

Highlights in the Foreign Exchange Market:

- Asian equity markets are currently mixed in the first trading session of the year. The Nikkei is flat at 22,764.94, while the Hang Seng soared 1.68%, trading at 30,421.26. On the currency front, the US dollar index depreciated to its lowest level in more than three months versus a basket of major currencies. It was the sharpest annual decline in 14 years, on doubts over durability of a pick-up in US economic growth in the wake of the country's tax amendment.
- In China, the manufacturing sector proved to be tolerant despite new government regulation on pollution and the high degree of financial leverage. The manufacturing index was elevated to a four months high in December, thanks to a robust demand. The index increased 0.7 points to 51.5. Business morale edged higher, however business entities claimed subdued client demand and changes to national policies dampened confidence at the end of the year. Overall, conditions in the manufacturing sector improved in December, supporting the notion that economic activity has stabilized last year and performed better than anticipated. Although, some downward pressure is expected on growth due to tightening monetary policy and strengthening oversight on local government financing.
- In the commodities complex, oil prices started 2018 by advancing toward \$61 and \$68 for West Texas and Brent respectively on the back of political tensions in the Middle East region. The rise in prices comes after a 3.3% increase last week due to the Libyan pipeline burst incident. Gold prices rose to 1,307.26, the highest level since September of 2017 and the longest stretch of gains since mid-2011.

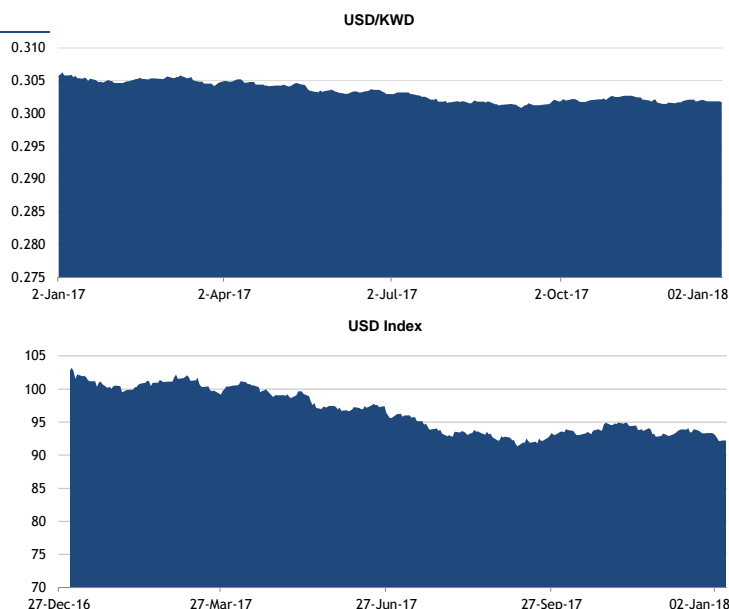


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1890	1.1935	1.2016	1.2090	1.2150
GBP	1.3455	1.3490	1.3513	1.3545	1.3650
JPY	112.00	112.45	112.72	113.35	114.30
CHF	0.9590	0.9660	0.9738	0.9780	0.9860

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.2008	0.23	EUR/GBP	0.8876	0.11
GBP/USD	1.3501	0.05	GBP/JPY	152.22	0.13
USD/JPY	112.64	(0.02)	EUR/JPY	135.20	0.21
USD/CHF	0.9743	(0.08)	EUR/CHF	1.1704	0.13

Major Crosses

Brief Technical Commentary

Euro is pushing higher and trading above 1.2000 psychological level. Short term outlook might have some consolidation around current levels but Medium term outlook remains bearish. Next solid support is 1.1890 which needs to break to resume the downtrend move. On the upside a break of 1.2150 would make the pair bullish.

USDJPY is moving in a tight range. Short term outlook is neutral. However, general strength in USD across the board is observed for the long run. A break above 114.30 would turn the outlook to a bullish case. On the downside, a break below 112.00 would turn the outlook to negative.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.38	1.69	1.88	2.13	2.38
USD	1.48	1.56	1.69	1.84	2.11
EUR	-0.42	-0.41	-0.38	-0.32	-0.24
GBP	0.48	0.50	0.52	0.58	0.77
CHF	-0.82	-0.81	-0.75	-0.65	-0.52
AUD	1.39	1.54	1.82	1.92	1.97

Economic Events

Date	Country	Event	Actual	Forecast	Previous
31-Dec-18	CNY	Manufacturing PMI	51.6	51.6	51.8
31-Dec-18	CNY	Non-Manufacturing PMI	55.0	-	54.8
2-Jan-18	GBP	Manufacturing PMI	-	58.0	58.2
3-Jan-18	GBP	Construction PMI	-	53.2	53.1
4-Jan-18	GBP	Services PMI	-	54.1	53.8
4-Jan-18	USD	ADP Non-Farm Employment	-	192K	190K
5-Jan-18	EUR	German Retail Sales m/m	-	1.1%	-1.2%
5-Jan-18	EUR	CPI Flash Estimate y/y	-	1.4%	1.5%
5-Jan-18	USD	Non-Farm Employment Change	-	189K	228K
5-Jan-18	USD	Average Hourly Earnings m/m	-	0.3%	0.2%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	1.73	1.88	2.20	2.40	2.74
Germany	-0.79	-0.65	-0.21	0.42	1.25
United Kingdom	0.26	0.40	0.71	1.19	1.75
Japan	-0.15	-0.14	-0.11	0.04	0.81

Commodities

Index	Last Price	% Change	Index	Last Price	Change
Kuwait Oil	63.79	0.17	Dow Jones	24,719.22	(118.29)
Brent	67.07	(0.03)	Nikkei 225	22,764.94	(19.04)
West Texas	60.41	(0.17)	S&P 500	2,673.61	(13.93)
Gold	1,309.21	0.51	KuwaitSE	6,624.28	1.98

All information has been sourced from Reuters

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