

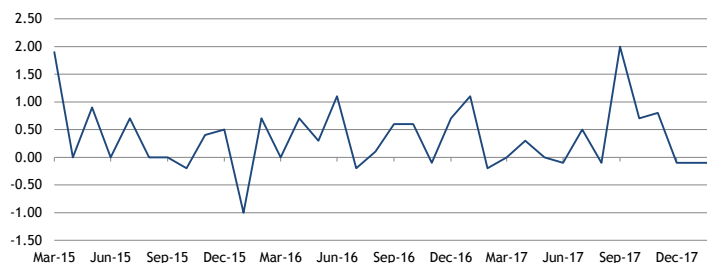
#### Highlights in the Foreign Exchange Market:

- US equities retreated across the board yesterday after US President Donald Trump sought to impose fresh tariffs on China. The fear of an escalating trade war with China had global markets on edge with investors taking a defensive position. The S&P 500 and Dow Jones were down 0.57% and 1.00% respectively. The Japanese yen had a 0.4% increase against the US dollar as the investor's risk appetite diminished.
- US consumers were not on a buying mood on February, as retail sales data showed a shrink for the third consecutive month. Overall retail sales shrunk 0.1% missing the forecasted growth of 0.3%, the same trend was evident with core retail sales where they fell 0.2% versus the forecasted 0.4%. This slowdown comes after the rise of 3.8% in the fourth quarter of 2017, shoppers may be taking a breather. With that given, the job market strength, rising property values and the lower taxes are lifting the American sentiment. The Federal Reserve policy makers are probably on track with the expected interest rate hike next week.
- In the Eurozone, ECB President Mario Draghi said that not all of the recent strength in the euro was justified by economic fundamentals. Setting his intent for how the ECB will raise interest rates, using a moderate series of rises after the bank ends its stimulus measures. The ECB promised to buy 30bn Euro of bonds each month until September. A three month taper is expected after that to draw the 2.3tn Euro QE program to a close. The first European interest rate hike is not expected until the middle of 2019, well after both the Fed and BoE.

Dow Jones



US Retail Sales M/M



#### Chart Points and Other Technical Input

| CCY | 2nd Support | 1st Support | Spot          | 1st Resistance | 2nd Resistance |
|-----|-------------|-------------|---------------|----------------|----------------|
| EUR | 1.2290      | 1.2345      | <b>1.2380</b> | 1.2450         | 1.2510         |
| GBP | 1.3875      | 1.3940      | <b>1.3984</b> | 1.4000         | 1.4070         |
| JPY | 104.70      | 105.30      | <b>105.82</b> | 106.40         | 107.05         |
| CHF | 0.9335      | 0.9385      | <b>0.9444</b> | 0.9485         | 0.9535         |

#### Major Currencies

| CCY     | Closing Rate | YTD %  | CCY     | Closing Rate | YTD %  |
|---------|--------------|--------|---------|--------------|--------|
| EUR/USD | 1.2365       | 3.08   | EUR/GBP | 0.8856       | (0.36) |
| GBP/USD | 1.3959       | 3.36   | GBP/JPY | 148.43       | (2.68) |
| USD/JPY | 106.32       | (5.95) | EUR/JPY | 131.49       | (3.06) |
| USD/CHF | 0.9448       | (3.02) | EUR/CHF | 1.1685       | (0.03) |

#### Major Crosses

#### Brief Technical Commentary

EUR/USD: The pair moved down to the 1.2345 level during Wednesday's trading session and currently trading at 1.2380. EUR Resistance is at (1.2450-1.2510) any break above targets 1.2550 and Support is at (1.2290-1.2345) any break below targets 1.2185. The pair is currently Neutral.

USD/JPY: The pair moved down to the 105.77 level this morning and currently trading at 105.82. USD/JPY Resistance is at (106.40-107.05) any break above targets 107.95 and Support is at (104.70-105.30) any break below targets 103.70. The pair is currently Bearish.

#### Local & Global Rates

| CCY | 1-Week | 1-Month | 3-Month | 6-Month | 1-Year |
|-----|--------|---------|---------|---------|--------|
| KWD | 1.25   | 1.63    | 1.88    | 2.06    | 2.38   |
| USD | 1.49   | 1.78    | 2.12    | 2.30    | 2.58   |
| EUR | -0.42  | -0.41   | -0.38   | -0.33   | -0.25  |
| GBP | 0.49   | 0.50    | 0.60    | 0.71    | 0.93   |
| CHF | -0.80  | -0.81   | -0.74   | -0.66   | -0.53  |
| AUD | 1.50   | 2.45    | 2.16    | 2.22    | 2.21   |

#### Economic Events

| Date      | Country | Event                            | Actual | Forecast | Previous |
|-----------|---------|----------------------------------|--------|----------|----------|
| 13-Mar-18 | USD     | CPI m/m                          | 0.2%   | 0.2%     | 0.5%     |
| 13-Mar-18 | USD     | Core CPI m/m                     | 0.2%   | 0.2%     | 0.3%     |
| 14-Mar-18 | CNY     | Industrial Production y/y        | 7.2%   | 6.3%     | 6.2%     |
| 14-Mar-18 | EUR     | ECB President Draghi Speaks      | -      | -        | -        |
| 14-Mar-18 | USD     | Retail Sales m/m                 | -      | 0.3%     | -0.3%    |
| 14-Mar-18 | USD     | PPI m/m                          | -      | 0.1%     | 0.4%     |
| 15-Mar-18 | CHF     | Libor Rate                       | -      | -0.75%   | -0.75%   |
| 15-Mar-18 | USD     | Philly Fed Manufacturing Index   | -      | 23.2     | 25.8     |
| 15-Mar-18 | USD     | Empire State Manufacturing Index | -      | 15.2     | 13.1     |
| 16-Mar-18 | USD     | Building Permits                 | -      | 1.33M    | 1.38M    |

#### Government Yields

| Country        | 1-Year | 2-Year | 5-Year | 10-Year | 30-Year |
|----------------|--------|--------|--------|---------|---------|
| United States  | 2.02   | 2.25   | 2.60   | 2.81    | 3.05    |
| Germany        | -0.72  | -0.60  | -0.02  | 0.59    | 1.24    |
| United Kingdom | 0.69   | 0.79   | 1.12   | 1.43    | 1.83    |
| Japan          | -0.15  | -0.15  | -0.11  | 0.04    | 0.75    |

#### Commodities

| Index      | Last Price | % Change | Index      | Last Price | Change   |
|------------|------------|----------|------------|------------|----------|
| Kuwait Oil | 61.39      | (0.13)   | Dow Jones  | 24,758.12  | (248.91) |
| Brent      | 63.60      | (0.03)   | Nikkei 225 | 21,771.48  | (5.81)   |
| West Texas | 60.88      | (0.03)   | S&P 500    | 2,749.48   | (15.83)  |
| Gold       | 1,326.11   | 0.05     | KuwaitSE   | 6,748.32   | 20.03    |

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).