

#### Highlights in the Foreign Exchange Market:

- After long talk of a fourth interest rate hike before the end of the year, the Federal Reserve finally announced its intention to march ahead with a 25 basis point increase in rates. Despite calls by President Donald Trump for the Fed to stop raising interest rates, the latter stuck by its plan to keep withdrawing support from an economy it views as strong. Traders felt uneasy by the decision, as evident in the sharp drop in US equities and bond yields.
- Global equity markets did not react kindly to the hike. In fact, US equities experienced their worst reaction to a Fed rate hike since 1994, when the Fed raised hikes by 2.5% in a single year. The Dow Jones, NASDAQ, and the S&P 500 were all down by 1.5% or more as the central bank marched on with a rate raise despite signs pointing to faltering global economic growth. World markets followed suit, as MSCI's global equity index fell to its lowest since May 2017, shedding nearly 1.5%. This sentiment was also shared in Asia, where the Bank of Japan decided to keep interest rates on hold as global economic risks continued to mount. The Topix benchmark entered bear market territory, where it is now down by more than 20% from its January high.
- Meanwhile, oil prices dominated headlines after suffering heavy losses last week. Since the October high, prices have now fallen more than 35%. 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.

**Dow Jones Index**  
YTD Performance



**Brent Crude Oil**  
YTD Performance



#### Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1175	1.1275	<b>1.1367</b>	1.1475	1.1570
GBP	1.2435	1.2530	<b>1.2630</b>	1.2735	1.2835
JPY	109.35	110.25	<b>111.21</b>	112.25	113.35
CHF	0.9755	0.9850	<b>0.9950</b>	1.0050	1.0145

#### Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1446	-5.27	EUR/GBP	0.9043	(1.30)
GBP/USD	1.2656	-6.42	GBP/JPY	140.86	8.33
USD/JPY	111.28	1.32	EUR/JPY	127.40	6.96
USD/CHF	0.9879	-1.96	EUR/CHF	1.13	3.56

#### Major Crosses

#### Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1351 level during Friday's trading session and closed for the week at 1.1367. EUR/USD Support is at (1.1175-1.1215) 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.

USD/JPY: The pair moved down to the 110.92 level during Friday's trading session and closed for the week at 111.21 USD/JPY Support is at (109.35-110.25) any break below targets 108.20. Short term and medium term outlook are Bearish.

#### Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	0.00	2.00	2.25	2.50	2.75
USD	2.42	2.51	2.82	2.91	3.07
EUR	-0.43	-0.41	-0.35	-0.31	-0.18
GBP	0.71	0.73	0.91	1.04	1.17
CHF	-0.86	-0.84	-0.73	-0.66	-0.51
AUD	2.78	2.87	2.96	3.06	3.34

#### Economic Events

Date	Country	Event	Actual	Forecast	Previous
26-Dec-18	JPY	Monetary Policy Meeting Minutes			
26-Dec-18	JPY	BOJ Core CPI y/y		0.6%	0.6%
27-Dec-18	JPY	BOJ Gov Kuroda Speaks			
27-Dec-18	USD	CB Consumer Confidence		133.0	135.7
27-Dec-18	USD	New Home Sales		569k	544K
28-Dec-18	EUR	German Prelim CPI m/m		0.3%	0.1%
28-Dec-18	JPY	Unemployment Rate		2.4%	2.4%
28-Dec-18	USD	Goods Trade Balance		-75.5B	-77.0B
28-Dec-18	USD	Chicago PMI		61.2	66.4
28-Dec-18	USD	Pending Home Sales m/m		1.1%	-2.6%

#### Government Yields

Country	2-Year	3-Year	5-Year	10-Year	30-Year
United States	2.64	2.62	2.64	2.79	3.03
Germany	-0.63	-0.58	-0.31	0.24	0.86
United Kingdom	0.76	0.76	0.92	1.31	1.83
Japan	-0.15	-0.15	-0.14	0.03	0.74

#### Commodities

Index	Last Price	1D % Change	Index	Last Price	1D % Change
Kuwait Oil	52.60	-1.31	Dow Jones	22,445.37	-1.81
Brent	53.82	-0.98	Nikkei 225	20,166.19	-1.11
West Texas	45.59	-0.83	S&P 500	2,416.62	-2.06
Gold	1,256.94	-0.23	KuwaitSE	4,710.35	-0.29

All information has been sourced from Bloomberg

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 FAX +965 2241 9720.