

## DOLLAR LOWER; EURO HIGHER DESPITE ECB

### NBK MONEY MARKETS REPORT

**KUWAIT:** The US dollar continued to trade in a subdued manner against most of its major counterparts last week on the back of heightened uncertainty surrounding the future of the Fed's rate path. Additionally, concerns over Trump's ability to push his agenda in the White House helped push the greenback lower. The lack of confidence in the market is clearly reflected in US 10-year treasury yields which traded at 3-week lows. Meanwhile, equities maintained recent gains on the back of a generally positive earnings season and prospects of a less aggressive Fed interest rate policy.

The market continued to be dictated by central banks and their agendas with regards to the withdrawal of their huge quantitative easing programs. Last week, the European Central Bank meeting and press conference took center stage as investors were eagerly awaiting any hint on when the ECB would start tapering. However, the European Central bank left its ultra-loose monetary policy unchanged and did not even discuss reducing back stimulus, which suggested it may delay an inevitable decision on tapering asset purchases until the latest possible moment.

The BOJ had a similar story as it kept its monetary policy unchanged and has extended the timeframe for reaching its 2% inflation target to fiscal year 2019. Regardless of whether the BOJ acknowledges that inflation won't reach its target as expected, Governor Haruhiko Kuroda won't get anywhere near a policy exit before his five-year term expires in April, Hideo Hayakawa, said in an interview with Bloomberg last week.

On the foreign exchange front, the US dollar declined by 1.42 percent last week. The dollar index opened the week at 95.088 and reaching as high as 95.348 but the dollar lost all momentum and slipped to 11-month low of 94.180. The market has started to lose faith in "Trumpflation" as the possibility to pass the Republican health care reform bill appears even dimmer. Three Republican Senators voiced opposition to the proposed bill and it does appear that the bill won't have enough votes to pass, casting further doubts on Trump's influence on the White House policies.

Even after a dovish Draghi in the ECB press conference, the Euro was the biggest winner last week gaining 2.13 percent on the back of solid economic figures and weakness in the dollar. The currency opened the week at 1.1462 and rose as high as 1.1677 on Friday. The euro closed the week at 1.1658.

The pound sterling had a different story than the euro as mixed retail and inflation data hit the market. Furthermore, the softer inflation figure had depressed expectations of an interest rate hike in the short-term. The cable opened the week at 1.3099 and reached a high of 1.3125 but quickly lost all gains and fell to a low of 1.2970. The currency closed the week at 1.2992.

The safe haven yen traded in a relatively narrow range opening the week at 112.49 and reached a low of 111.46 despite mixed economic data and a cautious BOJ statement. The yen continues to gain against the greenback as differentials continue to drop on the back of lower US yields. The currency closed the week at 111.10.

In the commodities complex, oil prices had a volatile movement increasing by up to 3.89 percent as Brent Crude reached a six week high of \$50.19. US crude oil inventory decreased by 4.7 million as the refineries produced 125,000 barrels per day less than the previous week's average. However, Brent closed the week at \$48.06 due to forecasts of a rise in OPEC production for July despite the group's pledge to curb output.

#### Housing sector

The housing market registered the fastest annualized pace in four months according to the Commerce Department data released last Wednesday. Housing starts increased by 8.3 percent to 1.22 million annualized rate up from 1.12 million reached in May. While building permits, a proxy for future construction, climbed 7.4 percent to a 1.25 million annualized rate up from May's figure of 1.17 million. Despite three interest rate hikes since December 2016 and increased inflation, the housing market keeps on expanding at a considerably fast pace, which may potentially deem alarming in the near future.

The Philly Fed Manufacturing index decreased from a reading of 27.6 in June to 19.5 this month. The index has been positive for 12 consecutive months, but July's reading is the lowest since November. Thirty-seven percent of the firms indicated increases in activity in July, down from 42 percent last month. The shipments index decreased 16 points, while the new orders index fell 24 points. Nearly 31 percent of the respondents reported a rise in new orders this month, down from 45 percent in June. Both the delivery times and unfilled orders indexes were positive for the ninth consecutive month, suggesting longer delivery times and increases in unfilled orders.

