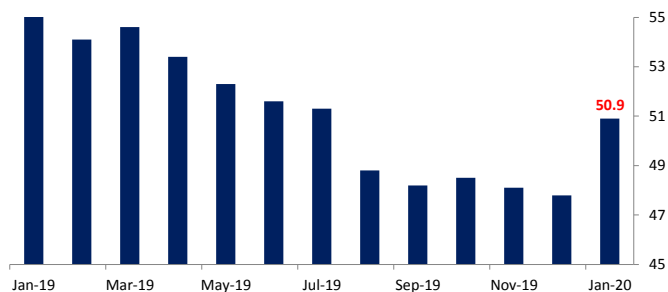


Highlights in the Foreign Exchange Market:

- In an effort to cushion the fallout from the coronavirus epidemic, and moving towards implementing the "phase one" trade deal with the Trump administration, China has announced that it will halve tariffs on some US imports. The Chinese finance ministry said tariffs on some US goods would be cut from 5% to 2.5% while others would be cut from 10% to 5% on February 14, which is the day that last month's agreement is set to take effect on. According to the Federal Register by the office of the US Trade Representative, Washington also has plans to halve tariffs on some Chinese goods on February 14 from 15% to 7.5%. According to the agreement, China will increase imports from the US by \$200bn over two years compared with 2017 levels. Many economists considered this goal to be ambitious even before the coronavirus struck last month. Larry Kudlow, Trump's top economic advisor acknowledged this week that the purchases could be delayed because of the outbreak.
- The global rebound in risk assets extended after data showed resilience in the US economy and fears regarding the coronavirus lessened. The US Institute for Supply Management's non-manufacturing index climbed to 55.5 from 54.9 a month earlier. Twelve industries reported growth in January, led by agriculture, management and support, and healthcare. The manufacturing PMI also rose to 50.9 last month from a December reading of 47.8, with strength in new orders, production and exports supporting gains. That lifted the factory survey above the 50 threshold that separates growth from contraction, a level last seen in July and higher than economists' forecast of 48.5.
- In FX, the GBP/USD pair extended its losses, dropping over 2.4% last week alone. This was mainly due to the dollar's strength along with worrying Brexit rhetoric. In commodities, Brent crude hovered around the \$50 a barrel on signs OPEC+ is less likely to decide on further production cuts to deal with the demand hit from the coronavirus.

US Manufacturing PMI

1 Year Performance



GBP/USD

3 Month Performance

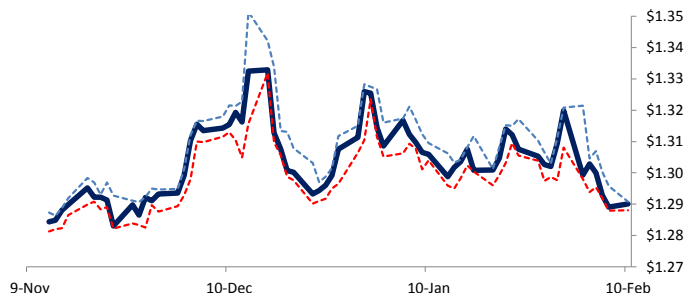


Chart Points and Other Technical Input

| CCY | 2nd Support | 1st Support | Spot | 1st Resistance | 2nd Resistance |
|-----|-------------|-------------|--------|----------------|----------------|
| EUR | 1.0850 | 1.0900 | 1.0952 | 1.1005 | 1.1055 |
| GBP | 1.2795 | 1.2840 | 1.2894 | 1.2945 | 1.2995 |
| JPY | 108.70 | 109.25 | 109.74 | 110.30 | 110.75 |
| CHF | 0.9675 | 0.9720 | 0.9770 | 0.9820 | 0.9875 |

Major Currencies

| CCY | Closing Rate | YTD % | CCY | Closing Rate | YTD % |
|---------|--------------|--------|---------|--------------|--------|
| EUR/USD | 1.0943 | (2.29) | EUR/GBP | 0.8492 | 0.41 |
| GBP/USD | 1.2891 | (2.69) | GBP/JPY | 141.39 | (0.77) |
| USD/JPY | 109.7200 | 0.87 | EUR/JPY | 120.10 | (1.38) |
| USD/CHF | 0.9777 | 0.96 | EUR/CHF | 1.0699 | (1.35) |

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.0940 level during Friday's trading session and currently trading at 1.0952. EUR/USD Supports are at (1.0850-1.0900) any break below would take the pair down to 1.0770. Short term outlook is Bearish.

GBP/USD: The pair moved down to the 1.2880 level during Friday's trading session and currently trading at 1.2894. GBP/USD Supports are at (1.2795-1.2840) any break below would take the pair down to 1.2695. Short term outlook is Bearish.

Local & Global Rates

| CCY | 1-Week | 1-Month | 3-Month | 6-Month | 1-Year |
|-----|--------|---------|---------|---------|--------|
| KWD | 2.06 | 2.38 | 2.63 | 2.88 | 3.13 |
| USD | 1.58 | 1.67 | 1.73 | 1.74 | 1.83 |
| EUR | -0.54 | -0.51 | -0.42 | -0.39 | -0.30 |
| GBP | 0.69 | 0.70 | 0.75 | 0.81 | 0.88 |
| CHF | -0.79 | -0.76 | -0.69 | -0.63 | -0.48 |
| AUD | 0.78 | 1.00 | 1.07 | 1.07 | 1.10 |

Economic Events

| Date | Country | Event | Actual | Forecast | Previous |
|-----------|---------|------------------------------|--------|----------|----------|
| 10-Feb-20 | CNY | CPI y/y | 5.4% | 4.9% | 4.5% |
| 11-Feb-20 | GBP | Prelim GDP q/q | | 0.0% | 0.4% |
| 11-Feb-20 | GBP | GDP m/m | | 0.2% | -0.3% |
| 11-Feb-20 | GBP | Manufacturing Production m/m | | | -1.7% |
| 12-Feb-20 | USD | Fed Chair Powell Testifies | | | |
| 12-Feb-20 | USD | Crude Oil Inventories | | | 3.4M |
| 13-Feb-20 | EUR | EU Economic Forecasts | | | |
| 13-Feb-20 | USD | CPI m/m | | 0.2% | 0.2% |
| 14-Feb-20 | EUR | German Prelim GDP q/q | | | 0.1% |
| 14-Feb-20 | USD | Retail Sales m/m | | 0.3% | 0.7% |

Government Yields

| Country | 1-Year | 2-Year | 5-Year | 10-Year | 30-Year |
|----------------|--------|--------|--------|---------|---------|
| United States | 1.47 | 1.41 | 1.41 | 1.59 | 2.05 |
| Germany | -0.64 | -0.65 | -0.61 | -0.39 | 0.13 |
| United Kingdom | 0.59 | 0.47 | 0.42 | 0.56 | 1.08 |
| Japan | -0.17 | -0.17 | -0.16 | -0.06 | 0.36 |

Commodities

| Index | Last Price | % Change | Index | Last Price | % Change |
|------------|------------|----------|------------|------------|----------|
| Kuwait Oil | 55.62 | (0.68) | Dow Jones | 29,102.51 | (0.94) |
| Brent | 54.53 | 0.11 | Nikkei 225 | 23,684.03 | (0.60) |
| West Texas | 50.38 | 0.12 | S&P 500 | 3,327.71 | (0.54) |
| Gold | 1,570.07 | 0.01 | KuwaitSE | 6,250.28 | (0.37) |

Global Indices

All information has been sourced from Reuters.

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