Treasury Group

Treasury Newsletter

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Kuwaiti Dinar Today 0.30580 / 0.30590

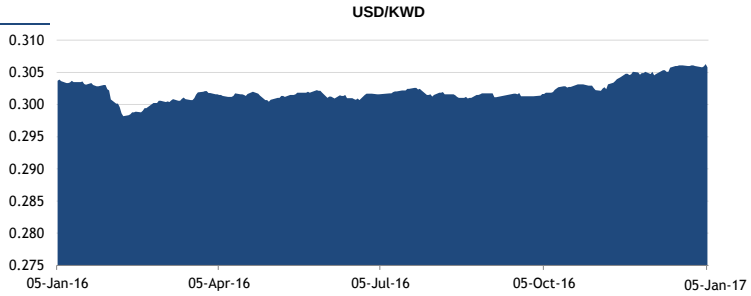
Highlights in the Foreign Exchange Market:

- The FOMC meeting minutes were released last night putting pressure on the USD. This morning, markets open with a relatively weaker greenback given the minutes showed that officials "emphasized their considerable uncertainty about the timing, size, and composition of any future fiscal and other economic policy initiatives as well as about how those polices might affect aggregate demand and supply.

- On the equity front, Asian shares were mixed this morning with gains made in China and Hong Kong after solid services PMI figures last night. In Japan however, market edged down as the USD fell the most against the yen reaching a low of 116.08. The Shanghai composite and the Hang Seng rose 0.08% and 1.04% respectively while the Nikkei 0.33%.

- In the UK, construction companies signaled a positive end to the year, led by the fastest rise in new order volumes since January 2016. Stronger demand patterns resulted in sustained job creation and a broad-based upturn in business activity during December. The GBP saw a slight gain of 0.58% pushing it back above the 1.2300 handle after the release.

- Oil prices remain volatile on doubts producers would fully deliver on promises to cut output. Brent crude futures were trading at $56.28 per barrel down 18 cents from their last close. Furthermore, US Crude inventories fell 7.4 million barrels in the last week of December worse than expectations and US car and truck sales were up 3.1% in December from the same month last year hitting a record 17.55 million overall in 2016.



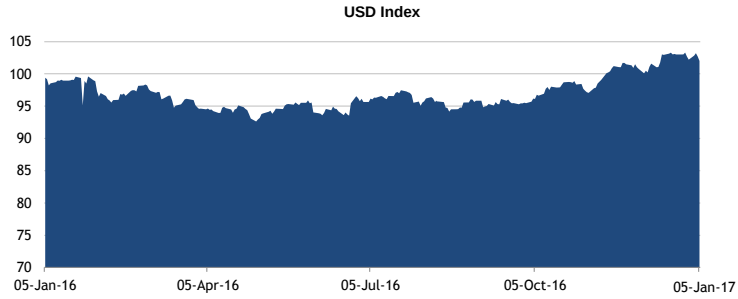


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.0460	1.0505	**1.0523**	1.0590	1.0650
GBP	1.2215	1.2285	**1.2332**	1.2385	1.2490
JPY	115.20	115.90	**116.41**	117.35	118.60
CHF	1.0020	1.0120	**1.0185**	1.0225	1.0340

Major Currencies

CCY	Closing Rate	YTD %
EUR/USD	1.0486	0.29
GBP/USD	1.2317	(0.01)
USD/JPY	117.24	(0.41)
USD/CHF	1.0200	(0.08)

Major Crosses

CCY	Closing Rate	YTD %
EUR/GBP	0.8508	0.32
GBP/JPY	144.46	(0.28)
EUR/JPY	122.92	(0.34)
EUR/CHF	1.0711	0.09

Brief Technical Commentary

EUR/USD: Euro broke important resistance of 1.0500 level last night and had retraced all its losses, bouncing up from 1.0340 (14 year low) the prior day. Short term outlook is slightly bullish however, medium term outlook remains bearish. Technically, need a break of 1.0460 to resume the downtrend move. On the upside a break of 1.0650 would trigger an solid bullish case.

USD/JPY: The pair is pushing downward and short term outlook is bearish now. However need a break of 115.90 to confirm the outlook. On the upside, a break above 117.35 would turn the outlook to neutral.

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	1.01	1.32	1.69
EUR	-0.39	-0.38	-0.34	-0.23	-0.09
GBP	0.25	0.26	0.37	0.54	0.78
CHF	-0.79	-0.79	-0.73	-0.66	-0.50
AUD	2.78	2.86	2.95	3.05	3.33

Economic Events

Date	Country	Event	Actual	Forecast	Previous
3-Jan-17	EUR	German Unemployment Change	-17K	-5K	-5K
3-Jan-17	GBP	Manufacturing PMI	56.1	53.3	53.4
3-Jan-17	USD	ISM Manufacturing PMI	54.7	53.7	53.2
4-Jan-17	GBP	Construction PMI	56.1	52.6	52.8
4-Jan-17	EUR	CPI Flash Estimate y/y	1.1%	1.0%	0.6%
4-Jan-17	USD	FOMC Meeting Minutes	-	-	-
5-Jan-17	GBP	Services PMI	-	54.8	55.2
5-Jan-17	EUR	ECB Monetary Policy Meeting	-	-	-
5-Jan-17	USD	ADP Non-Farm Employment	-	171K	216K
5-Jan-17	USD	ISM Non-Manufacturing PMI	-	56.6	57.2

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	0.86	1.20	1.91	2.42	3.01
Germany	-0.86	-0.80	-0.53	0.26	1.02
United Kingdom	0.07	0.13	0.56	1.34	1.98
Japan	-0.28	-0.21	-0.12	0.05	0.75

Commodities

Index	Last Price	% Change
Kuwait Oil	52.26	1.22
Brent	54.46	(0.04)
West Texas	53.21	(0.19)
Gold	1,175.70	1.01

Global Indices

Index	Last Price	Change
Dow Jones	19,942.16	60.40
Nikkei 225	19,496.46	(97.70)
S&P 500	2,270.75	12.92
KuwaitSE	5,794.31	6.47

All information has been sourced from Reuters

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