#### Dovish Draghi

The European Central Bank left its benchmark refinancing rate unchanged at 0.00 percent, as expected, on Thursday. President Mario Draghi also said the ECB would continue its monthly asset purchases at the current rate, 60 million euros a month, until December 2017 or beyond, if necessary. Following are highlights of ECB

President Mario Draghi's comments at a post-policy meeting press conference. On potential changes to the QE program he said "We need to be persistent and patient because we aren't there yet."

Draghi also added that "We also were unanimous in communicating no change to the forward guidance and also we were unanimous in setting no precise date for when to discuss changes in the future - in other words, we simply said that our discussions should take place in the autumn." The ECB's president emphasized that we need to think and gather lots of information as there is lots of uncertainty around. He also stressed that the Governing Council doesn't want to be forced to take decisions in an absence of full information

#### Eurozone annual CPI holds firm

Euro area final annual inflation figure came at 1.3 percent for June, matching the market's expectations yet lower than the revised 1.4 percent May figure. It is worth mentioning that in June last year inflation was at 0.1 percent, but with the ECB's loose monetary policy and asset purchase program helped lift the inflation to a decent 1.3 percent a year later.

However core CPI excluding energy, food, alcohol and tobacco strengthened to 1.1 percent y/y compared with 0.9 percent in May. Of further comfort to the central banker would be the core inflation excluding energy & processed food but including tobacco & alcohol, ECB's preferred measure of core inflation, came in 1.2 percent y/y - highest in over two and half years.

#### UK retail sales

UK's inflation unexpectedly slowed down year to year in June. The 2.6 percent was lower than expectations by 0.3 percent and thus removing some pressure from the BOE as price growth was getting out of hand. This figure marks the first drop in annual CPI rate since October of last year. Economists had forecasted that the data would hold at the four-year high of 2.95 reached last month. The data undermines arguments for the immediate interest-rate hike that a minority of policy makers supported at the last BOE decision as inflation looked set to veer further above the 2 percent target. There are also signs economic growth is cooling as consumers, the engine of growth for the past year, start to rein in spending.

In addition, the quantity of goods sold in stores and online rose by 0.6 percent, more than economists forecast, following a 1.1 percent decline in May, figures from the Office for National Statistics showed Thursday. Sales rose in almost every category last month. Spending on clothes helped lift sales at department stores by 2.7 percent and household goods rose 3.3 percent. Food sales fell 0.5 percent, partly due to weaker alcohol demand.

#### RBA minutes

In its July meeting minutes, the RBA again stated that developments in the labor market warrant careful monitoring. In the detail of the minutes the better growth data (the flow of jobs) is contrasted with high levels of underemployment (to stock of spare capacity). It is notable that the RBA characterized the labor market improvement as removing "some of the downside risk in the Bank's forecast of wage growth".

#### China's GDP expands

China's economy expanded faster than expected in the second quarter of 2017, as traditional growth sectors continued to underpin the economy. The National Bureau of Statistics said gross domestic product (GDP) expanded at an annualized 6.9 percent in the second quarter, unchanged from the previous quarter and well within the government's target range of 6.5 percent to 7 percent.

Over the past four quarters, the Chinese economy has relied on government spending and access to cheap credit to fuel a faster than expected expansion. At the same time, efforts to curb a red hot housing market have largely come up short amid a resurgence of demand. Buyers anticipating further restrictions on housing have flooded the market after authorities introduced curbs back in March. Furthermore, Industrial production, the broadest measure of factory output, expanded 7.6 percent in the 12 months through June. That was well above the previous month's 6.5 percent growth pace signaling a healthier and more solid economy.

#### BOJ policy unchanged

Bank of Japan's meeting last week was uneventful as expected by market participants. The central bank kept the interest rate unchanged at -0.10 percent and 80 trillion yen QE program in place as well as the 10-year JGB yield target at about 0.00 percent. In addition, the BOJ admitted defeat of deflation and delayed the timing of reaching their 2 percent inflation target to fiscal year 2019.

Finally, Bloomberg Intelligence economist Yuki Masujima warned that a big risk ahead for BOJ after two board members leave this week is tunnel vision. Takahide Kiuchi and Takehiro Sato routinely challenged the policy board's consensus, and their successors are less likely to oppose Kuroda.

#### Kuwait

Kuwaiti dinar at 0.30215  
The USDKWD opened at 0.30215 yesterday morning.



