Treasury Group

Treasury Newsletter

January 18, 2017

Kuwaiti Dinar Today 0.30495 / 0.30505

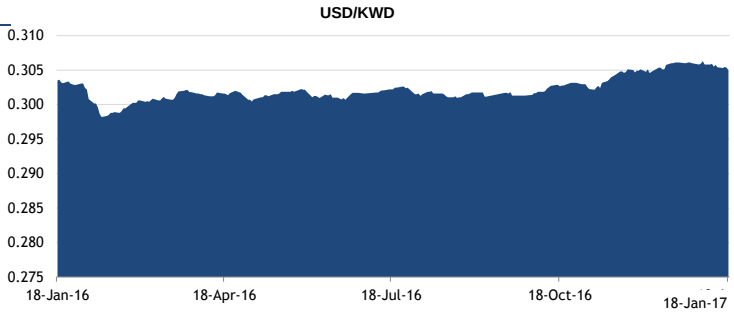
Highlights in the Foreign Exchange Market:

- Asian equity markets lacked direction today following a sharp correction overnight in the dollar that weakened investors risk appetite. The Nikkei index is flat trading at 18,820.636. In the US, Wall Street closed in the red zone on Tuesday after President-elect Donald Trump sent shockwaves throughout Wall Street, saying the dollar is "too strong" and is "killing us." The Dow Jones and S&P 500 closed lower by 0.30%.

- On the Brexit issue, there was little new information in Theresa May's speech yesterday, aside from her statement that the final agreement reached with the EU would be put before both houses of parliament for approval before coming into effect. PM May outlined several goals that the UK was aiming to achieve in the negotiations, including border control, the freedom to negotiate non-EU trade deals and leaving the jurisdiction of the European Court of Justice. The UK would exit the EU's single market but seek to negotiate a new free trade deal with the EU to facilitate as much freedom of movement for goods & services as possible.

- On the currency front, the recent rally in the Sterling pound on Tuesday indicated that the market may be becoming more comfortable with the idea of the so-called hard Brexit, but may have also been partly due to higher than expected UK inflation data released before the Brexit speech. The GBP appreciated by 2.6% against the US dollar.

- In the commodities space, gold prices today held near eight-week highs as uncertainty grows over US president-elect Donald Trump's economic promises and after the dollar depreciated dramatically on his negative comments on the nation's currency.



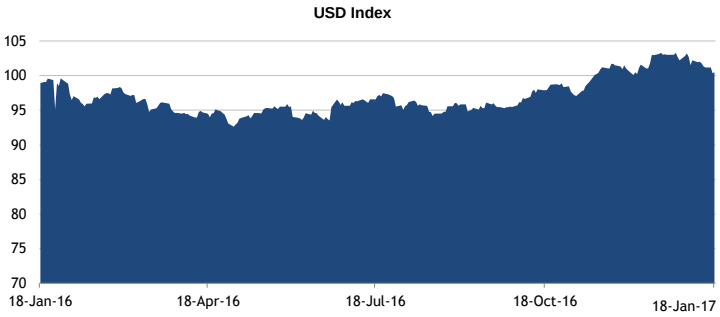


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.0585	1.0635	**1.0695**	1.0745	1.0800
GBP	1.2215	1.2280	**1.2335**	1.2385	1.2435
JPY	111.95	112.50	**113.05**	113.65	114.25
CHF	0.9925	0.9985	**1.0030**	1.0080	1.0135

Major Currencies

CCY	Closing Rate	YTD %
EUR/USD	1.0712	1.60
GBP/USD	1.2413	(0.06)
USD/JPY	112.62	(3.03)
USD/CHF	1.0009	(1.33)

Major Crosses

CCY	Closing Rate	YTD %
EUR/GBP	0.8628	1.68
GBP/JPY	139.72	(3.01)
EUR/JPY	120.58	(1.70)
EUR/CHF	1.0727	0.09

Brief Technical Commentary

EUE/USD: is trading in the range of (1.0590-1.0720). Short term outlook and medium term outlook are bearish .On the upside a break of (1.0720-45) levels would trigger a solid bullish case.

USD/JPY: is trading in the range of (112.50-114.25). Short term outlook and medium term outlook are bullish.On the downside a break of (112.30-40) levels would trigger a solid bearish case.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	0.75	1.13	1.44	1.75	2.06
USD	0.72	0.77	1.02	1.33	1.70
EUR	-0.40	-0.38	-0.34	-0.24	-0.10
GBP	0.24	0.26	0.36	0.52	0.77
CHF	-0.79	-0.79	-0.73	-0.66	-0.51
AUD	2.78	2.86	2.95	3.05	3.33

Economic Events

Date	Country	Event	Actual	Forecast	Previous
16-Jan-17	GBP	BOE Gov Carney Speaks	-	-	-
17-Jan-17	GBP	CPI y/y	1.6%	1.4%	1.2%
17-Jan-17	EUR	German Zew Sentiment	16.6	18.9	13.8
17-Jan-17	GBP	Prime Minister Speaks	-	-	-
18-Jan-17	GBP	Claimant Count Change	-	4.6K	2.4K
18-Jan-17	GBP	Average Earnings Index	-	2.6%	2.5%
18-Jan-17	USD	CPI m/m	-	0.3%	0.2%
18-Jan-17	USD	Core CPI m/m	-	0.2%	0.2%
18-Jan-17	USD	Fed Chair Yellen Speaks	-	-	-
19-Jan-17	EUR	ECB Press Conference	-	-	-

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	0.78	1.16	1.85	2.35	2.95
Germany	-0.76	-0.76	-0.51	0.31	1.04
United Kingdom	0.07	0.15	0.53	1.30	1.96
Japan	-0.30	-0.23	-0.13	0.05	0.73

Commodities

Index	Last Price	% Change
Kuwait Oil	51.83	(1.33)
Brent	54.02	(0.02)
West Texas	52.40	(0.10)
Gold	1,213.31	(0.25)

Global Indices

Index	Last Price	Change
Dow Jones	19,826.77	(58.96)
Nikkei 225	19,116.14	(0.89)
S&P 500	2,267.89	(6.75)
KuwaitSE	6,301.12	77.12

All information has been sourced from Reuters

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