

Highlights in the Foreign Exchange Market:

- The US dollar started the new year on a strong footing climbing against most of its counterparts, but fell against the safe-haven Japanese yen as investors remained wary of slowing global growth and volatile equity markets. In a "flash crash", the euro fell around 1% while the GBP fell a further 1.5%. The yen was up 2% respectively. There was weak manufacturing data across Europe and UK PMI surveys showed that manufacturers were very concerned with the fate of Brexit. Furthermore, US stock futures moved lower and a rush to safe-haven bonds was sparked after Apple Inc shocked investors by cutting its earnings forecast, citing sluggish iPhone sales in China. US treasury yields fell to their lowest in nearly a year over the concerns about the health of the global economy.
- One theory behind the crash is that Japanese retail investors were behind risk averse FX trades that were exacerbated by algorithmic programs and thin liquidity in Japan on holiday.
- The end of 2018 saw a further modest improvement in business conditions in the UK manufacturing sector. At 54.2 in December, the seasonally adjusted IHS Markit/CIPS Purchasing Managers' Index rose to a six-month high, up from 53.6 in November. The rise in the PMI level during December was mainly driven by stronger inflows of new business and a solid increase in stocks of purchases. British factories ramped up their stockpiling as they prepared for possible border delays when Britain leaves the European Union in less than three months' time.
- Oil fell towards \$54 a barrel on Wednesday, under pressure from rising output in major OPEC and non-OPEC producers and concerns about an economic slowdown that could weaken demand. However, the United Arab Emirates energy minister said on Tuesday he remained optimistic about achieving a market balance in the first quarter.

USDJPY
7-Day Performance



10Yr Treasury
1-Year Performance



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1255	1.1310	1.1363	1.1415	1.1470
GBP	1.2445	1.2495	1.2548	1.2595	1.2655
JPY	106.15	106.60	107.24	107.75	108.25
CHF	0.9765	0.9815	0.9864	0.9915	0.9970

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1342	(0.88)	EUR/GBP	0.8996	0.77
GBP/USD	1.2607	(1.58)	GBP/JPY	137.26	(4.18)
USD/JPY	108.87	(3.07)	EUR/JPY	123.52	(3.75)
USD/CHF	0.9900	0.35	EUR/CHF	1.1229	(0.50)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1307 level during today's early morning trading session and currently trading at 1.1363. EUR/USD Support is at (1.1255-1.1285) any break below would take the pair to 1.1215. Short term outlook is neutral. However, if the pair breaks the low of the year 1.1213 level it will turn bearish.

USD/JPY: The pair moved down sharply to the 104.96 level during today's early morning trading session and then recovered back to the 107.24 level. USD/JPY Support is at (105.85-106.15) any break below targets 104.55. Short term and medium term outlook are Bearish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.69	2.13	2.38	2.63	2.81
USD	2.41	2.51	2.79	2.87	3.00
EUR	-0.44	-0.41	-0.35	-0.30	-0.18
GBP	0.71	0.73	0.91	1.03	1.17
CHF	-0.82	-0.78	-0.71	-0.63	-0.50
AUD	1.72	1.83	2.05	2.13	2.25

Economic Events

Date	Country	Event	Actual	Forecast	Previous
31-Dec-18	CNY	Manufacturing PMI	49.4	50.0	50.0
2-Jan-19	GBP	Manufacturing PMI	54.2	52.6	53.1
3-Jan-19	USD	ADP Non-Farm Employment		108k	179k
3-Jan-19	USD	ISM Manufacturing PMI		58.2	59.3
4-Jan-19	GBP	Services PMI		50.8	50.4
4-Jan-19	EUR	Core CPI Flash Estimate y/y		1.0%	1.05
4-Jan-19	EUR	CPI Flash Estimate y/y		1.8%	2.0%
4-Jan-19	USD	Average Hourly Earnings m/m		0.3%	0.2%
4-Jan-19	USD	Non-Farm Employment Change		181k	155k
4-Jan-19	USD	Unemployment Rate		3.7%	3.7%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.58	2.48	2.47	2.63	2.96
Germany	-0.65	-0.64	-0.36	0.17	0.79
United Kingdom	0.71	0.71	0.84	1.21	1.78
Japan	-0.16	-0.15	-0.16	-0.01	0.70

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	52.93	(0.08)	Dow Jones	23,346.24	0.08
Brent	53.95	(0.04)	Nikkei 225	20,014.77	(0.31)
West Texas	46.26	(0.22)	S&P 500	2,510.03	0.13
Gold	1,292.01	0.57	KuwaitSE	5,119.55	(0.90)

All information has been sourced from Reuters.

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