## NISSAN AL-BABTAIN LAUNCHES NEW 2018 NISSAN PATHFINDER IN KUWAIT

### NEW 3.5-LITER V6 ENGINE ADDS DIRECT INJECTION SYSTEM

**KUWAIT:** Abdulmohsen Abdulaziz Al-Babtain Co, the sole authorized dealer of Nissan in the State of Kuwait, recently launched new 2018 Nissan Pathfinder in Kuwait. The Nissan Pathfinder is reborn for the 2018 model year with more adventure capability, a freshened exterior look and enhanced safety and technology - pure Pathfinder taken to a higher level of performance and style.

The latest iteration of this popular, family-oriented four-wheel drive vehicle draws on Nissan's vast experience of building vehicles designed to operate in testing off-road conditions while remaining perfectly at home on the highway. As an SUV vehicle, the Pathfinder retains plenty of capability in off-road environments.

"Pathfinder has a logical and hugely practical place within the Nissan model line-up in this region," explained Mohammed Shalaby - Chief Operating Officer for Al-Babtain Group[M1] "For 2018, Pathfinder receives much more than a typical facelift. It now offers more power, improved driving dynamics and new available driver assistance features - more of what customers need for safe, comfortable every day and weekend family adventures."

"Most people with a family need to commute to work, drop the kids off at school and generally use their vehicles on paved surfaces. But at weekends it's great to have the Pathfinder's capacity to explore further afield, getting to special places that an ordinary family car cannot reach, be that in a desert or beach."

The refreshed Pathfinder benefits from changes both externally and internally. The revised 3.5-litre V6 engine has more horse power and more torque.

The seven-seat vehicle offers enhanced driving dynamics such as more controlled ride and handling, less vibrations on turns and easier manoeuvring. This is due to many enhancements such as smaller strokes, less understeer, improved roll balance and improved steering ratio. The 2018 Pathfinder is offered in 2-wheel drive configurations and a choice of two well-equipped grade levels: S & SV. Externally,



Pathfinder now aligns more closely with Nissan's latest design language thanks to signature elements, including the new "V-Motion" grille and striking boomerang-shaped headlights with LED daytime running lights. Other new styling elements include a redesigned front bumper, fog lights, wing mirrors with integrated indicators and new 18-inch and 20-inch aluminium-alloy wheel designs. The rear taillight cluster and rear bumper have also been refreshed.

In terms of practicality, a Motion-Activated liftgate comes as standard on SV. On sweeping a foot under the tailgate, it opens automatically and stops at the desired point.

Inside, the revamped Pathfinder offers stylish, comfortable seating for seven occupants who benefit from a variety of updated connectivity features. The latest Pathfinder adopts new-generation information technology with an Advanced Drive-Assist Display located in the centre of the instrument binnacle providing supplementary infotainment and driver assistance displays compared to the previous model. A standard 8.0-inch touch-screen monitor, situated in the middle of the instrument panel controls a wide variety of vehicle systems and settings including navigation and infotainment func-

tions. Options such as Intelligent Emergency Breaking, Intelligent Cruise Control, Blind Spot Warning (BSW), Forward Collision Warning and Rear Cross Traffic Alert (RCTA) are available on the SV.

#### Revised 3.5-liter V6 engine

In a major step up of its already highly capable adventure credentials, Pathfinder's new 3.5-liter V6 engine features more power and torque. It utilizes more than 50 percent new or new-to-Pathfinder engine parts and components - including combustion chamber design, pistons, intake manifold and e-VTC (fully electronic on intake).

#### A powerful new look

When the fourth-generation Pathfinder was introduced for the 2013 model year, its design represented a major step forward in refined styling and aerodynamic emphasis. For 2018, the refreshed exterior goes even further, adding a stronger sense of adventure, character and presence and continued fine-tuning of aero efficiency.

The updated appearance incorporates the latest Nissan signature design elements introduced on the award-winning Maxima sport sedan and Nissan X-Trail crossover - including the new "V-Motion" grille and boomerang-shaped headlights. Other exterior enhancements include a new, more aggressive hood, front bumper and fog lights. The outside rearview mirrors now include standard integrated turn signals. In the rear, changes include new taillights and a stronger bumper design.

