

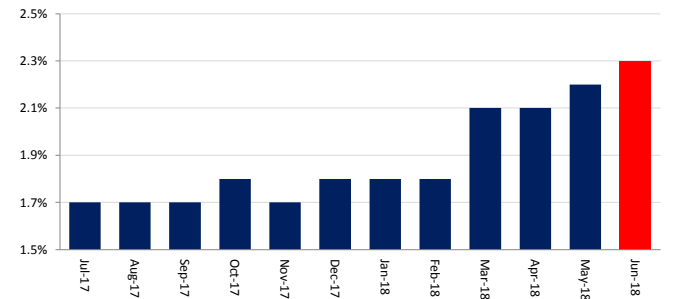
#### Highlights in the Foreign Exchange Market:

- Trade tensions are still very well in place between the US and China. After the 25% tariff on \$50bn of Chinese imports -of which \$34bn of goods are already being charged- the Trump administration is forging more aggressively into a trade conflict with China. Their latest action, which will impose a 10% tariff on \$200bn worth of Chinese imports later this year, effectively functions as a \$20bn tax increase. In addition to the \$12.5bn on the original \$50bn tariffs, the tally will reach a total of \$32.5bn in taxes.
- In the US, inflation reached its highest level in 6.5 years in the year through June. Headline CPI showed prices were 2.9% higher last month compared to the same period last year, with CPI increasing 0.1% in June. Core CPI, which excludes volatile food and energy prices also ticked up to 2.3% from 2.2% bringing it to an 18 month high. Nonetheless, the numbers do support the case for future interest rate increases from the Fed. They also helped push the yield on the policy sensitive 2-year Treasury note higher further reducing the gap between it and 10-year yields.
- On the NATO front, Donald Trump's visit to Europe last week was eventful to say the least. He started his trip with the two-day NATO summit that was overshadowed by him. The US president hit out his country's allies, signaling out Germany for criticism. According to Trump, his anger towards Berlin and other NATO members is coming from what he sees as inadequate defense spending, large goods surpluses with the US and in the case of Germany, plans to increase gas imports from Russia. On his final meeting of the NATO summit, President Donald Trump claimed that fellow leaders have agreed to "substantially up" their defense spending.

US 2 year Treasury Yield %  
5-Month Performance



US Core Consumer Inflation  
1 Year Performance



#### Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1485	1.1585	1.1685	1.1785	1.1855
GBP	1.3030	1.3130	1.3234	1.3340	1.3435
JPY	110.35	111.35	112.36	113.30	114.30
CHF	0.9815	0.9915	1.0016	1.0105	1.0210

#### Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1685	(2.59)	EUR/GBP	0.8831	(0.63)
GBP/USD	1.3232	(2.07)	GBP/JPY	148.59	(2.31)
USD/JPY	112.36	(0.28)	EUR/JPY	131.27	(2.89)
USD/CHF	1.0016	2.80	EUR/CHF	1.1703	0.12

#### Major Crosses

#### Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1610 level during Friday's trading session and closed the week at 1.1685. EUR/USD Support is at (1.1485-1.1505) any break below targets 1.1315. Short term outlook is slightly bearish and any move up should be limited to 1.1855. However, medium term outlook remains bearish.

USD/JPY: The pair moved up to the 112.79 level during Friday's trading session and closed for the week at 112.36. USD/JPY Resistance is at (114.00-114.30) any break above targets 115.60. Short term and medium term outlook remains bullish.

#### Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.19	1.75	2.00	2.25	2.50
USD	1.96	2.07	2.34	2.52	2.79
EUR	-0.43	-0.40	-0.36	-0.31	-0.23
GBP	0.48	0.56	0.74	0.84	1.01
CHF	-0.79	-0.77	-0.72	-0.65	-0.52
AUD	2.50	2.15	2.28	2.38	2.30

#### Economic Events

Date	Country	Event	Actual	Forecast	Previous
15-Jul-18	CNY	GDP q/y	-	6.7%	6.8%
16-Jul-18	USD	Core Retail Sales m/m	-	0.4%	0.9%
16-Jul-18	USD	Retail Sales m/m	-	0.4%	0.8%
16-Jul-18	NZD	CPI q/q	-	0.5%	0.5%
16-Jul-18	AUD	Monetary Policy Meeting Minutes	-	-	-
17-Jul-18	GBP	BOE Gov Carney Speaks	-	-	-
17-Jul-18	GBP	Average Earnings Index 3m/y	-	2.5%	2.5%
17-Jul-18	USD	Fed Chair Powell Testifies	-	-	-
18-Jul-18	GBP	CPI y/y	-	2.6%	2.4%
18-Jul-18	USD	Building Permits	-	1.33M	1.35M

#### Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.34	2.58	2.72	2.83	2.93
Germany	-0.69	-0.67	-0.30	0.28	1.01
United Kingdom	0.71	0.73	1.03	1.27	1.72
Japan	-0.15	-0.15	-0.12	0.02	0.66

#### Commodities

Index	Last Price	% Change	Index	Last Price	Change
Kuwait Oil	72.55	0.86	Dow Jones	25,019.41	94.52
Brent	73.80	(0.03)	Nikkei 225	22,597.35	409.39
West Texas	70.98	(0.14)	S&P 500	2,801.31	3.02
Gold	1,241.00	(0.46)	KuwaitSE	5,186.32	(27.10)

#### Global Indices

All information has been sourced from Reuters

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