sunk to the lowest level since July 31. The DXY closed last week at the 94.970 level.
- The EU's central bank preserved its monetary direction last week to end the purchases of government bonds and other assets by year end, but left the door open to change its mind if necessary. The ECB pledged to shrink the EUR 30 billion purchases of monetary stimulus assets to 15 billion in October as markets expected. Draghi's tone on inflation and wage growth was optimistic. The price growth forecasts remained unchanged for 2018 till 2020 at 1.7%, while stating that uncertainty on inflation is receding. Draghi also concentrated on healthy domestic fundamentals, encompassing strong growth in employment and salaries, which are anticipated to elevate inflation higher, even if only slowly. Since 2013, the European block created 9.2 million jobs.
- On the negative side, the ECB believes that the single economy will expand at a pace of 2.0% this year and 1.8% in 2019, a touch lower than its previous forecast of 2.1% and 1.9% respectively. The ECB's head also acknowledged that risks from emerging markets in China, Turkey and Argentina, were intensifying and said trade tensions were also concerning. It seems policy setters consider the recent turbulence in emerging markets, Brexit and the trade war theme will not be enough to derail an economic expansion now in its sixth year. The monetary meeting indicated that the ECB remains in autopilot mode and a rise in interest rate is not expected till the end of summer 2019.

US Dollar Index
1 Month Performance



EUR/USD
1 Month Performance

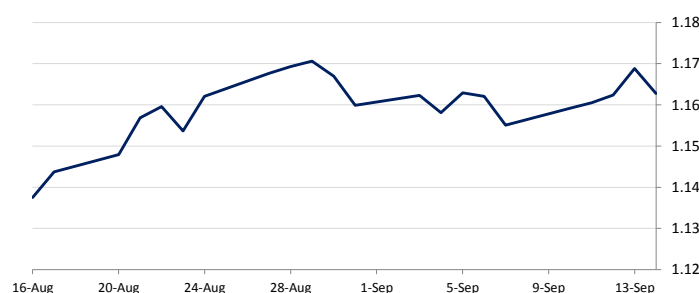


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1525	1.1575	1.1634	1.1685	1.1735
GBP	1.2975	1.3020	1.3081	1.3135	1.3185
JPY	110.95	111.50	111.98	112.50	113.00
CHF	0.9570	0.9625	0.9673	0.9725	0.9775

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1628	(3.01)	EUR/GBP	0.8895	0.06
GBP/USD	1.3066	(3.15)	GBP/JPY	146.40	(3.67)
USD/JPY	112.04	(0.61)	EUR/JPY	130.23	(3.62)
USD/CHF	0.9673	(0.80)	EUR/CHF	1.1241	(3.78)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1721 level during Friday's trading session and currently trading at 1.1634 EUR/USD Support is at (1.1505-1.1525) any break below targets 1.1365 Short term outlook is neutral, however medium term outlook remains bearish.

USD/JPY: The pair moved up to the 112.16 level during Friday's trading session and currently trading at 111.98 USD/JPY Support is at (110.45-110.95) any break below targets 108.10 Short term outlook is neutral, however medium term outlook remains bearish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.06	1.69	1.94	2.19	2.50
USD	1.97	2.16	2.34	2.57	2.88
EUR	-0.43	-0.40	-0.36	-0.32	-0.22
GBP	0.72	0.72	0.80	0.89	1.05
CHF	-0.80	-0.78	-0.73	-0.65	-0.52
AUD	1.92	2.11	2.06	2.24	2.23

Economic Events

Date	Country	Event	Actual	Forecast	Previous
17-Sep-18	AUD	Monetary Policy Meeting Minutes			
18-Sep-18	JPY	Monetary Policy Statement			
19-Sep-18	JPY	BOJ Press Conference			
19-Sep-18	GBP	CPI y/y		2.4%	2.5%
19-Sep-18	EUR	ECB President Draghi Speaks			
19-Sep-18	USD	Crude Oil Inventories			-5.3M
19-Sep-18	NZD	GDP q/q		0.8%	0.5%
20-Sep-18	CHF	SNB Monetary Policy Assessment			
20-Sep-18	GBP	Retail sales m/m		-0.1%	0.7%
21-Sep-18	CAD	CPI m/m			0.5%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.55	2.78	2.89	2.99	3.13
Germany	-0.64	-0.56	-0.18	0.44	1.11
United Kingdom	0.75	0.80	1.11	1.52	1.87
Japan	-0.13	-0.12	-0.07	0.11	0.83

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	76.17	(0.30)	Dow Jones	26,154.67	0.03
Brent	77.81	(0.33)	Nikkei 225	23,094.67	1.20
West Texas	68.93	(0.14)	S&P 500	2,904.98	0.03
Gold	1,196.22	0.24	KuwaitSE	5,140.15	(0.90)

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).