

Highlights in the Foreign Exchange Market:

- US factory output rose in April, although new estimates of manufacturing and overall industrial production showed less growth in prior months than initially believed. The report follows a survey of factory managers published earlier this month that showed a slowdown in US factory activity, with manufacturers complaining about rising commodity prices. The US dollar remained firm however, while US Treasury yields continued to rise. The yield on the US 10-year Treasury bond reached a new seven-year high at 3.11%
- Sterling opened higher today amid news that the UK is preparing to stay in the customs union after Brexit. The news came after Prime Minister Theresa May said she's aiming for a "future customs union" with the EU. Her top ministers also agreed this week on a last-resort plan to avoid a hard Irish border. The pound however is trading in a volatile manner this morning dropping from a high of 1.3570 to its current 1.3510.
- In Europe, the annual inflation rate was stagnant at 1.2% in April 2018. However, same time last year the rate was 1.9%. Analysts are predicting that the inflation weakness in April could be temporary and likely driven by negative base effects. Subsequently, the EUR/USD pair dropped to 1.1764 a 6-month low for the single currency overnight, yet the pair managed to rebound back to the 1.1800 level.

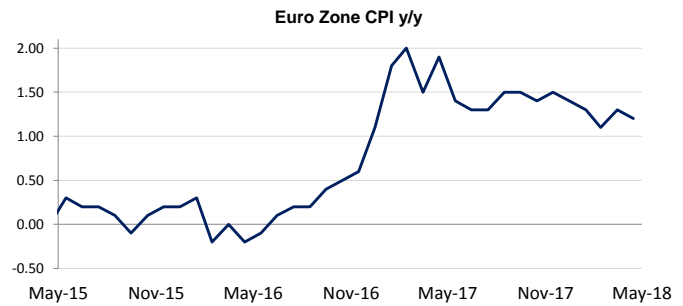


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1710	1.1760	1.1810	1.1850	1.1890
GBP	1.3425	1.3480	1.3545	1.3580	1.3620
JPY	109.50	109.85	110.47	111.20	111.70
CHF	0.9940	0.9985	1.0014	1.0060	1.0100

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1807	(1.59)	EUR/GBP	0.8753	(1.62)
GBP/USD	1.3485	(0.04)	GBP/JPY	148.88	(1.85)
USD/JPY	110.38	(1.90)	EUR/JPY	130.35	(3.48)
USD/CHF	1.0010	2.78	EUR/CHF	1.1819	1.14

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1760 level during Wednesday's trading session and currently trading at 1.1810. EUR Resistance is at (1.1850-1.1890) any break above targets 1.1940 and Support is at (1.1760-1.1710) any break below targets 1.1650. The pair is currently Bearish.

USD/JPY: The pair moved up to the 110.54 level this morning and currently trading at 110.47. USD/JPY Resistance is at (111.20-111.70) any break above targets 112.70. The pair is currently Bullish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.19	1.75	2.00	2.19	2.44
USD	1.75	1.94	2.33	2.49	2.76
EUR	-0.43	-0.40	-0.35	-0.31	-0.23
GBP	0.48	0.50	0.63	0.75	0.93
CHF	-0.80	-0.79	-0.73	-0.65	-0.52
AUD	1.42	1.85	2.07	2.08	2.20

Economic Events

Date	Country	Event	Actual	Forecast	Previous
14-May-18	USD	FOMC Member Mester Speaks	-	-	-
15-May-18	CNY	Industrial Production y/y	7.0%	6.4%	6.0%
15-May-18	GBP	Average Earnings Index 3m/y	4.2%	2.7%	2.8%
15-May-18	GBP	Unemployment Rate	4.2	4.2%	4.2%
15-May-18	EUR	Flash GDP q/q	0.4%	0.4%	0.4%
15-May-18	GBP	Inflation Report Hearings	-	-	-
15-May-18	USD	Retail Sales m/m	0.3%	0.4%	0.6%
16-May-18	EUR	Final CPI y/y	1.2%	1.2%	1.2%
16-May-18	EUR	ECB President Draghi Speaks	-	-	-
16-May-18	CHF	SNB Chairman Jordan Speaks	-	-	-

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.26	2.59	2.95	3.11	3.24
Germany	-0.68	-0.57	-0.02	0.64	1.32
United Kingdom	0.71	0.84	1.21	1.54	1.93
Japan	-0.14	-0.14	-0.10	0.05	0.76

Commodities

Index	Last Price	% Change	Index	Last Price	Change
Kuwait Oil	75.18	2.22	Dow Jones	24,768.93	62.52
Brent	79.18	(0.03)	Nikkei 225	22,838.37	121.14
West Texas	71.38	(0.14)	S&P 500	2,722.46	11.01
Gold	1,288.89	(0.10)	KuwaitSE	4,815.46	3.55

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).