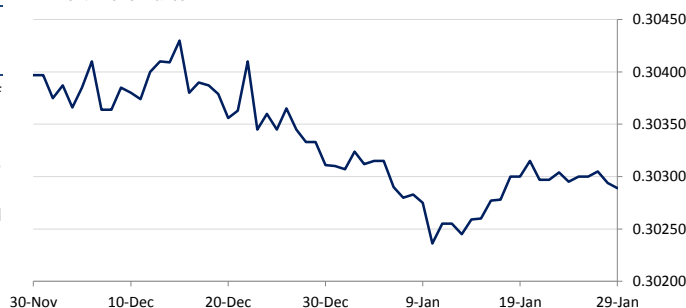


Highlights in the Foreign Exchange Market:

- Just two weeks after Theresa May's Brexit agreement was historically rejected by the House of Commons, the prime minister fought again yesterday to avoid a no-deal Brexit scenario. On Tuesday, she won six out of seven Commons votes, sending May back to Brussels to win concession from the EU on the Brexit agreement. The Irish backstop remains to be a major issue as many believe the current layout will trap the UK in the EU indefinitely. The EU claims there are no chances of renegotiations on this issue as a spokesperson for EU Council President Donald Tusk wrote in a statement on Tuesday: "The backstop is part of the Withdrawal Agreement, and the Withdrawal Agreement is not open for renegotiation". Still, a no-deal Brexit would prove disastrous for both the EU and the UK. An amendment rejecting the UK leaving the EU without a deal also passed Parliament yesterday. And though it does not have any legal force, it illustrates that all sides wish to avoid a no-deal Brexit. Essentially, this leaves the UK in the same place it started, with no clear way forward on Brexit. The Sterling dipped 0.75% lower following the announcement, and is currently trading at around the 1.3088 level.
- Amidst the five-week governmental shutdown, continuing trade tensions with China and volatility in US stocks, the US consumer confidence has fallen to an 18-month low in January. The confidence index fell to 120.2 from 126.6, missing economist's expectations of a drop to 124. However, looking at historical standards, confidence remains relatively high for good reason. The US economy grew at a 3.4% annual pace from July to September after surging 4.2% in the second quarter. The unemployment rate is near its lowest level in five decades at 3.9%. Still, investors have a lot to worry about. The Federal Reserve has gradually been raising interest rates while the world's two biggest economies – the US and China – remain locked in a trade war that threatens global commerce stability.

USD/KWD
2 Month Performance



GBP/USD
2 Month Performance



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1335	1.1385	1.1441	1.1490	1.1545
GBP	1.2990	1.3040	1.3089	1.3140	1.3190
JPY	108.30	108.80	109.34	109.80	110.35
CHF	0.9840	0.9895	0.9945	0.9995	1.0045

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1430	(0.24)	EUR/GBP	0.8747	(2.73)
GBP/USD	1.3066	2.63	GBP/JPY	142.93	2.20
USD/JPY	109.38	(0.87)	EUR/JPY	125.04	(0.92)
USD/CHF	0.9943	1.37	EUR/CHF	1.1368	1.15

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1451 level during Tuesday's trading session and currently trading at 1.1441. EUR/USD Support is at (1.1335-1.1385) any break below would take the pair to 1.1215. Short term and medium term outlook are Neutral.

USD/JPY: The pair moved down to the 109.12 level during Tuesday's trading session and currently trading at 109.34. USD/JPY Support is at (108.30-108.80) any break below targets 107.45. Short term and medium term outlook are Neutral.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.94	2.31	2.56	2.81	3.06
USD	2.41	2.50	2.74	2.82	3.02
EUR	-0.44	-0.42	-0.34	-0.29	-0.17
GBP	0.70	0.73	0.93	1.04	1.16
CHF	-0.81	-0.79	-0.70	-0.64	-0.51
AUD	1.90	1.98	2.14	2.22	2.25

Economic Events

Date	Country	Event	Actual	Forecast	Previous
28-Jan-19	EUR	ECB President Draghi Speaks			
28-Jan-19	GBP	BOE Gov Carney Speaks			
29-Jan-19	USD	CB Consumer Confidence	120.2	125.0	126.6
29-Jan-19	AUD	CPI q/q	0.5%	0.4%	0.4%
30-Jan-19	USD	FOMC Statement			
30-Jan-19	USD	Federal Funds Rate		<2.5%	<2.5%
31-Jan-19	CAD	GDP m/m			0.3%
1-Feb-19	USD	Average Hourly Earnings m/m		0.3%	0.4%
1-Feb-19	USD	Non-Farm Employment Change		165K	312K
1-Feb-19	USD	Unemployment Rate		3.8%	3.9%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.60	2.57	2.55	2.72	3.04
Germany	-0.56	-0.58	-0.34	0.19	0.79
United Kingdom	0.78	0.76	0.91	1.26	1.75
Japan	-0.19	-0.16	-0.16	0.00	0.65

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	60.85	1.62	Dow Jones	24,579.96	0.21
Brent	61.42	(0.03)	Nikkei 225	20,589.51	(75.13)
West Texas	53.02	(0.19)	S&P 500	2,640.00	(0.15)
Gold	1,314.46	0.20	KuwaitSE	5,185.21	0.15

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).