

Highlights in the Foreign Exchange Market:

- Despite the somewhat high probability of rate increase tonight, markets are still expecting the US central bank to display a dovish tone regarding the 2019 interest rate path. Hence, all eyes will be on the language of the statement by Fed officials that will accompany the rate decision. On the foreign exchange end, the US dollar weakened during Tuesday's trading session, falling to a weekly low. With the prospect of a dovish statement, all major currencies were higher versus the USD. Emerging market currencies also received a boost, with the benchmark JPMorgan EM FX Index up around 0.3% in yesterday's session.
- Oil prices dominated headlines after suffering heavy losses on Tuesday. Brent crude dropped 5% while the West Texas Intermediate plunged more than 7%. Since the October high, prices have now fallen more than 30%. OPEC and Russia's agreed additional production cuts have failed to stop this downward trajectory of prices. At the same time, weaker prospects for oil demand amid a possible slowdown in the global economy have raised concerns about an oversupply, calling into question the effectiveness of the aforementioned supply cuts. Moreover, the lingering trade war worries between the two largest economies continue to pressure oil prices. Adding fuel to fire, the US continues to ramp up production and has beaten Russia and Saudi Arabia as the world's largest oil producer for the first time. US output now stands at a record 11.7 million barrels per day.

Brent Crude Oil
Year-to-date



Dollar Index
Year-to-date



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1285	1.1335	1.1384	1.1445	1.1500
GBP	1.2555	1.2600	1.2653	1.2705	1.2755
JPY	111.25	111.80	112.31	112.80	113.35
CHF	0.9825	0.9875	0.9924	0.9975	1.0025

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1361	(5.12)	EUR/GBP	0.8984	1.24
GBP/USD	1.2644	(6.34)	GBP/JPY	142.19	(6.50)
USD/JPY	112.51	(0.26)	EUR/JPY	127.82	(5.36)
USD/CHF	0.9925	1.86	EUR/CHF	1.1280	(3.37)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1402 level during Tuesday's trading session and currently trading at 1.1384. EUR/USD Support is at (1.1215-1.1285) any break below would take the pair to 1.1070. Short term outlook is neutral. However, if the pair breaks the low of the year 1.1213 level it will turn bearish.

GBP/USD: The pair moved up to the 1.2705 level during Tuesday's trading session and currently trading at 1.2653. GBP/USD Resistance is at (1.2705-1.2755) any break above would take the pair to 1.2840. Short term outlook is neutral. However, if the pair breaks the low of the year 1.2475 level it will turn bearish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.38	1.88	2.13	2.38	2.63
USD	2.37	2.47	2.79	2.88	3.06
EUR	-0.43	-0.42	-0.35	-0.32	-0.21
GBP	0.71	0.73	0.91	1.02	1.16
CHF	-0.80	-0.83	-0.74	-0.66	-0.52
AUD	1.75	2.44	2.20	2.20	2.35

Economic Events

Date	Country	Event	Actual	Forecast	Previous
19-Dec-18	GBP	CPI y/y		2.3%	2.4%
19-Dec-18	CAD	CPI m/m		-0.1%	0.3%
19-Dec-18	USD	FOMC Statement			
19-Dec-18	USD	Federal Funds Rate		<2.5%	<2.25%
19-Dec-18	NZD	GDP q/q		0.6%	1.0%
19-Dec-18	JPY	BOJ Policy Rate		-0.10%	-0.10%
20-Dec-18	GBP	Retail Sales m/m		0.3%	-0.5%
20-Dec-18	GBP	Monetary Policy Summary			
21-Dec-18	GBP	Current Account		-22.2Bn	-2.03Bn
21-Dec-18	USD	Final GDP q/q		3.5%	3.5%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.62	2.65	2.64	2.81	3.06
Germany	-0.69	-0.62	-0.28	0.24	0.85
United Kingdom	0.73	0.73	0.90	1.27	1.79
Japan	-0.19	-0.16	-0.15	0.03	0.75

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	55.39	(2.71)	Dow Jones	23,675.64	0.35
Brent	55.20	(0.04)	Nikkei 225	20,987.92	(0.60)
West Texas	46.07	(0.22)	S&P 500	2,546.16	0.01
Gold	1,249.60	0.02	KuwaitSE	5,133.73	(0.90)

All information has been sourced from Reuters.

This Treasury Newsletter is a publication of the National Bank of Kuwait ("NBK"). Although the information in this document has been prepared in good faith and from sources which we believe to be reliable, we do not represent or warrant its accuracy and such information may not necessarily represent the actual market data. NBK accepts no liability whatsoever for any loss or damage arising from the use of this document or reliance on the information contained herein. NBK will not be responsible for the consequence of reliance upon any opinion or statement contained herein.

For further information or discussion, please contact the Treasury Services Desk on TSD_LIST@NBK.COM or +965 2221 6603 (TELEX : 46811 - FAX +965 2241 9720).