



Highlights in the Foreign Exchange Market:

- The US dollar was trading in a positive manner on Tuesday's trading session despite dovish comments on interest rates by the FED chairman. Jerome Powell highlighted that the central bank is ready to further lower interest rates and will expand its balance sheet by buying more Treasury bonds in order to provide short-term liquidity to banks. The chairman's tone pushed the probability of a 25 basis point cut to the overnight rate on October 30th to around 84% from 74.8% seen at the start of the week. Looking at yields, the two-year Treasury yield, which is sensitive to changes in interest-rate policy, fell 4.1 basis points to 1.424%. It seems markets' attention is focused on the trade talks, which turned sour. The US implemented visa restrictions yesterday on Chinese officials for the imprisonment and abuse of Muslim minorities that angered Beijing. Moreover, the White House broadened its trade blacklist to include some of China's top artificial intelligence startups. Overall, risk aversion is clearly back paving the way for a dollar rally even as the FED is in a dovish mood.
- In the FX sphere, Sterling depreciated to a one-month low against the dollar and the euro yesterday as investors turned cautious on reports that Brexit talks between Britain and the European Union were close to breaking down. German Chancellor Angela Merkel told Prime Minister Boris Johnson that a Brexit deal was "overwhelmingly unlikely" in a call unless Britain left Northern Ireland in the customs union. The pound fell around 0.7% and touched a monthly low of \$1.2193.

Chart Points and Other Technical Input

| CCY | 2nd Support | 1st Support | Spot | 1st Resistance | 2nd Resistance |
|-----|-------------|-------------|--------|----------------|----------------|
| EUR | 1.0865 | 1.0915 | 1.0963 | 1.1015 | 1.1065 |
| GBP | 1.2115 | 1.2165 | 1.2217 | 1.2265 | 1.2315 |
| JPY | 106.15 | 106.65 | 107.15 | 107.65 | 108.15 |
| CHF | 0.9835 | 0.9885 | 0.9937 | 0.9985 | 1.0040 |

Major Currencies

| CCY | Closing Rate | YTD % | CCY | Closing Rate | YTD % |
|---------|--------------|--------|---------|--------------|--------|
| EUR/USD | 1.0954 | (4.47) | EUR/GBP | 0.8964 | (0.12) |
| GBP/USD | 1.2217 | (4.33) | GBP/JPY | 130.85 | (6.56) |
| USD/JPY | 107.0700 | (2.78) | EUR/JPY | 117.31 | (6.95) |
| USD/CHF | 0.9927 | 1.24 | EUR/CHF | 1.0878 | (3.26) |

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.0995 level during Tuesday's trading session and currently trading at 1.0963. EUR/USD Support is at (1.0865-1.0915) any break below would take the pair down to 1.0785. Short term outlook is Bearish.

GBP/USD: The pair moved down to the 1.2193 level during Tuesday's trading session and currently trading at 1.2214. GBP/USD Support is at (1.2115-1.2165) any break below would take the pair down to 1.2085. Short term outlook is Bearish.

Local & Global Rates

| CCY | 1-Week | 1-Month | 3-Month | 6-Month | 1-Year |
|-----|--------|---------|---------|---------|--------|
| KWD | 2.31 | 2.63 | 2.88 | 3.06 | 3.31 |
| USD | 1.88 | 1.94 | 2.01 | 1.96 | 1.87 |
| EUR | -0.55 | -0.52 | -0.44 | -0.43 | -0.37 |
| GBP | 0.70 | 0.71 | 0.76 | 0.82 | 0.88 |
| CHF | -0.82 | -0.80 | -0.79 | -0.74 | -0.63 |
| AUD | 0.70 | 0.83 | 1.00 | 1.00 | 0.93 |

Economic Events

| Date | Country | Event | Actual | Forecast | Previous |
|-----------|---------|--------------------------------------|--------|----------|----------|
| 7-Oct-19 | USD | Fed Chair Powell Speaks | | | |
| 8-Oct-19 | GBP | BOE Gov Carney Speaks | | | |
| 8-Oct-19 | USD | Core PPI m/m | -0.3% | 0.2% | 0.3% |
| 9-Oct-19 | USD | Crude Oil Inventories | | | 3.1M |
| 9-Oct-19 | USD | FOMC Meeting Minutes | | | |
| 10-Oct-19 | USD | Treasury Currency Report | | | |
| 10-Oct-19 | GBP | GDP m/m | | 0.0% | 0.3% |
| 10-Oct-19 | GBP | Manufacturing Production m/m | | 0.1% | 0.3% |
| 10-Oct-19 | EUR | ECB Monetary Policy Meeting Accounts | | | |
| 10-Oct-19 | USD | Core CPI m/m | | 0.2% | 0.3% |

Government Yields

| Country | 1-Year | 2-Year | 5-Year | 10-Year | 30-Year |
|----------------|--------|--------|--------|---------|---------|
| United States | 1.59 | 1.42 | 1.36 | 1.54 | 2.04 |
| Germany | -0.73 | -0.79 | -0.82 | -0.59 | -0.10 |
| United Kingdom | 0.41 | 0.30 | 0.21 | 0.41 | 0.94 |
| Japan | -0.30 | -0.33 | -0.36 | -0.22 | 0.37 |

Commodities

| Index | Last Price | % Change | Index | Last Price | % Change |
|------------|------------|----------|------------|------------|----------|
| Kuwait Oil | 59.68 | 0.15 | Dow Jones | 26,164.04 | (1.19) |
| Brent | 58.09 | (0.26) | Nikkei 225 | 21,442.18 | (0.67) |
| West Texas | 52.69 | 0.19 | S&P 500 | 2,893.06 | (1.56) |
| Gold | 1,505.91 | 0.04 | KuwaitSE | 5,719.37 | (0.02) |

All information has been sourced from Reuters.

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