

Highlights in the Foreign Exchange Market:

- The Bank of England is preparing for a worst case scenario in regards to Britain's exit from the EU. Last week, the BoE reported that a no-deal Brexit could lead to a drastic drop in UK GDP. In an attempt to counteract the hit, the central bank claimed it would provide a boost to lending by cutting bank's capital buffers, a move previously taken in July 2016 in response to the Brexit referendum. The counter-cyclical buffer currently set at 1% would be cut to 0%, providing banks excess capital of £250bn to lend to UK households and businesses. The BoE's actions come a week prior to a vote on the draft Brexit agreement negotiated by Prime Minister Theresa May.
- Oil prices pulled back slightly on hopes of output cuts from the OPEC meeting scheduled this Thursday and Friday in Vienna. Saudi Arabia and Russia are close to agreeing on a deal to cut oil production due to the near 30% drop in crude prices in the past two months, defying US President Donald Trump's requests to keep prices low. Saudi Arabia and Russia had previously coordinated on oil supplies for the past two years. The international benchmark Brent crude was down 0.3% to \$61.37, while the West Texas Intermediate shed 0.5% to \$52.64.
- On a global level, unemployment has fallen to its lowest levels in 40 years dropping from 8% in 2010 to 5.2% this September. According to an analysis by UBS, this figure marks the lowest level since 1980 when unemployment was at just 5%. The survey comprised of developed and emerging economies that account for 84% of global output. The overall decline is largely attributed to falls in unemployment most notably in the US, the UK, Germany, Japan and Ireland. Wage growth is accelerating and is now at a 9-year high in the US and a 6-year high in the Eurozone. As a result, core inflation has risen with 72% of countries reporting headline inflation readings above their central bank's target.

US Unemployment Rate
4-Year Performance %



Brent Crude
3-Month Performance



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1245	1.1285	1.1344	1.1395	1.1445
GBP	1.2625	1.2675	1.2725	1.2775	1.2830
JPY	111.60	112.15	112.65	113.25	113.75
CHF	0.9855	0.9910	0.9959	1.0010	1.0065

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1344	(5.52)	EUR/GBP	0.8906	0.38
GBP/USD	1.2731	(5.95)	GBP/JPY	144.12	(5.76)
USD/JPY	113.19	0.11	EUR/JPY	128.39	(5.41)
USD/CHF	0.9974	2.31	EUR/CHF	1.1315	(3.33)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1360 level during Wednesday's trading session and currently trading at 1.1344. EUR/USD Support is at (1.1215-1.1245) 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 up to the 113.24 level during Wednesday's trading session and currently trading at 112.65 USD/JPY Support is at (111.40-111.60) any break below would take the pair to 110.35. Short term and medium term outlook are neutral.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.31	1.81	2.06	2.38	2.63
USD	2.23	2.38	2.77	2.89	3.13
EUR	-0.44	-0.41	-0.35	-0.33	-0.22
GBP	0.71	0.74	0.90	1.02	1.16
CHF	-0.79	-0.84	-0.74	-0.66	-0.52
AUD	1.53	2.53	2.15	2.07	2.23

Economic Events

Date	Country	Event	Actual	Forecast	Previous
3-Dec-18	GBP	Manufacturing PMI	53.1	51.6	51.1
3-Dec-18	USD	FOMC Member Williams Speaks			
3-Dec-18	USD	ISM Manufacturing PMI	59.3	57.5	57.7
4-Dec-18	GBP	BOE Gov Carney Speaks			
4-Dec-18	GBP	Construction PMI	53.4	52.5	53.2
5-Dec-18	EUR	ECB President Draghi Speaks			
5-Dec-18	GBP	Services PMI	50.4	52.5	52.2
5-Dec-18	USD	Fed Chair Powell Testifies			
7-Dec-18	USD	Average Hourly Earnings m/m		0.3%	0.2%
7-Dec-18	USD	Non-Farm Employment Change		200K	250K

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.72	2.77	2.76	2.89	3.15
Germany	-0.68	-0.62	-0.28	0.27	0.92
United Kingdom	0.75	0.74	0.90	1.31	1.92
Japan	-0.17	-0.16	-0.13	0.05	0.78

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	60.03	(1.64)	Dow Jones	25,027.07	(3.10)
Brent	61.42	(0.03)	Nikkei 225	21,501.62	(1.91)
West Texas	52.59	(0.19)	S&P 500	2,700.06	(3.24)
Gold	1,237.72	0.02	KuwaitSE	5,166.08	(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).