Nissan Al-Babtain invites customers to visit its dedicated showrooms in Al-Rai & Ahmadi to view up close the refreshed Pathfinder's refined styling and design as well as take a test drive to enjoy the newly enhanced performance and an advanced driving experience. Nissan Al-Babtain is known on being keen to constantly provide the best to its customers throughout the year, as well as after-sales service to meet the growing demand for Nissan and achieve the company's goals to always remain at the forefront of leading automotive brands.



## THE NEW NISSAN LEAF WITH E-PEDAL, PREMIERES ON SEPT 6

**DUBAI:** Nissan has announced that the widely anticipated new Nissan LEAF will come with e-Pedal, a revolutionary technology that transforms the way we drive.

With the flip of a switch, the technology turns your accelerator into an e-Pedal, allowing drivers to accelerate, decelerate and stop using just the e-Pedal. e-Pedal technology is the world's first one-pedal operation that allows drivers to bring the car to a complete stop

even on hills, stay in position, and resume driving instantly.

Drivers can cover 90 percent of their driving needs with the e-Pedal, making the process of driving more exciting. In heavy traffic and during city commutes, drivers will greatly reduce the need to shift from one pedal to the other, making your drive simpler and more engaging.

The e-Pedal technology represents another key milestone in

Nissan's ongoing commitment to bring accessible, advanced driver assistance technologies to the mainstream. Set to make driving safer and more enjoyable, the development of these technologies is part of Nissan Intelligent Mobility, the company's blueprint for transforming how cars are driven, powered and integrated into society. By launching the Nissan LEAF, the world's first mass-market electric vehicle, Nissan established

itself as pioneer in the EV movement. Today the Nissan LEAF is the world's best-selling electric vehicle, with more than 277,000 sold worldwide.

For the latest updates, follow #Nissan #LEAF #ElectrifyTheWorld and join in the conversation.

For more information about Nissan Motor Co., Ltd.'s products, services and our commitment to sustainable mobility, visit Nissan-Global.com. Follow us on Facebook, Instagram, Twitter and LinkedIn, and view our latest videos on YouTube.

Nissan is a global full-line vehicle manufacturer that sells more than 60 models under the Nissan, Infiniti and Datsun brands. In fiscal year 2015, the company sold more than 5.4 million vehicles globally, generating revenue of 12.2 trillion yen. Nissan engineers, manufactures and markets the world's best-selling all-electric vehicle in history, the Nissan LEAF. Nissan's global headquarters in Yokohama, Japan manages operations in six regions: ASEAN & Oceania; Africa, Middle East & India; China; Europe; Latin America and North America. Nissan has been partnered with French manufacturer Renault since 1999 and Mitsubishi Motors since 2016 under the Renault-Nissan Alliance.



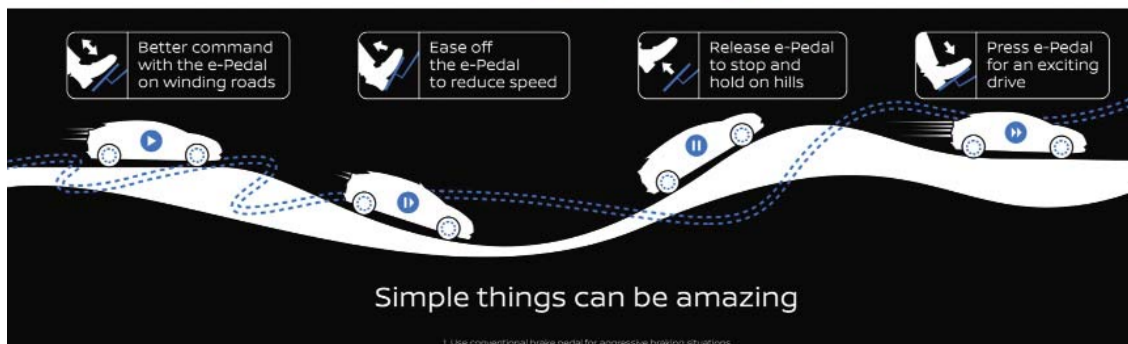
### The New Nissan LEAF with e-Pedal

Technology can turn your accelerator into an e-Pedal



### NISSAN INTELLIGENT MOBILITY

Speed up, slow down and brake with just the accelerator pedal



Simple things can be amazing

1 Use conventional brake pedal for aggressive braking situations.