

Highlights in the Foreign Exchange Market:

- The manufacturing sector in the euro-zone has been on a downward path in the last five months and the latest Purchasing Managers' Index is the weakest data since February 2016 at 51.4. The big-four economies (Germany, France, Italy & Spain) posted the poorest manufacturing PMI readings of all countries monitored during December. Most importantly, for the past three months, Italy has remained in a contractionary territory (PMI below 50) and France also joined the negative environment for the first time in 27 months.
- Additional signs of cooling down in the EU block resurfaced last week as the consumer inflation on an annual basis declined to an 8-month low of 1.6% in December from 1.9%. Yet, core inflation remained unchanged at 1%. Hence, it is evident that the softer consumer price growth was mainly depressed by energy prices, which sunk from 9.1% y/y to 5.5% y/y last month.
- The trade war had taken a toll on global markets, with fears regarding instability between the two largest economies worsening on news that Apple issued its first revenue warning in 16 years, signaling weak Chinese sales and apprehensions regarding the global economy. Nevertheless, stocks rallied on hopes of a resolution between US and China as the US deputy trade representative is set to meet officials in Beijing today. News of the two-day meeting along with hawkish rhetoric made by Federal Reserve chairman Jay Powell sparked a boost for stocks with China's CSI 300 up 2.4% from a three year low and the S&P 500 up 3.4%. Oil prices continued to gain as optimism grows for progress on the trade talks, with Brent crude and the West Texas Intermediate up 1.2% and 1.5% respectively. The US dollar index was weaker against its international peers, down 0.8% the past five days and currently at around 96.00.

S&P 500
2-Month Performance



Euro-Zone Inflation
3-Year Performance



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1315	1.1365	1.1425	1.1475	1.1525
GBP	1.2645	1.2695	1.2747	1.2795	1.2845
JPY	107.15	107.65	108.25	108.75	109.25
CHF	0.9745	0.9790	0.9840	0.9890	0.9945

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1393	(0.43)	EUR/GBP	0.8954	(0.27)
GBP/USD	1.2726	(0.09)	GBP/JPY	138.00	(1.51)
USD/JPY	108.52	(1.88)	EUR/JPY	123.70	(2.11)
USD/CHF	0.9863	0.31	EUR/CHF	1.1244	(0.09)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1420 level during Friday's trading session and currently trading at 1.1425. EUR/USD Support is at (1.1315-1.1365) any break below would take the pair to 1.1215. Short term outlook is neutral.

USD/JPY: The pair moved up to the 108.58 level during Friday's trading session and currently trading at 108.25 USD/JPY Support is at (107.00-107.15) any break below targets 104.95. 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	2.52	2.80	2.86	2.96
EUR	-0.44	-0.42	-0.34	-0.30	-0.18
GBP	0.70	0.73	0.91	1.03	1.17
CHF	-0.81	-0.78	-0.71	-0.64	-0.50
AUD	1.55	1.87	2.18	2.24	2.25

Economic Events

Date	Country	Event	Actual	Forecast	Previous
7-Jan-19	USD	ISM Non-Manufacturing PMI		59.6	60.7
8-Jan-19	CAD	Trade Balance		-1.9B	-1.2B
9-Jan-19	CAD	Overnight Rate		2.00%	1.75%
9-Jan-19	GBP	BOE Gov Carney Speaks			
9-Jan-19	USD	FOMC Meeting Minutes			
10-Jan-19	USD	Fed Chair Powell Speaks			
11-Jan-19	GBP	GDP m/m		0.1%	0.1%
11-Jan-19	GBP	Manufacturing Production m/m		0.4%	-0.9%
11-Jan-19	USD	CPI m/m		-0.1%	0.0%
11-Jan-19	USD	Core CPI m/m		0.2%	0.2%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.56	2.49	2.49	2.66	2.97
Germany	-0.64	-0.63	-0.32	0.21	0.85
United Kingdom	0.73	0.74	0.89	1.27	1.80
Japan	-0.17	-0.17	-0.18	-0.02	0.67

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	56.22	0.88	Dow Jones	23,433.16	3.29
Brent	55.23	(0.04)	Nikkei 225	20,117.26	2.84
West Texas	47.71	(0.21)	S&P 500	2,531.94	3.43
Gold	1,290.93	0.47	KuwaitSE	5,158.36	(0.90)

All information has been sourced from Reuters.

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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).